

2020

ALVEST

Helping Aviation become
Safer, Leaner & Greener

**ENVIRONMENTAL, SOCIAL
AND GOVERNANCE REPORT**

Our commitment

CEO statement

Dear Colleagues, dear Partners, dear Customers,

We have made the choice to embark under the Alvest banner on the United Nation Global Compact Program as a member of their French Chapter.

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

This choice became obvious as we started to structure and implement within our Group a well-defined ESG (Environmental, Social and Corporate Governance) policy. This commitment is summarized in the following statement:

ALVEST goal is to be a major contributor to the conversion of airport and aviation to safer, greener and leaner operations around the world. This is our engagement as our industry needs to control and reduce its impact on the environment and to bring a positive human and social contribution to the society and the people. The achievement of our goal is supported by our long-term vision, our culture and values that are rooted in service, integrity, transparency and accountability vis-à-vis all our stakeholders.

From design to manufacturing to selling, ALVEST is committed to follow the path laid by the United Nations Sustainable Development Goals as detailed in our Group Environmental, Social and Governance Principles. We pride ourselves in serving this purpose with the greatest care for our global eco-system:

- *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, is one of our key objectives. We are committed to promoting circular economy whenever practical, to using sustainable resources and sourcing responsibly.*
- *We take seriously our responsibilities to protect, support and offer fulfilling development opportunities to our employees. Our efforts are focused on providing equal opportunities and training to our employees.*
- *We proactively pursue dialogue with all our stakeholders. We value transparency in the information we provide and do the utmost to act with integrity, build trust and create value to our customers and business partners. We aim to contribute to the economic and social development of the regions in which we work.*
- *We are actively involved in setting international standards for an ethical and responsible aviation industry. We adhere to the principles set out in our Code of Ethics and Business Conduct and we strongly believe that it is also our responsibility to make our best efforts to ensure that our business partners act with honesty and observe the same ethical principles.*

Our policy strives to ensure that all the above commitments are implemented by all our employees and business partners and pursued company-wide in all our day-to-day tasks.

We trust that each and every one of you will support this engagement that is fully in line with our Core Values.
Yours Sincerely,

Jean-Marie FULCONIS
ALVEST CEO

1. ALVEST overview

1.1. Highlights of the Group's business and operational organization

1.1.1. OEM Division

The Group Original Equipment Manufacturer (OEM) Division consists of the following businesses:

- **TLD** designs, assembles in own factories and distributes ground support equipment (GSE) that addresses Commercial Aviation, Cargo and Defense customers operating 100+ seat or cargo aircraft (Narrow or Wide body aircraft). TLD Sales & Service proprietary network ensures a strong regional coverage through local footprint and aims at providing the best service delivery to their customers and fleet of "TLD GSE" products. TLD is the origin and today still the larger part of the ALVEST Group and the culture, organization concept and processes of the Group are largely derived from TLD.
- **AEROSPECIALTIES** is a company that designs, manufactures and distributes GSE that addresses the markets of general aviation, FBOs and regional aircraft fleets below 100-seat capacity.
- **SMART AIRPORT SYSTEMS (SAS)** is a more recently created activity with a mission to sell and deploy systems delivering operational fuel savings and efficiency gains for airport stakeholders. Such systems include TaxiBot, TractEasy and fixed airport equipment like Aircraft cooling machines and 400 Hz static power systems.

All products sold by TLD and SAS, and most products distributed by AEROSPECIALTIES are assembled in the 9 manufacturing sites of the Group located in North America, Europe and China.

1.1.2. Parts & Accessories Division

The Group Parts and Accessories Division consists of SAGE PARTS and PAGE INDUSTRIES.

- **SAGE PARTS** is a company with a worldwide network distributing replacement parts and accessories for GSE and some equipment and vehicles used on airports. SAGE PARTS is selling OEM parts, and also manages its own supply chain for parts and accessories used on various equipment, notably under the RampTech brand. SAGE PARTS also provides supply chain and warehouse management services for customers willing to outsource these functions.
- **PAGE INDUSTRIES** is a company specialized in the design, sourcing and distribution of equipment and accessories for ramp equipment and notably accessories for aircraft power supply and air conditioning equipment.

1.1.3. Equipment Services Division – AES

The Group has recently developed a division under the name of **ALVEST EQUIPMENT SERVICES (AES)** in order to provide various services to its customer base. These services include:

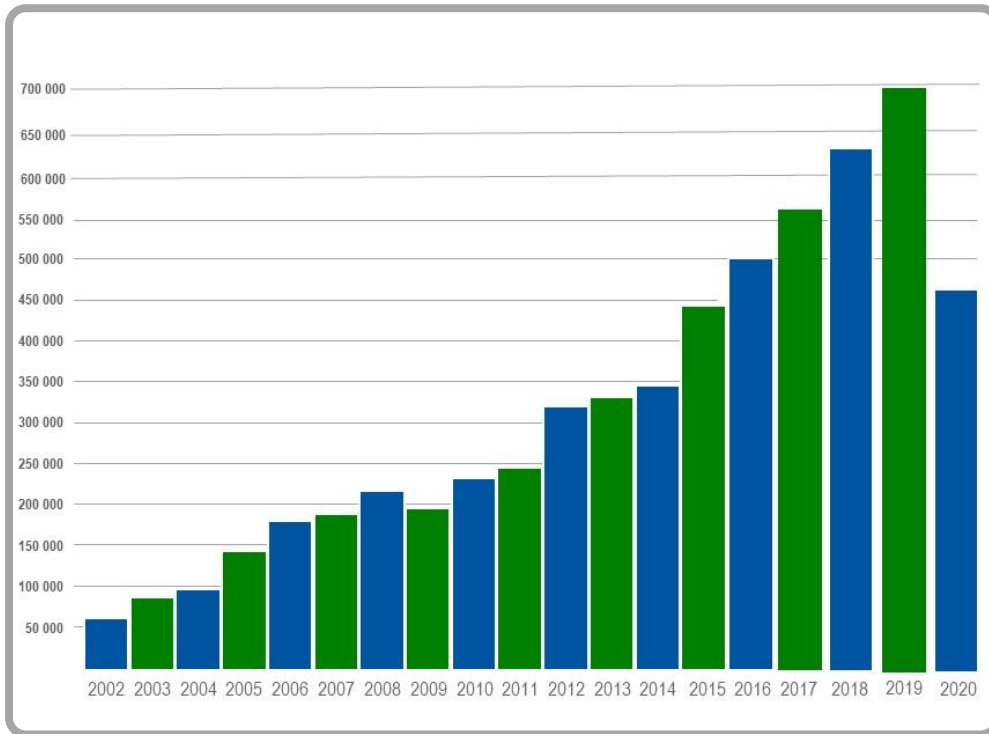
- Equipment outsourced preventive and corrective maintenance;
- Equipment overhaul and power train conversion (diesel to electric);
- Equipment short term rental;
- Equipment & fleet operating lease programs;
- Fleet management and equipment pooling programs.

1.1.4. Adhesive Solutions Division – ADHETEC

ADHETEC is a Group company specialized in the manufacturing and distribution of high-performance adhesive solutions and films notably for marking, decoration, masking and surface protection. The company that is present in Europe and North America mostly focus on the aerospace, railway, automotive and other industrial market segments.

1.2. Key figures

ALVEST historical sales evolution is as follows:



After a year with c.€ 700m sales (c. US\$ 800m) in 2019, the Covid-19 crisis has strongly impacted our sales that decreased by 35% in 2020.

While continuing to invest strongly in R&D, engineering and customer support and to develop its recently launched services activities, ALVEST has remained profitable in 2020 with a sound financial structure despite the Covid-19.

1.3. Social responsibility: an integral part of our strategy

1.3.1 Strategy and objectives – our value proposition

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 behavioral point for us, that has been central to our success.

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.

While our Group has grown and diversified its activities over the last decades, it has also understood that its strategy and development had to actively consider and integrate a variety of important factors over and beyond pure business consideration. These factors include acting with responsibility over the long term, ethical behavior, fair treatment, development and motivation of our employees, sound relation with our customers, suppliers and other business partners, awareness and optimization of our activities and product life cycle impact on our planet.

We understand that these factors are key for our long-term development, and that they request an investment of efforts and resources, and a permanent attention and vigilance of the management and employees.

Continuous improvement is a key principle for us, and we believe that it must also apply to the management of the dimensions listed above. So, our objectives are to constantly improve the quality of our products and value propositions to our customers, but also the way and means by which we produce and deliver these products and services, and their impact on our social, human and physical environment.

1.3.2 ALVEST Environmental, Social and Governance Statement

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This is our engagement as our industry needs to control and reduce its impact on the environment and to bring a positive human and social contribution to the society and the people. The achievement of our goal is supported by our long-term vision, our culture and values that are rooted in service, integrity, transparency and accountability vis-à-vis all our stakeholders.

From design to manufacturing to selling, ALVEST is committed to follow the path laid by the United Nations Sustainable Development Goals as detailed in our Group Environmental, Social and Governance Principles [click here](#). We pride ourselves in serving this purpose with the greatest care for our global eco-system:

- 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, is one of our key objectives. We are committed to promoting circular economy whenever practical, to using sustainable resources and sourcing responsibly.
- We take seriously our responsibilities to protect, support and offer fulfilling development opportunities to our employees. Our efforts are focused on providing equal opportunities and training to our employees.
- We proactively pursue dialogue with all our stakeholders. We value transparency in the information we provide and do the utmost to act with integrity, build trust and create value to our customers and business partners. We aim to contribute to the economic and social development of the regions in which we work.
- We are actively involved in setting international standards for an ethical and responsible aviation industry. We adhere to the principles set out in our Code of Ethics and Business Conduct [click here](#) and we strongly believe that it is also our responsibility to make our best efforts to ensure that our business partners act with honesty and observe the same ethical principles.

Our policy strives to ensure that all the above commitments are implemented by all our employees and business partners and pursued company-wide in all our day-to-day tasks.

1.3.3 Stakeholders expectations / ALVEST materiality matrix

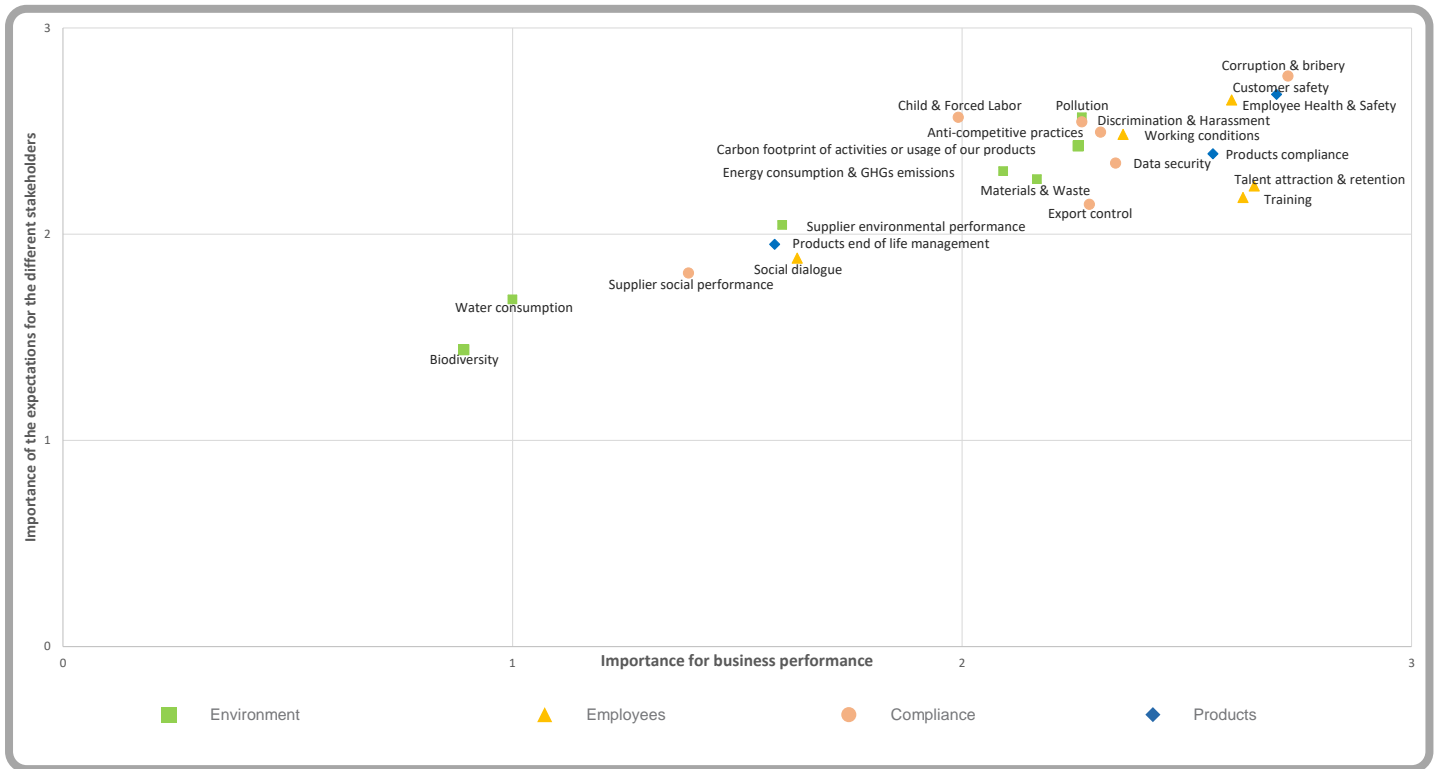
The Group has identified its macro-risks and ESG issues as part of its work to formalize its materiality matrix as presented below. The identification of the ESG issues and macro-risks was conducted based on the business expertise of the Group's executives and stakeholders.

The issues were grouped into 4 categories (environment, employees, compliance, products), then scored and depicted in graph format:

1. The position of the issue on the x-axis shows the importance of the issues for business performance according to three criteria:

- Likelihood of the threat materialization and/or opportunities created by the issue;
- Seriousness of the impact for the Group;
- impact on long-term performance;

2. The position of the issue on the y-axis represents the importance of the issue for our different stakeholders.



Based on this materiality matrix, key priorities have been defined:

- Helping Aviation become greener and ensuring our customers satisfaction;
- Expanding ALVEST responsibly;
- Developing our Talents.

1.3.4 Our commitment

In 2020, we have made the choice to embark under the ALVEST banner on the United Nation Global Compact Program as a member of their French Chapter. This choice became obvious as we have started to structure and implement within our Group a more defined ESG (Environmental, Social and Corporate Governance) policy for ALVEST.




Targets and objectives, within the scope of this ESG commitment are defined and approved at general management level, to achieve continuous improvement and a sustainable development. An ESG Committee, gathering most of the senior executives of the Group, meets every 6 weeks to follow-up the roll-out of this program.

2. ALVEST Corporate Governance

2.1. Corporate structure and shareholding

ALVEST Holding, the ultimate parent company of the ALVEST Group companies is a French société par actions simplifiée managed by the President, Jean-Marie Fulconis, assisted by Antoine Maguin, as the Group COO, under the control and supervision of a Supervisory Board (“Comité de Surveillance”).

ALVEST Holding is owned by three financial investors and by its managers and employees as outlined below.

