

## **Pilot Freight Services**

### **Environmental, Social and Governance Policy**

#### **General**

Pilot Air Freight, LLC (“Pilot” or the “Company”) believes that taking environmental, social, and corporate governance (“ESG”) considerations fully into account in its business decisions is essential to creating value for its stakeholders by developing a more sustainable long-term strategy. We aspire to be responsible corporate citizens and we believe that transparency and accountability are important foundations for building trust with our stakeholders. We have researched and identified the ESG considerations relevant to our business and have integrated them into our business practices to ensure that ESG risk factors and opportunities are considered continuously. We implement ESG initiatives to augment the environmental and social impact of Pilot’s business practices throughout the Company. In addition to focusing on ESG considerations within the Company, Pilot works to engage its Franchisees in the Company’s ESG initiatives and programs.

#### **Policy**

Our policy is based on the following tenets:

- **Employee protection and development** – We believe that our employees are our most valuable asset and are critical to the success of our business. The promotion of health and safety, respect for diversity and human rights, and professional development will enable the Company to retain its most talented resources. We strive for an injury-free workplace through a strong health and safety program supported by high employee engagement. We train our employees to conduct their activities in a safe and environmentally responsible manner.
- **Sustainable growth** – We are committed to conserving natural resources through eco-efficient management strategies and continuous improvement focused in three key areas that are important to our long-term business success: energy use, waste generation and recycling, and supply chain optimization.
- **Ethics and responsibility** – We are committed to conducting our operations with integrity and in accordance with applicable laws and regulations as well as to engaging with industry and public stakeholders to develop responsible standards and voluntary initiatives that support this policy.

#### ***Environmental Policy***

Pilot recognizes that its activities and the activities of its stations may have an impact on the environment. Pilot promotes, among its own employees and its Franchisees, environmental awareness, improves staff education and involvement in order to ensure that its business is environmentally responsible, and undertakes efforts to improve its energy efficiency.

To address key issues of environmental concern and minimize the Company’s environmental impact, Pilot is committed to:

- Conducting operations in compliance with applicable environmental laws, regulations, and the Company’s policies and procedures;
- Seeking to reduce the production of waste and to bolster recycling efforts;
- Raising awareness of how to use energy, manufactured products (*e.g.*, paper), and natural

resources most efficiently;

- Monitoring electricity usage to identify energy waste;
- Increasing use of audio/videoconferencing to minimize air travel;
- Prioritizing modes of travel with the minimum carbon footprint necessary to meet the Company's business requirements in each case;
- Sourcing products that are made from sustainable sources or recycled materials or that are designed to be easy to reuse or recycle when practicable;
- Eliminating or reducing, where possible, the use of products made from unsustainable natural resources;
- Working together with the Company's stakeholders on activities that promote environmental protection and stewardship.

Pilot also aims to increase the sensitivity of its Franchisees to environmental issues and to assess environmental risks and opportunities.

### ***Social Policy***

#### ***Work Place***

Provide a safe workplace with opportunities for personal development and reward, nurture talented employees and ultimately provide the foundation for future success regardless of age, race, gender, sexual orientation, or disability. Pilot is committed to ensuring proper working and labor conditions, safeguarding the health and safety of its employees, and promoting the social development of the communities in which it operates. Pilot strictly enforces a Code of Business Ethics (the "Code") which applies to all directors, officers, and employees of the Company. Pilot has an "Open Door" Policy that encourages employees to present ideas, ask questions, and raise concerns, especially those of a legal or ethical nature and those relating to quality of work, directly to any level of leadership within the Company without fear of retaliation.

The Pilot Integrity Hotline allows all employees to report anonymously any violation of the Code or a Company policy, or report a general concern to the Company's confidential reporting agent. Employees can access the hotline either by calling a toll-free number staffed by live operators or through a web-based reporting portal.

Customer feedback and recognition is also important to Pilot's continued growth and workplace development. Pilot maintains dialogue with its customers to ensure that the Company's business practices meet or exceed its customers' vendor requirements. In recognition of the Company's commitment to working with its customers, Pilot has received numerous accolades from customers and industry trade groups.

#### ***Diversity & Inclusion***

Pilot is committed to maintaining an environment that encourages and fosters appropriate conduct among all persons and respect for individual values. Accordingly, the Company is committed to enforcing the Code at all levels in order to create an environment free from discrimination, harassment, retaliation, and/or sexual misconduct. Discrimination or harassment based on race, gender and/or gender identity or expression, color, creed, religion, age, national origin, ethnicity, disability, veteran or military status, sex, sexual orientation, pregnancy, genetic information, marital status, citizenship status, or on any other legally prohibited basis is unlawful. Such discrimination or harassment violates Company policy and will not be tolerated.

