



HELLENIC AEROSPACE INDUSTRY S.A.

Communication on Progress

STATEMENT OF CONTINUED SUPPORT

In Hellenic Aerospace Industry S.A. we are strongly committed to supporting the principles of the Global Compact with respect to Human Rights, Labor Rights, the Protection of the Environment and Anti-Corruption. In joining the Organization, we have aligned our operations accordingly, acknowledging the fact that business can help ensure that markets, commerce and technology advance in ways that benefit economies **and** societies. In this context, the 10 principles have become for HAI a valuable compass that shows us the right direction to achieve continuous progress in terms of transparency, respect to individual and its rights, response to social needs, 'green' initiatives.

The way shown is long and demanding, though challenging and promising. HAI has made important steps; some of them are included in this Communication of Progress. Still, many steps are to be made. Actually, this is one of the most valuable benefits from joining the United Nations Global Compact: the invitation and strong urge to seek and strive for continuous improvement.

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HELLENIC AEROSPACE INDUSTRY S.A.

COMPANY PROFILE

Hellenic Aerospace Industry S.A (HAI) is the leading aerospace company in Greece, having as a mission to deliver defense and aerospace services and products to the Hellenic State, as well as to a wide range of domestic and international customers of both military and civil markets.

Operating an integrated, one-stop industrial facility, the Hellenic Aerospace Industry –through its specialized production centers- is geared to deliver high performance products and services and meet customer expectations in terms of quality, cost and responsiveness.

The company has the following activities:

- Aircraft Maintenance & Upgrade
- Engines Maintenance, Repair and Overhaul
- Aerostructures
- Electronics
- Research & Development (R&D)
- Satellite Applications
- Civil Aviation Support
- Technical Training

HAI has 1.440 employees.

HAI & UN GLOBAL COMPACT PRINCIPLES

Hellenic Aerospace Industry is committed to support the United Nations Global Compact principles. The company bases its operation on a series of values that respect the 10 principles and provide the necessary grounds for embedding their essence in everyday business practice.

HUMAN RIGHTS

Business should

Principle 1 support and respect the protection of internationally proclaimed human rights; and

Principle 2 make sure that they are not complicit in Human Rights abuses.

HAI acknowledges that the recognition of the inherent dignity and of the equal and inalienable rights of all members of human society is the foundation of freedom, justice and peace in the world. The company is committed to upholding the United Nations' Universal Declaration of Human Rights. In this context, HAI:

- *Complies with the relevant Greek legislation*

- *Has created and follows a Personnel Working Regulation and a Code of Ethics and Business Conduct* (see below, Anti-corruption principles). Both texts set the framework through which the company ensures respect to individual and its rights.

- *Takes corporate responsibility initiatives with regard to society*, aiming at covering basic social needs (e.g. in local community, the Company supports the Social Grocery store of Municipality of Tanagra and offers free meals on a daily basis to unemployed citizens and families in need – ***right to food***).

- ***Has a plant medical unit and offers medical care services and free health care tests (right to health).***
- ***Organizes blood donations*** and has created a blood bank in national child hospital helping its employees but also a great number of children suffering from Mediterranean anemia ***(right to health).***
- ***Complies with safety policies*** aiming at ensuring health and safety of employees which keeps informed on relevant issues ***(right to safety).***
- ***Organizes and implements educational/training programs and seminar courses*** thus offering the opportunity and encouraging career progress and personal development ***(right to education).***
- ***Welcomes to its premises students from all educational levels*** providing useful information on its field of business and thus contributing to their professional orientation. In parallel, the company accepts internships ***(right to education).***

LABOUR

Businesses should uphold

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| Principle 3 | the freedom of association and the effective recognition of the right to collective bargaining; |
| Principle 4 | the elimination of all forms of forced and compulsory labour; |
| Principle 5 | the effective abolition of child labour; and |
| Principle 6 | the elimination of discrimination in respect of employment and occupation. |

HAI acknowledges that companies can and must play an important and positive role by taking on board principles contained in international labour standards. The Global Compact indeed incorporates the most vital ones, including those that are considered to be human rights principles. HAI commits itself to doing business on the basis of respect to UN labour principles and therefore the company:

- ***Complies with the Greek legislation*** that, among other:

- forbids all forms of forced and compulsory labour as well as child labour
- provides for the formation of trade unions. In HAI, there is a well-organized union that is informed by the Management for all important company issues aiming at an open, frequent and positive communication.

- ***Bases its hiring policy on ASEP procedure.*** ASEP is the **Supreme Council for Personnel Selection**, an independent commission, not subject to government control, which is tasked with the selection of personnel for work in the Greek public sector. It is supervised by the Ministry of Administrative Reform and e-Governance. In this way, the company ensures that hiring procedure is characterized by openness and impartiality and all candidates and employees are treated equally. Moreover, HAI –with respect to relevant legislation- hires to a certain rate individuals with disabilities, giving everyone the chance to employment and personal development.

- ***Has created and follows a Personnel Working Regulation*** that sets the framework through which the company ensures the respect to individual and the promotion of a balanced work and personal life.

- ***Provides all its employees a number of benefits***, such as:

- Xmas presents for all children of employees
- Medical and health insurance programs
- Retirement insurance programs

- Financial provision for employees with children with disability
- A company restaurant with reduced prices for employees.

- ***Implements the 'Lunch with the CEO' initiative.*** On a regular basis the CEO and a member of the company's Top Management have lunch with 10 that are selected through draw among the 1.440 of total employees. During lunch, the 10 selected employees have the chance to talk about their personal job position, express their opinion on various subjects, make proposals, discuss issues of interest directly with the CEO and are encouraged by him personally to make any question they want. This procedure aims at ensuring the highest standards of openness on the basis of fairness and equity.

