



Environmental, social, and governance

Report 2022

Dear stakeholders,

I am pleased to present Avia Solutions Group's second ESG report, which highlights our ongoing dedication to sustainability and responsible business practices. This report not only builds upon the solid foundation established by our inaugural report but also represents a significant step forward in our ESG journey.

By setting clear objectives for ethical and sustainable business practices, while evaluating and measuring business risks across the organization we assist our strategic planning and informed decision-making in our ESG framework.

We are firm in our determination to elevate our sustainability practices, placing emphasis on employee well-being, ethical and transparent governance, and environmental performance. Our adherence to ESG principles has produced several accomplishments already. We continue to upgrade our fleet with the addition of more energy-efficient aircraft such as Boeing 737 MAX, and freighters, which allows to improve our efficiency in operations. Additionally, we continue the process of integrating fully electric vehicles and equipment to our ground handling operations. By increasing the number of electric vehicles in our fleet, we aim to minimize our environmental impact. Meanwhile, several of our subsidiaries have already attained ISO 14001 certification indicating their dedication to environmental management standards.

Maintaining the highest standards within our organisation is in line with our core values, which is why we prioritise the health and well-being of our employees by offering them a wide range of benefits. We also invest in continuous training and professional development initiatives, which elevate our business practices to meet and exceed industry benchmarks. Additionally, we continue to place a high priority on giving back to the community. This is demonstrated by our long-standing sponsorship of the Rimantas Kaukenas charitable foundation, yearly blood drives in support of the Lithuanian National Blood Center, and ongoing financial contributions for humanitarian aid in Ukraine.

We continue to be dedicated to best-in-class governance and place a high emphasis on transparency, anti-corruption, and anti-bribery measures, indicating Avia Solutions Group leadership and strength in management that leads to successful global expansion and leadership in the market. The relocation of Avia Solutions Group's headquarters to Dublin, Ireland, a major aviation hub, was one of the year's major accomplishments. By relocating there, we are closer to the world's aviation community, while demonstrating our commitment to ethical behavior and sound corporate governance that allows us to manage our business more effectively.

Going forward, our focus on ESG and business objectives remains steadfast. We are committed to improving our sustainability policies, giving special attention to worker welfare, transparent governance, and environmental performance. Our newly approved ESG Policy, effective from the beginning of 2023, sets a clear path for greater social engagement, sustainable operations, and robust governance. This policy framework guides our actions as we strive to make a positive impact on society and our customers.

Thank you for your continued support and partnership on our journey towards a more sustainable and responsible future.

Sincerely,

Jonas Janukėnas



Table of contents

About Avia Solutions Group	1		
1. Avia Solutions Group Highlights	2		
2. Business model	3		
3. Impact of Russia-Ukraine war	7		
4. ESG journey and strategy	8		
Our environmental performance	10		
2022 Highlights	11		
1. Introduction	12		
2. GHG emissions and actions taken to tackle climate change	12		
2.1. Emissions calculation approach	12		
2.2. Total emissions and scope 1	13		
2.3. Our fleet	14		
2.4. Efficiency in operations	16		
2.5. Sustainable Aviation Fuel (SAF)	19		
2.6. Efficient energy use and renewable sources - scope 2	20		
2.7. Business travels and employee commute - scope 3	22		
2.8. Noise pollution	23		
3. Climate - related risks	24		
3.1. Introduction	24		
3.2. Transitional risks	25		
3.3. Physical risks	26		
3.4. Transition and physical risks assessment	27		
4. Responsible use of natural resources	30		
4.1. Initiatives developed to reduce waste generation	30		
4.2. Initiatives developed to reduce water consumption	33		
Our social performance	34		
2022 Highlights	35		
1. Our people	36		
1.1. Introduction	36		
1.2. Well-being of our employees	37		
1.3. Aviation Safety Management	39		
1.4. Equality, diversity, and inclusion	41		
1.5. Training and professional development	45		
1.6. Retention and attraction of talent	47		
2. Customer satisfaction	50		
3. Data privacy	54		
4. Contributions to society	55		
Our governance performance	57		
1. Corporate governance and Board members	58		
2. Risk management	64		
3. Upholding Governance Integrity	66		
4. Business Ethics	68		
5. Human rights	70		
6. Tax strategy and approach	71		
About this report	72		
GRI Index table	73		



