

PILATUS



SUPPLIER CODE OF CONDUCT



1. APPLICABILITY

This Supplier Code of Conduct is addressed to Suppliers of Pilatus Aircraft Ltd, Stans, Switzerland, and its subsidiaries.

2. INTRODUCTION

Pilatus conducts its business in an ethical, social and responsible way and aspires to align its business operations with its values throughout the supply chain. Pilatus values its Supplier relationships and cooperates with and supports its Suppliers to achieve mutual objectives. Pilatus' commitment to integrity and professionalism is set forth in the Pilatus Code of Conduct.

Based on these principles and business standards, Pilatus presents the Supplier Code of Conduct, which serves as a foundation for the relationship between Pilatus and its Suppliers. We expect our Suppliers to adhere to the requirements set forth in this Supplier Code of Conduct, acting with integrity throughout the time of engagement in a business relationship with Pilatus.



3. COMPLIANCE WITH LAWS

This Supplier Code of Conduct forms an integral part of our contractual agreements with Suppliers and are acknowledged by them before entering into a business relationship with Pilatus. In addition to the obligations set in the contractual agreements, our Suppliers comply with all applicable laws and regulations and internationally recognized standards and conventions. In order to develop an ethical, fair and sustainable business ecosystem, our Suppliers are expected to integrate these principles throughout their own supply chain.

Pilatus rejects any illegal conduct and therefore, expects its Suppliers to do the same by introducing the policies and practices that apply to their own employees and supply chains.

4. HUMAN RIGHTS AND FAIR WORKING CONDITIONS

Pilatus expects its Suppliers to respect the same international human rights regulations and standards as Pilatus does. Our Suppliers observe the UN Universal Declaration of Human Rights (**UDHR**),¹ the ILO Standards on Child Labor² as well as ILO declaration on Fundamental Principles and rights at Work³ and other internationally recognized regulations and standards.⁴

Pilatus does not tolerate the use of forced or compulsory labour, i.e. any work or service required of any person under the threat of any penalty and for which the person has not offered himself or herself voluntarily (incl. modern slavery, bonded or prison labour, human trafficking)⁵. Pilatus expects its Suppliers to enforce the prohibition of such in all forms. Suppliers act in compliance with all applicable national, regional and international laws regulating the minimum working age and verify the age of its candidates and workers, in compliance with the ILO Minimum Age Convention.⁶

Pilatus' Suppliers are expected to promote fair employment practices, free of any forms of discrimination (e.g., based on religion, ethnicity, gender, disability, age, pregnancy, sexual orientation), promoting equal opportunities and diversity, providing fair and competitive wages and social benefits, complying with the applicable working

¹ United Nations Universal Declaration of Human Rights, available at www.un.org.

² International Labour Organization - Child Labour Guidance Tool for Business, available at www.ilo.org.

³ The ILO Declaration on Fundamental Principles and Rights at Work, available at www.ilo.org.

⁴ Incl. but not limited to: International Labour Standards on Child labour, available at www.ilo.org; International Labour Organization - Worst Forms of Child Labour Convention, 1999 (No. 182), available at www.ilo.org; OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, available at www.oecd.org and other.

⁵ International Labour Organization - Convention on Forced Labour 1930 (No.29) available at www.ilo.org.

⁶ International Labour Organization - Minimum Age Convention, 1973 (No. 138), available at www.ilo.org.

4. HUMAN RIGHTS AND FAIR WORKING CONDITIONS

hour requirements, not hindering employees to organize into trade unions and to treat their workers with respect and dignity, incl. employees' mental integrity and well-being. Employment, incl. hiring, payment, benefits, advancement, termination, and retirement is to be based on a worker's own abilities, and not on any personal characteristics or other bias. If applicable, Pilatus' Suppliers ensure that migrant workers are employed in compliance with the immigration and labour laws of the host country and are treated with the same level of respect and dignity as domestic workers.

Pilatus expects its Suppliers to have in place or to develop the processes that ensure compliance with human rights within their operations and their own supply chain, incl. a framework to identify and mitigate the risks of human rights abuses. For this purpose, Suppliers enable employees to report workplace misconduct and other grievances, without fear of retaliation.

