

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT 2021



CEO Message

Dear readers,

I'm pleased to present our first Environmental, Social, and Governance report for the 2021 period, which underlines the efforts made across the entire Group towards becoming a more sustainable business with additional focus on people, compliance, rules, practices, and processes.

Due to Covid-19, 2021 was a difficult year for everyone especially within the aviation industry, which experienced a turbulent time with global air travel on hold for a significant period. At Avia Solutions Group we responded as all great teams do, overcoming the many challenges that were presented to us throughout the year. From the outset, there has been clear and fluid communication between the Board of Directors and Management on the need to prioritise the health and safety of our employees, and to keep the business running.

Our business is made up of a wide range of aviation service providers, from ground handling at airports to airlines, and cargo operators. We've shown strength in times of adversity, providing opportunities to grow our team culture by supporting each other and identifying possible new opportunities. While airlines experienced difficult times and needed to adapt to provide ACMI services and freighter aircraft, cargo operators saw increased demand for the delivery of products such as vaccines, humanitarian aid and other commodities, as well as the support of healthcare personnel. At the close of the year, the results have demonstrated the high quality of the wider Avia Solutions Group team, which has been able to handle significant challenges by creating new opportunities, and of which I'm very proud to have been a part of.

I'm also glad to welcome to our team a new member of the Board of Directors, Thomas Klein, who since joining us in 2021 and thanks to his long international experience in the aviation sector, has brought a wealth of knowledge to the Group, with a strong sense of responsibility.

Moving forward:

From 2021 onwards, the aviation sector as a whole is expected to grow significantly. Similarly, Avia Solutions Group expects to grow and expand its business in the short, medium, and long-term future. Naturally, as part of this expansion and for long-term business success, progressing our environmental, social, and governance performance within the organization is fundamental. To this end, the ESG department was created in 2022, leading sustainable action and laying the ESG foundations across the Group.



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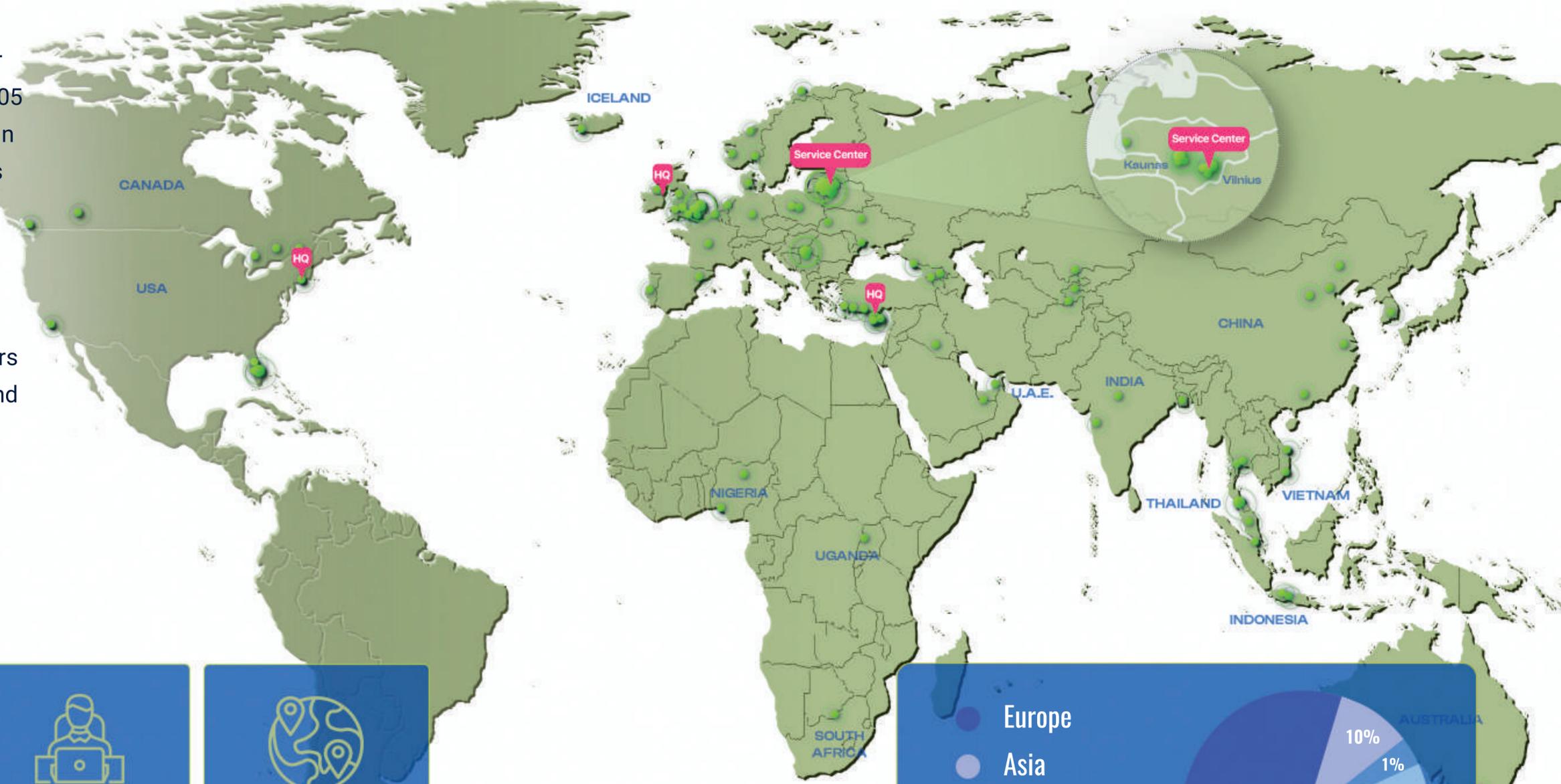
OVERVIEW



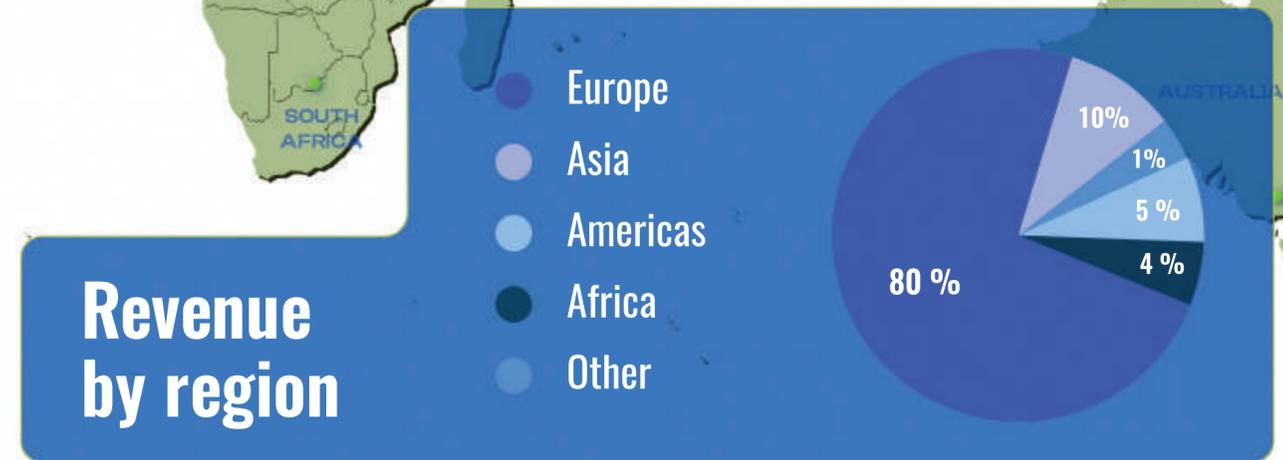
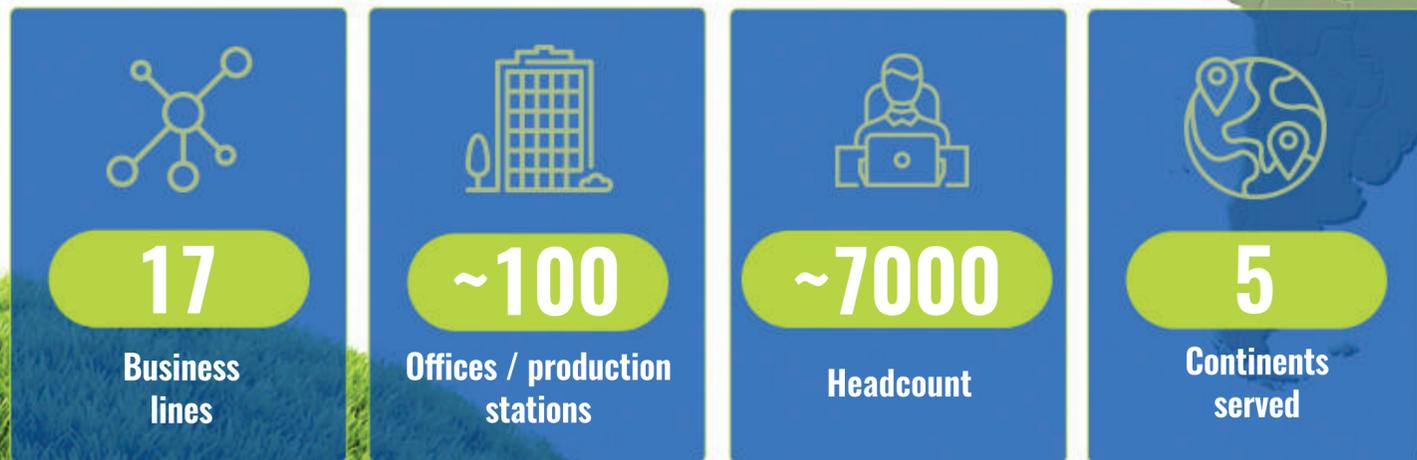
1. Business model

Avia Solutions Group, as a leader in comprehensive capacity solutions for passenger and cargo airlines worldwide, was founded in 2005 with the legal Head Quarters (hereinafter, HQs) in Cyprus. The Service Centre is located in the HQs of Vilnius, Lithuania, where most of our employees are based. The Group manages over 100 offices and production facilities worldwide and more than 7,000 highly skilled aviation professionals, serving more than 2,000 customers across Europe, Asia, North America, Australia, and the rest of the world.

Map of infrastructure



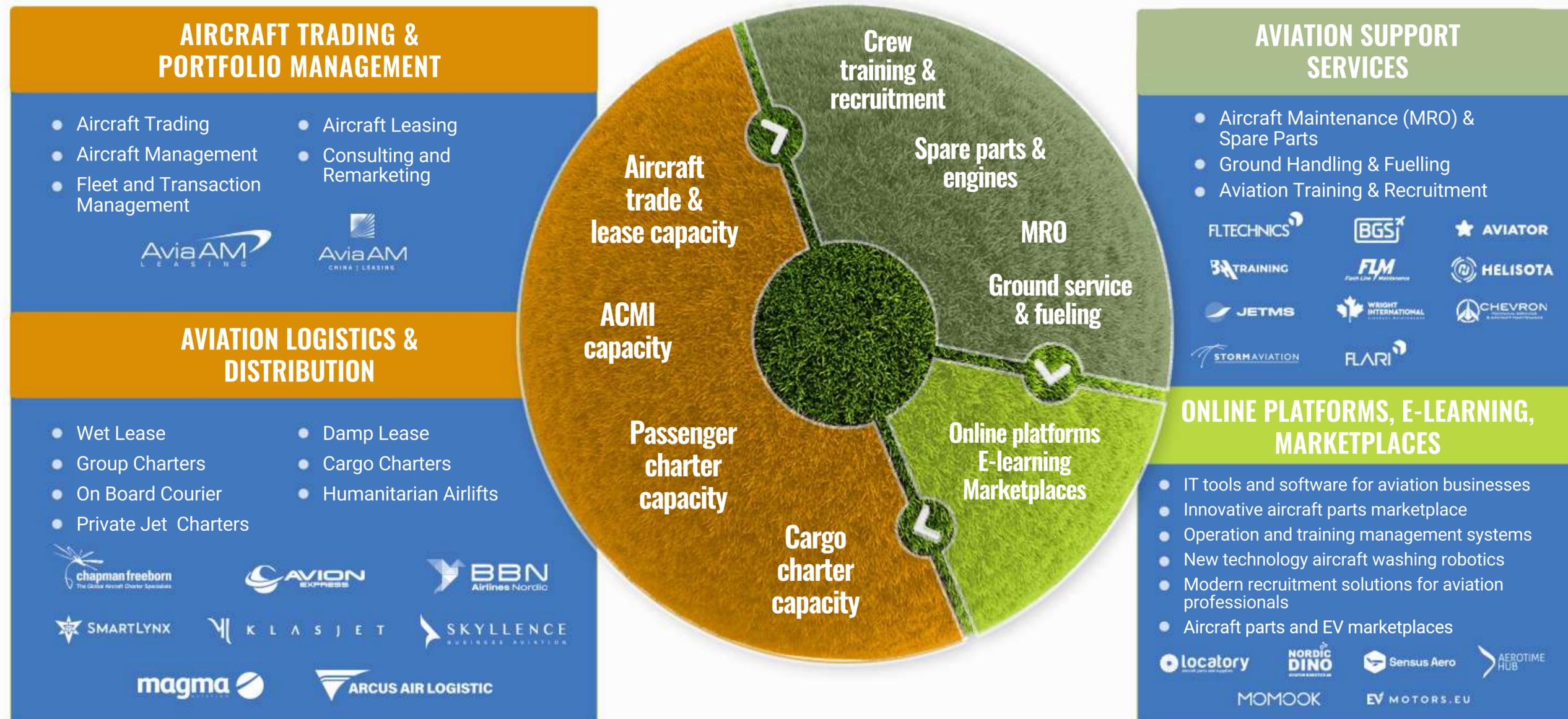
2021 statistics



1. Business model

Avia Solutions Group and its subsidiaries (hereinafter, the Group) have been growing over the years, providing wide range capacity solutions resulting in a robust and diversified international company.

Our broad portfolio of customer services includes Aircraft, Crew, Maintenance, & Insurance (hereinafter, ACMI) services, charter and cargo aviation, aircraft leasing and trading, Maintenance Repair Operations (hereinafter, MRO) services, business aviation and VIP airline contracting, pilot and crew training, contracting services, together with multiple ancillary services covering a wide range of associated operations. **In 2021, the Group generated a net profit of €34.4 million. Consolidated revenues increased to EUR 1,014.9 million, or around 46% compared to EUR 695.7 million in 2020.**



1. Business model

Some of the industry associations where we have membership



The International Air Transport Association (IATA)



The International Air Cargo Association (TIACA)



The National Aviation Association
LAVIA



Latvijas Aviācijas Asociācija
(LAA)



2. Considerations on the submission of this report

Information in this report:

Reporting period:

For the 2021 year, from 01.01.2021 to 31.12.2021.

