

ASG ENTERPRISE RISK MANAGEMENT POLICY

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1. PURPOSE OF THE POLICY

The purpose of the Enterprise Risk Management Policy (the **Policy**) is to set guidelines and recommendations that the Avia Solutions Group (ASG) PLC (**ASG**) and its direct and indirect subsidiaries (the **Subsidiaries**) (ASG and the Subsidiaries are further together referred as the **Group** or each individually as the **Company**) needs to adhere to in order to address the uncertainty associated with the planning, performance management and operations. This includes integrating risk management principles into decision making, core activities and business processes.

The Avia Solutions Group aims to use this risk management policy to make better-informed decisions to improve the probability of achieving its mandate, strategic goals and operational objectives. It is designed to ensure risks are managed and controlled in a systematic, proactive, and cost-effective manner throughout all areas of the organization.

2. SCOPE

This policy applies to all Business Units, all subsidiaries, and other consolidated entities.

Subsidiaries shall implement this policy and relating documents. *Enterprise Risk Management Framework* developed by the Company may contain and define stricter rules and practices compared to the ones listed in *ASG Enterprise Risk Management Framework*, however Company is recommended to follow the discussed recommendations.

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3. TERMS, DEFINITIONS AND ABBREVIATIONS

For the purposes of this Policy, the following definitions shall apply:

Avia Solutions Group (ASG)	AVIA SOLUTIONS GROUP (ASG) PLC , Legal entity code: 727348, 20 Kildare Street, Dublin 2, Dublin, Ireland;
ASG CEO	Chief executive officer of ASG;
CEO	Chief executive officer of any Subsidiary;
Company Risk Register	A Risk Register at the company level that contains normalized and aggregated inputs from all business units and departments;
Emerging Risk	A risk resulting from a newly identified hazard/threat to which a significant exposure may occur;
Group	ASG together with its direct and indirect Subsidiaries;
Group Top Risk Register (ASG Group Top risk register)	A composite view of risk the Group faces, which positions management and the board to consider the types, severity, and interdependencies of risks and how they may affect the Group's performance relative to its strategy and business objectives;
ASG Department	Any ASG team, part of the holding company;
Inherent Risk	Inherent risk is the risk to an entity in the absence of any direct or focused actions by management to alter its likelihood or/and impact;
Impact	The result or effect of a risk. The impact of a risk may be positive or negative relative to the company's strategy or business objectives;
Likelihood	The chance of something happening, whether defined, measured or determined objectively or subjectively, qualitatively or quantitatively, and described using general terms or mathematically (such as a probability or a frequency over a given time period);
Monitoring	Continual checking, supervising, critically observing or determining the status in order to identify change from the performance level required or expected. It can be applied to a risk management framework, process, risk, mitigation actions or controls;
Probability	Measure of the chance of occurrence expressed as a percentage chance of risk occurrence, where 0% is impossibility and 100% is absolute certainty;
Key Risk Indicators (KRI)	Key risk indicators are metrics that help monitor risks changes, they act as an early warning risk detection system to help companies effectively monitor, manage, and mitigate risks;
Risk	The possibility of an adverse event or circumstance taking place that has the potential to affect the achievement of an organization's objectives. Effect of uncertainty on objectives. An effect is a deviation from the expected — positive and/or negative;
Risk Assessment	Overall process of risk identification, risk analysis, and risk evaluation;
Risk Aggregation	The combination of several risks into one risk to develop a more complete understanding of the overall risk;
Risk Appetite	Amount and type of risk that an organization is willing to pursue or retain in order to achieve strategic objectives;