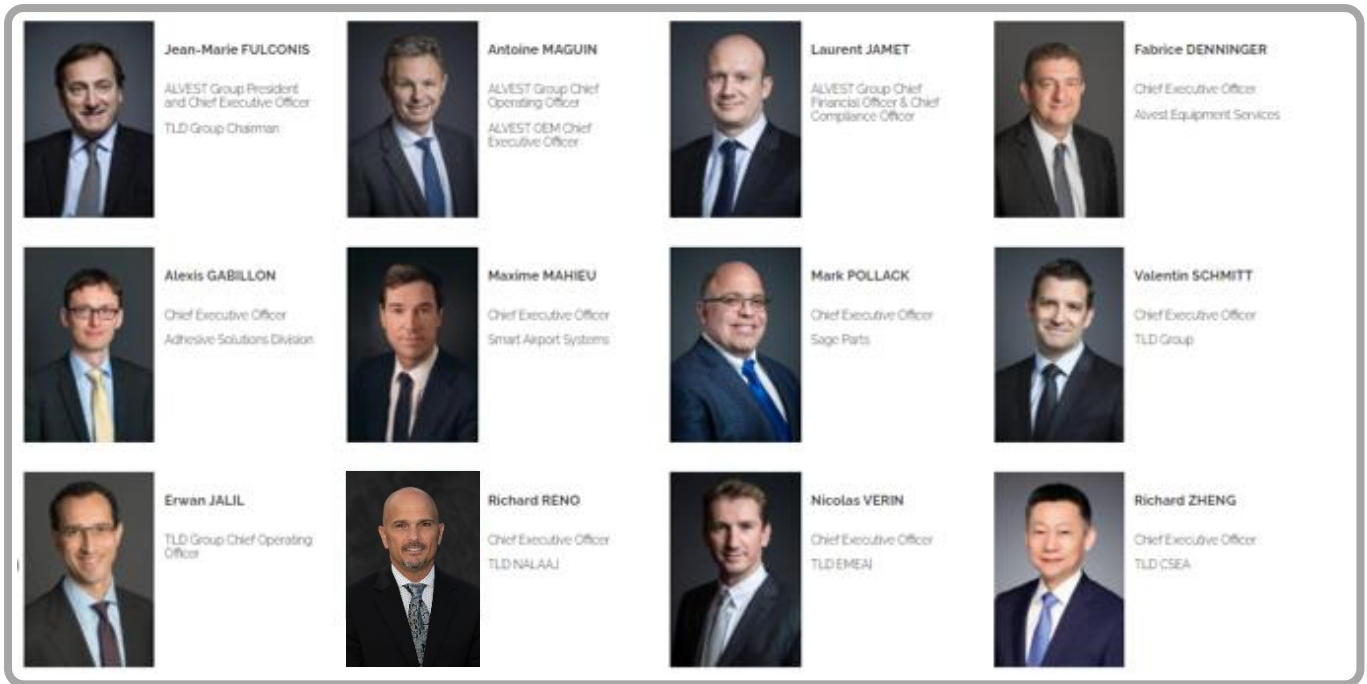
		% of interests	% of voting rights
 <p>CDPQ</p>	<p>Caisse de dépôt et placement du Québec (CDPQ) is a long-term institutional investor that manages funds primarily for public and parapublic pension and insurance plans. As at June 30, 2020, it held c. US\$330 billion in net assets. As one of Canada's leading institutional fund managers, CDPQ invests globally in major financial markets, private equity, infrastructure, real estate and private debt with investments in more than 50 countries.</p>	40%	25%
 <p>ARDIAN</p>	<p>ARDIAN (ex-AXA Private Equity), founded in 1996, is a premium independent private investment company with assets of c. US\$110 billion managed or advised in Europe, North America and Asia. The company keeps entrepreneurship at its heart and delivers investment performance to its global investors while fueling growth in economies across the world. ARDIAN's investment process embodies three values: excellence, loyalty and entrepreneurship.</p>	18%	20%
<p>SAGARD & co-investors</p> 	<p>SAGARD is a French private equity fund supporting the development of mid-sized companies led by ambitious management teams. Created in 2003 by the Desmarais family (Power Corporation of Canada), SAGARD's investor base comprises leading industrial families, and it has c. €2 billion in total assets under Management.</p>	18%	23%
<p>Managers & Employees</p>	<p>Through ad-hoc management investment companies (the “Airport” companies) and ESOP / FCPE</p>	24%	32%

2.2. The executive management of ALVEST

2.2.1. ALVEST Group Steering Committee

The ALVEST Group Steering Committee is composed of:

- The ALVEST Group CEO, COO and CFO;
- The CEOs of the following Group divisions: TLD, SMART AIRPORT SYSTEMS, ALVEST Parts & Accessories, ALVEST Equipment Services, Adhesive solutions;
- TLD COO and the 3 Regional CEOs of TLD (covering the different regions of the world).



The ALVEST Group Steering Committee is in charge of:

- Insuring good information, communication and development of synergies between the different ALVEST divisions;
- Working on the Group strategy and preparing elements and proposals for the Group top management and the Supervisory Board;
- Controlling the execution of the strategy in each member's area of responsibility;
- Discussing, deciding and ensuring the enforcement of the main procedures, and the respect of ALVEST values and Code of Ethics;
- Raising and resolving the potential conflicts existing between the divisions and subdivisions of the Group;
- Reviewing the main organizational and human resources policies and matters inside the Group and their evolution.

In particular, each Steering Committee member is considered as the representative of ALVEST within its team and area of responsibility. As such, he is in charge of promoting the Group culture and values, and conveying the priorities and messages defined by the Group. He is also in charge of ensuring and facilitating the best and smoothest communication, both transversally to his peers and to the other Group components, and also vertically.

The ALVEST Steering Committee members are supported by the ALVEST corporate executive team (Finance, Legal, Compliance and Internal Audit) and by the Group Functional Directors, and reciprocally, they have to support the missions and actions of these colleagues within their organization.

The Steering Committee meets several times a year physically, and as often as needed by teleconference.

2.2.2. ALVEST Group Executive Committee

The ALVEST Group Executive Committee is composed of:

- The members of the ALVEST Steering Committee;
- ALVEST Corporate Executives and Functional Directors;



- All the Business Unit managers and in particular for the ALVEST OEM division the COOs (Site Managers), Sales Directors and CFOs of the different regions.

The Group Executive Committee meets at least once a year physically in April of each year, with an agenda including in particular:

- A review of the Group financial results and budget;
- A business review for each division of the Group;
- A presentation and discussion among the Committee members on the Group strategy;
- A presentation of achievements and difficulties by the Group Functional Directors;
- Workshops and discussions regarding the cooperation and synergies between the Group divisions, their enhancement, and other subjects as proposed by the Executive Committee members ahead of the Committee.

The members of the ALVEST Executive Committee are in charge of communicating, explaining and promoting the Group culture and values among their team. As of December 31st, 2020, ALVEST Executive Committee is composed of 74 employees, of which 7 women.

2.2.3. Other Divisions & Business Units Committees

The Group drives strategy, coordinates, controls and encourages synergies between its Divisions and Business Units. While fully responsible for complying with Group procedures, these divisions are autonomous in the management of their activities and have implemented their own committees, regional and local, to manage their activities on a day-to-day basis.

2.2.4. ALVEST Group Ethics Committee

The Ethics Committee determines ALVEST's policies regarding ethics & compliance. It examines and oversees the procedures established by the different entities in order to ensure the execution of the Compliance Program.

As part of its missions, the Ethics Committee:

- Is in charge of the Compliance Program and of all questions regarding that Program;
- Elaborates and develops the Code of Ethics and Business Conduct of the Group and reviews the rules, procedures and action plans implemented;
- Looks after the respect of the Compliance Program and oversees its application towards third parties (especially those related to sales third parties' validation);
- Ensures the execution by the subsidiaries' managers of the Group employees training programs in terms of compliance and ethics, and looks after the good communication of the Compliance Program with the collaborators and various partners;
- Is in charge of the development of the risk cartography of the Group regarding ethics and compliance;
- Ensures the management of any alerts brought to the knowledge of the Chief Compliance Officer.

The Ethics Committee is composed of four members listed as below:

- The Group Chief Executive Officer (President);
- The Group COO;
- The Chief Compliance Officer;
- The Group Legal Director.

The Ethics Committee holds at least four ordinary meetings during the year. Each member can also propose extraordinary meetings if he or she considers necessary to discuss a particular question. Every year, the Ethics Committee informs the members of the Steering Committee and gives an account of its activity to the Supervisory Board during the past accounting year.

2.3. ALVEST Supervisory Board and committees

The members of the Supervisory Board bring a wide-ranging experience that is directly relevant to our business. They 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.

2.3.1. Composition of the Supervisory Board

As of December 31st, 2020, the ALVEST Supervisory Board is composed of seven members appointed as follows:

- Mr. Jean-Marie Fulconis, President of the ALVEST Group
- Mr. Benoit Raillard, President of the Supervisory Board and member of CDPQ;
- Mr. Philippe Le Gourriec, CDPQ;
- Mr. Dominique Gaillard, Ardian member;
- Mr. Richard Battey, Sagard member;
- Mr. François Calvarin, permanent representative of the management investment company;
- Mr. Per Utnegaard, independent member.

There are also two observers ("*censeurs*"):

- Mr. Antoine Lencou-Barême, Ardian censor;
- Mr. Jérôme Triebel, Sagard censor.

The President of ALVEST is assisted by the Group COO, the Group CFO and the Group Legal Director.

Non-executive Members	Date first elected as a member	Number of years on the Board	Nationality
Mr. Benoit Raillard	21/09/2018	3	French
Mr. Philippe Le Gourriec	18/11/2019	2	French
Mr. Dominique Gaillard	30/01/2018	3	French
Mr. Richard Battey	19/07/2019	2	British
Mr. François Calvarin	30/01/2018	3	French
Mr. Per Utnegaard	26/04/2019	2	Norwegian

2.3.2. Profile of the Supervisory Board's members

All the Supervisory Board Members have a significant experience in finance, business strategy and business development:

Benoît Raillard joined CDPQ in 2017 as a Vice President and Operating Partner. Before CDPQ, Benoit was a Managing Director and Operating Partner at GIMV, a Senior Director at AlixPartners, he held several executive positions in B-to-B service and retail companies (Elis, 5àSec) under several LBO transactions. He has been a strategy consultant at Bain & Co, a manager at Eli Lilly & Co in sales and marketing, and a manager at BNP Paribas in New York. Benoit has a significant experience in operational effectiveness improvement, in corporate strategy, in operational and financial restructuring, and working capital improvement. His industry sector expertise includes retail, food and beverage services, garden centers, healthcare, real-estate, industrial equipment rental and maintenance, logistics, and business services. Benoit holds an MBA from the Harvard Business School, a MSc. in Aeronautic Engineering from Ecole Centrale de Paris (France) and a Finance degree from the Institut d'Études Politiques de Paris (France).

Philippe Le Gourriec joined CDPQ in 2016 as a Director. Before CDPQ, Philippe was an Investment Manager at RIT Capital Partners and an Associate at Credit Suisse. He advised on a wide range of assignments in mergers and acquisitions, strategic advisory, equity and debt deals. Philippe holds a MSc in Finance, Strategy and Management from the ESSEC Business School (France).

Dominique Gaillard is the President of France Invest, a French association of Private Equity and former Chairman of the Board of Ardian France. Now a Senior Advisor, Dominique previously headed the direct funds activities of Ardian which he joined from its beginnings in 1997. He began his career in 1986 with Pechiney, as Head of R&D, then Marketing and Sales Director of Comurhex, one of the Pechiney's subsidiaries. He graduated from the Ecole Polytechnique (France), the Ecole des Ponts Paris Tech (France), the University of California, Berkeley (USA) and the IAE Paris (France).

Rik Battey is member of the Sagard investment team since 2002 as Investment Director and a Partner since 2010. He plays an active role in originating and executing deals, as well as in tracking investment performance. Previously, he was a Director in the Transaction Services Department at PricewaterhouseCoopers, where he spent 11 years. Rik worked on a long series of complex international transactions, many of them large LBO deals in Europe. Rik has a BSc in European Business Studies from Swansea University (United Kingdom) and he is a UK Chartered Accountant.

Mr. François Calvarin is the Chairman of the Board of Photonis, a high-tech organization experienced in innovating, developing, manufacturing, and selling photo sensor technologies. François holds a MSc in Civil Engineering from the MINES Paris Tech (France).

Per Utnegaard has been a Non-Executive Director of Saudi Ground Services Company since May 2019 and a board member of the Swiss University Sports Federation since April 2016. Per was the Group President and the CEO of Swissport International Ltd, the Vice chairman of Swissport International AG, the Chairman of the Executive Board of Bilfinger SE and a Non-Executive Director of Xovis AG. He graduated from Northern Michigan University (USA) with a Bachelor's degree in Business Administration and Marketing.

2.3.3. Preparation and organization of the Supervisory Board's work

Role

The Supervisory Board determines the Group's business strategy and monitors its implementation. The Supervisory Board examines any question that affects the sound operations of the Group, carries out the verifications and inspections it considers appropriate and may require the communication by the President of any document it considers necessary for the accomplishment of its mission.

The Supervisory Board shall be informed about market and competitive trends and the main challenges faced by the company. It endeavors to promote the company's long-term value creation whilst taking into consideration the social and environmental impacts of its operations.

Some decisions or actions require the prior approval of the Supervisory Board, in particular:

- The approval of the annual budget, accounts and consolidated accounts, and the adoption of the business plan;
- Any significant sale or purchase of assets;
- Any legal action or claim to initiate or to settle;
- Any other decisions that have material impact.

Agenda

The Supervisory Board shall hold a meeting at least four times a year, that may be attended by telephone or video conference:

- In April: to review and approve previous year's consolidated accounts;
- In July: to review the year-end reforecast for the ongoing year;
- In September: to review half-year consolidated accounts; and
- In December: to approve the budget for next year.

The Board holds a meeting as often as is required, on the initiative of at least two members of the Supervisory Board acting together.

In 2020, the Supervisory Board met 7 times, with three special meetings to review the action plans during the Covid-19 crisis. The attendance rate at all these meetings was 100%. In addition, the Supervisory Board held an offsite meeting to review new activities or major trends in the GSE sector (electrification of equipment, Fleet Management Software, etc.).

Members rights and duties

Members of the Supervisory Board shall be provided with the information and documents required in order for them to fully perform their duties.

Each member of the Supervisory Board has one voting right.

In addition to these Supervisory Board meetings, business reviews are carried out each month with the members of the Supervisory Board (except in February and August), in order to:

- Review the Group's commercial and financial performance;
- Present the highlights of the period;
- Follow-up ongoing projects.

Confidentiality and conflict of interests

The members of the Supervisory Board as well as any observers have a duty of confidentiality in relation to any information communicated to the Supervisory Board.

A conflicted person may not be appointed as a member or an observer of the Supervisory Board, unless otherwise unanimously agreed by the other members.

2.3.4. Other Supervisory Board's Committees

The Supervisory Board has set up several committees in order to enhance its operating procedures and provide assistance with preparing its decisions by issuing recommendations and opinions. These committees have an advisory role to the Supervisory Board. As of December 31, 2020, the Committees of the Supervisory Board were:

The Group Compensation Committee

The members of the Compensation Committee are:

- Mr. Benoit Raillard, President of the Supervisory Board and Member of the Majority Investor CDPQ;
- Mr. Philippe Le Gourriec, CDPQ;
- Mr. Dominique Gaillard, Ardian Member;
- Mr. Richard Battey, Sagard Member;
- Mr. Jean-Marie Fulconis, President of the Group.

The roles and responsibilities of the Compensation Committee are, in particular, as follows:

- Formulating an opinion on the proposals of the President concerning the principles and conditions for the determination of the salaries and bonuses;
- Reviewing certain Group human resources topics.

The Compensation Committee meets at least once a year in March. In 2020, the Compensation Committee met one time and the attendance rate was 100%.

The Group Audit & Risk Committee

The members of the Audit & Risks Committee are:

- Mr. Benoit Raillard, President of the Supervisory Board and Member of the Majority Investor CDPQ;
- Mr. Philippe Le Gourriec, CDPQ;
- Mr. Dominique Gaillard, Ardian Member;
- Mr. Antoine Lencou-Barême, Ardian;
- Mr. Richard Battey, Sagard Member;
- Mr. Jean-Marie Fulconis, President of the Group;
- Mr. Antoine Maguin, Group COO;
- Mr. Laurent Jamet, Group CFO.

The Audit & Risks Committee is responsible for monitoring and reviewing:

- The financial reporting process;
- The effectiveness of internal control and risks management systems;
- The internal audit missions;
- Activity of the Ethics Committee and all actions on corporate responsibility and other related issues;

In 2020, the committee met one time. The attendance rate was 100%.

2.4. 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.

3. Product & Service design

3.1. Introduction

Customers demand is constantly evolving and market expectations are driving ALVEST development efforts. The Group focuses its engineering and research efforts to address the following issues:

- Combating global warming and adapting to climate change by reducing GSE CO₂ emissions and fuel consumption and promoting electric GSE;
- Promoting a responsible use of materials in all its products life cycle, from the extraction of raw materials to the recycling of end-of-life products;
- Developing new products and solutions to invent new needs and anticipate customers' demand.

3.1.1. Group R&D organization and objectives

ALVEST maintains a high level of effort in Engineering in all its divisions in order to offer its customers the best technological innovations to meet identified needs. In 2020, the Group's Engineering expenditure (operating expenses and capital expenditures) totaled c. 10.4 million euros, representing nearly 3% of its product sales.

Globally, the number of people working in Engineering and R&D increased by more than 50% over the last 4 years, from 124 in December 2016 to 186 in December 2020.

ALVEST's R&D teams are organized by activities:

Ground Support Equipment (TLD & Aero Specialties)

TLD's R&D teams consist in multiple engineering teams that are composed of 154 engineers and technicians and that are spread in all TLD factories on all continents. This multinational and multi-cultural organization share the same tools and same components database. Intranet tools and shared ERP are keys in our engineering activities where a lot of project are transverse across the Group with participation of multiple engineering departments. In 2020, TLD Engineering and R&D teams initiated 99 new Engineering projects while 24 projects initiated before were successfully completed.

All R&D, product conception and design activities are overseen by local management but also functional Directors and other members of the Group Executive Committee, and are managed through specific rules. All processes rely on established procedures to assess the effective management and monitoring of key performance indicators (KPIs), and are common to all factories worldwide.

Product line plans directs the Group's innovation policy as well as product development roadmap, methods and tools. TLD's Research and Development functions cover: Innovation, Research, Development and Intellectual Property. Its main purpose is to position TLD among the most innovative GSE manufacturers, significantly contributing to progress in emission reductions, automation, intuitive vehicle usage, digitalization and autonomous vehicles.

Adhesive Solutions (ADHETEC)

ADHETEC invested a lot in innovation and created a specific department for products development. Today, the R&D department of ADHETEC department is composed of 11 highly qualified engineers and technicians who have acquired a high level of expertise in many areas (materials and adhesives, printing and ink formulations, formulation of fire-resistant products, climatic ageing...). In order to improve efficiency, ADHETEC has invested in important internal means for prototyping, formulation and characterization. In order to give visibility in the future development, a strategic road map has been created with specific axis of products development. Every 6 months, dedicated reviews occur for each market to evaluate the relevance and progress of the different projects.