Key contacts:

For ESG matters: **Silvia Rodriguez Boza**, ESG Manager; silvia.rodriguez@aviasg.com

For investors: **Ricardas Laukaitis**, Treasury Department Director; ricardas.laukaitis@aviasg.com

For media: **Silvija Jakiene**, Director of Communications; silvija.jakiene@aviasg.com

Reporting approach and global reporting standards:

Avia Solutions Group has reported the information cited in this GRI content index for the period 01.01.2021 to 31.12.2021 with reference to the GRI Standards. See GRI Index table is on page 59.

Scope:

For clarity and due to the fact it's the first report of its kind, the information included refers to the following subsidiary companies of Avia Solutions Group, the Group's most significant ones.



2. Considerations on the submission of this report



Avia Solutions Group PLC

In 2010, [Avia Solutions Group PLC](#) was established as the parent company of the Group and focuses primarily on the management of the Group's constituent companies. At that time, the entities comprising the Group were FL Technics, JETMS, BAA Training, Locatory.com, and Baltic Ground Services. From that year, the Group began to grow exponentially to more than 7,000 workers by 2021. The HQs are located in Vilnius, Lithuania.



Aviator

(legal name: AVIATOR AIRPORT ALLIANCE AB)

[Aviator](#) was founded in December 2010 with the acquisition of the Swedish company Nordic Aero and the two Norwegian companies Røros Flyservice and Norport Ground Handling. Aviator has become the largest independent ground handling company in the Nordic countries.

Aviator is a full range aviation service provider, taking care of passengers and equipment at 15 airports in Denmark, Sweden, Finland, and Norway.

Aviator offers support services, from passenger and baggage handling, through de-icing, loading and full cargo handling, to station services, including airport security and the NORDIC DINO aircraft washing robot. Since joining Avia Solutions Group in 2020, Aviator has worked closely with Baltic Ground Services.



Baltic Ground Services

(legal name: Baltic Ground Services, UAB)

[Baltic Ground Services](#) (hereinafter, BGS) is an international provider of ground handling, cargo and full-freight handling, aircraft fuelling, liquid ADR logistics, and training services, which was founded in 2005. BGS operates in 5 countries throughout Northern, Central and Eastern Europe.

In 2008, BGS became the first in Europe and one of 10 world's ground handling companies to be awarded the ISAGO safety and quality certificate for ground handling services and successfully maintained it till now. The company is an ISO 9001:2015, ISO 14001:2015, and ISO 45001:2018 certified organization and is also a member of IATA's Ground Handling Council (IGHC).



FL Technics

(legal name: FL Technics, UAB)

[FL Technics](#) was established in Lithuania in 2005 and became a global provider of aircraft MRO services. FL Technics Group specializes in base and line maintenance, parts and materials trading, full aircraft engineering and design, technical training services and logistic solutions. The company is operating 6 hangars with over 60,000 m² owned and leased premises and 70-line maintenance stations across Europe, Asia Pacific, Africa, Canada, and the Commonwealth of Independent States (CIS).

FL Technics holds a number of certifications (by EASA, FAA, FAP, GCAA, UK CAA and CAAC) as well as local approvals. FL Technics regularly renews its ISO 9001, ISO 14001, BS EN9110 certificates.

In 2021 FL Technics Group acquired Chevron Technical Services in Manchester and Chevron Aircraft Maintenance operating in Prestwick airport, both in UK, where 10 new line maintenance stations have been opened.

2. Considerations on the submission of this report



Avion Express
(legal name: Eyjafjoll, SAS)

Avion Express Group, founded in 2005, is one of the largest narrow-body ACMI operators in the world providing dry, damp, and wet leasing services as well as charter flight services. The organisation consists of Avion Express UAB sited in Lithuania and Avion Express Malta. The company has established long-term partnerships with clients operating around the globe.



BBN Airlines Nordic
(legal name: Bláfugl ehf.)

Since 1999, BBN Airlines Nordic has been an ACMI and cargo transportation services provider. Bláfugl ehf. is headquartered in Iceland but over 95% of the company's operations are abroad, mainly within the European Union. BBN Airlines Nordic core business is the provision of short and long-term ACMI services to integrators and other carriers globally. Ancillary services include ad-hoc charters as well as serving the general market with schedule services from Iceland to Ireland, Continental Europe, and Canada.



SmartLynx
(legal name: SIA SMARTLYNX AIRLINES)

Founded over three decades ago, SmartLynx Airlines acknowledged as a leading ACMI, cargo and charter provider. SmartLynx Airlines plays a starring role in supporting leading airlines across Europe, the USA, Asia, and Africa. Following on the back of expansion into the air cargo market in 2020, SmartLynx now supports various express cargo and cargo operators, using one of the most advanced cargo aircraft on the market, the Airbus A321-200F.

In Q4 2021, SmartLynx Technik, an in-house line maintenance center, was established to take care of the airline's fleet. The SmartLynx Training Centre addresses another part of the aviation business, focusing on providing training solutions for airlines in the Baltic States.



Chapman Freeborn
(legal name: CHAPMAN FREEBORN AIRCHARTERING LIMITED)

The Chapman Freeborn Group was formed in the UK in 1973 as an air cargo charter company. The company has come a long way since then – but the guiding principles have remained the same, providing specialist aviation services with unparalleled customer service. Through organic growth and acquisition, the organization now has an established presence in Europe, North America, Africa, Asia, and Australia. The Chapman Freeborn Group's depth of aviation expertise includes cargo and passenger charter operations, aircraft leasing, and humanitarian airlifts, among others.

As part of the Chapman Freeborn Group, Magma Aviation was launched in 2010 to manage dedicated wide-body cargo aircraft commercially and operationally, contracted on an exclusive basis from airline partners.



KlasJet
(legal name: UAB "KlasJet")

Founded in 2013, KlasJet is a private and business jet charter service, renowned as a leader in the provision of bespoke individual, group, and corporate flights worldwide. KlasJet is also joining the ACMI services market, which offers new opportunities to expand, serve a wider range of clients, and offer a greater variety of services.

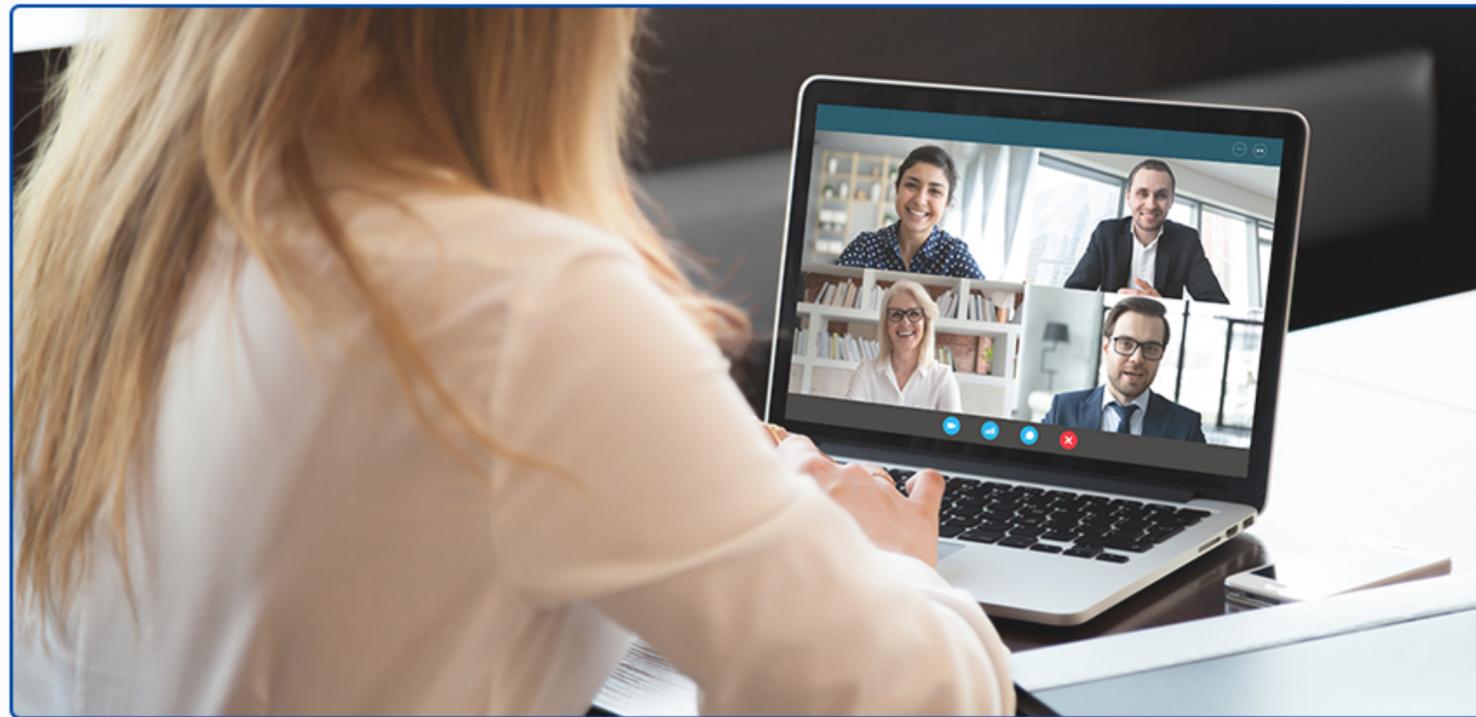
3. Addressing COVID-19 challenges

The Covid-19 pandemic has had a significant impact across the overall aviation industry and, during 2021, the Group has continued to deal with some of its repercussions. However, while airlines experienced a large drop in demand, cargo operations raised demand during this period, which in some cases increased employability.

Following the effects and consequences of Covid-19, several measures were taken to deal with the situation in a coherent and effective manner.

Flexible and remote working model

The Group's top priority was and remains the preservation of health and safety for all of our employees, as well as keeping the business operating. Therefore, although some of the measures adopted by the subsidiaries varied in degree, depending on how the pandemic affected each company, all Avia Solutions Group subsidiaries adopted the "flexible and remote working model", by implementing their own internal flexible or hybrid working initiatives. While most employees worked from home, those employees who were required to visit the workplace had to comply with strict security measures.



Strengthening our stakeholder relationships

Due to the challenges and uncertainty of the situation, questions started to arise from stakeholders about future plans and other potential threats in the sector. We therefore increased the frequency of conversations with stakeholders, keeping in constant communication with our customers, partners, and national health authorities. This was supported by regular internal Q&A sessions with CEOs, detailing both the current state and next steps. Since the beginning of the pandemic, the Board of Directors of Avia Solutions Group PLC has maintained a clear and transparent management of the situation within the Group.

Such frequent communication and open dialogue with stakeholders helped to build greater trust and thus develop stronger relationships. When economies began to open up after the crisis, this was key to a faster recovery.

3. Addressing COVID-19 challenges

Other common practices that were also applied by some of the company subsidiaries:

- Periodic testing of employees against Covid-19 infection, as well as covering costs of vaccination for employees and their immediate community.
- Elimination of physical contact at work.
- Regular disinfection of premises.
- Training on protection against Covid-19.
- Mandatory provision of health protection equipment such as face masks and disinfectants.
- Adequacy of computer systems for remote working and flexible working policies in place.
- Stress management training for staff.
- Conducting surveys on the emotional state of the employees.
- Constant and continuous guidance from management to maintain continuity of work.
- Cooperation with other ground handling companies to provide staff during shortages.



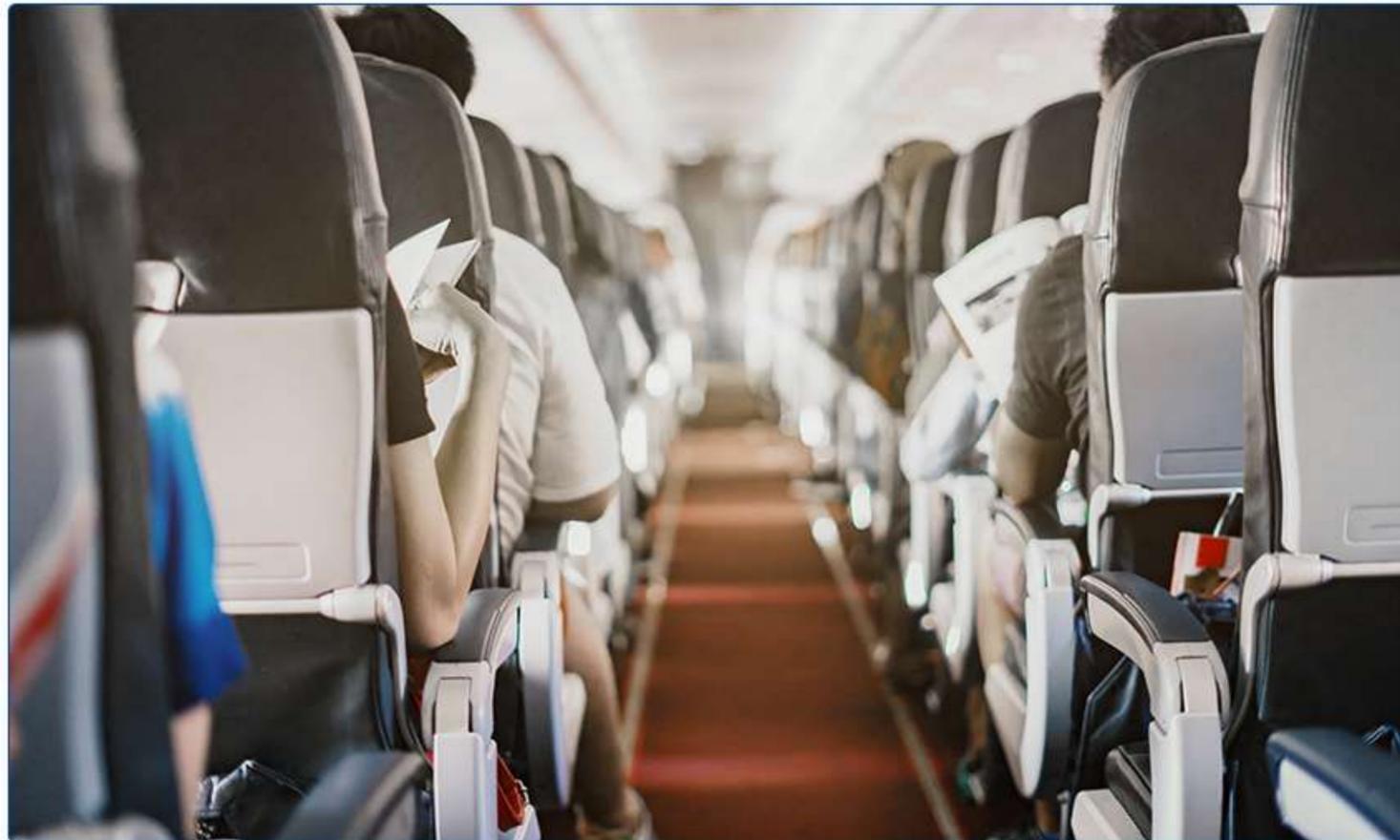
4. Materiality assessment and key topics

During 2022, we have been working on developing the Group's first materiality assessment, a process for identifying material aspects within the Group. In order to understand and prioritise our current and potential impacts on the environment and society, and, therefore, which information shall be included in this report, the assessment of the company's material matters has been key. The process has been developed by:

Becoming aware of the industry context

Understanding the industry context is essential to having an overview of the organisation and to understand both where to focus non-financial reporting information and where to place more emphasis when implementing our Environmental, Social and Governance strategy.