About Avia Solutions Group



1. Avia Solutions Group Highlights



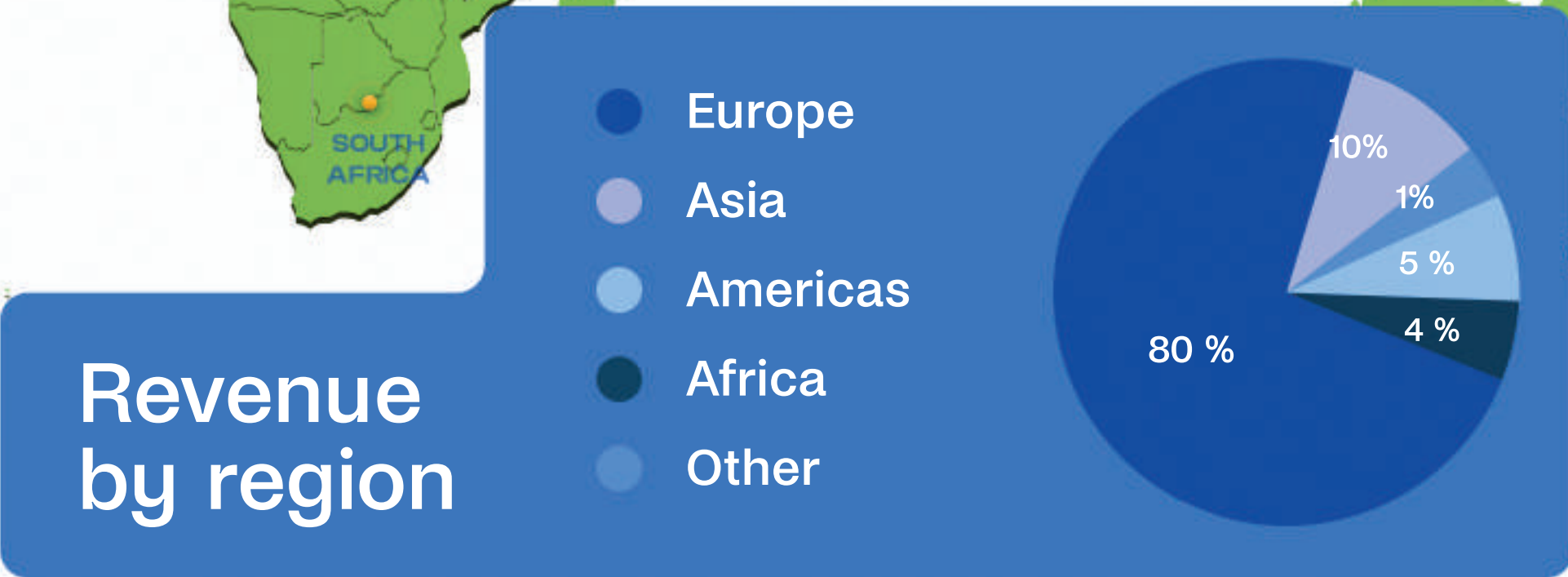
2. Business model

Avia Solutions Group (hereinafter, the Group), is a leader in comprehensive capacity solutions for passenger and cargo airlines worldwide. Founded in 2005, the company's legal headquarters (hereinafter, HQs) are now located in Ireland. The Group made a strategic decision to move its previous HQs in Cyprus to Ireland at the beginning of 2023 – being closer to the aviation community in Ireland will assist the Group's development plans and maintenance of market leadership. Avia Solutions Group's service centre is located at the Vilnius HQ, Lithuania, where of the majority of the company's employees are based. The Group manages over 100 offices and production facilities worldwide on 5 continents. Our aviation professionals are serving more than 2,000 customers and clients across Europe, Asia, North America, Africa, and Australia.