In order to improve its efficiency to develop products which reach market and customer expectations, ADHETEC R&D relies on robust processes of development with clear milestones and deliverables. Project leaders, with dedicated team with defined roles and responsibilities, follow up each project thanks to regular reviews.

3.1.2. Partnerships and involvement in regulation bodies

ALVEST innovation program has opened the way to various types of partnership with start-ups or innovative companies, such as EasyMile on autonomous vehicle, Resonate MP4 on telemetric solutions or Plug Power on hydrogen. It has proved to be an efficient way of staying abreast of technological progress.

As a global and responsible player within aviation industry, TLD contributes to many initiatives towards better Greener and Safer aviation and GSE Automation & Digitization.

Placing great importance on its involvement in different consultation and normalization bodies, TLD, among other industry players like Airlines, Ground Support Providers, Air framers, and other GSE manufacturers, actively participates in local, European and international working groups:

- IATA GSEE: to develop standards and recommendations on GSE design, safety considerations, environmental aspects and new technology implementation;
- IATA GAD: to develop and amend digital standards in the scope of Airside Operations and best practices for ramp automation;
- SAE (SAE AGE-3 Aircraft Ground Support Equipment Committee): to develop Technical Requirements for Ground Support Equipment;
- CEN (CEN/TC 274 "Aircraft ground support equipment") committee: to develop European Standard in the field of machinery directive;
- CAAC: to develop standards in China.

3.2. Combating global warming and adapting to the consequences of climate change

3.2.1. Technological innovation to combat climate risk

Environment is now fully integrated in the different ALVEST companies' product development strategy.

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 products with clean, low carbon energy efficient technologies that preserve air quality, and sell best-in-class combustion and electric vehicles: at TLD, Research and development focus areas include high-efficiency energy conversion and electrification, increased power density, efficiency of power systems and further electrification into TLD product lines.

With respect to its products, TLD has fully integrated climatic factors and energy efficiency has become a key focus of development. TLD has integrated into its development strategy more environmentally friendly "all electric solutions". The share of electric GSE in our sales increased dramatically in the recent years, from a steady 10% for more than 20 years to recently reach 30%-40%+ and growing.

At ADHETEC, all the parameters that can produce a positive impact on environment, like weight, sustainability, recyclability or chemical composition are carefully considered for each new product development. For example, new development focus on external decals for aircraft used thinner and lighter adhesive film which will play a positive role

in drag reduction. In the same time, these new features will give them better durability. This last feature is specifically considered for all the products dedicated to lasting applications.

The use of chemicals is also highly scrutinized. ALVEST objective is to be sure that all the chemicals used for our new products are safest as soon as possible. Alternatives are considered in case some of them are too hazardous for environment or people. As an example, ADHETEC developed several years ago, a new opportunity for all the train manufacturers replacing solvent-based glue for flooring by a free-solvent pressure sensitive adhesive film.

3.2.2. Preserving air quality / engine regulations

Electric drives are undoubtedly on the gaining ground in our industry, but GSEs with diesel combustion engines remain an important alternative in many areas of application. TLD therefore continues to work on constantly reducing the environmental impact of units fitted with combustion engines.

TLD provide U.S. EPA Tier 4/EU Stage IV, EU Stage V or equivalent products in North American, European and other regulated markets. U.S. EPA Tier 4 emissions standards as well as EU Stage V emissions regulations provide a 90% reduction in emissions (NOx and particulate matter) when compared to Tier 3 standards. On top of complying with emission regulations, and since a product's impact on the environment is greater during use, improving product performance (in terms of optimizing fuel consumption, energy efficiency, durability, and length of intervals between maintenance cycles) helps reduce its environmental impact, as well as the Total Cost of Ownership (TCO). For this reason, during the design phase, TLD promotes more eco-friendly solutions.

3.2.3. Electrification of equipment and development of green products

With nearly 40% of the units sold as electric versus c. 10% five years ago, TLD is a global market leader in electric GSE and intends to strengthen this position further in the future. The focus is increasingly shifting to electrically powered GSE also for units that in the past were powered by combustion engines.

The energy-efficient lithium-ion batteries iBS are available at TLD throughout a majority of the fleet and are specifically adapted to the application. Lithium-ion batteries offer a host of benefits over conventional lead-acid batteries, such as faster charging times, as well as a three to four times longer service life, and significantly higher energy efficiency of over 90%. This allows customers to achieve savings of around 30% both in terms of energy consumption and in terms of associated greenhouse gas emissions compared to a conventional battery-charger combination.

At the customer's request, fuel cells can also be integrated into some TLD GSE. Complementing the lithium-ion technology, TLD aims to offer a full range of fuel-cell GSE as well. As most of the TLD range of GSE is already available as electric, it can potentially be equipped with fuel cells. As we speak, TLD offers fuel cells on a project basis and operates already some units in North America with success, and many projects are surfacing in Europe and Asia. TLD fuel cell partners are also focusing on the durability and reliability of systems, as well as the required H2-refuelling infrastructure.

On TLD GSE, innovative and energy-saving drive technologies are also a key topic. On cargo loaders, thanks to its reGen products with their energy recovery system, TLD provides significant energy savings compared to competitors systems without these characteristics.

3.2.4. CO₂ performance of equipment sold and carbon footprint analysis

Reducing our carbon footprint is a key concern, especially for TLD as a designer and manufacturer of GSE. The design and successful promotion of our electrical range of GSE vehicles, launched by TLD for years now, demonstrate TLD willingness to be a catalyst to the green transformation of the aviation operations on the ground.

More generally, ALVEST wants to offer to its customer the guaranty that its products are produced with environmentally friendly processes and responsible use of raw materials, and by proposing machines that will respect the environment when they are operated during their entire life.

This concern translates in two main actions:

- First, in the frame of its ISO14001 certification, each industrial Business unit of the Group monitors the environmental performance of its activity, and has defined action plans to reduce its impact. This includes the carbon emission due to its own operations (Greenhouse Gas protocol scope 1) and to the energy bought for its operation (mainly electricity - GHG P scope 2).
- Secondly, the Group has also initiated an analysis to evaluate the carbon footprint of its products (GHG P scope 3). The ambition is for instance to encompass the use of raw materials TLD and ADHETEC products are made of, and the carbon footprint the equipment will emit during their own operations.

The target is to measure and improve the carbon footprint of our products and put in place actions to reduce their environmental impact. It is also to promote the eco-friendliest solutions to our customers, based on proven data and analyses. The Group is aware that many parameters can have an impact on the environmental footprint of a product (raw materials extraction, transport, production, use...) and has launched a specific workgroup to assess the carbon footprint of its main divisions. Structuring a robust approach and implementing tools to assess the global carbon footprint analysis has been defined as a key objective for 2021.

3.3. Eco-design & recycling

Engineers of the different Group companies use design guidelines to develop products with remanufacturing and recycling in mind. This also includes the selection of materials that are as environmentally friendly as possible:

- As an example, when it comes to select chemistry for the new TLD iBS Lithium battery system offered by TLD since 2019, TLD naturally opts for Lithium Iron Phosphate (LFP): LFP has the best overall environmental benefits, largely because it uses materials which are less damaging to the environment when extracted and/or obtained. LFP is also the best Li-ion technology in relation to ethics and sustainability, having no use of cobalt, and showing significantly better performance in each of the following environmental impacts parameters: global warming potential (GWP), fossil depletion (FDP), freshwater ecotoxicity (FETP), freshwater eutrophication (FEP), human toxicity (HTP), metal depletion (MDP), ozone depletion (ODP).
- TLD is committed to reducing or eliminating regulated substances, which pose a potential risk to human health and to the environment, from its products and its manufacturing operations. As an example, for PCA (Pre-Conditioned Air) units, TLD is engaged in reducing emissions of fluorinated gases (F-gases) since they are powerful greenhouse gases and contribute to global warming. F-gases are a group of chemicals that include hydrofluorocarbons (HFC), perfluorocarbons (PFC), sulfhexafluoride (SF6), and other fluorine-containing greenhouse gases. HFC-134a, also known as tetrafluoroethane, is an F-gas widely used by manufacturers, including TLD, as an air conditioning refrigerant due to its low toxicity, efficient cooling capacity, satisfactory material compatibility, stability, and because it does not damage the ozone layer. However, because it has a global warming potential (GWP) higher than other available refrigerants, HFC-134a is currently being phased out. For future products, TLD is working with alternative refrigerant gas.
- Similarly, eco-design is now fully integrated in Adhetec R&D strategy: Adhetec is committed to reducing or eliminating regulated substances, which pose a potential risk to human health and the environment, from its products and its manufacturing operations. As an example, all the chemicals have been reviewed and greener and safer alternatives are systematically sought for the most hazardous ones.

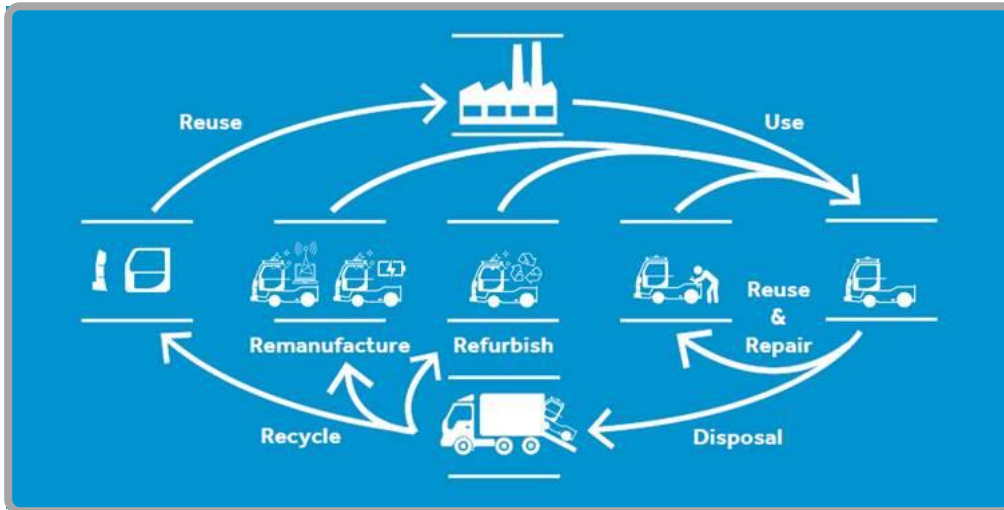
3.4. Management of products lifecycle

Through its newly created Alvest Equipment Services division (AES) which is solely dedicated to services for the Ground Support Equipment (GSE) and through its Parts & Accessories Division, ALVEST delivers sustainable solutions for the complete life cycle of GSE.

AES range of services includes: Rental and Leasing, Fleet Management and Pooling, Maintenance services, Refurbishment of equipment, sale of second-hand GSE and consulting.

Extending products lifetime and managing end-of-life is part of ALVEST core business model, in particular with spare parts supply, maintenance, refurbishment of equipment and sale of second-hand products.

Through these activities, ALVEST delivers sustainable solutions for the complete asset life cycle, and with refurbishment in particular, is fully engaged in contributing to circular economy.



3.4.1. Spare parts sourcing and supply chain management

With the acquisition of Sage Parts in 2008, ALVEST took a key step in apprehending the sustainable management of GSE spare parts sourcing whilst enhancing its supply chain management capabilities, both internally and externally vis-à-vis the customers.

The main capability of Sage Parts is to ensure timely procurement of the right quantity of parts in a set location. With this custom designed supply chain management program, ALVEST customers can outsource all or any portion of the procurement and inventory control of replacement parts for aviation ground support equipment. Sage Parts is the leading provider of outsourced program management of GSE parts. Whether the customers are an airline, a ground handling company, a maintenance company or any other kind of business in the aviation industry, they will find an optimized yet sustainable way of sourcing and supplying their spare parts with Sage.

Moreover eSage, web-based ordering and management tool, is a key component in supply chain management from Sage Parts. The technology enables all stakeholders to access the vast parts databases and ordering processes 24/7 via the web. This digitalized and paperless stream of business reveals as well an extremely resilient and responsible model that has clearly a positive impact on the environment. Resilient model as it understands and adapts to external factors that may impact a company's ability to produce a product or deliver a service, hence optimizing the resources used to reach the supply chain goal. Responsible as it mitigates the social, environmental and economic risks and impacts connected to the life cycle of a GSE product.

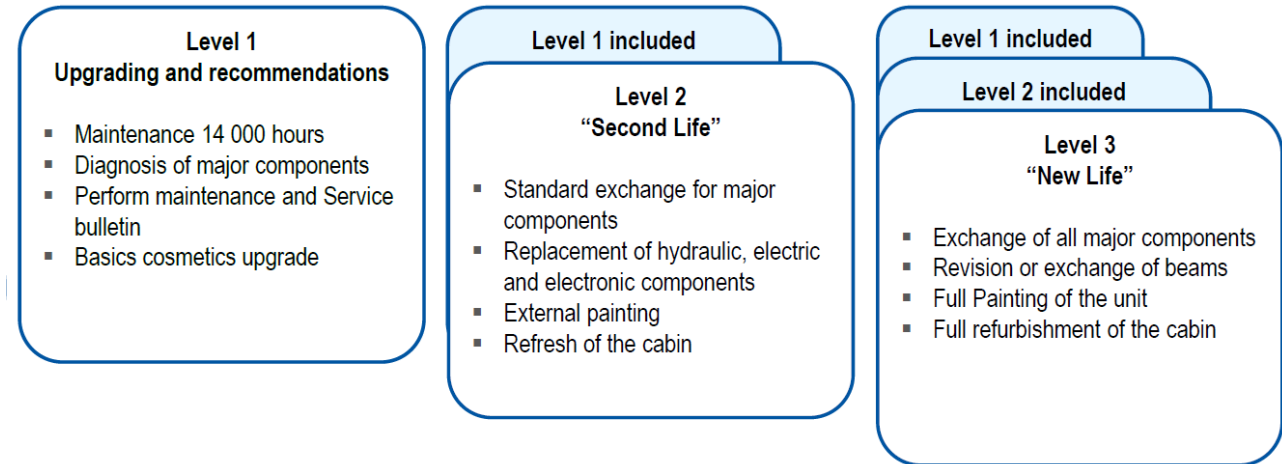
3.4.2. A recycled Factory fully dedicated to refurbishment and electrification in Europe

ALVEST recognizes that refurbishment is an important element of a resource-efficient manufacturing process, and that, by extending product life and reusing equipment and components, it allows to reduce energy usage and emissions.

To serve this purpose, one of the historical factories of TLD, located in Montlouis-sur-Loire (France), has been converted in 2017 into a refurbishment center.

This center, operated by AES, has a surface area of 2,500 sqm, with all the tools recycled from the previous factory necessary for the various reconditioning operations. Mechanics, bodywork, engine maintenance, hydraulics, electrical repairs, electronics and painting are carried out according to OEM standards by highly qualified technicians dedicated to reconditioning and technical modifications.

This overhaul center allows to optimize asset value through multiple life cycles, and delivers several levels of refurbishment as described below:



This center is a key contributor to the rental and leasing business, allowing to maintain and extend the life of AES rental and leasing fleet that comprises more than 150 equipment in Europe as of end of 2020. In addition, over the last three years, many equipment of all brands belonging to customers have been successfully renovated, extending their product life by 5 to 10 years.

Furthermore, the Group has also launched an electrification conversion offer for some of its products range (e.g. passenger stairs, conveyor belts, ...): by converting diesel units to electrified products, the Group ensures both that the product life is extended, as well as contributing to emissions reduction and more generally a greener environment.

A second refurbishment center is currently being opened in the United States, to further develop refurbishment activities.

3.4.3. Re-use of components

During the GSE refurbishment process, AES technicians always favor when possible the revision and repair of components. The logistic process in place enables to source end-of-life products in order to re-use some of its components, in particular but not limited to, bodywork, parts of hydraulic systems, engines, etc. At the same time, when changing components (such as hydraulic components, engines), spare ones are put in inventory, in order to re-use them later if needed.

ADHETEC is also willing to develop and propose solutions based on reusable products in order to replace consumables. Different products are now under technical evaluation for different applications (leading edge protection, armrest, seats...):

- Recently, Adhetec has focused its products development strategy in order to replace some of consumables products dedicated for surface protection that are generally based on pressure-sensitive adhesive films. As an example, Adhetec developed a new protective surface solution based on recyclable felt for aircraft overhead bin doors to replace consumables.
- Adhetec developed another solution based on cellular polypropylene to replace self-adhesive foam to protect interior aircraft partitions.
- Adhetec is also committed to provide end-users with solutions for end of life disposition.

3.4.4. Rental and sale of high-quality long-life second-hand equipment

The Group also promotes and offers rental of used equipment, as well as sale of second-hand products, offering multiple life-cycles to that equipment.

3.4.5. Recycling of end-of-life products

ALVEST is committed to provide its end-users with solutions for end of life disposal and recycling, through an active network of expert third party partners able to perform such disposition in accordance with local, state and federal/national laws and regulations. Would the customer be unable or unwilling to perform this disposition activity on his/her own, the Group companies will provide such service, to be charged at local market rates. As an example, ADHETEC offers a service to recover, clean and deliver the felt protection for interior aircraft cabin

For AES, all of end-life-products go through a mastered recycling branch:

- Tires are returned to the manufacturer or exchanged;
- Equipment is dismantled;
- Re-usable components are identified and kept apart;
- Other components are disposed through a specific waste professional.