5. HEALTH AND WORKPLACE SAFETY

Pilatus expects its Suppliers to ensure safe working conditions for all workers, including temporary labour, contractors and others who may be affected by the Suppliers activity. Pilatus' Suppliers either have in place or are in development of an appropriate workplace safety management system (ISO 45001 or equivalent), in order to minimize and, where possible, eliminate work-related hazards, accidents, illnesses and other exposures to safety hazards. This includes the protection of workers from excessive exposure to chemical, biological and physical danger and other unsafe conditions (e.g., lack of personal protective equipment, sanitation, fire protection and other applicable industrial standards). Our Suppliers take reasonable steps to establish a hygienic and healthy working environment and to ensure that workers' performance and safety is not impaired by alcohol, drugs or other controlled substances. Furthermore, Pilatus expects Suppliers to collaborate on achieving targets related to health and safety and provide data related to these topics upon request.

6. ENVIRONMENTAL SUSTAINABILITY

Pilatus is aims to optimize its resources and to reduce its greenhouse gas emissions by active management of the energy and water consumption, reducing of emissions and engaging in environmentally friendly practices (e.g., using renewable energy, introducing usage of the biological fuel as well as developing new production and assembly technologies, which can conserve or recycle the resources). As Pilatus strives to mitigate or minimize its adverse environmental impacts, resulting from the business operations, it expects similar or higher standards to be followed across the whole supply chain. We believe that collaboration is a key to achieving sustainable and responsible business conduct.

Our Suppliers establish an appropriate environment management system (ISO 14001 or equivalent), incl. the policies and procedures to manage the environmental performance, and to integrate, whenever possible, the environmental considerations into the product design (or service) already at an early stage. To achieve this, our Suppliers observe applicable environmental standards and develop a dedicated program to reduce environmental impacts in their production, transportation and supply chain. This includes but is not limited to (i) implementing action plans to increase efficiency, (ii) quantifying and reducing carbon and greenhouse gas emissions as well as collaborating with Pilatus to achieve requested targets related to climate and environmental impacts and provide data related to these topics in line with standards and reporting requirements, (iii) introducing waste management and recycling initiatives, especially regarding hazardous materials and restricted substances, (iv) introducing adequate packaging while reducing usage of plastic and single-use materials, (v) responsible use of natural resources, while safeguarding and minimizing the adverse effects on society and local communities.

7. QUALITY AND SAFETY OF THE PRODUCTS AND SERVICES

Our Suppliers communicate accurate information on their products and services and are to streamline the quality and safety requirements down to their supply chain in order to enable a safe usage of these products and services over the whole lifecycle as well as to contribute to the continued airworthiness in general.

Our Suppliers follow all applicable national and international standards, including yet not limited to; EU Regulation on Registration, Evaluation, Authorization and Restriction of Chemicals (**REACH**),⁷ Directive on the restriction of the use of certain hazardous substances in electrical and electronic equipment (**RoHS**)⁸ as well as US Dodd-Frank Wall Street Reform and Consumer Protection Act⁹ with regard to the product chemical transparency.

Our Suppliers implement a robust internal process to follow and adhere to regulatory changes (including but not limited to REACH and RoHS) in time and duly report any quality and safety issues of the products or services to Pilatus via the dedicated reporting channels (described in Section 17) and support Pilatus in any respective analysis and/or investigation in an acceptable time-frame. Should Suppliers discover inaccurate or misleading information on matters that relate to the operation, quality, safety, or regulatory compliance of its products or services, such is to be corrected, and Pilatus is to be immediately notified.

⁷ Regulation (EC) No 1907/2006 of the European Parliament and of the Council of 18 December 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH), establishing a European Chemicals Agency, amending Directive 1999/45/EC and repealing Council Regulation (EEC) No 793/93 and Commission Regulation (EC) No 1488/94 as well as Council Directive 76/769/EEC and Commission Directives 91/155/EEC, 93/67/EEC, 93/105/EC and 2000/21/EC, available at www.eur-lex.europa.eu.

⁸ Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment, published in Official Journal L 037, 13/02/2003 P. 0019 – 0023.