A list of key topics have been identified to be evaluated. The selection has been based on an internal analysis, which takes into account the different sources such as peers benchmarking, sustainability global standards, ESG ratings and agencies methodologies, as well as specific industry materials.



Identifying our main stakeholders

In order to have a wide understanding of the context, we've identified the main stakeholders within the organization, including:



Clients



Partners



Employees



Local communities, associations, and Non-Governmental Organisations (NGOs)



Lessors, suppliers, and airports



News media



Governments and institutions



Investors and ESG agencies



Unions

4. Materiality assessment and key topics

Prioritizing the material topics for the company

Identifying actual and potential impacts of our business activity

Given the full list of key topics that we have previously identified, we've used the inputs gathered in the process to understand our actual and potential impacts on the environment and society. Due to the nature of the materiality assessment concept, the process is dynamic and is therefore updated annually.

Measuring the relevance of the impacts

In order to assess the significance of such impacts, we've been working with different stakeholder's consultation methods such as surveys to customers, suppliers and employees as well as an internal analysis of different sources, where global sustainability standards, current and emerging new regulations, and international agreements were considered and studied.

The consultation methods used lead to the opportunity to be closer to our stakeholders as well as getting a better understanding of their concerns. Such practice reinforces the ongoing progress in strengthening our stakeholder dialogue.



Material topics



Environment

- Energy consumption and greenhouse gas emissions
- Air pollution



Social

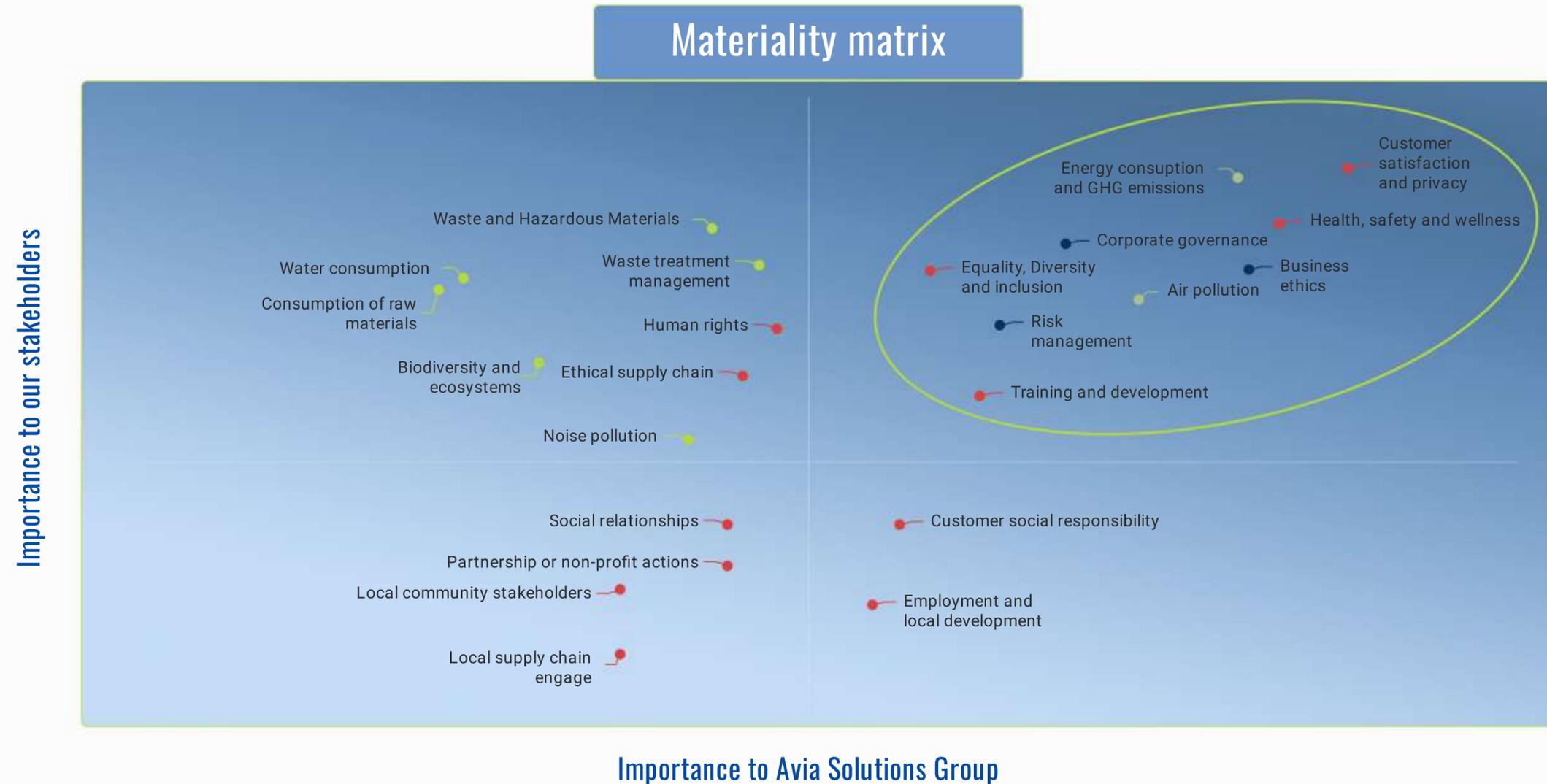
- Customer satisfaction and privacy
- Health, safety, and wellness
- Training and development
- Equality, diversity, and inclusion



Governance

- Corporate governance
- Business ethics
- Risk management

4. Materiality assessment and key topics



For material aspects, we are taking steps to improve our performance through implementing different initiatives. For some of the non-material topics, in which we have more power to act, initiatives and good practices have already been established or are planned for further development.

Evaluating the materiality assessment

The materiality assessment has been reviewed by the CEO and presented to the Board. The whole process is updated at least once a year since the impacts and stakeholders' preferences are constantly changing.

5. Stakeholder dialogue and engagement

Good stakeholder engagement performance is the key to long-term success. Therefore, as part of our ESG strategy, we are constantly working on improving this process. We have created the following variety of dialogues in order to improve our process and performance:

Stakeholders	Purpose of the engagement	Description of the engagement
 <p>Clients</p>	<ul style="list-style-type: none"> To understand the new demands of our customers as well as to be informed of their expectations and plans. To continue strengthening our relationships. To be aware of which sustainable technologies they are looking for. To open opportunities with new clients to grow. 	<ul style="list-style-type: none"> We have regular engagement with new and potential clients, from day-to-day business to long-term strategic discussions. Ongoing meetings with current clients to discuss new ideas, issues, and needs. With the aim to reduce CO₂ emissions, we are working with the customer on a sustainable collaboration project.
 <p>Employees</p>	<ul style="list-style-type: none"> To make a health, safety, and wellness work environment. To understand and fulfill their needs, share knowledge and information about company and business updates. For training and development within the Group. To inform on local issues and Human Resources (HR) topics/updates. 	<ul style="list-style-type: none"> Weekly and/or monthly newsletters, where information is published about the current situation, market updates, changes, incidents at work, staff issues. Questions & Answer sessions with the possibility to ask questions personally/anonymously to subsidiaries' CEOs. Quarterly and monthly meeting sessions led by the CEO via online channels, where it is presented, among others, financial information, new updates within the organisations and plans for the future. The employee satisfaction surveys launched throughout the year are aimed at finding out the level of employee satisfaction within the company. Mentoring, training, and counselling for employees. Ongoing communication to employees about the change in local Covid restrictions by email. Employee volunteering sessions organised by the Group.
 <p>Lessors, suppliers, and airports</p>	<ul style="list-style-type: none"> To cooperate during the Covid period by sharing information and safety consultancy. To understand emerging needs by being informed of airport changes and local issues. To report on company updates. To report our needs and make our existing engagement stronger. 	<ul style="list-style-type: none"> Meetings, discussions, and constant negotiations with suppliers. Variety of monthly meetings with all clients and airport owners. For instance, Aviator and BGS are meeting every month with the Airport Users Community (AUC) and Airport Operation Committee (AOC) forum where issues such as investments, updates for pricing, and infrastructure are discussed. In addition, BGS is a member of the Airport Safety and Airport Aviation Security Committees and regularly participates in meetings.

5. Stakeholder dialogue and engagement

Stakeholders	Purpose of the engagement	Description of the engagement
 Governments and institutions	<ul style="list-style-type: none"> To be informed about the latest environmental regulation and new emerging requirements. Looking for new initiatives and ways that could help us to become more sustainable. To know about scheduled and charter permits, overflights, and landing slots. To cooperate with labour exchange market in order to attract new candidates. 	<ul style="list-style-type: none"> Possible support from governmental institutions to simplify possibility to acquire electric transport. We respond to the regulations demands since we are required to be in compliance with several permits.
 Investors and ESG rating agencies	<ul style="list-style-type: none"> To show the results of Avia Solutions Group as well as getting a better understanding of their needs. 	<ul style="list-style-type: none"> We participate in quarterly conferences where we present corporate presentations dedicated to investors and where we discuss different business aspects.
 Partners	<ul style="list-style-type: none"> To develop new projects which aim to seek options to reduce our impact on the environment. 	<ul style="list-style-type: none"> Working together on potential projects.
 Local communities, associations, and NGOs	<ul style="list-style-type: none"> To cooperate with local universities and to educate them on the aviation industry. To donate to different NGOs and charity organisations. To represent the company subsidiaries' interests in relevant aviation associations. 	<ul style="list-style-type: none"> Donations to non-profit organizations by some of the company subsidiaries as well as encouraging employees to donate as well. See chapter "3.Social contribution". Participation in aviation sector events and discussions. Also being a part of international organizations and relevant associations. Internships for students.
 News media	<ul style="list-style-type: none"> To inform on Group updates, respond to their requests and know what the emerging needs from the communication channels are. 	<ul style="list-style-type: none"> Press release distribution, e-mail communication, phone calls, and other channels.
 Unions	<ul style="list-style-type: none"> To inform on local issues, human resources topics and changes in the airports. 	<ul style="list-style-type: none"> Aviator and BGS hold monthly and quarterly meetings with union representatives to discuss customer issues and the current situation at the airport, as well as information on health and safety matters.

6. ESG journey and strategy



2022 has been a pivotal year for the starting point of the ESG journey at Avia Solutions Group.

Great efforts have been made to develop and implement the ESG strategy across the Group.



Milestones achieved during 2022:

- First assessment of the Group's materiality.
- The development and implementation of the ESG strategy within the Group.
- Setting up the governance structure for ESG performance and implementation by identifying ESG designated persons in each subsidiary company (see chapter "1. Corporate Governance and Board members").
- Holding of workshops with the ESG designated persons of each subsidiary of the company, as well as with the Group's management, in which the results of the materiality assessment, the ESG strategy, and the legal framework for sustainability were shared.
- The collection of data for the first ESG report and thus the emission calculations based on the Greenhouse Gas Protocol definitions.
- Climate risk assessment at Group level and for each of the subsidiaries.

6. ESG journey and strategy



6. ESG journey and strategy

Contributing to the Sustainable Development Goals

In line with the 2030 Agenda for Sustainable Development established by the United Nations, the Group has identified the specific Sustainable Development Goals (hereinafter, SDGs) in which we can generate a greater impact and contribute to a larger extent to their achievement.



OUR ENVIRONMENTAL PERFORMANCE



1. Introduction

In 2021, the consequences of the Covid pandemic affected the demand for cargo operations, where the need for additional products and deliveries increased. Indeed, Chapman Freeborn played a key role in delivering certain medicines, vaccines, and other pharmaceutical and humanitarian goods to places where others could not reach. In fact, we are a major supplier to the United Nations and have expertise in the airdrop field.

However, according to Air Transport Action Group (ATAG), the global aviation industry produces around 2% of all human-induced CO₂ emissions, where 12% of CO₂ emissions from all transports sources are attributed to aviation. This fact leads to the organisations and the industry to re-think their business strategies and how the sector should recover from the pandemic.

2. Emissions calculations and actions taken to tackle climate change

2.1 Emissions calculation approach

The total amount of our CO₂ emissions in 2021 has been calculated with reference to Scope divisions 1, 2 and 3, which are based on the definitions of the Greenhouse Gas Protocol – revised edition, 2015 (hereinafter, GHG Protocol)¹. In accordance with European Union Emissions Trade System (hereinafter, EU ETS) and Carbon Offsetting and Reduction Scheme for International Aviation (hereinafter, CORSIA) regulations, some of our subsidiaries have previously calculated emissions according to the definitions of these regulations. As following the legal requirements, the subsidiaries to which this latter applies are audited by an external party. Thus, 74% of Scope 1 emissions based on GHG protocol definitions are under external assurance because of EU ETS and CORSIA. The most representative source of Scope 1 emissions is from aircraft fuel combustion, which accounts for more than 98%.

As for Scope 2 emissions, they are mainly driven by the energy consumed in FL Technics' hangars, with around 60,000 m².