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Risk Identification	Process of finding, recognizing, and describing risks. Risk identification involves the identification of risk sources, events, their causes and their potential consequences. Risk identification can involve historical data, theoretical analysis, informed and expert opinions, and stakeholder's needs;
Risk Management	Coordinated activities to direct and control an organization with regard to risk;
Enterprise Risk Management Framework	Set of components that provide the foundation and organizational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organization;
Enterprise Risk Management (ERM) system	The culture, capabilities, and practices, integrated with strategy-setting and its performance, that organizations rely on to manage risk in creating, preserving, and realizing value;
Residual Risk	Risk Level remaining after management has taken action to mitigate risk;
Risk Matrix	Tool for ranking and displaying risks by defining ranges for consequence and likelihood;
Risk Level	Magnitude of a risk or combination of risks, expressed in terms of the combination of consequences and their likelihood;
Risk Owner	Accountable point of contact for an enterprise risk, who coordinates efforts to mitigate and manage the risk ;
Risk Register	Document or record summarizing information about identified risks and their analysis;
Risk Tolerance	Organization's or stakeholder's readiness to bear the risk after risk treatment in order to achieve its objectives. Risk tolerance can be influenced by legal or regulatory requirements;
Risk Treatment	Process to modify risk. Risk treatments that deal with negative consequences are sometimes referred to as "risk mitigation", "risk elimination", "risk prevention" and "risk reduction";
Risk Champion	Employee appointed by the Company CEO to coordinate enterprise risk management process in the company or the Group, but is not necessarily a risk owner;
Opportunity	An action or potential action that creates or alters goals or approaches for creating, preserving, and realizing value;
Subsidiary	Any company established in any jurisdiction, directly or indirectly controlled by ASG;

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4. ERM UNDERPINNING PRINCIPLES AND VALUES

Group is committed to making risk-informed decision by identifying, analyzing' prioritizing' and mitigating the risks that may have an impact on the ASG Group achieving its mandate, strategic goals, operational objectives, projects, and day-to-day activities: The following Principles are fundamental to Group while fulfilling our strategic goals, operational objectives, projects and day-to-day activities and must be complied with by all ASG Departments:

- **Best available information** - The inputs to risk management process should be based on current and historical information, as well as on future expectations. Risk management process should consider any limitations and uncertainties associated with such information and expectations. Information should be timely, clear, and available to relevant stakeholders.
- **Continual improvement** - Risk management process should be continually improved through learning and experience, as well as increase in process maturity by using best practices, ERM framework, technologies, and tools.
- **Customized** - ERM framework and processes should be customized and proportionate to Company's external and internal context related to its objectives.
- **Dynamic** - Risks can emerge, change or disappear as a Group's external and internal context changes. Risk management process should anticipate, detect, acknowledge, and respond to these changes and events in an appropriate and timely manner.
- **Human and cultural factors** - Human behavior and culture significantly influence all aspects of risk management at each level and stage.
- **Inclusive** - Appropriate and timely involvement and escalations to stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and informed risk management process.
- **Integrated** - Risk management is an integral part of all Group activities.
- **Structured and comprehensive** - A structured and comprehensive approach to risk management process contributes to consistent and comparable results.

Risk management process should be an integral part of management and decision-making and integrated into the structure, operations, and processes of a Company. Whenever management or staff are required to make a material decision appropriate risk management should be performed. The following is an overview of the risk management process that should typically be applied to important decisions:

- **Communication and consultation** - Communication and consultation assist relevant stakeholders in understanding risk, the basis on which decisions are made and the reasons why particular actions are required. Group management and staff should be made aware that whenever a significant decision needs to take place, the decision proposal has to be supported by a risk assessment. Relevant stakeholders need to be involved in the risk assessment and the outcomes of risk assessment need to be communicated to the key decision makers.
 - **Scope, context, and criteria** - Establishing the context involves defining the purpose and scope of the risk assessment, understanding the context of the decision, planning the approach to be taken and defining the criteria for risk evaluation.

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- **Risk assessment** - Should be conducted during the decision-making process to inform management and key stakeholders about the risks associated with taking or not taking a decision / approving or not approving an initiative or budget. Risk assessments should be conducted for any significant decisions / initiatives. The purpose of risk assessment is to find, recognize and describe risks that might help or prevent Group from achieving its objectives. Relevant, appropriate, and up-to-date information is important in identifying risks.

- **Risk treatment** - The purpose of risk treatment is to select and implement options for addressing risk while making a decision. Risk treatment involves an iterative process of:

formulating and selecting risk treatment options, planning, and budgeting for risk treatment as part of the decision, assessing the effectiveness of that treatment once the decision has been implemented, deciding whether the risk is acceptable, if not acceptable, taking further treatment. Selecting the most appropriate risk treatment option involves balancing the potential benefits derived in relation to the achievement of the objectives against the costs, effort, or disadvantages of implementation.