Specific case of TLD iBS batteries

TLD unique iBS modular concept allows for increased battery life time while LFP technology does reduce overall environmental footprint.

Once iBS battery has been extended a second or third life by applying it across various types of GSE requiring decreasing levels of battery performance, and no further subsequent life can be applied (i.e. battery performance has degraded to a level deemed too low), the battery shall then be considered to have reached its end of life. End-users will then need to arrange for disposal/recycling of the iBS battery.

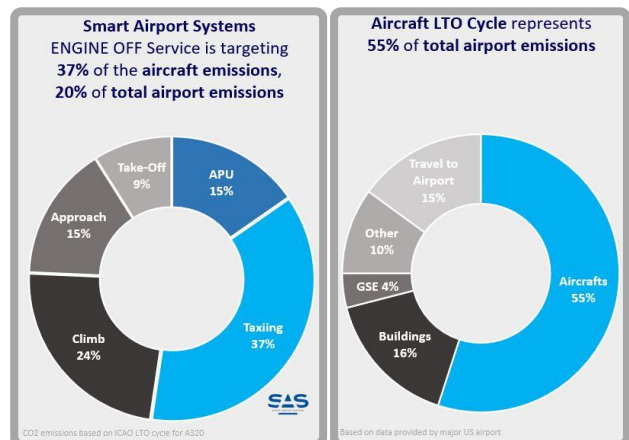
3.5. Development of new solutions

ALVEST strategy is to develop breakthrough solutions to promote aviation carbon footprint reduction and to support our customers in changing behaviors and setting new expectations.

Overall concept and purpose of our ENGINE-OFF Solution

The TaxiBot® is today the only green certified taxiing solution available on the market. The TaxiBot® is a semi-robotic hybrid towing vehicle designed for taxiing airplanes from the boarding gate to the takeoff runway without the use of jet engine power. The TaxiBot® exists for several years but due to its high purchasing costs and complex technology, airlines were not encouraged to invest without guaranteed savings.

The ENGINE-OFF Solution consists in deploying the TaxiBot® combined with an on-site and on-line dedicated supervision, guaranteeing airlines to switch off the aircraft main engines during taxiing while significantly decreasing the emissions at the airport (around 37% of aircraft emissions and 20% of airport total emissions).



In addition to important pollutant emissions reduction and the related positive impact on society, the TaxiBot® is close to financial sustainability with current very low fuel price and will generate savings with a small Jet fuel and carbon tax increase.

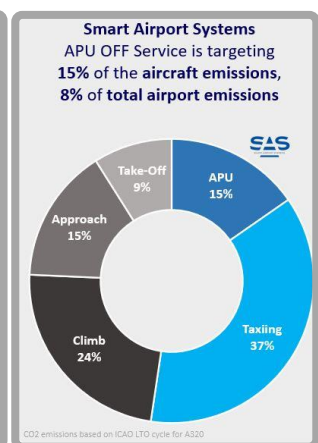
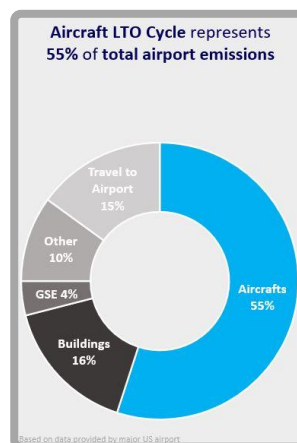


Overall concept and purpose of our APU OFF Solution

The Auxiliary Power units - APU (turbine located in the tail of every aircraft that provides energy for functions other than propulsion) are used significantly worldwide on the ground mainly due to the lack of performing air conditioning equipment and/or specific attention and because the APU usage reduction is seen as a ground handling operation among others.

As a result, the air conditioning machines when existing are only used when the APU is inoperative to allow boarding even if the performance of such equipment is not capable to bring the same level of comfort than the APU.

The APU OFF Solution consists in deploying performing equipment allowing airlines to switch off the APU on the ground while maintaining the same level of comfort and significantly decreasing the emissions at the airport (around 15% of aircraft emissions and 8% of airport total emissions).



In addition to important pollutant emissions reduction and the related positive impact on society, the APU OFF Service is financially sustainable as it generates around 25% savings to the airline community.



3.5.1. Digitalization of equipment

The digital transformation of equipment for optimized use is illustrated by the LINK FMS solution, which was developed in 2020. This flexible telemetric tool provides real-time access to key data of the equipment, such as position, speed, status, fuel consumption, battery state of charge, and engine temperature and error codes.

This new tool will help our customers to succeed after they buy a piece of equipment with relevant fleet analytics that support them to complete their jobs more efficiently. LINK FMS brings better control on their fleet engagement, energy consumption, maintenance intervals, but also reducing operating costs and keeping resources in circulation. LINK also contributes to safety.

Since LINK FMS will make it possible to conduct remote diagnostics, technicians can intervene more rapidly and efficiently remotely or physically when needed, and reduce downtime.

3.5.2. GSE automation

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.

In the short term, various levels of automation are mostly driven by a safety improvement in the aircraft turn around:

- Many machines are operating in a small area at the same time;
- GSE are docking the aircrafts with a significant risk of collision / damage, risk increased with the carbon-fuselage aircrafts;
- GSE are powerful machines with remaining safety risks while driving.

In the mid-term, automation will allow to conciliate Safety & Efficiency. TLD product vision is to work towards providing a "2-men Turn Around", focused on:

- A safer operation, with a centralized supervision benefitting from all the turn-around information and data;
- A smarter turn-around with an improved communication between the different GSE, the Air Traffic Control and the pilots;
- A greener turn-around focused on turning the APU and the Engine off as fast as possible;
- A more efficient turn-around, using only 2 headcounts.

3.5.3. Focus on TractEasy

An illustration of GSE automation already available is the TractEasy®. TractEasy® is a driverless tow-tractor that not only facilitates a significant increase in

productivity, efficiency, labor and maintenance savings but also allows enhanced safety and process compliances.



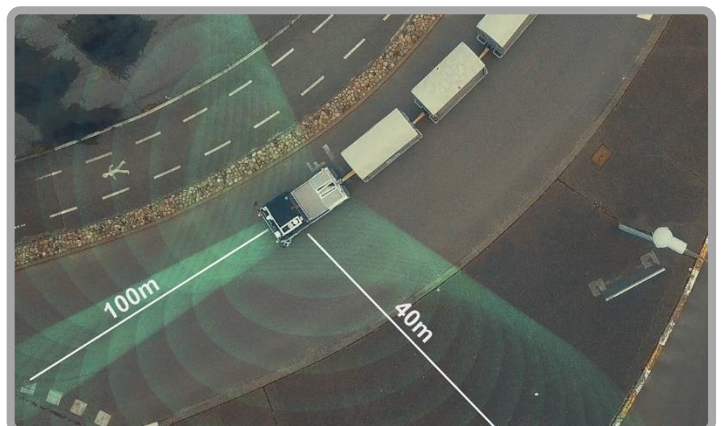
The TractEasy® has been co-developed with the French company EasyMile. Its mission is to move cargo in an autonomous manner, under the supervision of dedicated fleet manager software, from terminal to terminal, or terminal to aircraft.

TractEasy relies upon multiple sensors (lidars, radars, IMU, GPS, wheel encoders, 3G/4G modem, V2X on-board units, and stereo cameras), that are integrated with the EasyMile driverless software to read and navigate the surrounding environment.

TractEasy® does not require any infrastructure change, yet utilizes its technologies to collect, store, and analyze

data in the following areas to ensure the vehicle can operate safely:

- Localization: knowing where the vehicle is with an accuracy of at least 5 centimeters;
- Navigation: knowing where the vehicle is headed on a predefined route. Using V2X technology, the vehicle is able to receive information from its environment and interact with it. The vehicle is also able to receive missions from the supervision center;
- Perception/Obstacle Detection: knowing what is happening around the vehicle and able to adjust its behavior accordingly.



4. Industrial ecology of the Group

4.1. General information

Environmental responsibility is essential to our success and performance. We are proud to support the United Nations' Sustainable Development Goals (SDGs) related to Environment, which include: Sustainable cities and communities (SDG 11); Responsible consumption and production (SDG 12); Climate action (SDG 13) and Life on land (SDG 15).

With approximately 1,900 employees in 2020 and 12 manufacturing facilities throughout the world (Saint-Lin, Sorigny, Tarbes and Colomiers in France; Nimy in Belgium; Kempston in UK; Windsor and Boise in the US; Sherbrooke and Drummondville in Canada; Shanghai and Wuxi in China), ALVEST is acting globally at the worldwide level, while combining local manufacturing and interacting with an integrated logistics and supply chain.

We are optimizing resources thanks to the RANGER program deployed at TLD (Regional Assembly Network, Global Engineering resources) and to our local manufacturing footprints. We are also combining a global sourcing approach in order to avoid wastes and energy consumption in the logistics operations.

Local suppliers are selected when economically viable in order to speed up the supply chain while optimizing resources and minimizing transportation wastes.

4.1.1. Structure and teams in place

ALVEST OEM manufacturing model is based on the duplication of similar organizations. Each manufacturing business unit has the same management structure and is guided by the same management system:

- A region is driven by a RCEO (Regional Chief Operation Officer) assisted by a RCOO (Regional COO) when required. Below this executive management, each business unit is managed by a COO, assisted by:
 - o Production Manager (PM);
 - o Quality Assurance Manager (QAM);
 - o Product Support Manager (PSM);
 - o Engineering Manager (EM);
 - o Material and Logistic Manager (MLM);
 - o Depending on the size of the different sites, there may be dedicated Safety Manager and/or Facilities and Environmental Manager positions. In any case, the COO of the BU remains accountable for Health, Safety and Environmental (HSE) issues.
- Functional directors are coordinating the actions at the Group level in order to support executives and managers, to optimize the resources, to share best practices, and to provide assistance, training and guidance.
- The Chief Manufacturing Officer (CMO) is in charge of consolidating industrial ecology actions and decisions. Every QAM and every PM have a functional report line with the CMO.
- ISO 14001 project managers are driven by the QAM, or by the Facilities and Environmental manager when applicable.

For the Adhesive Solutions division's manufacturing sites, the organization in place is the following:

- In France: one HSE leader supported by a dedicated HSE team in place in each production unit and department (6 people);
- Canada: one HSE leader supported by an HSE committee.

4.1.2. ISO 14001 certification policy

Today, climate change and the preservation of the environment are the greatest challenges of our generation, so business involvement is essential.

This is why ALVEST has chosen to create the conditions necessary for the continuous improvement of its environmental performance and to contribute to the preservation of natural resources by setting up an Environmental Management System (EMS) in all its manufacturing facilities around the world. Such a system makes it possible to ensure compliance with regulations, to set objectives in order to improve environmental performance and thus reduce the impact generated by the Group companies.

In addition, ALVEST has decided in 2020 to implement the ISO 14001 standards in all its manufacturing facilities in order to guide its action and to demonstrate its willingness to conduct its industrial operations in a green environment. The cornerstones of our path to the certification are based on local involvement in each local factory, the ISO 14001 certification process clearly supporting our directions and contributing to employees' involvement and pride.

Each factory is guided by an environmental policy established by and for the entire Group. This policy defines the environmental requirements and commitments of ALVEST entities. Each facility defines its own objectives based on this policy and its significant environmental aspects determined through the environmental analysis. The achievement of these objectives is then monitored by indicators, making it possible to assess the performance of the EMS.

All the factories of the ALVEST are sharing common objectives such as:

- Developing an environmental culture;
- Providing work environments, innovations, products and services that allow a more productive and efficient use of resources;
- Incorporating innovation and green technology to improve the sustainability performance of our products, solutions and services;
- Increasing the proportion of recovered waste;
- Collaborating with our suppliers to reduce packaging waste at source;
- Achieving energy savings, in particular by reducing gas and electricity consumption.

Obtaining this internationally renowned certification demonstrates the Group's commitment to its various stakeholders in terms of environment. In March 2021, 9 of our 12 manufacturing sites have successfully passed the ISO 14001 audit by well-known international auditors.



The 3 remaining ALVEST OEM facilities in Canada (Sherbrooke), USA (Boise) and in Belgium (Nimy) are scheduled to be certified by the end of 2021/early 2022.

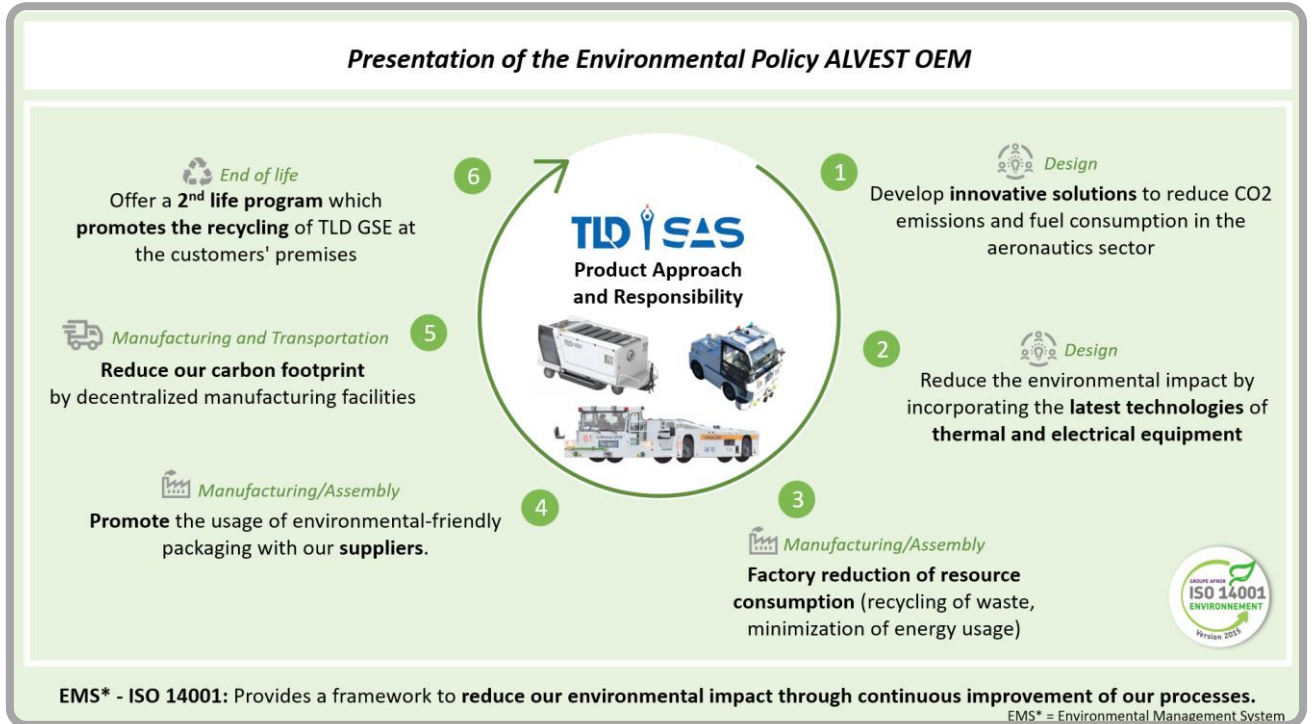
In addition, it has been decided to have all the Group's warehouses with surfaces of more than 20,000 sq. ft. ISO 14001 certified by the end of 2022.

4.1.3. Actions taken to train and inform employees about protection of the environment

Communication and training are key in our environmental performance, as it is necessary to onboard and develop the environmental culture of all employees.

Several communication supports have been put in place and are periodically distributed internally:

- The ALVEST Group environmental policy and its declinations at division level are available on our Intranet and are summarized in dedicated training materials (as shown below for the ALVEST OEM division):



- Weekly, bimonthly and quarterly communications are put in place to share environmental topics. These communications are intended to inform and educate all employees on various subjects, including projects or actions related to the environment, and their progress.
- A monthly communication, known as “Flash EHS” is carried out to the staff of workshops and warehouses on environmental or safety subjects. The aim is to make them aware of all relevant subject by mentioning the risks and sharing good practices. The screenshot on the right is an example of a support for this communication.



As presented earlier, ALVEST sales forces are also fully involved in the protection of the environment as at ALVEST, most of our products contribute to a greener world thanks to the reduction of jet emission on the ground (for instance: APU-OFF program, dispatch towing tractors, maintenance and repositioning tractors), or to specific adhesive coverages to protect surfaces, to reduce noise, and even to reduce jet fuel consumption during flights.

Our facilities are often localized in a green environment and all manufacturing extensions are designed to optimize energy consumption and natural resources, optimizing heating and cooling performance of the building.

At ALVEST, we believe that exemplarity is an important driving factors for teaching and sharing environmental values:

- Economy flights even for long haul flights;
- Efficient company cars;
- Sharing cars;
- Promoting Visio conference.

For the Adhesive Solutions Division plants, all employees have been trained and are retrained on the following topics:

- General information about HSE;
- Control in case of emergency situation;
- Chemical and hazardous materials;
- ATEX (explosive atmosphere) risks.