2022 statistics

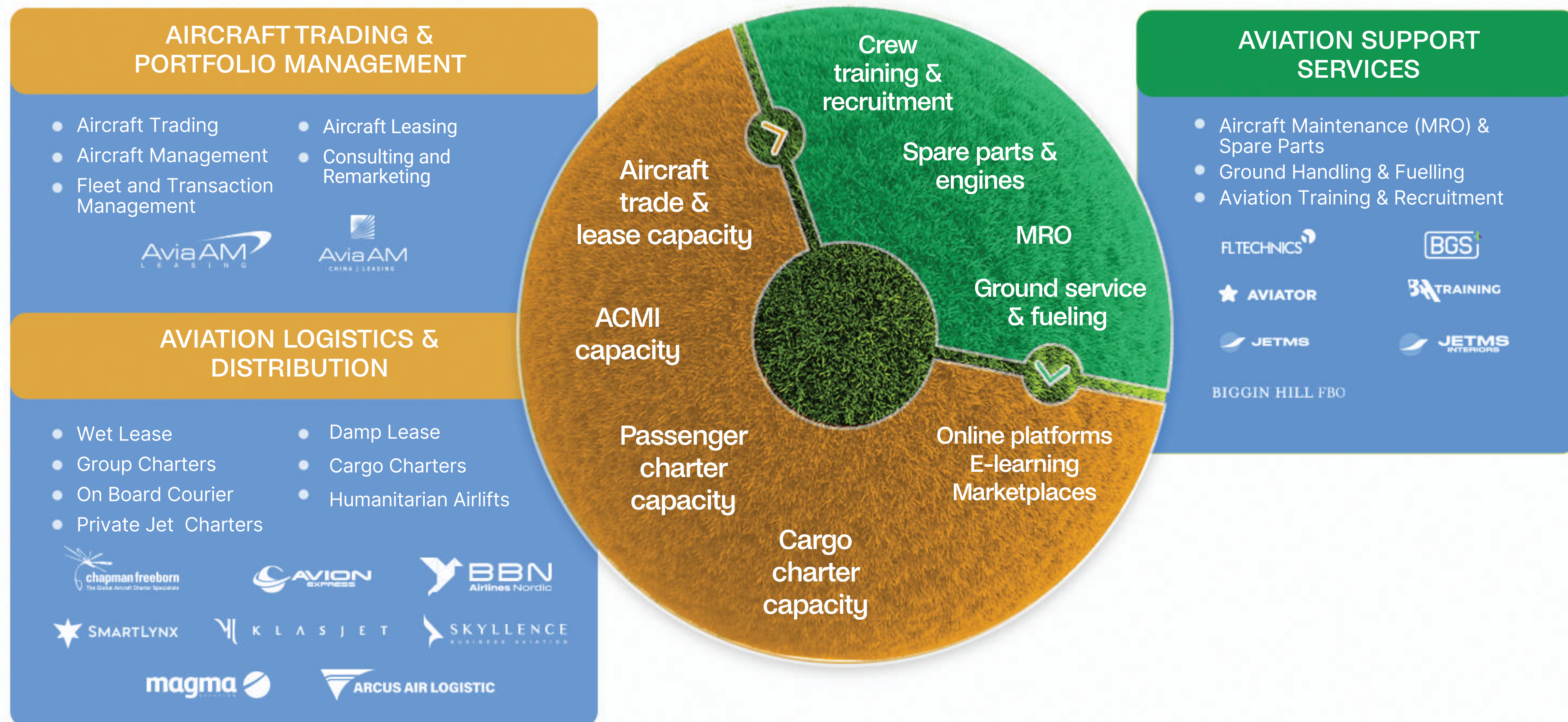
<p>17 Business lines</p>	<p>~100 Offices / production stations</p>	<p>+10000 Headcount</p>	<p>5 Continents served</p>
-------------------------------------	--	------------------------------------	---------------------------------------



2. Business model

Avia Solutions Group and its subsidiaries have grown over the years, resulting in a robust and diversified company with a wide variety of businesses within the aviation sector.

Our broad portfolio of customer services includes Aircraft Crew Maintenance Insurance (ACMI) solutions, charter and cargo aviation, aircraft leasing and trading, Maintenance Repair Overhaul (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 2022, the Group generated a net profit of €85 million. Consolidated revenues increased to €1,9 billion, or around 83% compared to €1 billion in 2021.



2. Business model

Avia Solutions Group is a member of the following aviation industry associations:



The International Air Transport Association (IATA)



The National Aviation Association
LAVIA



The International Air Cargo Association (TIACA)



Latvijas Aviācijas Asociācija
(LAA)

Avia Solutions Group PLC

In 2010, Avia Solutions Group PLC was established as the parent company for 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. By 2022, the Group consists of multiple subsidiaries from Europe, Asia, North America, Africa, and Australia.