Scope 3 includes emissions from business travel and employee commuting. On the other hand, as our most relevant leased assets and products sold are the provision of ACMI services, aircraft leasing and brokerage of cargo and passenger aircraft for our customers, most of these emissions are related to them, and should be included as a different category in Scope 3. However, as these emissions are not controlled or monitored by us, they are not included in this report for the time being.

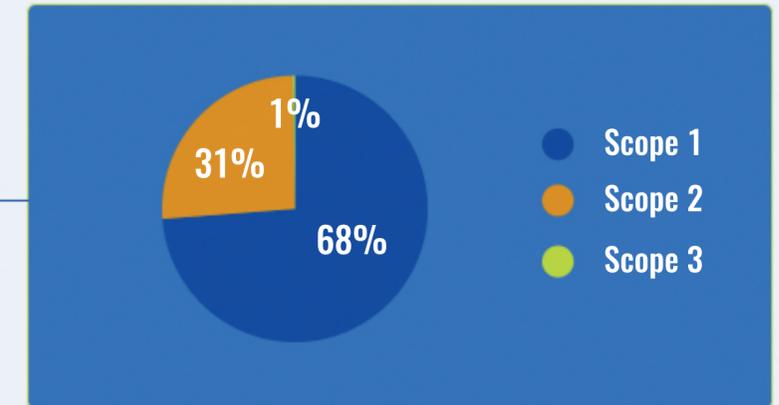


1. Consolidation approach for emissions chosen: operational control.

2.2 Total emissions and Scope 1

Be aware that business activity in 2021, and thus the generation of CO₂ emissions, has decreased considerably compared to previous years as a result of the restrictions and lockdowns due to Covid-19. According to the growth forecasts for the sector, a significant increase of aviation business is expected in the coming years.

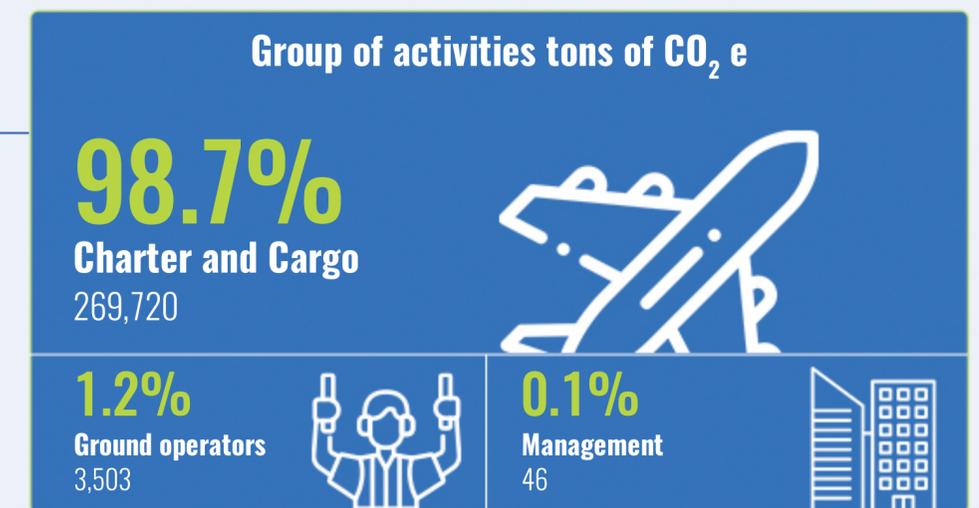
2021	CO ₂ emissions (in tons CO ₂ e ¹)
Scope 1 - Total ²	273,271
Scope 2 – location-based method	2,578
Scope 3 - Total	2,167
Scope 3 – Business travel ³	1,475
Scope 3 – Employee commute ⁴	693



 **98.7%** of Scope 1 emissions are from aviation fuel

The table on the right shows the CO₂ emissions of Scope 1 in 2021, broken down by company subsidiary. 98.7% of the total emissions are driven by the airlines of the company, where SmartLynx, Avion Express, BBN Airlines Nordic, and KlasJet are taking the main roles.

	tons CO ₂ e
TOTAL	273,269
Charter and cargo	269,720
Ground operators ⁵	3,503
Management	46



1. Carbon dioxide (CO₂) equivalent is the measure used to compare the emissions from various types of greenhouse gases based on their global warming potential (GWP). For the fuel combustions of aircraft, we have used the emission factor which falls under the EU ETS regulation (3.15 t CO₂ / t fuel). For other sources, the gases included in this measure are CO₂, CH₄ and N₂O and the emission factors are taken according to the GHG Protocol tool.

2. Scope 1 - Includes mobile combustion of aircraft operated under our call sign, the same criteria adopted by the EU ETS regulation, or those flights that we operate, as well as company vehicles such as cars, trucks, vans, etc. A very small part (0.1%) corresponds to stationary combustion in hangars.

3. Scope 3 - Business travel: part of the emissions included in this division has been estimated as some of the subsidiaries have collected this information for the first time.

4. Scope 3 - Employee commute from home to workplace: information on these emissions has been collected through an employee survey. Based on the results of the survey, some assumptions and estimates have been made.

5. Including MRO, ground handling and logistics operators.

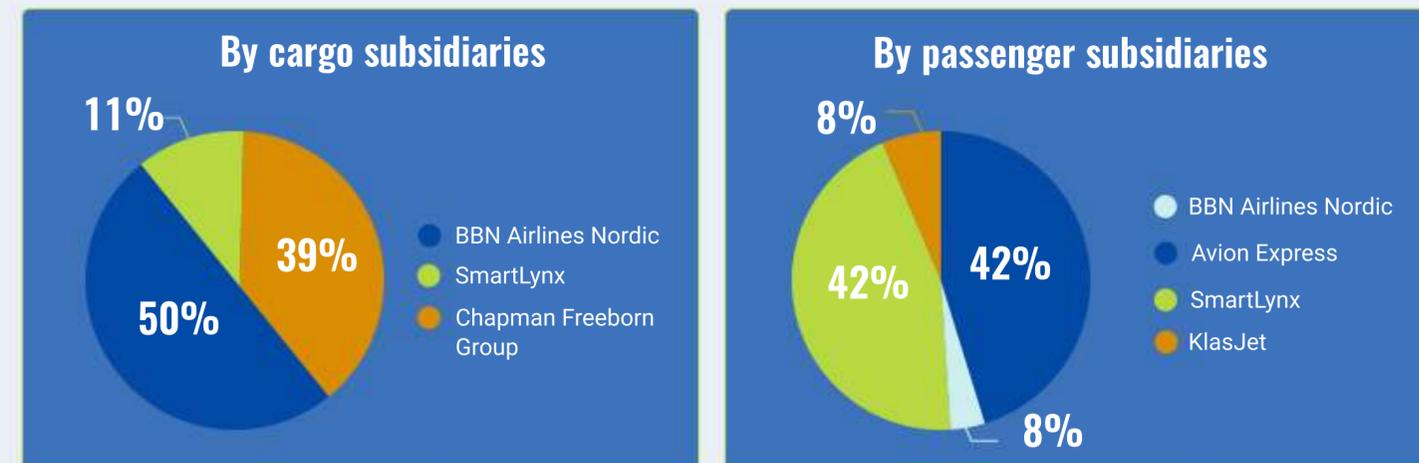
2.3 Our fleet

Aircraft fleet Q4 2021:

The fleet¹ was comprised of 87 aircrafts.



By subsidiary and type of aircraft Q4 2021:



Our **preighter** fleet is owned **100%** by SmartLynx.



1. The fleet consists of aircraft from subsidiaries which are under the scope of this report. If we take into account Avia Am Leasing Group fleet, the total number of aircraft increase to 93.
2. Owned fleet is referring to those aircraft which are owned as property plant or equipment (PPE) or inventory.
3. Leased fleet is referring to those aircrafts which are leased and operated from third party lessors.

2.3 Our fleet

Most efficient aircraft in our fleet:



Planning to introduce more efficient aircraft:

- Acquisition of Boeing 737 MAX 8 and A321F for cargo operations at SmartLynx. A321F has a 13-15% lower fuel burn compared to the 757-200PCF, while the 737 MAX 8 will offer a 15-20% lower fuel burn compared to the A320.
- BBN Airlines Nordic is introducing and renewing their fleet by acquiring B737-800 instead of B737-400 and B737-300, which will bring more efficiency on fuel consumption.



2.3 Our fleet

Ground handling:

Both, **Baltic Ground Services and Aviator**, our two ground handling providers, are currently working on a **Vehicle Renewal Plan** and **Road Map** respectively, which are mainly focused on the acquisition of more electric vehicles and the addition of low-emission vehicles that will reduce the emissions in Scope 1.

With 954 vehicles in the current fleet,

Aviator is committed to become carbon neutral by 2026¹.

47% of the vehicle fleet is **electric + 2 additional hybrid vehicles.**



Baltic Ground Services' fleet consists of 43 vehicles. Moreover, the company is looking for **electric alternatives** and currently:

28% of vehicle fleet is **electric.**



Company cars

Although the fuel consumption of company cars is not representative within the Group, we have the possibility to switch to cleaner vehicles, such as electric or hybrids. In fact, SmartLynx already has two fully electric company cars at the disposal of its employees and is considering increasing this number in the future.

In addition, some FL Technics line maintenance stations in Europe have already switched to electric vehicles, whereas others are planning the transition within a period between 3-6 years considering the timeline of the current leasing agreements and the characteristics of the owned vehicles.

1. Carbon neutral by 2026 of Scope 1, 2 and 3 emissions. For Scope 3 includes just those emissions driven by the use of glycol for de-icing activities.

2.4 Efficiency in operations

Flight operations:

One of our airlines, KlasJet, has a **fuel efficiency program** that analyses flight performance, ensures and improves fuel efficiency. At the same time, they **optimize pilots travelling** by locating them in the most efficient bases to minimize travelling needed to reach the flight start location. **BBN Airlines Nordic** is evaluating and planning to introduce a fuel efficiency program as well.

The whole fleet of SmartLynx is currently in the process of acquiring a customized database for the **ACARS AOC functionality** (Aeronautical Operational Control part of the Aircraft Communications, Addressing and Reporting system), digital data transmission system between aircraft and ground stations, giving the company a chance to increase its data collecting capabilities that will aid in operational decision making (for example – enabling us to carry out predictive maintenance works on aircraft or adjusting flight plans more efficiently).

On the other hand, while SmartLynx is currently updating its **fuel saving policy**, the organization already uses some fuel saving techniques, such as the **One Engine Taxi-In Policy**, thus reducing the fuel burned and the resulting CO₂ emissions.



2.4 Efficiency in operations

Logistics operations:

Following BGS vehicle management and Renewal Plan, new possibilities to upgrade our logistics fleet with CO₂ reduced trucks are being searched for, such as **Compressed Natural Gas (CNG), Plug-in Hybrid Electric Vehicle (PHEV) and CO₂ neutral electric trucks**.

Furthermore, BGS offers **eco-driving training** to drivers and has optimised the company's transport routes. This was done to avoid unnecessary kilometres, reduce unwanted costs and time losses, and reduce the carbon footprint.

Quality control of logistics and fuelling operations in the BGS Group is performed using a well-developed network of video cameras, which allows the entity to quickly control stations without the need to travel.

Ground-handling operations:

Aviator is operating in the Scandinavian region, where sustainability focus has been high on the agenda of governing bodies for a long time. In some of the airports where Aviator operates the certification of carbon neutrality has already been achieved, enabling us to make use of green energy sources and be part of a more sustainable development:

- Sweden has 10 airports operated by Swedavia, that have already achieved net zero carbon emissions, operating fossil-free since 2020.
- Finland has 19 airports operated by Finavia which achieved carbon neutrality in 2019. The majority of the Scandinavian airports are part of the Airport Carbon Accreditation (ACA) program where the progress is monitored. ACA is an industry scheme that airport operators can accredit themselves to. The purpose of the scheme is to reduce greenhouse gas emissions from airports worldwide.



2.5 Sustainable Aviation Fuel (SAF)

SAF gives an impressive reduction of up to 80% in carbon emissions over the lifecycle of fuel compared to traditional jet fuel it replaces, depending on the sustainable feedstock used, production method, and the supply chain to the airport. SAF can be blended at up to 50% with traditional jet fuel and all quality tests are completed as per traditional jet fuels.

SAF incentives and regulations

The ReFuelEU Aviation proposal, as part of the European Commission's "Fit for 55" climate package, will require fuel suppliers to include 2% SAF in EU airport supplies from 2025. This figure should gradually increase to 63% by 2050. In order to prevent the transport of fuel in tanks, the proposal also includes an obligation for air operators to collect fuel at EU airports. EU airports must also provide the necessary infrastructure for the storage and blending of the required SAF.

Other regulations, such as French legislation, provides for the incorporation of 1% of biofuel on all flights departing from France as of 2022. In the UK, as a result of the Jet Zero Strategy, Sustainable Aviation Fuel mandates are being established, which aims to increase at least 10% of jet fuel production to include SAF by 2030 and, therefore, to be net zero by 2050.

Moreover, the USA has launched a sustainable Aviation Fuel Grand Challenge, as part of a wider aviation climate action plan, to produce 3 billion gallons of fuel a year by 2030, due to the need to increase production of SAF.

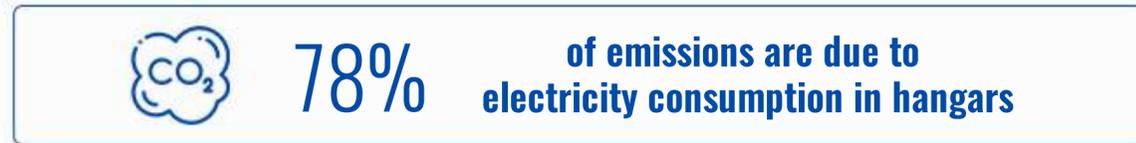
Actions taken and next steps

In 2021, BGS initiated discussions with potential SAF suppliers. As a result, BGS will coordinate the quantities of SAF sold and the delivery conditions for interested airlines. The process will **benefit from the BGS-owned logistics park and will simplify the supply of SAF.**



2.6 Efficient energy use and renewable sources - Scope 2

Scope 2 emissions:



2021	Electricity (tons of CO ₂ e)	Heat and Steam (tons of CO ₂ e)
Total emissions, location - based method	2,578	3,252

*For the HQs in Vilnius and since the entities of Avia Solutions Group PLC, Avion Express, KlasJet, BGS and FL Technics share the office building, the total consumption has been divided considering the number of floors of the building occupied by each company.