⁹ Dodd-Frank Wall Street Reform and Consumer Protection Act, published in Public Law 111-203–July 21, 2010.

8. RESPONSIBLE SOURCING

Our Suppliers ensure that supplied products are made from responsibly sourced materials, incl. constituent minerals, and fulfill due diligence efforts to identify and eradicate the use of any minerals which directly or indirectly finance or benefit armed groups or other perpetrators of human rights abuses (conflict minerals and critical materials)¹⁰. All rules and regulations concerning the use of conflict minerals and critical materials are to be followed, incl. satisfaction of any disclosure and/or reporting requirements in line with international standards and frameworks¹¹.

Our Suppliers develop and implement methods to detect, report and quarantine counterfeit parts and materials from being delivered, and to prevent such from (re-)entering the supply chain. Should the use of counterfeit parts be discovered, Suppliers are immediately to notify Pilatus.

Our Suppliers conduct due diligence regarding these materials, which includes a supply chain policy, a supply chain traceability system, a reporting procedure and a risk management system. Pilatus further expects its Suppliers to provide source data and the chain of custody¹² for these minerals, materials and items, whenever requested.

¹⁰ In accordance with the definitions set in the EU Conflict minerals Regulation, available at policy.trade.ec.europa.eu and US Dodd-Frank Act.

¹¹ OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas www.oecd.org.

¹² The chain of custody is the process of following materials through every step of the supply chain as they go through various stages of sourcing, production, processing, shipping and retail.

9. TRADE COMPLIANCE RESTRICTIONS AND EXPORT CONTROLS

As Pilatus operates in a highly regulated sector, it complies with the regulatory requirements and standards in its countries of operations. Non-compliance with trade restrictions and export controls may result in sanctions, high fines, penalties as well as significant reputational damage.

Therefore, Pilatus requires its Suppliers to be compliant with all applicable laws and regulations governing export, import, (re-)transfer of specific goods, parts, components, technical data, software and services that include the Swiss, the US, the EU and any other applicable (inter-)national regulations. This includes (yet is not limited to) all trade and economic sanctions, embargoes and other restrictive measures, customs regulations, non-tariff barriers, international agreements and transportational conventions.

Our Suppliers implement an appropriate global trade compliance program, which includes the record-keeping procedures, sanctions screening, (re-export/transfer), license management and mechanisms to prevent and detect violations. Our Suppliers classify their goods, technical data and software properly on the basis of the applicable lists of goods or international regimes i.e., Wassenaar Arrangement¹³, International Traffic in Arms Regulations (**ITAR**), Export Administration Regulations (**EAR**) and provide Pilatus with this information for the relevant goods, technical data and software in accordance with international trade standards. Our Suppliers guarantee that all documents for the import and export are provided to the competent customs offices and administrative authorities in a timely manner, as well as that all required licenses and authorizations are obtained, and all customs duties and other applicable charges are fully paid.

¹³ The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies available at www.wassenaar.org.

10. SUPPLIER DUE DILIGENCE

Pilatus is performing and expects its Suppliers to perform due diligence on its own supply chain in line with international frameworks, standards and regulations¹⁴, incl., at a minimum, a sanctions screening on the Supplier's legal entity(ies), subsidiaries, management and ownership. In addition, appropriate measures are to be taken in the event of positive knowledge or reasonable suspicion of a critical end-user or critical end-use. Pilatus reserves the right to terminate a business relationship in case of significant compliance findings and/or in case of regulatory changes in applicable laws.

Pilatus' Suppliers also comply with applicable laws and regulations in combating money laundering and terrorist financing and not to participate in or to facilitate such illegal activities. Pilatus reserves the right to conduct audits at the Suppliers sites and together with the Supplier at the Suppliers Sub-Suppliers (Pilatus Tier 2) sites.

11. BAN ON FRAUD AND CORRUPTION

Pilatus does not tolerate any form of fraud and corruption and rejects any form of bribery, corrupt or other illegal behaviour. Suppliers are expected to uphold the same standard and not offer, provide, request or accept gifts or other benefits, items of value and/or cash, with the intention to influence the decision-making process of its Suppliers, public officials or other third parties as well as of Pilatus.