4.1.4. Measures taken for the prevention of environmental risk, pollution or effluents at sites

At ALVEST, the use of chemicals and hazardous substances is strictly limited as they are few chemicals used in our processes:

- Limited painting activities;
- Hydraulics fluids and fuel (ALVEST OEM division and AES);
- Refrigerant fluids for air conditioning units (ALVEST OEM division);

Environmental and safety risks analysis have been performed for the different processes in place, with internal procedures written for emergencies, and training of employees.

The risks are categorized in 2 main sections:

- Consequences of fire:
 - o In order to minimize the consequences of fires, we are preferably designing our warehouses isolated by fire protection wall from our main assembly building;
 - o When feasible, the extinguished materials and fluids are isolated in separate area in order to be collected and not negatively impact the environment in case of fire.

- Leakages:
 - o The leakages are prevented by tests on the tanks and other pressurized circuit;
 - o All chemicals fluids are stored on retention tanks according to local regulations.

4.1.5. Resources: capex

Every year, during the budget process, every business unit is proposing to the Group capex to sustain and to develop their activities. Capex related to conformity with environmental regulations are always ranked with the highest priorities at the Group level.

At ALVEST level, c. € 500k have been dedicated to HSE subjects in 2020. These costs mainly concerned:

- Certification costs (third party audit, consulting, internal resources);
- Training costs;
- Small equipment for workshop (chemical products storage cabinets, waste sort equipment, retention tank, ...).

4.1.6. Provisions re. environmental risks

No compromise is allowed related to environmental risks. Honesty, transparency and compliance with regulations are a must without any potential deviation. Regular audits are conducted by internal or by external auditors and our monthly management system is designed to monitor this compliance.

At end of 2020, the amount of provisions set aside for site remediation or for environmental risks is nil.

4.2. Energy performance

4.2.1. Energy consumption

Our manufacturing/assembly process is not burning a lot of energy except for the painting process and the testing of our equipment.

By design, we are more and more recycling the energy used for our tests to heat/cool down the assembly hall. We are also developing processes to minimize test activities and limit their impact on environment. All our equipment is driven with the minimum required power and Alvest OEM division is well known to have the highest efficient drive line in the GSE industry.

Given our global footprint, energy consumption of the Group's buildings and facilities can represent a significant share of our total energy consumption. It is therefore important to monitor this consumption periodically (generally on a monthly basis) and to know its environmental impact. All of the Group's factories aim to reduce the energy consumption of their buildings. Energy saving actions have been implemented, as well as a monitoring indicator, in order to improve the energy performance of buildings and therefore reduce CO₂ emissions.

Our main offices are largely open to north natural light in order to save cooling energy during summer and to benefit from the natural connection with the environment.

OVERALL ENERGY CONSUMPTION

Unit MWh eq.	Year	Electricity	NG +LPG	Fuel + diesel	Total
OEM division	2020	5,959	6,853	6,165	18,977
Parts & Accessories Division	2020	650	345	-	995
Equipment Services	2020	86	149	21	256
Adhesive Solutions	2020	1,167	393	-	1,560
Other activities	2020	23	-	-	23
TOTAL	2020	7,885	7,740	6,186	21,811

NG = Natural Gas

LPG = Liquefied Petroleum Gas

ALVEST has started to report energy consumption in MWh eq. on a consolidated basis from 2020.

In '000 euros	Year	Electricity	NG +LPG	Fuel + diesel	Total
OEM division	2020	719	349	145	1,214
	2019	1,011	375	294	1,680
Parts & Accessories Division	2020	113	39	-	152
	2019	108	45	n/a	153
Equipment Services	2020	10	21	1	32
	2019	5	10	1	15
Adhesive Solutions	2020	160	44	-	204
	2019	195	-	-	195
Other activities	2020	11	-	-	11
	2019	8	-	-	8
TOTAL	2020	1,013	453	146	1,612
	2019	1,327	430	295	2,036

NG = Natural Gas

LPG = Liquefied Petroleum Gas

4.2.2. Greenhouse gas emission

Alvest objective for the year 2021 is to build a methodology to analyze its carbon footprint by evaluating the direct and indirect greenhouse gas (GHG) emissions resulting from its activities. This footprint shall consider, over a year of activity:

- Emissions from the production of materials and components for the equipment and products manufactured;
- Emissions from the Group's factories, service activities, fuel extraction and production necessary to use the equipment manufactured, the use phase of the equipment and products.

The entire product life cycle shall be considered from raw material extraction, to manufacture, use and end-of-life recycling.

4.3. Industrial discharges and pollutants

4.3.1. Atmospheric emissions

Our atmospheric emissions are limited to:

- CO₂, PM, NO_x generated by diesel consumption during service and tests (ALVEST OEM);

- Volatile organic compounds (VOCs) generated by our limited painting activities (ALVEST OEM and AES) and some processes at ADHETEC.

No other significant emission should be noticed. The level of these emissions is monitored and is compliant with the applicable laws.

VOC EMISSIONS FROM PAINTSHOP FACILITIES

In kg	Year	VOC	Ratio in kg / € m sales
OEM division	2020	36,320	99.0
Parts & Accessories Division	2020	-	-
Equipment Services	2020	-	-
Adhesive Solutions	2020	2,980	103.2
Other activities	2020	-	-
TOTAL	2020	39,300	87.1

ALVEST has started to report VOC emissions on a consolidated basis from 2020.

4.3.2. Soil protection

All our manufacturing facilities are controlling potential soil contamination.

- All fluids are stored on retention tanks in order to avoid any potential pollution due to potential leakage;
- Black and grey water piping and also rain water system are regularly tested and their stiffness controlled according to local regulations;
- Rain water on waste area and washing water exposed to contamination are collected and cleaned through and oil-grease/water separator.

4.4. Waste and materials cycle

4.4.1. Reducing material consumption (optimized design and manufacturing processes)

For the ALVEST OEM Division

Material consumption is directly proportional to the weight of the GSE and inversely proportional to the lifecycle. ALVEST is promoting high quality steel in order to minimize weight and to contribute to high durability equipment.

When feasible, ALVEST is also offering alternative solutions, like towbarless tractors, which are avoiding dead mass (as in conventional tractors) to keep traction on the ground.

Because most of the major airports are exposed to air pollution and to salty environment, ALVEST OEM is also pushing for corrosion free material (e.g. galvanized steel, stainless steel, plastic) and our painting process is design for C5 level according ISO 12944 standards.

Durability of our GSE is approximately 10 to 15 years and 15-20 years GSE and even more are not exceptional.

For the Adhesive Solutions Division

The Adhesive Solutions Division has started promoting eco design projects that will minimize raw material consumption.

4.4.2. Reducing waste promotion

Most of the waste generated by our industrial and sales activities are linked to packaging.

All our spare parts are shipped with air bubble protection film, which is optimizing waste and chemicals.

In addition, whenever possible, suppliers are encouraged to deliver goods on racks. By doing so, we avoid scratches, repairs and eliminating waste generation. All our suppliers are also encouraged to use recycled material for their own packaging.

As shown by the waste treatment hierarchy pyramid below, each waste producer must prioritize reduction, re-use, recycling then recovery before eliminating waste by conventional means. Reducing waste at the source helps to limit greenhouse gas emissions and the depletion of resources and contributes to the promotion of the circular economy.



In order to reach this objective, certain means have been put in place to limit the volume of packaging and the Group is working closely with its suppliers to define and implement solutions. Thus, we use returnable packaging, such as racks or boxes containing various parts (sheet metal, hydraulic fittings, etc.). On the other hand, the majority of the fasteners used on the production sites at TLD are available in bulk and supplied by the supplier himself.



We also encourage the re-use of the packaging of parts received, still in good condition, for the packaging intended for our sister entities. This is another measure that helps to optimize the consumption of raw materials such as cardboard or bubble wrap.

For all plants of the Adhesive Solutions divisions, we work on two axes:

- Optimization of raw materials consumption;

- Optimization of waste volumes (especially for landfill): waste sorting optimization projects have been launched to improve the recovery rate of wastes.

4.4.3. Promoting recycling (circular economy)

Most of the material content of our products could be recycled: steel, plastic, fluids. Even Li-ion batteries (iBS solution) are subject to a second-life program.

In most of the manufacturing sites, local waste recovery options are explored.

4.4.4. Weight of waste by type (non-hazardous, hazardous)

Weight of non-hazardous waste and hazardous waste represented approximately 1,972 tons in 2020.

TOTAL WEIGHT OF WASTE BY TYPE AND ANNUAL WASTE TREATMENT COSTS

	Year	Hazardous in tonnes	Non- Hazardous in tonnes	Of which: Cardboard	Of which: Wood	Of which: Metal	Treatment costs in '000 euros
OEM division	2020	84	1,639	111	694	316	122
Parts & Accessories Division	2020	n/s	46	n/a	n/a	n/a	18
Equipment Services	2020	3	5	n/s	n/s	5	2
Adhesive Solutions	2020	19	176	21	10	-	54
Other activities	2020	0	n/s	n/s	n/s	n/s	n/s
TOTAL	2020	106	1,866	132	704	319	196

Hazardous wastes include: oil, batteries, refrigerants, etc.

ALVEST has started to report quantities of waste generated on a consolidated basis from 2020. Disposal method analysis will be reported starting from 2021.

4.5. Water cycle on facilities

There is no specific use of water in our industrial process, excepted for washing and cleaning:

- Washing and cleaning GSE before shipment;
- Water used for painting process at Saint Lin facilities: water/painting waste separator on the painting booth;
- Water for silk screen washing for ADHETEC.

WATER CONSUMPTION

	Year	Consumption in m ³	Consumption in '000 euros
OEM division	2020	15,028	35
	2019	n/a	41
Parts & Accessories Division	2020	n/a	8
	2019	n/a	3
Equipment Services	2020	239	1
	2019	n/a	1
Adhesive Solutions	2020	760	4
	2019	n/a	3
Other activities	2020	-	-
	2019	-	-
TOTAL	2020	n/a	47
	2019	n/a	48

* Gross discharges into water from plants

ALVEST has started to report quantities of water consumed on a consolidated basis from 2020.

5. ALVEST AND ITS EMPLOYEES

5.1. ALVEST Core Values



Leading ALVEST transformation relies on its human resources. The Group must have fully geared teams throughout the world to challenge its best competitors. The integration of the teams of the companies acquired in 2018 and 2019 and the development of new talents are key elements of 2020 and a pillar of ALVEST sustainable performance.

For ALVEST, company performance and social performance are not only equally important but most importantly depend on one another. To ensure that the social performance is a reality for all involved, the Group aims at recognizing talents, ensuring that equal opportunities are based on merit, rewarding individual and collective results and offering everyone the opportunity to develop and reach their own potential.

To ensure the success of this strategic transformation, ALVEST relies also on the shared willingness of employees and employee representatives to co-build the future and support change within the Group. This constructive dialogue with employee representatives is a mean to sharing our values and making it a competitive advantage.

ALVEST people policy aims to offer an employee experience based on a well-defined work-life balance, by preparing the future with new working methods and giving a space to express individual and collective talents. The goal is to foster sharing, agility and cross-functionality. Today tools and solutions (digital, smart devices, connections, etc....) offer in particular an opportunity to boost collaborative work arrangements and flexibility, and to provide solutions to make employees' everyday lives easier.

Consistent with our values and our Respect for Human Rights, ALVEST's commitment to conducting business with the highest integrity includes treating our employees with honesty, fairness, respect and dignity. We shall provide a safe and healthy workplace. Working conditions must comply with applicable laws and regulations at a the very minimum and will be inherent to ALVEST's human resources policy.

Conducting all aspects of ALVEST business with the highest standards of ethics and integrity is essential to Alvest's mission to improve the quality of life of our employees. This business integrity fueled by strong values and our social responsibility is critical to our success and helping us humanly achieve that mission.

5.2. A responsible employment policy

Workforce

NUMBER OF EMPLOYEES UNDER PERMANENT OR FIXED-TERM CONTRACTS OVER THREE YEARS BY DIVISION

End of year – Full time equiv.	Year	Permanent	Fixed-term	Temporary Contracts / interim staff	Total
OEM division	2020	1,394	37	14	1,445
	2019	1,620	66	134	1,820
	2018	1,487	112	197	1,795
Parts & Accessories Division	2020	228	-	-	228
	2019	278	-	-	278
	2018	270	-	-	270
Equipment Services	2020	45	-	-	45
	2019	34	-	-	34
	2018	-	-	-	-
Adhesive Solutions	2020	132	3	10	145
	2019	137	5	31	173
	2018	127	1	37	165
Other activities	2020	44	1	-	45
	2019	24	-	-	24
	2018	21	-	-	21
TOTAL	2020	1,843	41	24	1,908
	2019	2,093	71	165	2,329
	2018	1,905	113	234	2,251

As of December 31st 2020, there were c. 1,900 employees within the Group of which 96% were on permanent contracts. The fixed-term contracts include apprenticeships, skill-acquisition contracts and international corporate volunteering contracts (VIE).

The markets on which ALVEST and its divisions operate are cyclical (especially the aerospace industry), and flexibility is required to adapt production capacity to fluctuating demand from the customers.

NUMBER OF PERMANENT AND FIXED-TERM EMPLOYEES OVER THREE YEARS BY REGION

End of year – Full time equiv.	Year	EMEAI	NALAAJ	CSEA	Total
OEM division	2020	569	525	337	1,431
	2019	617	681	388	1,686
	2018	521	689	389	1,599
Parts & Accessories Division	2020	42	170	16	228
	2019	56	202	20	278
	2018	52	201	17	
Equipment Services	2020	26	19	-	45
	2019	12	22	-	23
	2018	-	-	-	-
Adhesive Solutions	2020	115	19	1	135
	2019	119	23	-	142
	2018	107	21	-	128
Other activities	2020	45	-	-	45
	2019	24	-	-	
	2018	21	-	-	
TOTAL	2020	797	733	354	1,884
	2019	827	928	408	2,164
	2018	701	911	406	2,018

Based on 2020 figures, 42% of employees work in Europe & Middle-East, 39% in North America and 19% in China and South-East Asia. The number of permanent and fixed-term employees decreases by 13% in 2020 following the impact of Covid-19 on the Group activities.

BREAKDOWN OF REGISTERED HEADCOUNT BY CATEGORY

In 2020, the headcount (permanent employees and fixed-term employees) was broken down into 31% managers, 30% technicians and administrative employees and 39% direct headcount.

The increase in the proportion of Managers and experts reflects this innovation effort aimed at bringing innovative products and new solutions on the market. This population, which represented 464 employees in 2016, now represents 580 employees.

One of the major challenges of the ALVEST Group is indeed to recruit profiles able to drive the changes that are necessary for the industry to evolve. In particular, the electrification of equipment, automation and digitization of products require more and more specialized and constantly evolving skills.

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER

End of December 2020	Permanent		Fixed-Term		Total	
	Women	Men	Women	Men	Women	Men
In FTE						
OEM division	194	1,200	14	23	208	1,223
Parts & Accessories Division	40	188	-	-	40	188
Equipment Services	11	34	-	-	11	34
Adhesive Solutions	44	88	-	3	44	91
Other activities	10	34	1	-	11	34
TOTAL	299	1,544	15	26	314	1,570

EMPLOYEES UNDER PERMANENT AND FIXED-TERM CONTRACTS BY GENDER

End of December 2020 In %	Permanent		Fixed-Term		Total	
	Women	Men	Women	Men	Women	Men
OEM division	14%	86%	38%	62%	15%	85%
Parts & Accessories Division	18%	82%	n/a	n/a	18%	82%
Equipment Services	24%	76%	n/a	n/a	24%	76%
Adhesive Solutions	33%	67%	0%	100%	33%	67%
Other activities	23%	77%	100%	0%	24%	76%
TOTAL	16%	84%	37%	63%	17%	83%

5.2.1. Recruitment

To achieve its strategic plan, ALVEST engages in ongoing dialogue with employees and employee representatives and operates according to a policy of responsible employment, with a will to anticipate transformations and develop its workers' skills.

The Group has been hiring actively worldwide, with the recruitment of 284 permanent contracts worldwide in 2020. More than half of these hiring's were related to the Group's new activities and international development. They also involved junior positions as well as more experienced positions and fell within all socio-professional categories: engineers, salespeople, service technicians and experts for transversal positions.

Integration processes have been deployed within each entity and across different countries, when possible with the COVID restriction applying almost everywhere, to support the arrival and integration of these new talents. When traveling is not possible the integration was managed via videoconferencing and phone interviews & training sessions.