Any form of retaliation against anyone who has complained of, or formally reported, discrimination, harassment, or sexual misconduct, or has participated in an investigation of such a complaint, regardless of whether the complaint relates to the complaining person or someone else, will not be tolerated, and violates both the Code and applicable law.

### *Human Rights*

Pilot supports and respects the human rights of its employees and associates and does not maintain discriminatory policies. Pilot supports and respects the human rights of those affected by its activities and will not utilize child or forced labor or maintain discriminatory practices. Pilot requires that its Franchisees do not tolerate abuses of human rights in their companies or by their directors, officers, or employees.

### *Labor*

Pilot is committed to compliance with applicable national, state, and local labor laws and provides a safe and healthy workplace in conformance with national, state, and local law; the Company expects the same of its Franchisees. Pilot requires its Franchisees to comply with applicable national, state, and local labor laws in the states/countries in which they operate, support the payment of competitive wages, and provide a safe and healthy workplace in conformance with national, state, and local law.

### *Local Socioeconomic Development*

Pilot contributes to the communities in which it operates. Some of the ways in which businesses can contribute to the local economy include: generating sustainable tax revenues, creating new jobs, providing training and education, and working with local communities on projects that promote positivity and good will within the area.

While Pilot works with various charities on a case-by-case basis in the local communities in which it operates, the Company takes great pride in championing one cause throughout the entire network of Pilot stations. Pilot, along with its employees, will contribute to the selected charity in a variety of ways throughout the year. These contributions may include Company-wide events held at the local level, donation opportunities at major Company events, such as national meetings, and individual decisions to donate time or funding to the selected charity outside of normal work hours.

Pilot's charity of choice will have a large presence nationally, and in some cases, internationally. The cause will be aligned with the beliefs and mission of the Company. By associating with a national charity, Pilot in no way condemns or condones political or religious views associated with the organization.

### ***Governance Policy***

#### *Cybersecurity*

Pilot focuses on Cybersecurity risks continuously. As digitalization and automation dominate the transformation of the global economy, cyber risk and data protection pose ever greater challenges for businesses. We have developed an established security architecture to limit the vulnerability of our data, hardware, and software and reduce our susceptibility to malicious software (malware), viruses, and hacking.

### *Supply Chain Security*

Pilot is a validated participant of the [Customs Trade Partnership Against Terrorism](#) (CTPAT) since 2003. In order to qualify, Pilot is required to meet CTPAT's Minimum Security guidelines as a 'consolidator'. Once accepted into the program, a CTPAT Supply Chain Security Specialist (SCSS) is assigned to provide guidance to the Company and promote the security of Pilot's supply chain. Pilot is required to submit an updated Security Profile and conduct an assessment of its supply chain security on an annual basis. Every four years, Pilot must undergo a revalidation conducted by its assigned CTPAT SCSS. Our most recent validation date with CTPAT was October 2017. The revalidation focuses on the verification of supply chain security processes and procedures that the Company voluntarily agrees to verify or perform under the auspices of the CTPAT program. Through this program, U.S. Customs and Border Protection ("CBP") works with the trade community to strengthen international supply chains and improve the United States' border security. CTPAT is a voluntary public-private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principal stakeholders of international supply chains.

### *Safety*

Ensuring the safety of our employees, along with our customers and all members of the communities in which we operate, is a complex job. It is also an absolutely essential job and one that we take extremely seriously. In an effort to avoid vehicular-related accidents and injuries, Pilot holds Monthly Driver Safety meetings. On-the-road safe workplace practices routinely addressed by the Company include topics such as distracted driving, driving in adverse weather, and driver wellness.

Our Motorist Observation Reports help us to maintain a safe environment for both owner-operators and the communities in which we operate.

Pilot's Monthly Safety Meetings focus on reducing work-related injuries through education and training relating to issues such as electrical, chemical, forklift, and back safety.

### *Anti-fraud and Anti-corruption*

Pilot's Anti-Bribery and Anti-Corruption Policy and Program strictly prohibits bribery and other improper payments to public officials consistent with the U.S. Foreign Corrupt Practices Act, similar laws in other countries, and the OECD Anti-Bribery Convention. Pilot believes that the eradication of bribery and corruption through improved governance and increased transparency will create a fairer business environment in which to operate and will encourage more effective governance. Good governance is rooted in adherence to regulations and laws. Pilot adheres to the regulatory standards in the jurisdictions in which it operates. Pilot's counsel provides recurring anti-bribery and anti-corruption training at regional meetings and by conference call.

### *Regulatory Compliance*

Compliance with the laws and regulations in one area of the world can vary dramatically from compliance to local statutes in another. Pilot ensures its compliance with global trade regulations by utilizing Amber Road, an import management software solution which enables the Company to adopt best-practice trade processes on a global level.

Pilot operates in compliance with all TSA/FTC, FAA, and U.S. Customs regulations.