Hangars:

Most of the Scope 2 emissions, 78% of the total, correspond to FL Technics Group, as its main business activities take place in hangars. The organisation has hangars and shop facilities in Lithuania, Indonesia, and the United Kingdom. FLT also has an extensive network of line maintenance support stations across Europe, Africa, Asia Pacific, the CIS, and Canada.

FL Technics is committed to achieving zero emissions in Scope 2 by guaranteeing 100% renewable sources of purchased energy in its owned premises by 2028. The organisation will use market-based options by purchasing green certificates.

Additional initiatives are being developed to achieve more efficient energy consumption, such as the gradual replacement of old-style, resource-intensive lighting and wiring systems in hangars, warehouses and commercial premises with LED luminaires and modern energy-saving solutions. In addition, in order to gain energy efficiency, wherever possible, the reconstruction of the premises for better insulation will be carried out. The installation of solar panels is also being considered.

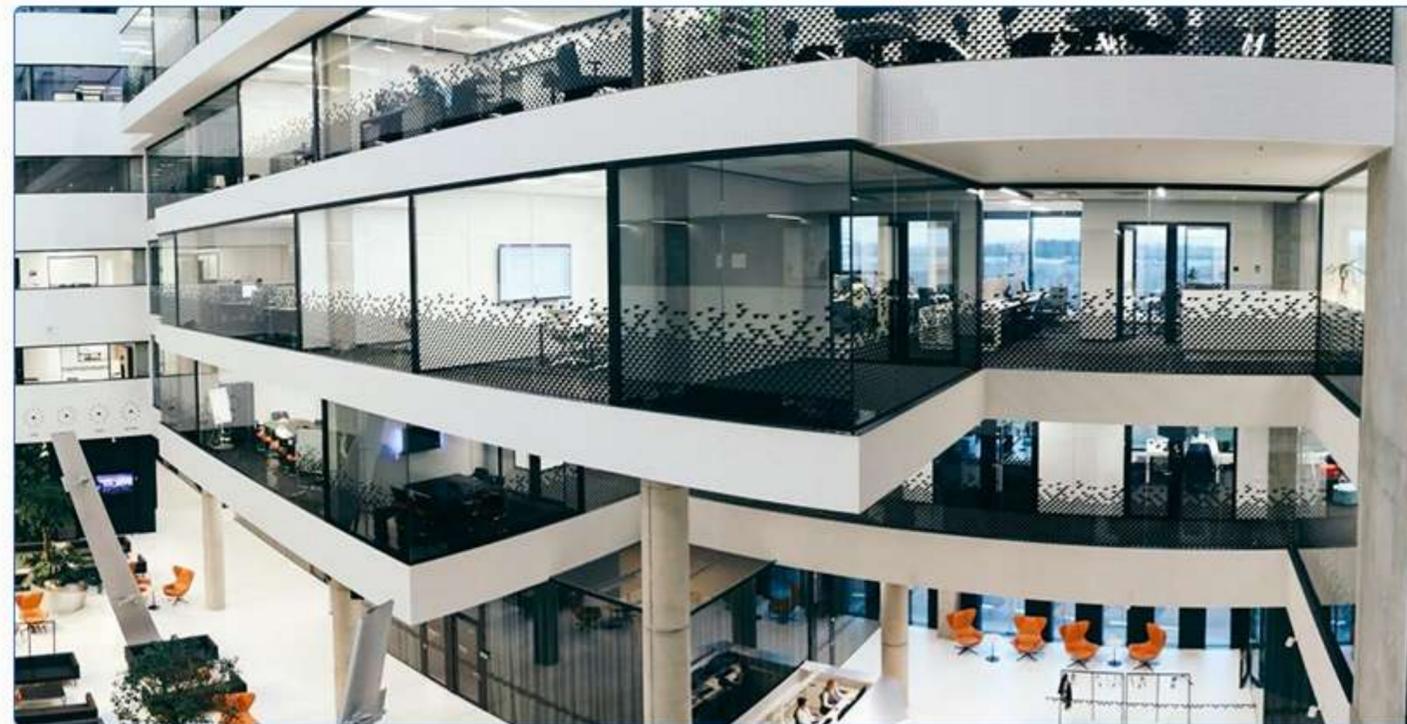


2.6 Efficient energy use and renewable sources - Scope 2

Offices:

While most of the Scope 2 emissions come from energy consumption in the hangars, we also need to pay attention to the consumption in our offices worldwide, for example by making use of LED bulbs instead of conventional bulbs, and thus improve energy efficiency.

 **100%** of electricity from renewable sources at Vilnius HQ as of 2022



Environmental certifications:

BGS and FL Technics are already ISO 14001 certified for their environmental management systems and are continuously renewing the certification following an audit by an external party. Specific initiatives have been developed and implemented both within the framework of this certification, and in compliance with local environmental legislation in each of the countries we operate.

Avion Express and KlasJet plan to establish an environmental management system according to ISO 14001 in 2023 and 2025, respectively. BGS is planning to be certified ISO 50001 (energy management) by 2023.

2.7 Business travels and employee commute - Scope 3

During 2021, business travel was greatly minimised due to the Covid-19 situation, encouraging the use of teleconferencing instead of face-to-face meetings. Also, instead of travelling for internal audits, BGS began using an advanced CCTV (Closed-Circuit Television) system, which cut down the need for travel while maintaining the same high level of quality in operations of BGS stations.

On the other hand, some measures have been taken to reduce our Scope 3 emissions related to our employees' commuting to and from home:

- Flexible working arrangements (allowing work from home to varying degrees depending on duties/position and location – from 1 to 5 days per week).
- At the HQs in Vilnius, a charger for electric vehicles is provided and employees are encouraged to use them as well as storage for bikes and electrical scooters.
- Avia Solutions Group PLC management in a dialog with municipality in Vilnius, Lithuania, agreed to locate public transport stop next to the headquarter office.
- Initiatives for use of bike, walking, car sharing, and use of public transportation are supported. For instance, all employees from Avia Solutions Group PLC have the option to get free tickets for public transportation.
- The implementation of online based logistics and ground-handling training programs by BGS to allow internal and external trainees to attend at any time without the need to go into the office.

Other emissions in Scope 3:

As for ACMI services, aircraft leasing and brokerage of cargo and passenger aircraft are leased to third parties, we are subject to the preferences of our customers, so our scope of action is limited. Nevertheless, the measures taken to relative reduce Scope 1 emissions will help therefore reducing relative emissions from ACMI services. For 2021, these emissions have not been included in this report.

From conventional glycol to recyclable alternatives:

For safety reasons, aircraft wings must be free of ice and snow. For this purpose, our ground handlers use glycol for de-icing operations. Emissions are generated during the glycol production process. Aviator is actively working on reducing the CO₂ footprint related to the glycol used in the de-icing operation. During 2021, an initiative was launched to start recycling the glycol in the coming years.

Scope 3 emissions:	Business travels ¹ (tons of CO ₂ e)	Employee commute (tons of CO ₂ e)
TOTAL	1,475	693

1. Business trips have been calculated on the basis of different data collection methods, where in some cases estimates have been needed.

2.8 Noise pollution

Although the operations we manage are often far from cities, noise pollution at airports must be reduced as well. The acquisition of more technologically advanced vehicles and aircraft in our fleet will considerably benefit the reduction of noise pollution. FL Technics Lithuania and Indonesia have introduced regular noise and air pollution testing to ensure environmental safety as well as the protection of human rights of employees and the surrounding communities.



3. Climate - related risks

3.1 Introduction

Over the last few years, we have certainly seen the consequences of climate change such as higher temperatures, rising sea levels and the danger in coastal areas, floods, forest fires and freshwater scarcity. A variety of impacts can arise consequently, which is a challenge that companies must face.

During 2022, the ESG and Risk Management teams have been working together to integrate the climate-related risks within the whole Enterprise Risk Management (hereinafter, ERM) process of the company.

The Group has decided to assess climate-related risks according to the division by transient and physical risks, as suggested by frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD).

Transitional risks description

The path towards more sustainable development and decarbonization by 2050 in Europe could entail different challenges that companies must deal with. **Legal and regulatory, technological and market risks can emerge within businesses, which we've considered in the assessment.**

We firstly identified specific potential transition climate-related risks within our sector by analysing environmental legislation and regulation proposals, new technologies available, prices of fuel, SAF, renewable fuels for road transport, and changes in customer preferences, among others.

Secondly, **we assessed these risks based on the Group's ERM methodology** (see chapter "3. Risk Management") and taking account the organisation's existing controls each subsidiary considers the likelihood of the risk occurrence in the next 5 years, as well as the financial, regulatory, reputational and employee health and safety impacts that could occur over the same period.

Physical risks description

Within the physical risks, we can find those risks that are driven by certain events such as windstorms, fogs, snowstorms, connected activity, so-called acute risks, and those risks that are considered to be climatic threats that could remain in the long term for the environment such as sea level rise or increase of extreme temperatures, so-called chronic risks.

The assessment of the likelihood of these risks has been based on **EUROCONTROL's report on Climate Change Risks for European Aviation**, as well as other sources, such as the insights of **the Centre for Aviation – CAPA and the Climate Change 2022, IPCC report.**

Once the information has been gathered from these sources, the ESG area, together with the ESG designated person in each subsidiary company, assesses the likelihood of that particular risk occurring, based on the controls already in place and the geographic location of its operations.

Despite the actual consequences of climate change, it should be borne in mind that as our core business is the provision of services, most of the company's operations are susceptible to be modified and which gives us the chance to switch location, if necessary.

3.2 Transitional risks

Legal and regulatory risks

Airline CO₂ emissions are already regulated by the **EU ETS** and **CORSIA** by the European Commission and International Civil Aviation Organization (ICAO), respectively. In addition, emerging new litigation requirements, such as the new proposed EU ETS, strive to tighten and penalise airlines that increase such emissions by reducing free allowances. The Toulouse declaration and the ReFuelEU proposal are other examples of international collaboration and legislative reinforcement that is taking part in a cleaner CO₂ future.

At the same time, beyond the Non-Financial Reporting Directive (NFRD), new disclosure requirements need to be reported as a result of the Corporate Sustainability Reporting Directive (CSRD) for large companies as well as the Green Taxonomy for the aviation industry, which move towards more reliable corporate transparency.

Technological risks

New technologies are essential to meet the ambitious targets already set by **the Paris Agreement** and **the European Green Deal**. However, there is a need to still improve available technology in the aviation industry, which carries out the necessity to forecast the additional cost involved of acquiring a more technologically advanced fleet.

Jet fuel and alternatives for more sustainable fuel prices

In order to reduce the CO₂ emissions and given that the necessary technology such as electric aircraft is not yet available, the use of sustainable aviation fuels and, renewable fuels for road transport, is one of the most common existing alternatives to making the transition cleaner as they reduce up to 80% of the emissions in the lifecycle. However, the prices of sustainable and renewable fuels are higher than conventional fuels and therefore need to be controlled, monitored, and correctly provisioned in-house.

Changes in customer behaviour and preferences

Due to the need to reduce the impacts of climate change and to cope with legal obligations, environmental issues are taking a leading role in customers' decisions. For this reason, we maintain ongoing discussions with our customers to ensure that any new preferences that arise are covered.

Increasing the investors' demands

The existence of both financial and non-financial impacts due to climate-related risks are increasingly considered in investment decisions with the intention of knowing whether the company is resilient to them or not. Indeed, investors' interest in ESG performance has highly increased. Therefore, in order to respond the stakeholder's demands, we are taking steps towards greater transparency through increasing disclosure of ESG information, such as this ESG report.

Market risks

3.3 Physical risks

Acute risks

Increasing of storms - windstorms, fogs, and thunderstorms

According to the EUROCONTROL's report, extreme rainfall days and associated connected activity are projected to increase across northern Europe and to decrease across southern Europe by 2050. These storms can impact airport arrivals since storms are historically responsible for up to 7.5% of total en-route ATFM delays at network level. However, consistent with the report, there is no evidence that the patterns of the weather could change in the next 5 years.

Sea Level Rise (SLR)

Under the IPCC, continued and accelerating sea level rises will encroach on coastal settlements and infrastructure and commit low-lying coastal ecosystems to submergence and loss. Sea levels in most of Europe are predicted to rise broadly in line with the global average over the longer term, as EUROCONTROLS' report confirm.

Chronic risks

Increase of extreme temperatures

Global warming is one of the clearest consequences of climate change. Rising temperatures have a real impact on society and communities, as the IPCC report points out. As a company we implement specific controls to monitor and control it, such as forecasting the additional cost that will appear in the future due to increased use of air conditioning and necessary chemicals used before take-off.

3.4 Transition and physical risks assessment

Transitional risks

As we can see in the following table, the climate-related risks assessed for the entire Group are described, and there are zero risks rated as 'high' in the next 5 years. The existing controls, also included in the table, are intended to ensure that these risks do not occur and try to mitigate their potential impact in that period. The assessment was carried out internally by each subsidiary taking into account its own specificities and characteristics. Each year, when the risk analysis is performed, the company will make efforts to improve the process of identifying, assessing and mitigating risks in order to be resilient to them.

Legal and regulatory risks		
Risk score	Risk score	Existing controls
New environmental litigation requirements	Medium – low level 	<ul style="list-style-type: none"> All Group legal compliance departments are responsible for all new environmental legal requirements as they arise. We closely monitor the status of new legal requirements or possible changes in the regulatory framework. This enables us to modify the risk limitation procedure when necessary. The trust and ongoing relationship we have with national policy makers facilitates the identification of new and emerging regulations. We foresee the potential increase in emissions costs because of regulations such as the EU ETS, CORSIA and other specific local requirements. The Group focuses on the development and enhancement of the ESG strategy within the organization, which ensures an ethic and transparent behaviour. During 2022, a fully dedicated team to ESG matters has been created within the Group.
Emerging regulation related to disclosure obligations	Medium – low level 	

Technological risks		
Risk score	Risk score	Existing controls
Increased costs of transition to low-emission technology	Medium - high level 	<ul style="list-style-type: none"> Management is actively seeking ways to renew part of the fleet for some of the company's subsidiaries and introduce newer, more efficient and less noise-emitting aircraft/vehicles into the fleet. The costs of acquiring new technologies are forecast to ensure that a provision is made for this purpose.