2020 PERMANENT HIRINGS BY REGION

In FTE*	Year	EMEA1	NALAAJ	CSEA	Total
OEM division	2020	38	145	33	216
Parts & Accessories Division	2020	5	31	-	36
Equipment Services	2020	8	12	-	20
Adhesive Solutions	2020	9	3	-	12
Other activities	2020	2	-	-	2
TOTAL	2020	62	191	33	286

* excluding acquisitions and including transfers between divisions

2020 LEAVERS UNDER PERMANENT CONTRACTS BY REGION

In FTE	Year	EMEA1	NALAAJ	CSEA	Total
OEM division	2020	77	284	72	433
Parts & Accessories Division	2020	13	71	2	86
Equipment Services	2020	4	14	-	18
Adhesive Solutions	2020	8	9	-	17
Other activities	2020	2	-	-	2
TOTAL	2020	104	378	74	556

LEAVERS BY CATEGORY

In 2020 and in FTE

	Year	Retirement	At the initiative of the employer	Others	Total
OEM division	2020	20	186	227	433
Parts & Accessories Division	2020	1	39	46	86
Equipment Services	2020	1	4	13	18
Adhesive Solutions	2020	2	3	12	17
Other activities	2020	-	1	1	2
TOTAL	2020	24	233	299	556

Retention of talents

The retention rate considering the number of resignations and/or terminations through a "rupture conventionnelle" after 12 months of service is close to 100% for Alvest Executive Committee members. More generally and as described below, Talent attraction and retention has been considered as a key priority of our "People Focus" initiative. Associated actions and related KPIs will be implemented in 2021.

A youth employment policy to foster integration into the labor market

ALVEST implements a voluntary youth employment policy based on a responsible commitment. The aim is to develop young people's employability through training and facilitate their hiring at the end of an apprenticeship. ALVEST employment policy for young people not only includes internships for students, it does as well embrace contracts for PhDs students ("CIFRE" in France) and international corporate volunteering contracts ("VIE").

To attract a diverse range of talents, ALVEST currently partners with top ranked universities near our main manufacturing and engineering sites in France, Belgium, Canada, the UK, the US and China.

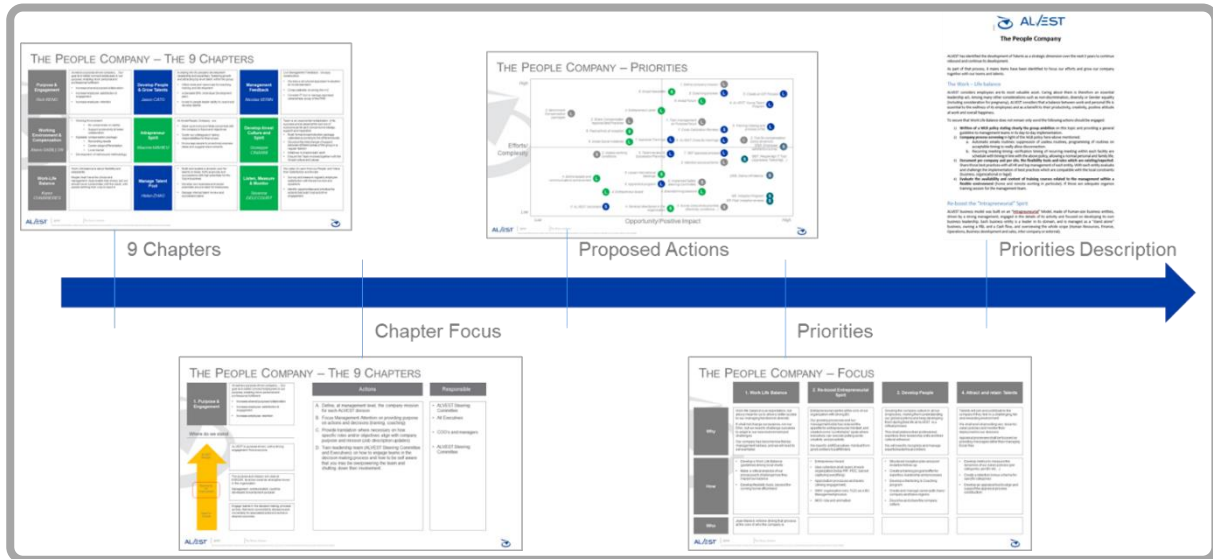
5.2.2. Anticipating the company's needs

ALVEST wants to secure its sustainability and the employment of its employees based on operational excellence, performance and agility. The Group leads a policy of responsible employment, with a will to anticipate transformations and demands for skills, and to boost its workers' employability.

The Group encourages employees to develop a career plan, to explore new professional horizons and take on new responsibilities. This is dependent upon providing multiple opportunities through continued growth, the evolution of the portfolio of activities within the Group and the variety of its professions.

To fully support this career mobility, each and every job available is posted on our Intranet where all employees of the Group can eventually consult and match their desire for evolution of move.

- Moreover a "People focus" has been defined as part of our three years strategic plan and as an ALVEST Priority:
 - o People are our most important asset;
 - o We recognize that People are what has enabled the past and current business successes;
 - o Goal is to increase focus on People, through a multi-facet approach, developing our talents & competencies and make ALVEST companies a very attractive place to work.
- This People focus is set to life through a global project managed across the BUs of the Group with clear goals and identified deliverables around four main priorities, with associated actions as follows:
 - o Attract & Retain Talents;
 - o Develop People;
 - o Re-boost the Entrepreneurial Spirit;
 - o Work Life Balance (see § 5.4.1. hereafter as well).



5.2.3. Organization of working hours

In every host country, working hours are equal to or less than the legal work week or industry practices.

Short-time work & long-term partial activity schemes

Short-time work provides leverage for the Group to avoid job losses during periods of lower activity and specially to limit the number of departures during the ongoing Covid-19 crisis that calls for significant and rapid adjustment of activity.

The Group has set up schemes for modulating working hours in most countries where it has manufacturing facilities. Thus, in these countries, working hours are determined on an annual or multi-year basis.

This scheme allowed the different divisions to adjust efficiently to the Covid-19 crisis and to remain globally profitable.

Absenteeism

In 2020, based on c. 3,689,000 hours worked, 146,786 hours of absence were recorded (sickness, workplace accidents, unjustified absences, etc.). Absenteeism stood at 4.0% in 2020 vs. 4.3% in 2019.

5.3. Social dialogue

ALVEST has shown that co-construction by means of social dialogue within the Group contributes to performance and protects employees. Based on a responsible relationship built on trust and transparency, quality social dialogue helps reconcile economic performance and social performance by implementing the most suitable and pragmatic solutions. This ability is held as a competitive advantage for the Group, especially in the current context of the Covid19 pandemic.

Testimonials

- Spirit lunch: one of the very first “outside of the box” initiative that started decades ago to facilitate open and direct discussions between all employees of the Group are the “Spirit Lunches”. Named after the initial intention for these meeting “share the spirit of the company” with everyone. On multiple occasions, senior executives of the group who do travel to every premises of Alvest organize a simple lunch with local employees to share the news and results of the group and address every question raised by the attendees. No fuss no filters and direct human contact made these occasions “wanted”. Jean-Marc, welder in the TLD factory of Sorigny, France: “sharing first-hand information with our CEO has been a real pleasure and strong motivation boost for me. I was able as well to express my ideas and thoughts for our development here in CT and I am quite confident I got his ear! These moments are unique and so human. Simply who we are at Alvest from day 1, I guess”
- Skip levels meeting: Simply put, a skip level meeting is one where a manager’s director meets with employees to discuss concerns, obstacles, opportunities for improvement, etc. with a focus on maintaining and/or improving overall communication. Our Regional CEO based in the Windsor, CT factory gets as often as possible with the teams to run these meetings. “this way you get to never leave the grounds where everything happens.” Says Rich. “we have him in with us and we can say we know the guy! My last meeting was nothing but confidence, trust and cordiality! This is good in the work place” responds John, our line supervisor.

5.3.1. Co-construction with social partners

Company agreements

ALVEST is committed to driving a collective agreements policy based on a sound understanding of the Company, which looks for innovative solutions and shows its capacity to conciliate the Company’s economic and social priorities. In 2020, 10 collective agreements were concluded within the Group.

The Group Works Council

The Group Works Council is the body bringing together employee representatives of ALVEST at global level. It is part of the co-constructing efforts conducted at Group level, with employee representatives from different Group entities. The Group Works Council met once in 2020.

5.3.2. Human rights

ALVEST undertakes to go beyond simply complying with local and national standards and to comply with the International Labor Organization (ILO) conventions on fundamental principles and rights at work. The policies in place refer to:

- Conventions 87, 135 and 98 of the International Labor Organization, respectively on freedom of association and protection of the right to organize, on workers’ representatives, on the right to organize and to bargain collectively;
- Conventions 29 and 105 on the abolition of forced labor;
- Conventions 138 and 182 on the abolition of child labor and the minimum age for admission to employment;
- Convention 111 on preventing discrimination;
- Convention 100 on equal compensation; and
- Convention 155 on occupational safety and health.

Since joining the United Nations’ Global Compact in 2020, the Group committed to respecting and promoting its ten principles as well as the Universal Declaration of human rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption, and the United Nations Guiding Principles on Business and Human Rights.

ALVEST is committed to ensuring that respect of human rights is a determining factor in selecting its suppliers and has implemented a due diligence plan with regard to respect of human rights in accordance with the recommendations of

the OECD. By signing the Suppliers Code of Conduct, Group companies' suppliers agree in particular not to use forced or obligatory labor or child labor.

ALVEST is committed to respecting privacy and to protecting employee personal data, which is held as a fundamental right. Its global policy in this matter complies with the European Union regulation while respecting local laws and regulations. In addition, ALVEST has introduced since the application of GDPR in 2018 information and training for employees and has updated for employees the means of exercising their rights.

5.3. Developing human capital

ALVEST aims to offer the best opportunities for development and employability to all its employees and intends to build talent. This objective is allowed by the management of talent at each level of the organization.

The Talent development & management programs aim to constantly encourage initiative and creativity and to reward performance based on results.

ALVEST encourages employees to develop a career plan, to explore new professional horizons and take on new responsibilities. This is dependent upon providing multiple opportunities through continued growth, the evolution of the portfolio of activities and the variety of its professions.

5.3.1. Talent management

Contributing directly to the Company's strategy, the Talent management programs implemented by ALVEST aims to diversify profiles and experiences, identify talent more extensively within the organization, assign young talent to key positions, support new businesses, protect expertise and know-how, promote and develop local skills, and objectify and reward performance.

ALVEST Talent management priorities are to identify and develop key talents, increase the number of women in top management as a lever of performance, promote expatriation for high potentials while developing local talent, implement specific development actions of key talents.

A fundamental part of the Talent Management Program, Talent Review provides all levels of management (including the Executive Committee) with an opportunity to identify and evaluate the talents within the organization to ensure that succession plans are ready for all of our key and/or strategic roles.

Development plans exist for all levels within ALVEST and are updated as part of a mid-year professional development review, this action allows the Group to focus on specific development actions to help to reach operational objectives, e.g. career plans for key local talents or women, retention actions, annual promotions, etc.

The Annual Appraisal is a fundamental step to assess individual performance and development.

5.3.2. Professional training

ALVEST Talent management is a powerful lever for performance and the development of human capital within the Group. The purpose is to pass on expertise and know-how to all the women and men working for ALVEST worldwide. The Institutes is committed to developing the employability of employees and contributing to cultural change, both of which are essential to ensuring success.

In 2020, common activities and tools were developed to create further synergies between the divisions and to support growing together as one company, ALVEST. To support change, ALVEST seeks to transform the Group into a "learning organization" and give employees ownership of their own development. As part of the ongoing update of knowledge and skills, employees have access to new educational resources, in particular through digital training.

To facilitate the organization of the Alvest Talent Institute digitally, ALVEST has developed on its intranet a global tool called ATM "Alvest Training Module". Its purpose is to facilitate the organization, the follow-up and the recording of

training sessions organized within ALVEST for all employees and reflect, should it be needed, information about past training sessions and attendees who were trained through various reports.

The different training sessions are organized by “category” (Products, Ethics/Compliance, MS Office tools, ERP, etc.) and a “type” is added to qualify the content more accurately (for instance: ACU, ASU, NBL, etc. for product category). Alternatively, a “level” can be added to help as well qualify the output (beginner, intermediate, advanced or expert).

NUMBER OF TRAINING HOURS BY REGION

(at 31 December, in thousands)

	Total hours	Average # of hours per employee
OEM division	14,063	9.7
Parts & Accessories Division	1,019	4.5
Equipment Services	306	6.8
Adhesive Solutions	1,969	13.6
Other activities	143	3.2
TOTAL	17,500	9.2

Each employee received an average of 9.2 hours of training in 2020.

5.3.3. Compensation policy

ALVEST Group compensation policy aims to be coherent, competitive and fair in relation to the reference markets of the different countries in which it operates.

The aim is to design a global compensation policy that comprises a variety of components and brings together wage costs and recognition of individual and collective performance.

Variable compensation

Collective variable compensation is a component of the comprehensive compensation offered by Alvest to its employees. The variable compensation schemes target all categories of employees and aim to compensate collective performance and engage employees in value creation for the Company.

These collective compensation schemes may be specific to certain countries, as is the case in France with non-discretionary and discretionary profit-sharing schemes. In most of the countries and subsidiaries, the Group has instituted a Profit-Sharing Scheme. This scheme, which is deployed on the basis of the Group’s economic performance, is distributed among the entities involved on a shared basis and is paid out according to terms defined by each country based on collective economic performance achievement criteria.

In addition to this fixed and variable compensation, there is an individual bonus scheme. The Group’s determination to reward merit was expressed through the expansion of the bonus schemes. All managers in the world are eligible to individual bonus. This made it possible to motivate employees around individual and collective targets that contribute to the Company’s performance.

WAGE COSTS

In million euros		EMEA1	NALAAJ	CSEA	Total
OEM division	2020	25.9	34.3	10.4	70.6
	2019	28.3	38.8	11.0	78.1
Parts & Accessories Division	2020	2.0	12.0	0.8	14.8
	2019	2.1	13.8	1.0	16.9
Equipment Services	2020	1.7	1.5	-	3.2
	2019	1.5	1.3	-	2.8
Adhesive Solutions	2020	5.0	0.7	-	5.7
	2019	5.7	1.0	-	6.7
Other activities	2020	5.5	-	-	5.5
	2019	4.7	-	-	4.7
TOTAL	2020	40.1	48.5	11.2	99.8
	2019	42.3	54.9	12.0	109.2

Compliance haircut component

Each Executive Committee member and/or Steering Committee member shall provide guidance to their direct reports on their role regarding the implementation of the ALVEST Code of Ethics and Business Conduct and all related procedures. In order to foster ethical behavior, compliance-related performance will be taken into account for the granting of the annual bonus to the Executive Committee member and/or Steering Committee's direct reports.

Related compliance performance targets are set in terms of:

- Participation and performance in compliance trainings;
- Level of active support and enforcement of compliance policy (e.g. implementation of the Sales Third Party Group Compliance procedure, compliance with the applicable commission rates for agents, etc.);
- Vigilance which means: willingness to identify, question and cooperate in case of dubious situations.

A haircut may be applied on the total calculated annual bonus of an ALVEST employee depending on the achievement of the compliance performance targets.

Haircuts as determined by the relevant Executive Committee member and/or Steering Committee member shall be formally communicated to the Group Ethics Committee during the last week of February at the latest with the relevant justifications. The Group Ethics Committee will then be entitled to amend the haircut % if need be.

Employee stock ownership program (ESOP) / Fonds Commun de Placement d'Entreprise (FCPE)

Employee stock ownership programs (ESOP) in the US and FCPE (Fonds Commun de Placement d'Entreprise) schemes have been proactively implemented by the Management of the Group. Through these programs, which were enacted in all countries except China, ALVEST employees had the opportunity to buy Alvest Holding shares under preferential terms, receiving an employer matching contribution as part of rules filed with the Financial Markets Authorities (AMF). Each year the value of the Alvest Holding ordinary share is assessed by an independent expert.

ALVEST strongly believes that 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.

As of end of December 2020, employee savings schemes represented a value of c. € 8m and concerned c. 800 employees (c. 37%).

GROUP MINIMUM WAGE VERSUS LOCAL STATUTORY MINIMUM WAGE BY COUNTRY

Countries	Ratio minimum wage applied / legal minimum wage	Legal minimum wage
France	110%	10.15 euro / hour
Belgium	100%	12.61 euro / hour
United Kingdom	100%	8.72 GBP / hour
North America	125%	12 USD / hour
Canada	123%	13.10 CAD / hour
China	100%	22 CNY / hour

Information is reported for countries representative of the Group’s organization, where there are more than 50 employees. The ratio is calculated based on each country’s statutory minimum wage (when one exists), without considering any regional variations.

Healthcare, death & disability coverage

The Group initiated a partnership with an international insurance broker several years ago. The Company is thus able to run its health and welfare schemes worldwide and optimize the cost/services ratio for the benefit of the Company and the employees who make partial contributions. Health insurance coverage and related benefits are above what is required by law is offered to our employees.

5.4. Well-being, health and safety at work

ALVEST is committed to taking all the necessary steps to guarantee the health and safety of everyone who is part of the Group’s business, everywhere in the world.

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.

ALVEST workplace health and safety management system

At ALVEST we believe employee’s health and safety is our social responsibility and a critical driver of our success. We strive to achieve a zero-harm culture in the way we conduct our business—from our day-to-day work to our actions in the locations where we operate. Our management is instructed to not compromise with health and safety.

Unions, employee’s representatives and safety specialists are sharing all useful information in a total transparent and open mind approach in order to react to any abnormal situation. Annual Health & Safety training plans are put in place according to legislations and job constraints.

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

All the Chinese factories of the Group have been ISO 45001 certified in 2021.