### *ISO 9001 Registration*

The ISO 9001 Standard is an internationally recognized model for Quality Management Systems (QMS) derived from eight universal management principles, including a strong customer focus, leadership, the involvement of people, ensuring a process approach, a systematic approach to management, fact-based decision making, mutually beneficial supplier relations, and continuous improvement. Adhering to the ISO 9001 Standard provides a framework and set of principles that enable the Company to consistently provide high quality services that satisfy its customers and other stakeholders.

Pilot provides a copy of the ISO 9001 Quality Manual to stakeholders which imparts its application of the ISO 9001 management principles. These principles are integrated throughout the organization, enabling consistent, high quality service, engaging employees in the continuous improvement of the QMS, ensuring compliance with the national, state, and local laws and regulations applicable to the Company, and fostering adherence to the requirements defined within the current ISO 9001 Standard.

All members of management, including executive management, are responsible for ensuring the Company's processes produce the expected results and for promoting customer focus throughout the Company. Further, the Company's Chief Administrative Officer is tasked with ensuring the QMS abides by the current ISO 9001 Standard, while executive management ensures that Pilot's management system continues to be suitable, adequate, and effective for our business and is aligned with the strategic direction of Pilot Freight Services.

Pilot conducts regularly scheduled internal quality audits to ensure the QMS is effectively implemented, maintained, and satisfies the requirements of the current ISO 9001 Standard.

### *Proper Governance & Risk Management*

Pilot's board of directors considers and reviews, among other things, the Company's strategic direction, quality of leadership and management, internal controls, and operating performance. The board of directors has deep industry expertise, institutional governance experience, and other knowledge that make it well-equipped to evaluate and oversee the sustainability aspects of the Company's long-term strategy. The board is accountable to all stakeholders.

### *Executive Remuneration*

All individuals are a vital component of success for any organization. Remuneration policies should allow the recruitment and retention of all individuals.

In considering the compensation arrangements for employees, Pilot is concerned with the structure of total compensation and proper incentives to ensure that employee compensation is aligned with stakeholders' interests.

We note that in order to hire the best individuals, it is necessary for the Company to pay at levels which allow it to compete in the market to recruit successful employees. However, the existence of this effect does not justify unwarranted compensation levels for executives. It follows that where an employee has failed, his or her continuation in a role should be reviewed, and, if necessary, he or she should be removed.

### *Shareholder Communication*

Pilot recognizes the importance of engaging and communicating with its stakeholders. Building

positive relationships with Pilot's stakeholders is critical to the sustainable and responsible growth of the Company's business. Pilot distributes various monthly and quarterly reports to its stakeholders and, at times, invites its customers and partners to attend Pilot's board meetings, sales meetings, and other Company-sponsored events in an effort to better align the Company and its shareholders with its customers' and partners' needs. Additionally, daily cash, sales, and receivables information is communicated to its shareholders in order for them to be able to monitor the current direction of the Company's operations.

### *Monitoring and Engagement*

We continuously evaluate our ESG policies and processes to identify opportunities for expansion and improvement. As part of these efforts, Pilot incorporates recommendations from the ESG officers of its stakeholders.

Pilot will:

- Periodically discuss the ESG performance of its stations and progress made in addressing ESG initiatives with the management teams of these locations;
- Advise Franchisees to incorporate the Pilot ESG policy in their business operations and encourage them to bring forth new ideas.

### *Training*

As part of Pilot's employee training, all employees review and receive training on ESG matters. In addition, ESG matters are regularly discussed by Pilot's management team and board of directors. By investing in employee training, Pilot can ensure that knowledge of and messaging on ESG integration is communicated throughout the workforce.

### *Reporting & Disclosures*

Pilot will provide timely information to its stakeholders on the matters addressed herein and will work to foster transparency about the Company's activities.

Upon request, we will seek to disclose information sufficient to enable our stakeholders who have expressed an interest in ESG management to:

- Assess if Pilot is aligned with the stakeholder's ESG-related policies and investment beliefs;
- Assess the Company's policies and processes for identifying ESG-related issues and risks to identify possible areas for future development;
- Understand if and how Pilot influences and supports its stations' management of ESG-related risks and pursuit of ESG-related opportunities; and
- Assess Pilot's approach to managing and disclosing material incidents at all Company-owned stations.

Stakeholders will be informed of any changes to Pilot's ESG policies and how these policies are being implemented. Pilot will disclose actions it has taken, if any, to further develop the Company's approach to managing ESG opportunities and risks.

We promote dialogue with our stakeholders on how we can better manage ESG issues. We work with our stakeholders to foster transparency about our ESG performance.

### *Responsibility*

Pilot aims to improve its commitment to ESG issues continuously. Management will review and seek to expand Pilot's ESG policy and processes periodically.

If you have any comments and suggestions on the policy, please do not hesitate to contact Pilot's Chief Administrative Officer at [lcoyle@pilotdelivers.com](mailto:lcoyle@pilotdelivers.com).