- **Monitoring and review** - The purpose of monitoring and review is to assure and improve the quality and effectiveness of risk assessment design, implementation, and outcomes, as well as its contribution to the quality of decision-making process. The results of monitoring and review should be incorporated throughout the Company performance management, measurement and reporting activities.

- **Recording and reporting** - The outcomes of risk management processes should be incorporated into the information presented to decision makers at the time of making a decision.

Enterprise risk management process shall be a part of Group's management and internal control system. Other Company Departments may already have implemented or are planning to implement specific area risk management policy and process and conduct periodic risk assessments within their area of responsibility. ERM process shall incorporate any risks, which may have impact to Company's results, into Company's or Group Top Risk register, in cases where risk level exceeds established Risk Appetite or as decided upon.

5. ENVIRONMENTAL AND SOCIAL SUSTAINABILITY CONSIDERATIONS

The Group is committed, to take into account sustainability issues. In order to translate objectives into successful practical outcomes, the Companies/Subsidiaries are expected to follow the ASG's environmental, social and governance policy with the aim to:

- reduce the negative impact on the environment over the short, medium and long term for further sustainable growth.
- strengthen dialogue with suppliers and ensure corporate social responsibility in the value chain.
- ensure an ethic and transparent behaviour in order to a better business success over the long term promote the application of good labour standards and working conditions amongst its suppliers of the materials, supplies and/or services.

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6. ENTERPRISE RISK MANAGEMENT STRUCTURE/ FRAMEWORK

Avia Solutions Group integrates ERM framework in its core business activities. Guidelines on how process may be implemented are detailed in *ASG Enterprise Risk Management Framework*.

Group Companies are included into Groups Enterprise risk management a “three lines of defense” model. Model establishes a clear division of responsibilities for risk management process and control environment in between the management (incl. supervisory bodies) and business units (where required ASG Departments).

7. ROLES AND RESPONSIBILITIES

Management should ensure the responsibilities and authorities for relevant roles with respect to ERM process are assigned and communicated at all levels of employees. Risk management roles and responsibilities include:

- Every Avia Solutions Group employee is responsible for effective management of risk including the identification of potential risks.
- ASG Departments are responsible for identification, assessment, and risk treatment, which are associated with business activities or decision-making within their area of responsibility, in cases where specific risk management process is required.
- Management across the organization is responsible for the development of risk mitigation plans and the implementation of risk reduction strategies. Risk management processes should be integrated with other planning, control processes and management activities.
- Risk owner is responsible for the overall coordination of the management of the risk by providing assurance on effectiveness of the controls, mitigation plans progress, monitoring and reporting.
- Aviation Safety and other committees are responsible of risk management system effectiveness control, within the areas of their expertise and where their input is required.
- ASG Board responsible for Enterprise risk management framework and policy approval
- ASG Internal audit department core objective with regard to ERM is to provide objective assurance to the board on the effectiveness of risk management.
- Company CEO is accountable for managing risk of organization under his/her management.

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8. FINAL PROVISIONS

- This Policy may be amended from time to time as deemed necessary to reflect changes in best Risk management practice.
- ASG CEO shall be authorized by the ASG Board upon his / her sole discretion to review and arrange necessary amendments to the ERM Policy from time to time or in case of significant changes in the Group business or organizational /corporate structure of the Group, as the case may be.
- If required, some ASG Departments may include ERM process into implementation of the risk management process provisions within their area of responsibilities.
- ASG Enterprise Risk Manager shall coordinate and oversee the proper implementation of the Policy at the Group level and ensure the Policy is update in a timely matter.
- As of the date of entrance into force of this Policy the Subsidiaries should apply unified Enterprise risk management Policy, aiming to achieve and thus contribute to sustainable development, integral, transparent, and effective growth of the Group.
- The guidelines provided in the Policy should be followed, implemented and applied with respect to all activities carried out by the Subsidiaries despite the subject matter, form and / or title or any other circumstances thereof.
- Company CEO shall be responsible for implementation of the ERM Policy and the full transposition of the principles contained thereof to the internal rules, procedures, and processes of the Subsidiary.

The information provided herein is prepared in accordance with Avia Solutions Group Enterprise Risk Management Policy approved by Decision of Board of Directors of Avia Solutions Group.

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