Aerocity
(legal name: Aero City Group, UAB)



AviaAM Leasing
(legal name: AviaAM Leasing, AB)



Aviator
(legal name: AVIATOR AIRPORT ALLIANCE AB)



Avion Express
(legal name: Eyjafjoll, SAS)



BAA Training
(legal name: BAA Training, UAB)



Baltic Ground Services
(legal name: Baltic Ground Services, UAB)



BGS Rail
(legal name: BGS Rail Holdings, UAB)



Bluebird Nordic
(legal name: Bláfugl ehf.)



Chapman Freeborn
(legal name: CHAPMAN FREEBORN AIRCHARTERING LIMITED)



FL Technics
(legal name: FL Technics, UAB)



Helisota
(legal name: Helisota, UAB)



JETMS
(legal name: JetMS Holdings Limited)



LOOP Holding
(legal name: LOOP Holding, UAB)



KlasJet
(legal name: UAB "KlasJet")



Skylence
(legal name: Skylence, UAB)



SmartLynx
(legal name: SIA SMARTLYNX AIRLINES)

3. Impact of Russia-Ukraine war



We are profoundly moved by the on-going war in Ukraine, and we continue to stand firmly in solidarity with the Ukrainian people. We are promoting a growing influx of new hires from Ukraine, and we are committed to facilitating their seamless integration and socialization within our Group. Currently, we have approximately 50 Ukrainian professionals on board, out of which 35 are employed at FL Technics.

Russia's military aggression resulted in the imposition of sanctions by the European Union, the United States of America, and other governments as well as regulatory bodies. These sanctions, coupled with airspace restrictions and safety concerns, compelled many airlines and providers of aviation services to modify their flight routes and operations, leading to increased costs and disruptions in air travel. Group's operations continued avoiding war zones in accordance with EASA (European Union Aviation Safety Agency) Conflict Zone Information Bulletin (CZIBs).

As a global aviation company, we also promptly adapted to the new policies and regulations enforced by governments and regulatory bodies. The geopolitical tensions and economic sanctions necessitated a strategic reassessment of our business relationships, procedures, and compliance measures.

In response to changing circumstances and negligible market gains before the beginning of the war, we proactively reevaluated our operations in Russia, leading us to relocate and divest assets from Russia. This resulted in an approximately €14 million financial one-time setback due to the closure of these operations, but underscores our commitment to responsible business practices and our dedication to principled choices aligned with our core values. Our companies within the Group, namely BAA Training, KlasJet, and JETMS Regional, have shifted their focus to Western Europe, as well as emerging aviation markets such as central Asia and Africa. Helisota also serves as a notable example of this business realignment as the company entirely redirected its primary business operations and no longer provides previous maintenance services.

Consequently, and to align with global sanction regimes, we undertook a comprehensive review of our onboarding and due diligence procedures. One of the key changes was the decision to refrain from onboarding entities that were registered and owned by individuals of Russian origin. This adjustment was made to ensure that our business operations were not inadvertently contributing to entities linked to sanctioned parties.

Similarly, we are actively supporting Ukraine during this challenging period. We are promptly engaged in international humanitarian aid efforts aimed at providing support to Ukraine. In immediate response to Russia's military action, we contributed €300,000 in financial and supplementary aid to both governmental and non-governmental organizations supporting Ukraine. Furthermore, we established a €100,000 benevolent fund solely dedicated to Ukrainian and Lithuanian organizations who are fully committed to the humanitarian crisis developing in the country as well as the refugees affected. Several subsidiaries of the group, such as JETMS, FL Technics, Sensus Aero, and LOOP Hotel, have also launched their own fundraising, transportation, or recruitment initiatives to aid Ukraine and its people.

Unfortunately, BGS UA and BGS Rail, our subsidiary companies based in Ukraine and maintaining offices in the country, suffered and continues to suffer from the consequences of the conflict. The armed conflict disrupted rail transportation networks and caused instability in the region, presenting numerous challenges for BGS Rail and its workers. Nonetheless, the company has been proactive in adapting its strategies to overcome obstacles and continues providing ongoing support to its employees. Also, some of the employees of BGS UA were offered to relocate to Lithuania and continue their duties in the parent company BGS. Meanwhile, BGS UA team has also been meticulous in its endeavours to support the Ukrainian armed forces, providing fully supplied refuelling trucks for the soldiers to utilize in their defensive duties.