Performance in safety and workplace accident prevention

We are monitoring the injuries and risks according local regulation and related KPIs have been defined at Group level and regularly reported.



TOTAL MANAGEMENT LOST-TIME ACCIDENT FREQUENCY RATE (TF1 MANAGEMENT)

	2019	2020
OEM division	27.3	19.0
Parts & Accessories Division	7.3	4.7
Equipment Services	0.0	0.0
Adhesive Solutions	25.4	9.4
Other activities	0.0	0.0
TOTAL	25.5	16.0

Management lost-time accident frequency rate includes Group employees and temporary employees. It corresponds to the “number of lost-time occupational accidents multiplied by one million divided by the number of hours worked”.

SEVERITY RATE

	2019	2020
OEM division	0.45	0.61
Parts & Accessories Division	n/a	0.06
Equipment Services	0.00	0.00
Adhesive Solutions	0.34	0.21
Other activities	0.00	0.00
TOTAL	0.38	0.50

The severity rate corresponds to the number of consecutive days lost to accidents multiplied by 1,000 divided by the number of hours worked.

Occupational illnesses

Good health is essential to sustaining the performance of human resources and business operations. Health and safety experts work together with management to set specific operational action plans toward preventing occupational illnesses and controlling the frequency rate of occupational illnesses.

Key areas of focus are:

- Preventing Musculoskeletal Disorders (MSD), which account for most of the Group’s occupational illnesses;
- Preventing chemical risks, all manufacturing and R&D facilities having a surveillance plan for air quality indoor;
- Preventing psychosocial risks (PSR) and, more generally, promoting well-being in the workplace;
- Preventing road risks.

5.4.1. Quality of life at work

When it comes to quality of life and well-being at work, Alvest Group initiated discussions to define the groundwork for the future with new work methods and consequently providing a space for individual and Group talent to blossom.

Health capital

Alvest Group views health as a state of physical, psychological and social well-being, and as a foundation of its performance.

Its policy aims to maintain and improve employee health capital. It is based on the following priorities:

- Health monitoring through the health services, to highlight the main health determinants; targeted communication and trainings regarding those determinants.
- Ergonomic study of workstations, their design and their management in daily life;

- A structured approach to reporting difficulties experienced in the workplace, the work-related alerts through the Speak-Up platform. A few of them are issued every year.

Work-life balance

ALVEST recognizes and affirms that employees are its most valuable asset. Caring about them is therefore an essential leadership act. ALVEST considers that a balance between work and personal life is essential to the wellness of its employees and as a benefit to their productivity, creativity, positive attitude at work. ALVEST considers that the company has the capacity and responsibility to foster an environment and to create the best possible conditions to allow this balance.

ALVEST believes that each person must find his or her own way of combining career, relationships, and personal care but for those who want or need it, ALVEST provides a supportive culture that values a healthy work-life balance. Without compromising with the objectives assigned, people may have different ways to achieve them and people who are well-balanced are generally happier and more engaged.

ALVEST cares about the protection of the right of the employee to disconnect, and is experiencing and implementing methods to allow more flexibility and home or teleworking when possible.

As part of a reflection on the evolution of work organization, the group is promoting best practices to introduce the possibility for employees to perform their work partially by working remotely (teleworking), under certain conditions.

This form of organization can bring more flexibility to the work organization and alleviate some of the constraints resulting in particular from commuting time, thus contributing to the development of a work environment encouraging to a better work-life balance. The Group also sees teleworking as a way to reduce its ecological footprint.

Part-time employees

Employees' requests for part-time work are approved whenever possible, with individualized solutions that align employee needs with efficient team performance. Part-time contracts are chosen by employees and not dictated by the Group.

Maternity, paternity and parental educational leaves

ALVEST takes parenthood into account as part of its respect for gender equality in the workplace. By supporting a work environment encouraging employees to return to work after maternity leave, Alvest policy helps parents-employees achieve a better work-life balance. It also ensures employees are informed on the various parental leave options, encouraging both after mothers and fathers to take advantage of it.

5.5. Diversity and equal opportunity

By encouraging equal opportunity and founding its practices on objective criteria based on skills and results, the Group is encouraging the commitment and motivation of each employee and developing a culture of performance and economic efficiency.

Gender equality

ALVEST has adopted for the past years a more active policy to promoting gender diversity and professional equality between men and women. ALVEST considers the feminization of its core businesses and key positions as a fundamental objective of its responsible and sustainable development as well as the quality of life of its employees at work.

The Group has designed a new long-term objective to this policy. It is based on a business case of gender diversity held as a challenge for the transformation of the Company through creativity, performance and development of new businesses in service activities.

This objective is broken down into two indicators and is planned for the medium and long term as follows:

- Gender diversity of top management (Alvest Executive Committee): from 10% in 2020 to 20% by 2025;
- Attract, recruit, develop and retain more women at all levels of all ALVEST business units.

Considering that the presence of women in management positions is of particular importance to bring about cultural and sustainable change, the indicator of feminization of senior and executive managers will be a key indicator of the Group.

The French law of 5 September 2018 introduces new measures for professional equality between men and women. In particular, it imposes an obligation of results on companies by measuring an index that measures equal pay. This index measures five indicators each year in the area of professional equality between women and men, and shows the absence of pay gaps between women and men, at comparable positions and ages. It is a tool for steering our French entities TLD Europe and Adhetec policy in this area.

For TLD Europe and Adhetec, the index stands respectively at 89 points and 81 points for 2020, out of a scale of 100 (versus 74 points and 84 points respectively in 2019).

Creation of the ALVEST Women network

In order to enhance comradery, foster diversity, and better attract and retain women in the organization, it has been decided to launch a Women Network within the Group. Alvest Women Network is managed by human resources departments at regional level, will a global supervision at HQ.

The first virtual and in-person event took place in the USA in July 2021. A women's network can provide close connections to other women who might encounter similar struggles in the workplace where they are typically underrepresented. By developing a formal network, we can help build bridges that may not otherwise exist for women to advance their skills, their confidence, and their careers. This network can be instrumental in building an environment for personal and professional growth through mentoring opportunities, knowledge-sharing, professional development and training.

5.6. Anti-discrimination policy and promotion of diversity

On a Group basis, the Alvest Group ESG principles highlight Alvest commitment to exceeding local legal requirements in applying and promoting the fight against any kind of discrimination and ensuring respect for privacy.

The hiring channels are diversified, in particular in building partnerships with academic organizations and state employment services, developing online job offers and using social networks to reach a wider public. The Group strives to ensure that no stages in the hiring process are discriminatory. Candidates are selected objectively based on their skills and experiences.

Preventing all forms of discrimination, bullying and violence in the workplace

The Group condemns all infringements of respect for individual rights and dignity, verbal or physical abuse, harassment, workplace violence and discrimination. 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 behavior. A standard handling and tracking procedure aligned with the local legal framework has been introduced in every host country. When a problem is identified, the information is reported to the Human Resources Department and if need be to the Group Compliance Department and a thorough review is conducted.

In addition, the Speak-Up system rolled-out in 2018 is a whistleblowing system serving for securely and confidentially receiving, processing and managing reports regarding violations of the compliance rules of Alvest Group. One category of reporting concerns non-respect and infringement of the rights and dignity of people, as well as verbal or physical abuse and harassment. In 2020, 5 alerts for potential cases of harassment and discrimination in the workplace were handled via this procedure. They all have concluded that there was no harassment or discrimination.

Promoting the employment and integration of people with disabilities

As of December 31st, 2020, the Group has 26 employees with disabilities worldwide (disability recognition is specified by various local laws), which corresponds to slightly more than 1% of the total headcount.

The policy to promote the employment of people with disabilities is deployed globally with the aim of helping disabled employees remain at work, implementing preventative actions and fostering their integration into the labor market.

6. Alvest commitment to sustainable development

6.1. Our adhesion to UN Global Compact

SUSTAINABLE DEVELOPMENT GOALS



Even before joining the United Nations’ Global Compact in 2020, the Group committed to respecting and promoting its ten principles as well as the Universal Declaration of human rights, the ILO Declaration on Fundamental Rights and Principles at Work, the Rio Declaration on Environment and Development and the United Nations Convention against Corruption, and the United Nations Guiding Principles on Business and Human Rights.

In 2020, we have made the choice to embark under the ALVEST banner on the United Nation Global Compact Program as a member of their French Chapter. The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs as described above), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

This choice became obvious as we have started to structure and implement within our Group a more defined ESG (Environmental, Social and Corporate Governance) policy for ALVEST.

6.2. Our certification with Solar Impulse foundation

To address environmental challenges without compromising economic growth, Bertrand Piccard and the Solar Impulse Foundation have identified 1000+ clean and profitable solutions, and are now committed to going even further. By offering political and economic decision-makers a guide to solutions that can be implemented on a large scale, the Foundation will help them establish a roadmap for the adoption of much more ambitious energy and environmental programs and thus achieve their carbon neutrality objectives.

ALVEST and its subsidiary Smart Airport Systems has been awarded two labels. These awards for clean and profitable solutions were granted by independent experts. The Solar Impulse Efficient Solution label, serves as a credible marker of quality to decision-makers in business and governments.

The two labels received by SAS are:

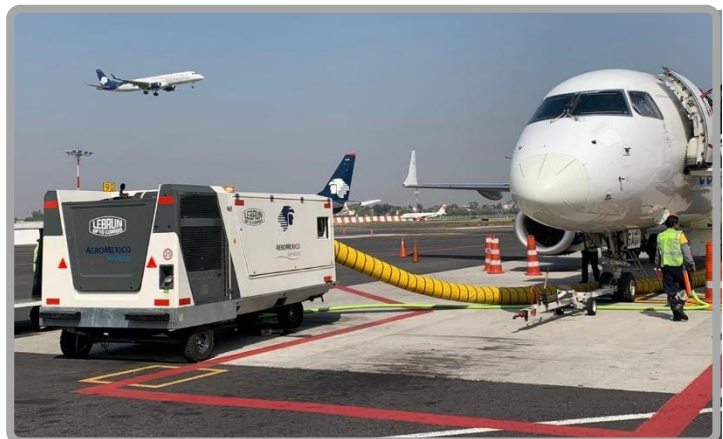


ENGINE OFF Solution enables airlines and airports to improve their operational efficiencies.

The ENGINE OFF Solution is deploying the TaxiBot® (a semi-robotic hybrid towing vehicle designed for taxiing airplanes) guaranteeing airlines to switch off the aircraft main engines during taxiing while maintaining the same level of comfort and decreasing significantly the emissions at the airport. The objective of the ENGINE OFF Solution is to allow the airline to save fuel wherever the TaxiBot® is available while reducing CO₂ and NO_x emissions at airports. Video click here: [Engine Off TaxiBot](#)

The APU OFF Solution enables airlines and airports to improve their operational efficiencies.

The APU OFF Solution is deploying performing equipment including a unique sanitizing system allowing airlines to switch off the APU [Auxiliary Power Unit] on the ground while maintaining the same level of comfort and decreasing significantly the emissions at the airport. Airlines will save fuel and sanitize their aircraft cabin while reducing their CO₂ and NO_x emissions at airports.



6.3. 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.

All 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. Systems have been put in place to 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

Lastly, in accordance with its United Nations Global Compact commitments, the Group has committed to report on actions and improvements made during the year with respect to each of the Global Compact’s ten principles. In 2021, the Group will report its first Communication on Progress report.

6.4. Responsible supply chain management

6.4.1. Suppliers: an important part in the ALVEST value creation chain

Type of purchases

The Group’s purchases include:

- Direct components and material parts: purchases of direct parts and mechanical subassemblies, direct purchase of materials. Purchasing of components represents more than 90% of the production cost of a GSE;
- Spare parts and accessories;
- Indirect services & equipment: SG&A, services, commercial facilities, information technology and telecoms.

WORLDWIDE PURCHASES BREAKDOWN BY REGION

As a % of total purchases

		% France	% North America	% China	% RoW
OEM division	2020	14%	49%	24%	13%
Parts & Accessories Division	2020	4%	80%	6%	10%
Equipment Services	2020	40%	40%	0%	20%
Adhesive Solutions	2020	57%	16%	0%	27%
TOTAL	2020	15%	51%	20%	14%

ALVEST purchases amount in 2020 reached c. €250 million, which corresponds to c. 55% of the Group’s revenue.

ALVEST handles approximately 7,000 direct suppliers for parts, components, systems and services. This vast, global supplier network makes major contributions to value creation, economic prosperity and sustainable development in the communities in which they operate. Our suppliers thus have a significant impact on our sustainability performance.

Purchasing as part of the Group’s strategy

Long-term relationships with their suppliers are crucial for the different ALVEST divisions. All the purchasing departments pursue on creating a “win/win” situation. The aim of this approach is that each partner will share its know-how and establish a long-term relationship through an ongoing improvement process.

Purchasing is a key function for the Group’s international development and its integration in the industrial landscape of all countries having local operations.

Local sourcing is a key element of ALVEST procurement policy. Given the economic challenges of its presence in host countries, the Group is committed to make supplier relationship management a key element of its strategy. The Group believes that deploying a responsible purchasing policy means sourcing suppliers as close as possible to its manufacturing sites.

This enables to:

- Reduce the Group's carbon footprint by means of environmental optimization of upstream logistics;
- Enroll suppliers in a forward-thinking approach to technology, logistics and ESG;
- Increase the ability of the Group to exercise due diligence thanks to an operational proximity with its partners.

ALVEST is committed to ensuring that respect of human rights is a determining factor in selecting its suppliers and has implemented a due diligence plan with regard to respect of human rights in accordance with the recommendations of the OECD. By signing a Supplier Code of Conduct, ALVEST suppliers agree in particular not to use forced or obligatory labor or child labor.

6.4.2. Suppliers: cornerstones in the sustainability commitment

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 full compliance from our suppliers 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 Labor 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.

To mitigate risk within our supply chain, we require our suppliers to meet the same environmental and social responsibility standards that we set for ourselves. These standards are clearly outlined in our Supplier Code of Conduct. In order to comply with the highest level of standard we are applying local and international regulations related to:

- Diesel emission when applicable;
- REACH (Registration, Evaluation, Authorization and Restriction of Chemicals);
- F-GHG (Fluorinated Greenhouse Gases).

To help our suppliers buy-in the ESG motto and ensure that they follow the same path ALVEST organizes on every continent some “Suppliers’ days” where we share our values, our policies and explain in a transparent way our expectation vis-à-vis responsible suppliers.

The picture here after illustrates the Wuxi Suppliers day that occurred in September 2020 in China.



Exercising due diligence

The positive contribution ALVEST wants to bring to aviation will also be possible thanks to the involvement of all the stakeholders working with us and particularly our partners and suppliers who will embrace the same principles and contribute to the achievement of the environmental and social objectives of ALVEST. ALVEST aims at integrating Environmental, Social and Governance (ESG) criteria in the selection of its partners. Our suppliers and business partners are thus expected to and are encouraged to make all reasonable efforts to protect the environment and promote social and ethical values.

This translate in the following sustainable procurement strategy that encompasses most aspect of the business:

- Ethical behavior: ALVEST buyers, like all the other employees of ALVEST, sign the ALVEST Group Code of Ethics and Business Conduct. Suppliers are asked to sign the ALVEST Supplier Code of Conduct (which is based on the UN Global Compact principles), or to adhere to an equivalent document brought to our knowledge;
- Supply chain risk assessment: A risk-based approach has been developed, focusing on suppliers in higher risk sectors and countries, and/or generating a significant amount of activity with the Group. Those identified as “higher risk” take a major part in the ESG performance assessment;
- Suppliers ESG performance assessment: ALVEST uses a questionnaire for assessing supplier ESG performance. Suppliers will be scored on environmental, social, ethical and supply chain management criteria. If a supplier does not obtain a minimum score, it will be asked to provide a corrective action plan. Our policy focuses on continuous improvement.

For the year 2021, it has been decided at the Group management level that all Suppliers generating (or expected to generate) annual revenues with the Group equal or above € 200k equivalent have to duly fill-in the Vendor ESG & Anti-Corruption Form, which includes criteria to assess compliance with anti-bribery laws and ESG performance. In addition, all suppliers generating (or expected to generate) annual revenues with the Group equal or above € 100k equivalent

per year shall be subject to a screening process on corruption. A low CPI (i.e. high corruption risk) and/or higher risk activity may require conducting anticorruption due diligence even for lower amounts of revenues as may be decided on a case-by-case basis by the Division Ethical Officer or the Group Compliance Department.

6.5. Customer safety and protection

6.5.1. Commitment to safer, leaner and greener operations on the ground

The safe and ergonomic operation of all TLD Group products has always been a focus of TLD's product development activities. As part of the development process, all products are checked for their health and safety impacts in accordance with legal requirements.

All products must comply with the laws and regulations in the respective countries. Besides the IATA recommendations, ISO and SAE standards, which regulate the safety requirements for vehicles, other laws and regulations apply in Europe, ranging from Machinery Directive and directives on electromechanical compatibility to the Low Voltage Directive. Osha and UL recommendations are also considered in the US, as well as CAAC and GB standards in China.