Risk score:  1. High level  2. Medium - high level  3. Medium - low level  4. Low level

3.4 Transition and physical risks assessment

Market risks		
Risk	Risk score	Existing controls
Volatility and rising prices of sustainable aviation fuels and other renewable fuels	Medium – low level 	<ul style="list-style-type: none"> • Ongoing discussions with customers enable us to identify new needs in relation to ESG issues. In addition, customer surveys are conducted on the quality of service. • Some of the subsidiaries have human resources that exclusively control fuel and other fuel alternatives prices daily. • We quickly adapt changes to business needs (determination of flight price changes, review of standard contract conditions, adaptation of payment conditions). • Most of the contracts are not long term and the risk of fuel price increases is borne by the customer, as the price is agreed in the contracts themselves and linked to possible fuel price variations. • The Climate Risk Assessment exercise aligned with the Group's ERM process. • The establishment of the ESG strategy within the Group promotes the implementation of more sustainable initiatives. See chapter "6. ESG journey and strategy". • The publication of the ESG report on an annual basis increases the company's transparency with stakeholders regarding ESG issues.
Changing customer behaviour in terms of more environmentally friendly preferences	Medium – low level 	
Increased investor demands on environmental performance	Medium – low level 	

3.4 Transition and physical risks assessment

Physical risks

Acute risks		
Risk	Risk score	Existing controls
The increase of storms such as windstorms, fogs, and snowstorm and connected activity (thunderstorms)	Low level 	<ul style="list-style-type: none"> Station managers, a position that is in most subsidiary companies, cover this part of the business as one of their functions.

Chronic risks		
Risk	Risk score	Existing controls
Sea level rise (SLR) on airport operations causing flooding	Low level 	<ul style="list-style-type: none"> Most of our operations are not located close to the sea, which significantly reduces such risk. Among the criteria used for a new project, the location is key.
Increased extreme temperatures	Low level 	<ul style="list-style-type: none"> We anticipate the costs of increasing the use of air conditioning, heating, or other fluid for aircraft maintenance (de-icing) by ensuring that there is a dedicated provision for this. For those employees, who work in high temperatures, the companies provide specific work clothes, several water stations, recommendations to take regular breaks by the employees and air conditioning at offices.

4. Responsible use of the natural resources

4.1 Initiatives developed to reduce waste generation

In general, the entities within the Group are aware of the importance of waste reduction and they make efforts to decrease their generation as much as they can.

	Initiatives already in place:	Initiatives in current development:
<p>At offices:</p>	<ul style="list-style-type: none"> The provision of recycling bins for proper waste separation and collection. At BGS all representative gifts for business partners and employees should be from environmentally friendly materials. Sustainability training for all BGS employees, where the use of paper in the office is one of the topics included in the training. 	<ul style="list-style-type: none"> BBN Airlines Nordic and KlasJet are working on creating a paperless office process through the development of paperless office policies, replacing paper copies with cloud storage, use of digital apps and use of electronic signature software.
<p>At hangars and other facilities:</p>	<ul style="list-style-type: none"> Packaging materials in warehouses and production facilities at FL Technics in major locations are thoroughly collected, accounted, and reused to the highest extent possible (if not – appropriately recycled). For instance, an external organisation is involved to ensure the transparency and accountability in Lithuania. Hazardous materials and waste generated by the maintenance process at FL Technics are also collected and separately stored as per ISO and other local regulations and requirements. Third parties are outsourced for the utilization. 100% of BGS hazardous waste is sorted. 	<ul style="list-style-type: none"> FL Technics is going to replace the use of absorbent fabric materials with reusable mats in Vilnius and Kaunas hangars. In the maintenance process, textiles are used to clean machine oil, lubricants, and various other chemical liquids. Later, such used materials should be appropriately utilised as hazardous materials and are not suitable for further recycling. FL Technics plans to use reusable textiles made from special fabric, which will be collected each week, washed, and returned for many uses. Hazardous substances originating in the laundry process at FL Technics are properly treated by our socially responsible partner, Lindstrom.

4.1 Initiatives developed to reduce waste generation

	Initiatives already in place:	Initiatives in current development:
At flights:	<ul style="list-style-type: none"> Food and drinks sold during Avion Express charter flights are packed in paper or non-single use plastic as per legal requirements. Zero plastic tableware used on KlasJet flights. SmartLynx and KlasJet are using Electronic Flight Bags. Indeed, SmartLynx was the first aviation company in the Baltics to replace the necessity to carry paper documentation in the cockpit and introduce the usage of Electronic Flight Bags in 2017. 	<ul style="list-style-type: none"> KlasJet uses passenger inventories such as blankets, cushions, slippers and travel kits from recycled materials. Cabin crew uniforms for KlasJet are sewn from recycled materials as well. KlasJet gives all unsuitable aircraft parts to our responsible partners for utilization.
In logistics operations:	<ul style="list-style-type: none"> To reduce paper waste in logistics, BGS has introduced specialized computers in trucks that help reduce the number of documents for print by storing them in a virtual space. 	<ul style="list-style-type: none"> Most of the internal documents are used in electronic version by BGS Logistics.

Targets

2023

KlasJet and Avion Express are planning to implement a new digital solution to replace paper documents in maintenance management processes by 2023.

2025

By 2025, KlasJet will reduce our paper and plastic material waste products by 70%.

2026

Eco-friendly packaging solutions for the majority SmartLynx inflight cabin operations by 2026.

4.2 Initiatives developed to reduce water consumption

NORDIC DINO ROBOTS - Aircraft exterior cleaning robot

Nordic Dino AB, as a family member of our Group, is the world's leading producer of self-contained robots for automatic aircraft washing and aircraft cleaning services. Aviator Robotics AB, employ a dedicated team of specialists and experts who oversee the Dino robot's manufacture and development at a modern hi-tech facility in Vallentuna, Sweden. Their constant aim is to further develop robotic aircraft washers to match pace with the ever-changing world of aircraft design. Nordic Dino robots meet all of the requirements for washing aircraft exteriors while incorporating safety features designed to prevent accidental personal injury or aircraft damage.

Benefits of a clean aircraft include:

-  Lower fuel consumption – environmental sustainability
-  Fuel savings due to lower aerodynamic drag
-  Reduced usage of water and aircraft cleaning products
-  Improved aircraft availability
-  Improved health and safety environment
-  Extended paint life
-  Fewer corrosion issues
-  Reduced man-hours



OUR SOCIAL PERFORMANCE



1. Human Value

1.1 Introduction

We promote and deliver responsible behaviours with human values at the company by ensuring a respectful and safe working environment and fostering professional growth of employees. The Group primarily strives to develop initiatives to guarantee the health, safety, and well-being of all employees, while promoting diversity and inclusion within work teams. We also endeavour to make sure the continuous professional development of employees in order to attract new talent and retain existing staff.

Across the Group, we employ more than 7,000 people in over 40 countries, on five continents. The employee-related information in the following chapters covers those companies that are within the scope of this report ¹.

We are currently working on the implementation of a **Human Capital Management System**, which will digitalise the data collection process and will cover all the companies within the Group.



1. Companies excluded for Human Value section: FL Technics Indonesia.

1.2 Health, safety, and wellness of employees

Occupational health and safety

The health and safety of employees is extremely relevant and important for us. Therefore, the main objective of our occupational safety and health program is to foster a safe and healthy environment, with each subsidiary company already having clear guidelines and procedures in place to assure and maintain high standard of occupational health and safety throughout the Group.



Health training for our employees

Each subsidiary company has obligatory health occupational on-line trainings, which all new joiners are familiarized with.



Health insurance and vaccinations for employees

Different options are offered to our employees which are beneficial to their health such as annual flu vaccinations provided by BGS. Also, a comprehensive annual health insurance package, which employees can choose and use at any time is offered by Avia Solutions Group PLC.

Aviation safety management

In addition to occupational safety and as part of the aviation industry, our Group considers safety as a top priority for our business, where not only our programme monitors wellbeing of our employees, but also closely monitors daily aviation operations in order to proactively identify possible operational risks, human errors, and to ensure the required preventative barriers are in place to mitigate those risks.

As a result, the **Aviation Safety Committee** has been established at Avia Solutions Group PLC during 2022 and is aimed to monitor all activities affecting aviation safety within the Group as well as ensuring that we comply with company policies, applicable laws, and regulations.

Safety risks are currently being managed autonomously on the level of each separate entity via implemented **Safety Management System (SMS)**, which requirements and applicability are in accordance with ICAO and participation in voluntary certification programmes such as IATA's Operational Safety Audit (IOSA) and IATA Safety Audit for Ground Operations (ISAGO).

The SMS goal is to proactively monitor and mitigate risks before they result in aviation incidents and accidents. In fact, one of the outputs of the Aviation Safety Committee is the elaboration of SMS Framework that will be established in accordance with respective cross-integrated ICAO and EASA standards. This will be done by the elaboration and implementation of certain inter-dependent components such as safety policy, safety risk management processes, safety assurance processes and safety promotion awareness among employees.



Safety training for our employees

In addition, each aviation related subsidiary has approved a training program for their staff to complete initial Safety Management System training once they join the company and recurrent Safety Management System training with different scope dependent on the role in the organization.

1.2 Health, safety, and wellness of employees

Employees benefits and well-being

Attractive benefit programs play a key role in attracting, retaining, and motivating employees. The Group strives and implements benefit programs with the aim of building a flexible and relaxed working environment.

Wellbeing benefits:



Annual Health Insurance



Flexible working conditions such as working remotely



Electric car parking lots



Fresh-fruit days



Free on-site sports gym



Monthly bus e-ticket or parking free of charge



Childcare support by using our on-site kid's day care centre, under the supervision of a teacher



Prayer room

Social and internal activities:

- Team-buildings
- Team time out events
- Yoga classes and sport teams
- Free ice-cream days
- Coffee/tea days
- Employee of the Year Awards
- High Flyers program for the best employees of the quarter



Some of the improvements during 2022:

Avia Solutions Group PLC has taken a big step forward in supporting the mental health of employees. The company has provided the option to download the Mindletic Mental Gym App, which creates a safe space to train emotional muscles the same way we train our physical ones. It is based on data predicted to prevent emotional imbalance.

Additionally, we introduced MELP app, where Avia Solutions Group PLC employees could find all information regarding company's benefits in an easy way.

For the first time, SmartLynx organised voluntary mammograms for all female employees during last October, to be extended each year. The organization has also become a member of the "Family Friendly Company" association, which strives to make the ultimate workplace for working parents.

1.3 Equality, diversity, and inclusion

Equality within the company

Our **Equal Opportunities Policy** aims to ensure **equal opportunities are available for all employees as well as a zero-discriminatory work conduct policy**. The main principles of the policy include:

Recruitment based on equality:

- We take extreme care over the Group's employment recruitment process to grant that it is determined without any discriminatory criteria and is based solely on a person's individual characteristics, education, and work experience.

Equal rights for everyone:

- All employees of the Group are given equal working conditions, depending on the responsibilities of the employee and the work performed.

The Group organises its activities in such a way as to ensure equal conditions of work for all employees, regardless of their position title and functions performed. Furthermore equal opportunities are provided for upgrading qualifications and trainings. Retraining and equal benefits are offered regardless of gender, race, nationality, language, origin, social status, faith beliefs, age, sexual orientation, disability, ethnicity, and religion.

Selection of the candidates for promotion in the company is governed by the criteria that relate solely to the person's abilities, the quality of the work performed, and professional achievements.

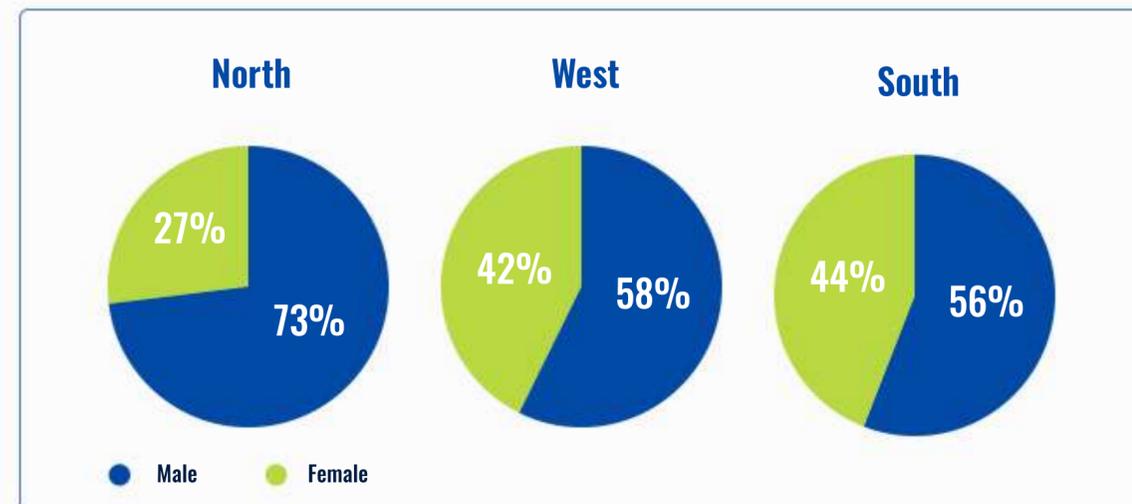
Diversity and inclusion within the company

We are proud to share that our workplaces are spread around the world and that we have a diverse workforce located in many different countries - over 40 countries on five continents - which allows us to better serve and understand the needs of our customers.

However, the aviation industry is currently predominantly male around the world and women are underrepresented in aviation and aerospace careers, especially in leadership positions, commercial pilots, and maintenance technician role. In order to tackle this, **we are seeking to become more diverse by promoting women in aviation as well as aviation for women**.

In March each year, to celebrate women in aviation, Avia Solutions Group PLC, together with its subsidiaries Chapman Freeborn and AeroTime Hub, dedicate our communication to promoting women who work at our companies or have been important to the industry as a whole. From social media to articles and interviews, to podcasts and awards – our Group channels efforts into giving women in aviation a platform to share their experiences.

Gender distribution by EU regions



The increased number in male genders in the Northern region comes because it includes MRO and ground-handing services, where more manual roles are required.

1.4 Training and professional development

Training is vitally important to the success of a competitive workforce; we provide opportunities for our employees to move within the organization and grow by learning and developing their professional careers.

To improve our employees' performance, the Group is constantly working on continuous development programs. Due to the diverse skills to be developed of our employees, each subsidiary has assorted types of training methods:

- On-boarding program.
- Language proficiency trainings.
- On-the-job training programs.
- Qualification efficiency trainings.
- 'Talent Academy' is a program for potential future leaders that works through the selection of at least 15 employees to participate in this skills and knowledge enhancement program.
- 'Leadership program' and 'Smart Leaders Club', both strengthen the leadership within the company by implementing a training program for managers and key staff.