We remain committed to upholding our values and demonstrating firm support for Ukraine's peace.

4. ESG journey and strategy

2022 has been a pivotal year as the starting point for the ESG journey at Avia Solutions Group. Great efforts have been made to develop and implement the ESG strategy across the Group. In 2023, we have continued to drive our dedication to environmental, social, and governance objectives, as we work to implement additional enhancements along our ESG journey.

ESG strategy

The ESG strategy consists of both, Group-wide ESG commitments and goals, and subsidiary-specific action plans to address them. The ESG strategy is led by Avia Solutions Group PLC's ESG department, and, for proper governance and further development of the strategy, each subsidiary has an appointed ESG-designated person.

We are committed to assuming a responsible role in industry, society, and the environment. With this aim, the development, and the implementation of the ESG strategy within the Group was achieved during 2022 and, as a result, in 2023, the Group has already adopted an **ESG Policy**. This policy demonstrates our commitment to improving ESG performance within the organization and enables us to strengthen each stakeholder's relationship, being closer to their needs and taking important steps to care for the environment.

In 2023, we further reinforced our dedication to the environment by developing and endorsing a comprehensive **Environmental Management System (EMS) Policy**, solidifying our commitment to sustainable practices. Through this policy, we recognize our duty to assess the impact of our operations on the environment and to mitigate them accordingly. The policy also serves as a framework for setting and achieving our environmental objectives and targets.

ESG goals and values

Our environmental, social, and governance strategy and goals are centred around ESG values. Consequently, the ESG objectives encompass three primary strategic goals, each of which is further subdivided into strategic directives. These commitments have been formed and based on the results of the materiality analysis. Simultaneously, we have aligned with the 2030 Agenda for Sustainable Development established by the United Nations. The Group has identified the specific Sustainable Development Goals (SDGs) in which we can deliver a greater impact on and contribute to a larger extent in order to help achieve them.



ESG Values

Protect and take care of the environment.

Respect every human being and ensure a safe working environment.

Strengthen our governance structure through ethical and transparent business conduct.

ESG Goals

Environmental strategic goals

Focuses on reducing the potential and actual negative impact on the environment over the short, medium, and long term for further sustainable growth.

- E.1.** To ensure cleaner and more efficient energy consumption to reduce relative greenhouse gas emissions and tackle climate change.
- E.2.** To exercise responsible and efficient use of natural resources to reduce waste generation and promote a circular economy.
- E.3.** To contribute to a healthier environment for society by minimizing the pollution caused directly by our business activity.
- E.4.** To protect and respect biodiversity and ecosystems.

Social strategic goals

Constitutes the key elements that can enhance our contribution to different groups in society, including employees, customers, suppliers, and local communities promoting social and local support and development.

- S.1.** To focus on the company's human value by ensuring a respectful and safe working environment for employees, guaranteeing respect for human rights, and encouraging their professional growth.
- S.2.** To strengthen constructive dialogues between stakeholders and ensure corporate social responsibility is a part of our value chain.
- S.3.** To expand and spread our support to local communities and take the lead on potential partnerships.

Governance strategic goals

It represents the pillar that ensures our behaviour is ethical and transparent. It reinforces corporate governance for better long-term business success and its constant development and growth.

- G.1.** To reinforce the governance structure to integrate the ESG strategy properly.
- G.2.** To ensure ethical conduct through the development of robust compliance procedures and the implementation of effective internal controls.
- G.3.** To manage the ESG risks and opportunities and to mitigate them when appropriate.
- G.4.** To build greater trust in our relationships with stakeholders by adopting and always encouraging and promoting transparent behaviour.

Contribution to SDG'S



 **Our environmental performance**



2022 Highlights



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



Establishment of Environmental, Social and Governance (ESG) department.



Developed ESG Policy which was approved by the Board of Directors in 2023.



Climate-related risk assessment integrated in Enterprise Risk Management.



1. Introduction

Throughout 2022 Avia Solution Group experienced a significant increase in operations, which was also accompanied by a remarkable rise in demand, surpassing the levels seen in previous years due to the Covid-19 pandemic. While this expansion brought about a growing number of emissions, we recognize the importance of environmental issues and initiatives. The Group is working towards implementing measures to enhance our overall environmental performance and this year we present the environmental data collected from the expanded scope of the Group.