But TLD goes beyond these legal requirements. Active and passive safety systems offer maximum safety and reduce the risk of accidents. ASD systems (Aircraft Safe Docking system), that are offered by TLD for years, support the driver in managing speed and prevent impact while docking the aircraft, and largely rule out human error during operations on the ground. There are also extensive safety packages that make it possible to perfectly adapt the GSE to the various areas of application. Such system with similar features is now part of the requirements as per IATA AHM 913 standard that applied to GSE.

An extra step is coming with TLD ASD+ offered on cargo loaders where steering is also automated thanks to a 3D video perception system to ensure proper docking of the aircraft cargo door.



A great illustration of this commitment to safer, leaner and greener operation, on the ground is expressed in one unique day. On September 3rd 2020 TLD participated in the first ever "full electric" turn around of a wide-body aircraft at Roissy CDG. All ground support equipment used for the management of this turn-around were 100% electrically powered. The overall operation went smoothly and all attendants could appreciate the swiftness of the turnaround.

6.5.2. Protection of personal data

ALVEST has established a program to ensure compliance with the General Data Protection Regulation (GDPR). It has selected French CNIL as the reference regulatory authority for the Group, and has appointed:

- a Data Protection Officer (DPO);
- a GDPR committee in charge of ensuring that proper rules and procedures are implemented.

This program relies on the following tools:

- a register centralizing all processes;
- a multilingual tool for collecting requests and complaints, both internal and external;
- a dedicated address (gdpr@alvest.fr) for simple questions or alerts related to personal data.

The program was also taken into account in updating the Code of Ethics and Business Conduct and other relevant procedures.

6.6. Ethics and compliance

6.6.1. The ALVEST Group Code of Ethics and Business Conduct

The ALVEST Group committed to conducting its business with honesty and integrity and in accordance with high legal and ethical standards. ALVEST has developed a Code of Ethics and Business Conduct including anti-corruption rules and procedures. Compliance with this Code of Ethics is the responsibility of every manager, officer, employee, or representative of the Group.

The Code of Ethics and Business Conduct cannot cover every situation in the daily conduct of ALVEST various activities nor substitute for common sense, individual judgment or personal integrity but it provides mandatory principles listed below:

- Dealing lawfully, fairly and ethically;
- Having accurate books and records;
- Avoiding conflicts of Interest;
- Protecting ALVEST's assets and proprietary information;
- Having an open-door communication policy.

6.6.2. Ethical practices – anti-corruption

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 applicable laws and regulations, 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 we 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.

ALVEST Anti-Corruption Compliance Program has been developed in accordance with applicable law and policies. Through this Program, ALVEST:

- Promotes full compliance with ethical rules;
- Provides guidance to each employee and third parties for their conduct;
- Operates its business under zero tolerance for corruption and bribery.

In addition to the right Program structure, ALVEST Compliance Program is structured so as to ensure that all Group employees own a real ethical culture.

ALVEST Compliance Program is implemented under the guidance and supervision of the Group Compliance Officer and of the Ethics Committee. They are responsible for developing Group policies and practices designed to ensure that Alvest meets the best compliance standards.

Each Business Unit has also a Division Ethical Officer who must ensure that the relating risks and issues are managed appropriately in accordance with the Alvest Compliance Program.

6.6.3. Risks Mapping

One of the first step that has been taken while setting up the ALVEST Compliance Program was to identify corruption risks factors and possible corruption risk scenarios to which ALVEST could be exposed. ALVEST Compliance team keeps working on a tailor-made compliance program to reflect ALVEST's businesses and corporate culture and to consider and mitigate its risks factors. A real action plan has been established and is continuously improved for the remaining residual risks.

6.6.4. Third Parties Evaluation

ALVEST carefully evaluates the third parties it works with. Particular attention and specific due diligence processes has been developed with respect to sales intermediaries (agents, distributors and brokers) and to suppliers (as described above). Before entering into business relationships with third parties, ALVEST is taking active steps to ensure that potential corruption risks flowing from these relationships are responsibly evaluated, managed and monitored.

6.6.5. Whistleblowing Policy

As reflected in the ALVEST Code of Ethics, each and every employee of ALVEST is required to report all instances of suspected misconduct or potential violations of laws and regulations or of the Code of Ethics.

There are different channels to do so. Employees may report potential compliance issues to their supervisors, to their Division Ethical Officer, to the Ethics Committee, to the Group Compliance officer or use the "Speak-up" Platform established by ALVEST. This gives the employees the opportunity to raise concerns confidentially and, if necessary, anonymously, and in their own language. ALVEST's Ethics Committee and the relevant Division Ethical Officer will review all reports received and will conduct an appropriate investigation regarding the claimed misconduct or noncompliance. At the conclusion of an investigation, corrective action initiatives are implemented, if need be. ALVEST does not tolerate retaliation against employees who report suspected abuse in good faith.

6.6.6. Trainings

While the tone shall come from the top management, it is important to ensure that employees and directors receive the right level of training and awareness. The ALVEST Compliance Program requires all employees especially those exposed to a risk of compliance to receive appropriate trainings to ensure compliance with applicable laws and regulations as well as to all ALVEST compliance procedures.

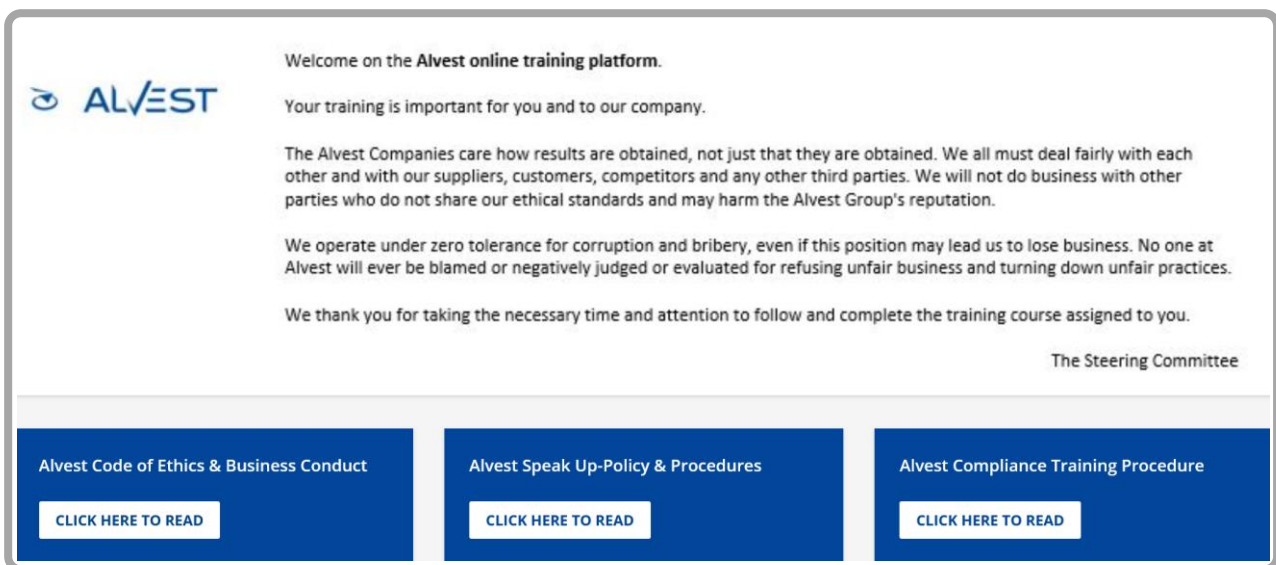
Each Division Ethical Officer must ensure that a training is implemented in each BU. ALVEST trainings have a practical approach and take different forms (e-learning, attendance meetings, outsourcing a consultant).

In 2020 the Group has launched a global e-learning campaign using TRACE's multilingual eLearning library and customizable training platform to train our employees and third parties on key compliance issues. Developed in conjunction with subject-matter experts, our training modules offer top quality content and help us as a Group to:

- Build a valid online training program that withstands regulatory scrutiny;
- Mitigate the risk of compliance violations by providing employees and third parties with the knowledge they need to comply with key regulations;
- Improve learner engagement and retention by leveraging "gamification";
- Keep pace with evolving regulations and innovations in eLearning.

Each employee has received a personal invitation to join in TRACE and comply with the required courses within a year. The three chosen subjects are:

- Alvest Code of Ethics and Business Conduct
- Alvest Speak-up Policy and Procedure
- Alvest Compliance Training Procedure



Welcome on the Alvest online training platform.

Your training is important for you and to our company.

The Alvest Companies care how results are obtained, not just that they are obtained. We all must deal fairly with each other and with our suppliers, customers, competitors and any other third parties. We will not do business with other parties who do not share our ethical standards and may harm the Alvest Group's reputation.

We operate under zero tolerance for corruption and bribery, even if this position may lead us to lose business. No one at Alvest will ever be blamed or negatively judged or evaluated for refusing unfair business and turning down unfair practices.

We thank you for taking the necessary time and attention to follow and complete the training course assigned to you.

The Steering Committee

Alvest Code of Ethics & Business Conduct
CLICK HERE TO READ

Alvest Speak Up-Policy & Procedures
CLICK HERE TO READ

Alvest Compliance Training Procedure
CLICK HERE TO READ

6.6.7. Disciplinary measures

As specified in the ALVEST Code of Ethics and Business Conduct, disciplinary sanctions may be applied in case of breaches of applicable anticorruption regulation and/or of the Code of Ethics and Business Conduct. These sanctions may include dismissal of the employee and even legal proceedings in the event of a violation causing grievous prejudice to the Group (whether in legal, financial or reputational terms).

6.7. Alvest tax organizational structure and policy

ALVEST tax policy is aligned with its strategy to create long-term value for its stakeholders (shareholders, customers, employees and local communities) while complying with the legal and regulatory framework throughout the world and maintaining its reputation wherever the Group is active.

The tax policy adopted by ALVEST and all its subsidiaries thus reflects the following principles:

- The Group adheres strictly to tax regulations and ensures that it complies with local tax laws, international treaties and guidelines drawn up by international organizations. If necessary the Group seeks the advice of external consultants, particularly when legislation is unclear or open to interpretation.
- The Group pays all taxes and duties legally due in the countries where direct economic value is created within the normal course of its industrial or commercial activity. ALVEST does not use tax optimization strategies, if such

strategies are not related to operating requirements, are not in accordance with the law, or do not support a real business activity. Consequently, the Group has not set up any entity in particular territories for the sole purpose of benefiting from favorable tax arrangements.

- The Group's transfer pricing policy takes into account the operating and economic environment in which transactions are carried out as well as the location of the relevant functions and intangible assets (know-how, R&D, etc.). All transfers of goods and services within the Group are conducted under arm's length conditions and reflect the commercial nature of the transactions.
- Developing good professional relationships with the tax authorities and carrying out our operations in full transparency are key drivers for ensuring full compliance with tax regulations. When it comes to dispute resolution and when it is legally possible to do so and if it does not result in the Group's tax liability being unfairly increased, the Group always seeks to reach a compromise with the tax authorities, in order to minimize the uncertain consequences of litigations.

6.8. Independent ESG performance rating

For several years, companies of the ALVEST and its subsidiaries have been participating in external benchmarking and rating:

- In 2021, Ecovadis awarded Adhetec a score of 59 out of 100 for sustainability, placing Adhetec in the 82nd percentile of its peers (meaning that Adhetec score is higher than 82% of the comparable companies assessed by Ecovadis). This further backs up Adhetec actions in terms of sustainable development, and in particular its focus on environment, labor and human rights and ethics.
- In 2021, Ecovadis awarded Aero Specialties a score of 58 out of 100 for sustainability, placing Aero Specialties in the 82nd percentile of its peers.

The Group plans to continue to have the CSR performance of its main subsidiaries assessed by non-financial rating agencies, and especially the companies of its OEM division (TLD).

6.9. Actions to promote local communities' development

6.9.1. Partnerships and sponsors to promote local communities' development

Regular activities are conducted throughout the Alvest world to favor a harmonious development of our local communities. This may be in the form of donation as shown above but primarily Alvest is aiming at dual actions where the employees of the group work alongside local actors to not only donate but share a human moment.

We believe in these moments sharing where individuals get together to accomplish something.

In this picture we see the team who actually worked at our local park last October 2020, where they helped weed, remove overgrown bushes/trees, and cleaned up the walking trail for a sensory garden area at the park. This area of the park is used by those with visual impairments and limited mobility.

The team worked hard, and even uncovered a sundial that had been buried behind overgrown bushes!



6.9.2. 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 build long-term partnerships with local community organizations that allow our employees to participate in this commitment. Examples 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.)



One of the great moments this year is when our TLD Windsor employees in the US presented a donation to the Windsor Food and Fuel Bank, a non-profit organization that provides help to Windsor (Connecticut, USA) residents in need. This very simple yet powerful engagement was a joint effort from both the employees and TLD. Employee donations to this cause were matched by TLD as the funds got collected during a social gathering.

In the picture here aside, we can see the employees getting together during the presentation of the donation to the Board Members of the organization. We are proud to help those less fortunate and give back to the Windsor community that has helped support our business here since the early 70's.

Another great achievement in boosting the local community's engagement was the Sage Parts annual sales conference where all participants joined in a "bike building" contest. To demonstrate the possibility of achieving great results altogether part of the Saturday was dedicated to a team building exercise, constructing bicycles to be donated to the local community "Glen Cove Boys & Girls Club" for kids in the need. As illustrated in the attached pictures this was a great success and all could remember their first time on a bicycle and the pleasure of cycling!



UN Global Compact Index 2020

In 2020, ALVEST became a signatory of the UN Global Compact, which is a voluntary initiative advancing universal principles on human rights, labor, environment and anti-corruption. The progress made meeting the UNGC principles will be closely monitored and reported. This report serves as our annual Communication on Progress (COP).

UN Global Compact Advanced Level Criteria	Page Reference
<i>Implementing the Ten Principles into Strategies & Operations</i>	
Criterion 1: The COP describes mainstreaming into corporate functions and business units	CEO statement, page 1 Social responsibility: an integral part of our strategy, pages 3-5 Product & service design, pages 13-22 Industrial ecology of the Group, pages 23-32 Alvest and its employees, pages 33-47 Alvest commitment to sustainable development, pages 48-58
Criterion 2: The COP describes value chain implementation	Responsible supply chain management, pages 50-53
<i>Robust Human Rights Management Policies & Procedures</i>	
Criterion 3: The COP describes robust commitments, strategies or policies in the area of human rights	Alvest core values, page 33 Human rights, pages 39-40 Responsible supply chain management, pages 50-53
Criterion 4: The COP describes effective management systems to integrate the human rights principles	Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53
Criterion 5: The COP describes effective monitoring and evaluation mechanisms of human rights integration	Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53
<i>Robust Labour Management Policies & Procedures</i>	
Criterion 6: The COP describes robust commitments, strategies or policies in the area of labour	CEO statement, page 1 Responsible supply chain management, pages 50-53
Criterion 7: The COP describes effective management systems to integrate the labour principles	Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53
Criterion 8: The COP describes effective monitoring and evaluation mechanisms of labour principles integration	Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53

<i>Robust Environmental Management Policies & Procedures</i>	
Criterion 9: The COP describes robust commitments, strategies or policies in the area of environmental stewardship	CEO statement, page 1
Criterion 10: The COP describes effective management systems to integrate the environmental principles	Industrial ecology of the Group, pages 23-32
Criterion 11: The COP describes effective monitoring and evaluation mechanisms for environmental stewardship	Industrial ecology of the Group, pages 23-32 Responsible supply chain management, pages 50-53
<i>Robust Anti-Corruption Management Policies & Procedures</i>	
Criterion 12: The COP describes robust commitments, strategies or policies in the area of anti-corruption	CEO statement, page 1 Ethics and compliance, pages 54-56
Criterion 13: The COP describes effective management systems to integrate the anti-corruption principle	Responsible supply chain management, pages 50-53 Ethics and compliance, pages 54-56
Criterion 14: The COP describes effective monitoring and evaluation mechanisms for the integration of anti-corruption	Responsible supply chain management, pages 50-53 Ethics and compliance, pages 54-56
<i>Taking Action in Support of Broader UN Goals and Issues</i>	
Criterion 15: The COP describes core business contributions to UN goals and issues	CEO statement, page 1 Combating global warming and adapting to the consequences of climate change, pages 14-16 Development of new solutions, pages 19-22 Industrial ecology of the Group, pages 23-32 Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53
Criterion 16: The COP describes strategic social investments and philanthropy	Actions to promote local communities' development, pages 57-58
Criterion 17: The COP describes advocacy and public policy engagement	CEO statement, page 1 Partnerships and involvement in regulatory bodies, page 14 Our certification with Solar Impulse foundation, page 49
Criterion 18: The COP describes partnerships and collective action	Our adhesion to UN Global Compact, page 48 Our certification with Solar Impulse foundation, page 49 Actions to promote local communities' development, pages 57-58
<i>Corporate Sustainability Governance and Leadership</i>	
Criterion 19: The COP describes CEO commitment and leadership	CEO statement, page 1 Social responsibility: an integral part of our strategy, pages 3-5
Criterion 20: The COP describes Board adoption and oversight	Alvest corporate governance, pages 6-12
Criterion 21: The COP describes stakeholder engagement	Alvest and its employees, pages 33-47 Responsible supply chain management, pages 50-53 Ethics and compliance, pages 54-56 Engagement with local communities, page 58