Knowledge sharing sessions:

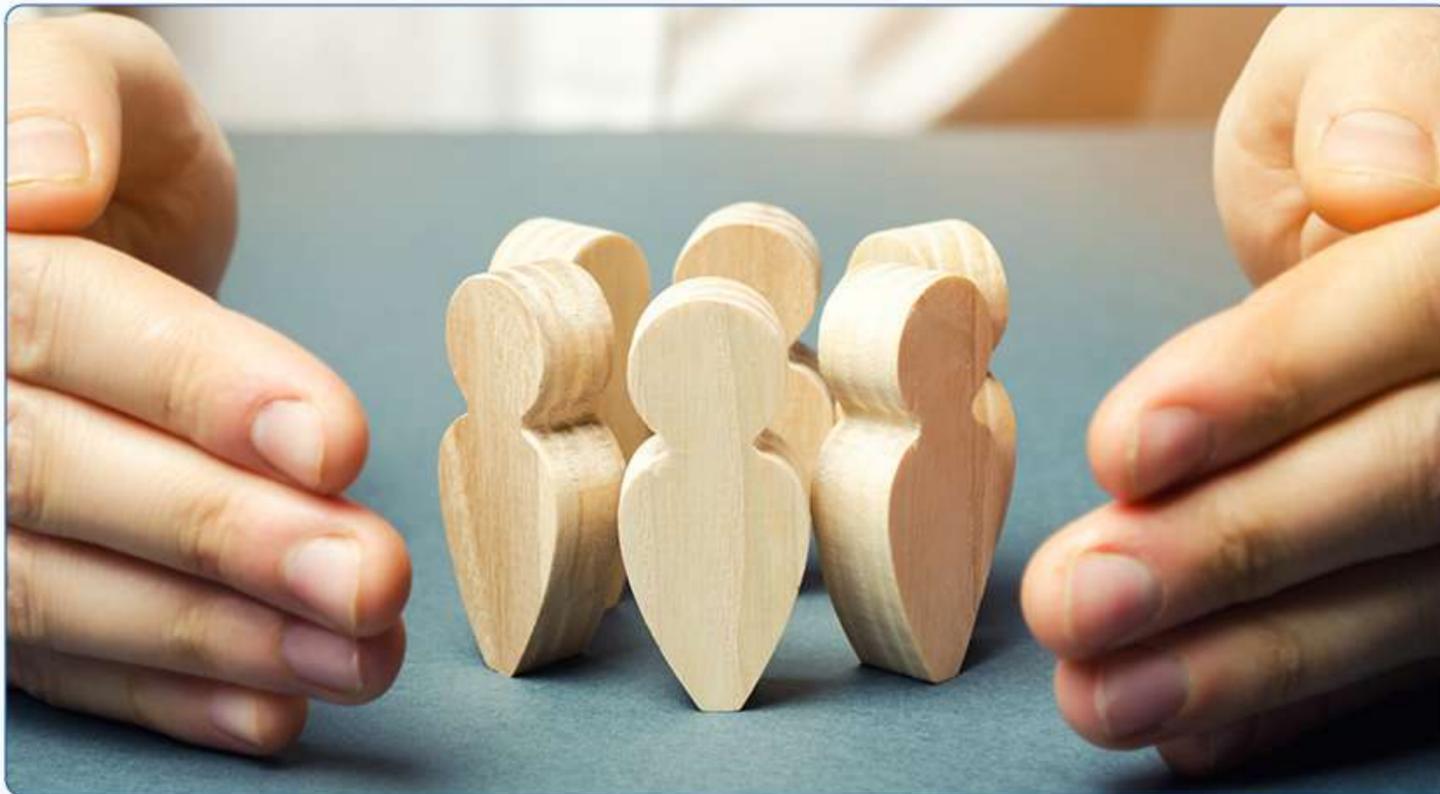
- Quarterly meetings, where departments host company-wide knowledge sharing sessions as part of a continuous education program for our employees.
- Annual meetings within the wider Group.
- Market update meetings.
- Spend a day with a colleague to understand colleagues' work.
- 'Mentors program', where experienced employees share knowledge with others, especially newcomers, and show the business in a more familiar way.



1.5 Retention and attraction of talent

We seek to attract the most talented people in the industry as well as working to keep the existing talents within the Group. With that purpose, we engage with our employees by:

- Several **special benefits programs** to attract new talents. See chapters "1.2 Health, safety and wellness of employees" and "1.4 Training and professional development".
- Offering **competitive remuneration packages** and benefits to employees.
- Receiving **full on-boarding programs** for new employees.
- Conducting regular performance reviews with employees.
- Launching **employee engagement surveys** on a regular basis, leading to the emergence of action plans to respond to new demands.



2. Customer satisfaction and privacy

2.1 Customer satisfaction

Customer satisfaction is at the heart of our activity, which allows us to grow, and to contribute to the development of our stakeholders, such as investors, employees, partners, communities, and the environment in general. There is a strong involvement from senior management in maintaining customer relations, seeking to build long-term relationships of trust. There are specific departments and areas within each business unit that focus solely and exclusively on customer satisfaction and experience.

On this basis, and because our Group is highly diversified, the different business units have to focus on distinct types of customer profiles. As a result, the methods of engaging with customers vary:

 <p>Customer questionnaires and surveys</p>	<ul style="list-style-type: none"> • Launching customer surveys or questionnaires is part of the process for finding out about our customer satisfaction and experience. The feedback and results received are analysed and evaluated internally, enabling improvements and modifications to be made where necessary. • Furthermore, the different business segments use customised systems and tools to collect feedback on specific services provided. After careful assessment with the customer and internal team, appropriate action plans are developed to improve or modify processes to ensure a better customer experience and service level. Surveys can be at both entity and project level.
 <p>Meetings and visits</p>	<ul style="list-style-type: none"> • On a regular and continuous basis, the commercial departments hold meetings, face-to-face or online, with customers, conducting negotiations and operational quality discussions. During 2021, the online mode was predominated. • On the other hand, customers are very welcome and are regularly invited to visit our production facilities or headquarters to discuss current cooperation, customer satisfaction survey results and future development plans in both a formal and informal environment. In 2021, the visits were reduced due to Covid-19 restrictions.
 <p>Conferences and events</p>	<ul style="list-style-type: none"> • Clients and company representatives have an opportunity to engage in professional discussions and maintain relationships via a vast variety of aviation industry events across the globe such as shows, exhibitions and conventions, where Group representatives are constant participants. • In addition, BGS attends Annual IATA and Ground Handling International conferences and IATA Fuel Forums, where the commerce team is meeting almost all ground handling and into-plane fuelling clients in one location. Moreover, Aviator is attending “The Ground Handling International trade fair” yearly.

2.2 Customer privacy

Our main personal data protection objectives are to:



Measures taken to achieve our goals:

 <p>Data Protection Officer (DPO)</p>	<p>All the companies have a designated DPO or a person appointed responsible for the implementation of data protection requirements within the Group. The DPO assists the company on any issues related to the protection of personal data.</p>
 <p>DPO of Avia Solutions Group PLC</p>	<p>The DPO provides our daughter companies with advice and the monitoring services relating to the protection of personal data according to the context of each subsidiary.</p>
 <p>Policies</p>	<p>Every company has the following approved compulsory policies and procedures in place:</p> <ul style="list-style-type: none"> • Personal data processing policy • Data storage policy • Procedure for managing personal data breaches
 <p>Employee training</p>	<p>During the first days at the company, all employees shall complete the electronic training on the requirements for the processing of personal data, where they will become familiar with the policies and procedures, rules or guidelines regulating the processing of personal data, which are approved at the company through the data management system.</p>
 <p>Data Protection Impact Assessment ("DPIA")</p>	<p>In order to manage the risks and implement risk mitigation measures to the rights and freedoms of individuals arising from the processing of personal data, the company has designed the DPIA process. DPIA is a reporting tool that allows the company to be in compliance with GDPR (General Data Protection Regulation), as well as to demonstrate that appropriate measures have been taken to ensure compliance with GDPR.</p>
 <p>Implementing privacy rights of data subjects</p>	<p>Each company guarantees the implementation of data subjects' rights and the provision of any related information at any request or in case of query.</p>
 <p>Managing personal data breaches</p>	<p>The rules for the investigation, assessment, management, and administration of data breaches are established by the Procedure for Managing Personal Data Security Breaches.</p>

During 2021, no customer complaints were registered. In 2022, a centralized digital platform has been set up and is available to all Avia Solutions Group companies to record the breach, document the results of the breach investigation, taken actions, preventive measures to control the implementation of the recommended measures, and to involve and inform the relevant persons.

3. Social contribution

The Group supports partnerships and programs that aid people and the to local development of communities through different initiatives and employee engagement.



Health and wellbeing

Avia Solutions Group PLC pays a lot of attention to the well-being of their employees as well as local communities in need, thus encouraging teams to participate in health initiatives has been on the Group's agenda for years. Together with specialists from Blood Centre, Avia Solutions Group PLC organises **blood donation events** where employees can come during work hours to donate much-needed blood. Group companies, such as SmartLynx and Baltic Ground Services, are active participants in such initiatives and even organise donation events at their own locations.

Avion Express pays additional attention to the threats of breast cancer by participating in the Pink Run event. The company pays the registration fees of employees, who are willing to run in this event, thus encouraging the spread of information, providing financial assistance, and promoting the health and wellbeing of employees.



Helping animals

In cooperation with **Tautmilés Globa**, every year in October Avion Express collects financial and non-financial donations to this animal shelter and gathers volunteers to help take homeless animals for a walk. The company also encourage employees to donate funds.

KlasJet is always looking for socially sensitive areas where it can work with staff to contribute to initiatives and help outsupport. The company provides assistance to an animal shelter by donating food, money, and various items necessary for animal care.



3. Social contribution



Supporting children

Aviator contributes to Mashimoni Children Centre, located in Kenya. The goal of **Mashimoni Children's Centre** is to give orphaned children a worthy upbringing and a brighter future. The company contributes to charity by providing Christmas presents to the children.

Likewise, every year Avion Express also cooperates with the All-Saints Children's day-care centre, with which it organises a fair with handmade items made by the children to raise funds for the children's daily needs.



Being close to the elderly

Unfortunately, the elderly is another vulnerable group within our society. The Group has been involved in several initiatives focused on helping this community.

Every year **Avion Express**, in cooperation with the Order of Malta, is collecting donations to assist elderly people in need. The Order of Malta, or more specifically, the Sovereign Military Hospitaller Order of Saint John of Jerusalem of Rhodes and of Malta is a religious order of the Catholic church with a humanitarian mission.

KlasJet is also shining a much-needed spotlight on seniors. During the festive winter holiday period, KlasJet visits lonely elderly people, gives them gifts, and makes pleasant surprises to remind them that they are necessary and important to our society.

SmartLynx Airlines have a similar initiative. The company collects Christmas donations for elderly social homes, providing necessary items, and food and thus brightening the holiday season.



OUR GOVERNANCE PERFORMANCE



1. Corporate governance and Board members

Board of Directors

Board responsibilities and structure

The Board of Directors (hereinafter referred to as BoD or Board) of Avia Solutions Group PLC has overall responsibility for promoting the sustainable growth and financial soundness of the Group, as well as ensuring compliance with standards of fair dealing and freedom from undue influence via third parties.

In addition to the non-transferable powers and duties of the Board of Directors under Cypriot law, the Board is responsible for overseeing the management of the Group's business and affairs. In fulfilling these duties, the Board has, inter alia, the following responsibilities:

- Establishing and approving both the strategy and objectives of the Group, ensuring that the Group's purpose, strategy, and values are maintained and aligned with the desired culture and standards.
- In accordance with the Group's strategy, acceptable level of risk, business plans and budgets, the Board monitors performance as well as seeking assurance for competent and prudent management of operations.
- Overseeing major projects and setting the organisational development of the Group.
- Managing the Group's risk management as a competence of the Board itself.

Organizational structure and governance bodies at Avia Solutions Group PLC



* The detailed authorities and responsibilities of the Chairperson and the CEO are set out in the Company's Articles of Association and Terms of Reference of the Board.

Composition

Articles of Association set the minimum number of Directors at two (excluding the Preference Share Majority Director(s)), and there shall be no maximum number of Directors. The BoD currently consists of six members, including Preference Share Majority Director. The Directors are appointed at the Annual General Meeting of the shareholders by a majority vote, except for the director nominated by the Preference share majority shareholder.

Key roles within the Board

The **Chairperson*** is responsible for leading the BoD and representing both the Board and the company to shareholders and other external parties. The Chairperson takes a leading role in medium and long-term strategic planning as well as in the selection of senior management.

Chief Executive Officer* (hereinafter CEO) is appointed by the BoD as the delegated person to manage the Group, the implementation and execution of the strategy previously approved by the Board, and for the management of the day-to-day Group's operations, except where Cyprus law or the Company's Articles of Association provide differently. Together with the Chairperson is responsible to establish the values, ethics, and culture of the Group as well.

Board members



**Gediminas
Žiemelis**

Founder and Chairman of the Board of Directors of Avia Solutions Group since 2005.

In 2016, Gediminas Žiemelis received a prestigious European Business Award in recognition for his visionary business management and development skills. The same year, under his leadership, Avia Solutions Group was named a national public champion in the category of Entrepreneurship, earning a spot in the top 110 of European businesses. Twice, in 2012 and in 2014, Gediminas Žiemelis was acknowledged as one of the top 40 most talented young leaders in the global aerospace industry by the leading USA aerospace magazine "Aviation Week". Mr. Žiemelis holds more than 74% of the ordinary shares of the Avia Solutions Group and is ultimate beneficial owner of the Group.



**Jonas
Janukėnas**

CEO of Avia Solutions Group, member of the Board of Directors since 2017

In 2017, Jonas joined Avia Solutions Group PLC team as an advisor to the Chairman of Board and became the CEO of the company that November. Jonas is focused on the executive management of the Group, the growth of its revenue streams and robust market presence. Previously, he has been working for ten years at City service SE, listed on the Warsaw Stock Exchange and one of the largest corporate groups in Europe, engaged in facility and property management as well as integrated utility services. He was announced as the CEO and the sole member of the Board of Directors at City Service SE for four years, where he remained until 2017.