ENVIRONMENT

Businesses should

Principle 7 support a precautionary approach to environmental challenges;

Principle 8 undertake initiatives to promote greater environmental responsibility; and

Principle 9 encourage the development and diffusion of environmentally friendly technologies.

In HAI "We care about the environment". In this motto we summarize our firm commitment to business growth that is based upon respect on natural resources and completely in line with the principles of environmental sustainability. In this context, HAI:

- ***Has an Environmental Department*** with dedicated and experienced personnel
- ***Implements the relative legislation*** (national and international), complying with most updated environmental standards and restrictions. To this end, HAI cooperates closely with the Ministry of Environment, Energy & Climate Change.
- ***Has created an elaborated monitoring system*** of the environmental performance of its plants. The results of this monitoring function as valuable guidelines for further improvement.
- ***Cooperates with the Academia*** (Universities and other educational institutions) in order to improve its environmental monitoring system on the basis of solid scientific knowledge.
- ***Invests on continuous improvement of its environmental infrastructure.*** Over the 2004-2011 period, the company invested more than 6 mil. € in green projects, among which the plastic media stripping facility (3,5 mil. €).
- ***Provides the appropriate training and educates its employees*** on environmental protection through a) seminars organized by and hosted at company's Training Center and b) internal campaigns.
- ***Implements solid waste management programs and recycling programs*** (paper, glass, metal, plastic, batteries) in collaboration with all approved Waste Management collective systems.
- ***Implements extensive natural resources saving programs.*** It is noteworthy that water consumption was reduced by 30% in 2011 (from 330.000 m³ in 2009 & 2010 to 230.000 m³ in 2011), while in 2012 a further reduction by 13.000 m³ was accomplished. Energy saving is also a priority. Through a series of initiatives, the company has in some cases even achieved energy saving by 70% the past two years.

- ***Participates –through its Research and Development department- to innovative green research projects in aerospace field***, such as Green Regional Aircraft (one of the six Clean Sky platforms). The future green regional aircraft will meet demanding weight reduction, energy and aerodynamics efficiency, and high level of operative performance, in order to be compliant regards to pollutant emissions and noise generation levels. To achieve these so challenging results, the aircraft will be entirely revisited in all of its aspects. With its participation in the initiative, HAI assumes an active role in the development and diffusion of environmentally friendly technologies.
- ***Develops relations of trust*** in response to the stakeholders' information requirements, giving emphasis on local community. In addition, the company cooperates with stakeholders to further promote common environmental objectives.

ANTI-CORRUPTION

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

From holding 80th place in the 176 countries on Transparency International's corruption perceptions index in 2011, Greece's global ranking in 2012 fell to 94. In terms of perceived levels of public corruption, in the 27-strong EU, there was no other state that fared worse. This fact by itself underscores the need for companies in Greece to contribute in the anti-corruption effort and build on a transparent and honest business activity.

In this context, Hellenic Aerospace Industry is against all forms of corruption (bribery, money laundering etc.) and promotes through a number of initiatives the fundamental values, e.g. integrity, honesty, consistency, responsibility, ethics, justice etc.

In particular, the company:

- ***Has created and follows a Code of Ethics and Business Conduct.*** The Code is a concise source of guidance for operational behavior and sets clearly the minimum framework of rules within which employees perform their official duties in a lawful conduct unaffected by extra-institutional interventions.

In other words, it regulates the business and trading activities with company customers and suppliers as well as with society and the environment. The Code of Ethics and Business Conduct is further specified and/or complemented by Management Policy Directives (M.P.D.s), Standard Procedures and Instructions (S.P.I.s), Directorate Operating Instructions (D.O.I.s), other regulations and company documents which cover in detailed analysis the following issues:

- Compliance with the Laws
- Protection of Assets
- Reliability of Information – Internal Audits
- Using the Media
- Confidentiality of Information
- Use of Computer Software
- Employment
- Conflict of Interest
- Transactions with customers
- Transactions with Suppliers
- Transactions with Competitors
- Sponsorship policy
- Corporate Social Responsibility
- Protection of the Environment
- Bribery and Corruption
- Relationship with Media

All personnel must be aware, respect and fully comply with this Code of Ethics and Business Contact and relevant circulars and instructions issued by the company.

- ***Has signed the statement of adherence to ASD (Aerospace and Defense Industrial Association of Europe) Common Industry Standards (CIS)*** recognizing as reflecting good industry practices and has committed itself to take all steps necessary to implement them in the Organization. To this end, the company has appointed an Ethics Compliance Officer.

- ***Brings to public notice*** important aspects of its everyday business activity by a) uploading to HAI's official website important information such as requests for tender and b) implementing the «Cl@rity» program. Cl@rity is one of the major transparency initiatives of the Greek Ministry of the Interior, Decentralization and e-Government. The program introduces the obligation to publish all the decisions on the Internet, with the exception of decisions that contain sensitive personal data and/or information on national security. The decisions of the public entities cannot be implemented if they are not uploaded on the Clarity website. The use of Internet guarantees wide publicity and access to information, progressively contributing to a culture change in the whole of the Public Administration.

- ***Has become member of TRACE International Inc.***, a high-status non-profit membership association that pools resources to provide practical and cost-effective anti-bribery compliance solutions for multinational companies and their commercial intermediaries (sales agents and representatives, consultants, distributors, suppliers, etc.). TRACE has successfully completed a TRACE Standard due diligence review of HAI and has granted Hellenic Aerospace Industry S.A. a certificate of membership signifying the company's commitment to transparency in international commercial transactions.