2. GHG emissions and actions taken to tackle climate change

2.1. Emissions calculation approach

As in the previous year, the total amount of our CO₂ emissions in 2022 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 the European Union Emissions Trade System (hereinafter, EU ETS) and Carbon Offsetting and Reduction Scheme for International Aviation (hereinafter, CORSIA), some of our subsidiaries have previously calculated emissions according to the definitions of these regulations. As following the legal requirements, the subsidiaries to which the latter applies are audited by an external party. Thus, 61% of scope 1 emissions based on GHG protocol definitions in 2022 are under external assurance because of EU ETS and CORSIA. In 2022, the primary origin of scope 1 emissions remains consistent with the previous year, with over 98% coming from aircraft fuel combustion.

Regarding scope 2 emissions, once more, the dominant factor is the energy usage within FL Technics' hangars, which cover approximately 60,000 m². Furthermore, in 2022, noteworthy contributors to the increased scope 2 emissions, compared to the previous year, include the operational activities of BAA Training involving flight simulators, and a newly built additional office building owned by Avia Solutions Group PLC in Vilnius.

Scope 3 encompasses a wide range of emissions sources, including those arising from business travel and employee commuting. Conversely, since Avia Solutions Group primarily focuses on providing ACMI services, aircraft leasing, and acting as a brokerage for cargo and passenger aircraft, the majority of our emissions are associated with these activities. Given the difficulty of collecting scope 3 data and because it was our first year of reporting, ACMI and aircraft leasing emissions were not included in our previous report. However, we recognize the growing awareness internally and externally, so this is the first year in which we disclose the most comprehensive scope 3 emissions possible. It is worth noting that due to varying levels of readiness among companies, not all companies have been able to provide the required data. In such cases, we have conducted estimations to account for these emissions.



1. Consolidation approach for emissions chosen- operational control.

2.2. Total emissions and scope 1

Due to the expected substantial increase in business activities in the aviation sector, generation of CO₂ emissions has increased considerably compared to previous years which were affected by the Covid-19 pandemic. Forecasts and analysis suggest that the aviation industry will continue to grow in the forthcoming years, therefore we are prioritising keeping track of our emissions data as well as finding sustainable and resilient tools and practices to mitigate our environmental impact.

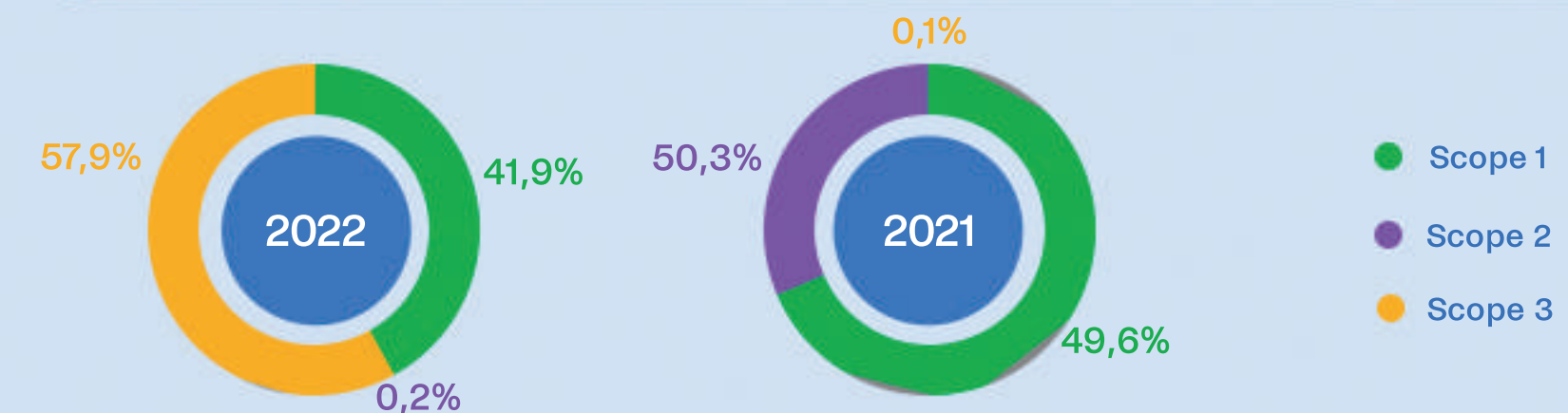
Since 2021 marked the initial year of reporting for the Group, we proceeded to broaden the coverage of companies within the report during 2022. This expansion led to a more comprehensive and precise depiction of emissions during 2022. Consequently, the increased inclusion of emissions data in 2022 can be attributed to this enhancement in coverage.