**Vygaudas
Ušackas**

member of the Board of Directors since 2019.

Vygaudas Ušackas was the Minister of Foreign Affairs of Lithuania from 2008 till 2010. He then continued his career as an EU Special Representative and Head of Delegation to Afghanistan, and later became an EU Ambassador to Russia. After his politician career, Vygaudas decided to go into business. In Avia Solutions Group, Mr. Ušackas is responsible for the company's international relations, his duties are to identify, develop, and lead the implementation of international relations strategy of Avia Solutions Group, its subsidiary companies, and main business sectors.



**Thomas
Klein**

Member of the Board of Directors since 2021.

Tom Klein is also a Senior Managing Director at Certares Management LLC, a leading US-based investment specialist dedicated to the travel, tourism, and hospitality sectors. After the investment agreement between Avia Solutions Group and Certares in 2021, Tom Klein became a member of the Board of Directors at the organisation. Prior to his employment at Certares, Tom Klein was the President of Sabre Inc. and led a highly successful IPO in 2014. Mr. Klein also worked at American Airlines where he used to have various management positions, while he used to be on the President's Advisory Council for conducting business in Africa during President's Obama



**Linas
Dovydenas**

Chief Commercial Officer of Avia Solutions Group, member of the Board of Directors since 2017.

Linas Dovydenas was Avia Solutions Group's CEO for ten years, from 2007 until 2017. Under his leadership the company increased its revenue by 57%; as well as the company receiving global recognition in 2011. Previous to his experience at Avia Solutions Group, he had been working at Phillip Morris, where he performed a variety of management positions, all of them relating to customer service and sales areas.



**Žilvinas
Lapinskas**

Member of the Board of Directors and CEO of FL Technics since 2013.

Zilvinas Lapinskas boasts experience in development of new markets and customers, design and management of corporate commercial and marketing strategies, management and guidance of customer support and sales teams as well as other executive experience. Zilvinas successfully accomplished over 30 major business acquisition deals in such countries as Poland, Latvia, Lithuania, Spain, Germany. Mr. Lapinskas previously held the position of Director & General Manager at City Service AB.

1. Corporate governance and Board members

Board Committees

Avia Solutions Group PLC delegates powers to already established committees or executive committees, which consist of at least 3 members of the Board of Directors. The executive committees are comprised solely of the members of the Board of Directors, who comply with the rules imposed by the Board in the exercise of its delegated powers.

Also, the company establishes non-executive committee or committees with no decision-making authority, for the provision of advice, recommendations and/or expert reports for the specific matters requested by the Board. Such committees, which consist of at least two members of the Board and any other consultants, are at the BoD absolute discretion.

The BoD at the company has established the following committees:

	 Composition	 Function	 Decision - making
Executive Committee (2022)	<ol style="list-style-type: none"> Chairman of Committee – Gediminas Žiemelis Deputy Chairman – Jonas Janukėnas Member – Žilvinas Lapinskas 	The Executive Committee decides questions regarding investments, approval of different transactions within the Group, leasing questions and commercial, financial, and other matters delegated by the decision of the BoD.	By unanimous decision of the BoD, the Executive Committee is the company's collegial executive management body to which decision-making authority is delegated. The Executive Committee is authorised to adopt decisions being of a binding nature in relation to the commercial and business matters.
Nomination Committee (2022)	<ol style="list-style-type: none"> Chairman of Committee – Gediminas Žiemelis Deputy Chairman – Linas Dovydėnas Member – Thomas Klein 	The Nomination Committee nominates individuals who may be appointed to the position of the Managing Director of the company. The Nomination Committee shall select and approve not less than three individuals of the BoD who shall also be included on the shortlist for the position of the Managing Director.	The Committee has no decision-making authority and shall act as a non-executive advisory body to the Board of Directors.
Aviation Safety Committee (2022)	<ol style="list-style-type: none"> Chairman of Committee – Vygaudas Ušackas Deputy Chairman – Linas Dovydėnas Member – Ugnė Maciejauskaitė 	The Committee is responsible for monitoring all Group activities affecting aviation safety and ensuring that these activities are conducted in accordance with stated company policies, applicable laws, and regulations. The Committee, acting within the scope of its competencies and responsibilities, shall assist the BoD and may make recommendations to the CEO and the BoD and provide them with assessments, reports and/or expert analysis on matters related to aviation safety standards.	The Committee has no decision-making authority and shall act as a non-executive advisory body to the BoD.

In addition, the [Audit Committee](#) and the [Compensation and Governance Committee](#) are in the process of being established and will be announced in the near future.

1. Corporate governance and Board members

Decisions-making and quarterly Board meetings

Board of Directors of Avia Solutions Group PLC has direct influence on all material issues facing the group of companies, such as significant transactions, funding, and risk management, either via Board meetings / resolutions or through Executive Committees.

Board meetings are held on a quarterly basis at the corporate headquarters in Cyprus, where the financial position, major projects, and other significant business and compliance reviews are discussed. Decisions are taken by a majority of the votes cast at a duly convened meeting of the Board of Directors and in accordance with the formalities laid down in the Articles of Association.

The Corporate Affairs Officer is responsible for all Board corporate support by providing and coordinating all administrative, organizational, and professional assistance necessary to make the meeting more efficient and compliant.

During 2021, the Board was actively involved in monitoring the impact of Covid-19 at Group level to ensure the health and safety of employees leading to further measures within the organization. In 2022, the BoD has been monitoring the possible impact of the war in Ukraine, which has led to an increase in regular meetings.

Conflict of interests:

Code of Conduct of the Board is applied to grant the due-diligence of Board members functions. The Director when taking the position as a member of the BoD is obliged to act appropriately, effectively, and economically as well as in accordance with the highest professional standards, avoid any possible conflict of interest.

Directors are reporting their conflict of interests to the responsible chair of the Board or Committee with their concerns regarding the conflicts of interest and it is discussed during the meetings. The Secretary of the company shall record every declaration in respect of the conflict of interest made by the Directors of the Board meeting at which such declaration was made.

In addition, and to improve the process and avoid any possible circumstances where a conflict of interest may arise, we are currently working on both the development of the Conflict-of-interest Policy and the implementation of an IT solution that will provide full support and reliability to the compliance process included in the policy.

ESG governance within the Group

Well-structured governance is essential for delivering the ESG strategy across the entire Group. The ESG strategy is developed by Avia Solutions Group's ESG team, which reports directly to the CEO, and is responsible for its development and implementation. Furthermore, each subsidiary company appointed an **ESG designated persons as a key role in the development and implementation of the ESG strategy.**

During 2022, workshops were held with all the subsidiaries¹ and with all the executive members of the Board, where, among others, sustainability, legal context, goals, and next steps were included. In addition, at each quarterly Board meeting the CEO reports to the BoD on developments and important topics for the Group, where ESG issues are also included.



1. For those subsidiaries under the scope of this report.

2. Business ethics

Avia Solutions Group takes a **zero-tolerance approach to bribery and corruption** and is committed to acting professionally, fairly, and with integrity in all business dealings and relationships wherever the Group operates and implementing and enforcing effective systems to counter bribery and corruption.

The Group has an Internal **Anti-Corruption Policy** (hereinafter as Anti-Corruption Policy, the Policy), which defines the anti-corruption principles applied in the Group, lists mandatory requirements regarding gifts, entertainment, hospitality, financial or other advantage and covers other important corruption and bribery topics. The Policy will be updated in regard to the newest best practices on a regular basis. All employees are obliged to acquaint themselves with the Anti-Corruption Policy and follow the principles, which are set in the Policy.

The Group also seeks to collaborate with its counterparties who do not engage in bribery or corruption. Thus, during the counterparty onboarding process, the counterparty's risks related to bribery and corruption are assessed and relevant measures to mitigate the risks are implemented in accordance with the Group Client Verification and Onboarding Procedure, also called **Know Your Customer (KYC)**.

The **anti-corruption training** is currently performed on a need basis for particular employees of the Group. This training is not regular, and the training module has been revised and updated in 2022.



Currently working on:

- The preparation of the **Fraud Prevention Policy**, the **Anti-Money Laundering (AML) Policy**, **Whistleblowing Policy** and **Conflict of interest Policy**.
- The implementation of **AML risk indicators evaluation tool** for Client Verification and Onboarding Procedure. This tool is used when assessing counterparties of the Group.
- The elaboration of the **Group-wide bribery, corruption and fraud risk assessment module**, and the risk assessment will be performed.
- **100% of all Group employees, relevant business partners, and clients to be trained** on anti-corruption and anti-fraud topics annually. Respective lead persons from all Avia Solutions Group subsidiaries will be trained to monitor and handle any event of Corruption and Fraud.



Human Rights

As indicated in the materiality analysis and due to the highly regulated nature of the business, human rights are not a material aspect within the Group. However, as a basic principle of any organisation, we comply with all local labour rights laws under which the company operates. At the same time, we are currently elaborating the **Modern Slavery Policy**.

3. Risk management

The Enterprise Risk Management Framework outlines the highest-level principles for risk management by setting out standards, objectives, and key responsibilities for different groups of employees. In the airline industry, air transport and aviation-related services are subject to a high degree of regulation, notably regarding maintenance, security, and operating standards, hence the Group is keeping in line with best industry practices and corporate safety protocols. Management, maintenance and operation of aircraft, safety, and occupational safety, as well as personnel training, is being managed by each company quality team and the organization-wide adoption of the Safety Management System (SMS).

To ensure enterprise risk management is at a high quality level, we apply principles, which are based on best practices, as well as AS/NZS ISO 31000:2009 and guidance of the **Committee of Sponsoring Organizations of the Treadway Commission (COSO)**.

In 2022, the Group initiated group-wide risk assessment processes related to the Group's strategic objectives and aviation industry principal risks. Process assessment is designed to be dynamic, allowing risk escalation and de-escalation from specific registers of function, project, and entity risk into Avia Solutions Group's Top (Systematic) Risk Register.

In order to effectively assess, manage and monitor risk, the Group is currently implementing **"three lines of defence" model** which will establish a clear distribution of responsibilities, monitoring and control between Group functions and subsidiaries:

1

The **First line** is responsible for identifying and managing the risks, developing a control framework, and escalating risk events to Avia Solutions Group functions and/or Avia Solutions Group Enterprise Risk management. First line in the entity is represented by the appointed Company's Risk Champion or CFO.

2

The role of the **Second line** is to establish the limits, rules and constraints, and policies under which first line activities shall be performed, consistent with the risk appetite of the Group, and to monitor the performance of the first line against these limits, rules, and constraints.

3

The **Third line** of defence is the Internal Audit department, who are responsible for providing independent assurance over the effectiveness of governance, risk management, and control over current, systemic, and evolving risks.

4. Tax strategy and approach

Avia Solutions Group is a global multi-service aviation holding, headquartered in Cyprus, providing integrated aviation-related services and solutions worldwide. Due to the diverse geography of the organization and the number of subsidiaries, the Group tax matters are handled firstly at the subsidiary level. The primary responsibility for tax compliance is delegated to local finance directors / accounting function of group companies.

The local finance teams are responsible for preparing, reviewing, signing-off tax returns and for daily management of the tax affairs. The Group tax function is responsible for the development of general and tax specific policies for the wider Group, with an oversight of Group-wide tax matters.

The Groups' philosophy on tax risk management is to balance the prevention of unnecessary disputes with tax authorities that may give rise to reputational risk and to preserve investor value. The Group tax function is partnering with businesses to ensure tax risk management. The Group also aims to utilize tax incentives where applicable and possible.

The **Tax Code of Conduct** for the Group is as follows:

- To comply with tax regulations and disclosure requirements in the countries in which it operates.
- To support businesses to avoid tax risks and tax inefficiencies in the execution of business decisions.
- To acknowledge that the Group has an obligation and aims to pay the right amount of tax that is legally due in respect of its business activities in the countries in which it operates.
- To maintain a cooperative relation with tax administrators in the countries that the Group operates in.

In 2021 the organization exceeded the threshold of €750 million consolidated revenue. Thus, starting from 2022 the global tax rules applicable for multinational groups, such as Country by Country (hereinafter, CbC) reporting, are applicable for the Group. According to the Council Directive 2016/881/EU the first CbC report is being prepared for 2022 and submitted by the end of 2023.



GRI Index Table

Statement of use		Avia Solutions Group has reported the information cited in this GRI content index for the period 01.01.2021 to 31.12.2021 with reference to the GRI Standards.
GRI 1 used		GRI 1: Foundation 2021
GRI STANDARD	DISCLOSURE	LOCATION
The organization and its reporting practices		
102-1	Organizational details	See chapter 1. Business model
102-2	Entities included in the organization's sustainability reporting	See chapter 2. Considerations on the submission of this report
102-3	Reporting period, frequency, and contact point	See chapter 2. Considerations on the submission of this report This report is disclosed annually
102-5	External assurance	Avia Solutions Group is analysing the possibility to be assurance by and external party for certain information
Governance		
102-9	Governance structure and composition	See chapter 1. Corporate governance and Board members
102-10	Nomination and selection of the highest governance body	See chapter 1. Corporate governance and Board members
102-11	Chair of the highest governance body	See chapter 1. Corporate governance and Board members
Strategy, policies, and practices		
102-22	Statement on sustainable development strategy	See CEO Message
102-28	Membership associations	See chapter 1. Business model
Stakeholder engagement		
102-29	Approach to stakeholder engagement	See chapter 5. Stakeholder dialogues and engagement
103-1	Process to determine material topics	See chapter 2. Materiality assessment and key topics
103-2	List of material topics	See chapter 2. Materiality assessment and key topics
Emissions		
305-1	Direct (Scope 1) GHG emissions	See chapter 2. Emissions calculations and actions taken to tackle climate change
305-2	Energy indirect (Scope 2) GHG emissions	See chapter 2. Emissions calculations and actions taken to tackle climate change
305-3	Other indirect (Scope 3) GHG emissions	See chapter 2. Emissions calculations and actions taken to tackle climate change
Tax		
207-1	Approach to tax	See chapter 4. Tax strategy and approach
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See chapter 8. Customer satisfaction and privacy
Occupational health and safety		
403-3	Occupational health services	See chapter 7. Human Value, section 7.2 Health, safety, and wellness of employees
403-5	Worker training on occupational health and safety	See chapter 7. Human Value, section 7.2 Health, safety, and wellness of employees
Diversity and equal opportunities		
405-2	Ratio of basic salary and remuneration of women to men	See chapter 7. Human Value, section 7.2 Health, safety, and wellness of employees