Our Suppliers ensure that offering or accepting gifts and benefits is permitted by applicable laws and regulations in the countries in which they do business, is consistent with the local market values and practices, and do not violate the rules set in the recipient's organization. Pilatus expects its Suppliers to prevent and detect bribery and corruption in all business arrangements, incl. partnerships, joint ventures, activities performed by (sub)contractors, agents or consultants. Pilatus employees and representatives are prohibited to give or to accept gifts and benefits in cash form or above the thresholds set by our rules and regulations.

Our Suppliers do not engage in any kind of fraud, deception, misleading conduct and act with integrity and transparency in all dealings with Pilatus and other parties, incl. Pilatus' customers. Should Supplier encounter a fraudulent or deceptive situation, it takes actions and informs the affected parties in a timely manner. Suppliers are liable

¹⁴ OECD Due Diligence Guidance For Responsible Business Conduct www.oecd.org.

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for any damage caused to Pilatus due to the fraudulent or deceptive actions, regardless if such have been caused directly by the Supplier or indirectly by a third party, using the Supplier's premises, systems or other resources. Pilatus reserves the right to terminate the business relationship and, where applicable, to claim damages.

Therefore, Pilatus expects its Suppliers to implement or to develop anti-corruption and anti-fraud policies and practices to ensure compliance within their own organization as well as to promote these policies across their own supply chain.

12. FACILITATION AND OTHER ILLEGAL PAYMENTS

Our Suppliers do not offer, promise, make, accept or agree to accept any improper payments or other benefits to public officials for routine governmental actions with the purpose to initiate and/or expedite performance of duties of non-discretionary nature (facilitation payments), unless such payment is linked to a formal governmental fee and can be evidenced with the formal receipts. In case of an imminent danger to personal health and safety, exceptions may apply, where Pilatus is to be immediately notified of such situation if any of the Pilatus' employees and business interests are concerned.

Our Suppliers and their employees do not offer or provide any other improper or illegal payments to or from their customers (incl. Pilatus), Suppliers, agents or representatives.



13. CONFLICTS OF INTEREST

Pilatus expects its Suppliers to be transparent about any personal and/or business relationship, which might bring them into a conflict with Pilatus' interests or may give an appearance of such. Conflicts of interest may arise due to the business and personal connections between Pilatus' and Supplier's employees (e.g., family relations, friendships, business associates, incl. Pilatus' directors, employees or other persons working for Pilatus), shared mandates (e.g., board of directors or supervisory board), acquisitions of other enterprises or performance of public services. Suppliers notify Pilatus in case such conflicts of interest exist or may arise. We expect our Suppliers to disclose any commercial or other close links to the government officials, political parties, public or government owned entities, both foreign and domestic.

14. FAIR COMPETITION

Pilatus acts as a fair and responsible competitor and expects such behaviour from its Suppliers. Pilatus verifies compliance with competition laws prior to the conclusion of the respective agreements with its competitors and expects the same approach from its Suppliers.

This includes the respect of intellectual property of Pilatus and third parties as well as protecting the exchanged data and information within the framework of relevant agreements and contractual obligations (e.g., current, recent or future pricing and any other confidential or insider information).

Our Suppliers do not enter any formal or informal anti-competitive arrangements, such as price fixing, colluding, limiting supply or allocations, market controls, bids rigging, setting boycotts, exclusivity clauses, entering or forming cartels and other illegal activities, aiming to impact or restrain competition.

15. DATA PROTECTION, CONFIDENTIAL AND PROPRIETARY INFORMATION

15.1 PROTECTION OF PERSONAL DATA

Pilatus guarantees compliant processing of personal data to its employees, customers and Suppliers and takes appropriate security measures to protect personal data from unauthorized access, use, disclosure, destruction or modification, by implementing appropriate cyber security measures.

We expect our Suppliers, who may carry out the processing of personal data, to comply with all applicable data protection laws, incl. the EU General Data Protection Regulation (**GDPR**). Supplier ensures, that personal data is:

- processed lawfully, fairly and in a transparent manner;
- collected and processed for specified and legitimate purposes;
- relevant, adequate and limited to what is necessary for the processing purpose;
- accurate and kept up to date;
- retained only for as long as necessary; and
- processed in a secure manner and are shared on a “need-to-know” basis only.

Should Supplier act as a data processor or to engage third parties into the processing, it is required to enter into data processing agreement in accordance with the applicable data protection laws.

Personal data are not to be transferred to a country or territory outside of Switzerland or the European Economic Area (**EEA**) unless it ensures an adequate level of data protection or unless the appropriate, legally binding safeguards have been taken (e.g., entered Standard Contractual Clauses). In case of data breaches, Suppliers immediately notify Pilatus of any occurred or suspected data breach.

Details on how we process the personal data are described in the Privacy Notice, available at our website¹⁵.

¹⁵ Further Information on www.pilatus-aircraft.com/en/privacy-statement.

15.2 CYBERSECURITY

Our Suppliers ensure and follow the latest information security standards and implement appropriate physical and electronic cybersecurity programs and procedures. In order to protect both commercial and defence-related businesses data and information, Pilatus has introduced its Technical and Organizational Measures (**TOMs**) and adopted security principles in accordance with the National Institute of Standards and Technology (**NIST**) Cybersecurity Framework and expects its Suppliers to execute similar efforts and to meet similar standards, such as industry-leading security framework such as ISO 27001, the NIST Cybersecurity Framework or equivalent.

15.3 CONFIDENTIAL AND PROPRIETARY INFORMATION

Confidentiality of sensitive business or proprietary information must be always guaranteed by the Suppliers. Any information exchanged with Pilatus, regardless of its form, is to be appropriately classified and protected. Suppliers safeguard proprietary and confidential information from unauthorized access, execute cautiousness while sharing this information internally, avoid its disclosure and use it only for the agreed business purposes.

16. GOVERNANCE AND MONITORING

Pilatus' Suppliers have a Compliance Management System (**CMS**) in place, which is appropriate for the Supplier's size, industry and other specifics. This includes the definition of a business continuity plan. The CMS ensures that principles set in this Supplier Code of Conduct as well as the rules and regulations applicable to the Supplier, are always adhered to. Pilatus reserves the right to review the Supplier's CMS in the form of periodic audits, self-assessments or other documentation reviews, incl. duly notified on-site inspections. A third party might be nominated to perform such reviews. Such reviews are aimed to mutually improve the business relationship, any identified gaps and risks are to be mitigated and/or resolved whenever possible.

17. NON-COMPLIANCE

Pilatus expects its Suppliers to be transparent and to disclose any regulatory actions resulting from non-compliance of the topics mentioned above or any other applicable rules and regulations. In case of violations of principles and requirements addressed in this Supplier Code of Conduct, Pilatus is to be immediately notified, and Suppliers collaborate with Pilatus on the mitigation measures.

Though we seek to work with our Suppliers to improve the conditions, in case of unacceptable and repeatable deviations, incl. misleading and false information, Pilatus reserves the right to terminate the business relationships in case of non-cooperation and serious compliance breaches.



18. QUESTIONS, COMMENTS AND REPORTING MISCONDUCTS

Should you have further questions or discover any infringement, please report it via the designated contact persons at Pilatus or using the dedicated channel via **compliance@pilatus-aircraft.com**.

Founded in 1939, Pilatus Aircraft Ltd develops and produces the world's most unique aircraft: from the legendary PC-12, the best-selling single-engine turboprop in its class, to the PC-7 MKX and PC-21 and associated simulators, the market-leading systems for pilot training. The brand-new PC-24 is the world's first ever business jet designed for use on short unprepared runways. The Pilatus team consists of over 3,000 exceptional employees who make the company, which is domiciled in Stans, one of the largest and most innovative employers in Central Switzerland. The Pilatus Group also includes independent subsidiaries in the USA and Australia. Pilatus provides training for over 140 apprentices in various professions – job training for young people has always been a very high priority. Pilatus remains committed to Switzerland as a hub for work and new ideas, and acts in a sustainable and environmentally-conscious manner at all times.