Total emissions	CO ₂ emissions (in tonnes CO ₂ e ¹)	
	2022	2021
Scope 1 – Total ²	808,758	844,369 ^a
Scope 2 – location-based method	3,297	1,950 ^b
Scope 3 - Total	1,118,543	855,246 ^c
Scope 3 – Business travel ³	2,136	1,491 ^d
Scope 3 – Employee commute ⁴	893	693
Scope 3 – Downstream leased assets ⁵	1,106,405	853,062
Scope 3 – Purchased goods and services ⁶	9,109	NA

- a. The increase in total scope 1 emissions in 2021 represents a restatement of data, as it now includes Chapman Freeborn Group emissions, which were not accounted for in the previous report.
- b. The difference in scope 2 emissions in 2021 is a result of both a restatement of data, with the inclusion of Helisota emissions, and an enhanced methodology for calculating scope 2 emissions.
- c. The rise in total scope 3 emissions in 2021 signifies a restatement of data due to the inclusion of previously excluded downstream leased assets emissions.
- d. The increase in scope 3 business travels emissions in 2021 is a result of data restatement, as it now incorporates JetMS emissions that were not previously accounted for.



Scope 1 emissions	2022 tonnes CO ₂ e	2021 tonnes CO ₂ e
TOTAL	808,758	844,369
Charter and cargo	797,000	840,405 ^a
Ground operators ⁷	11,712	3,918 ^b
Management	46	46



- a. The increase in total scope 1 emissions in 2021 represents a restatement of data, as it now includes Chapman Freeborn Group emissions, which were not accounted for in the previous report.
- b. The increase of ground operators' emissions in 2021 is a result of data restatement as it now accounts for FL Technics mobile combustion emissions that, were not previously added.

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 aircrafts, we have used the emission factor which fall 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 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. Scope 3 - Downstream leased assets: ACMI services.

6. Scope 3 - Purchased goods and services: glycol emissions used to provide de-icing services.

7. Including MRO, ground handling and logistics operators.

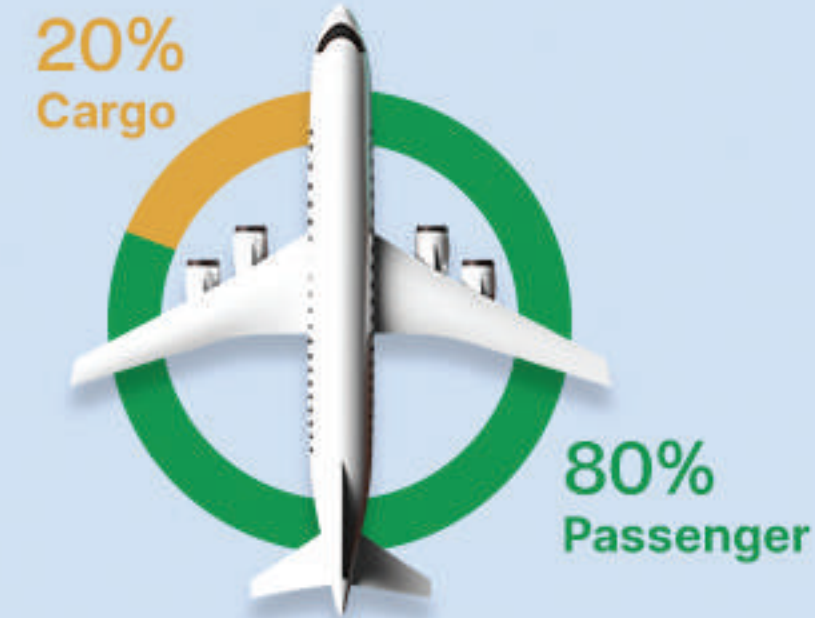
2.3. Our fleet

Aircraft fleet:

By Q4, 2022 our fleet¹ was comprised of 147 aircraft.



By type



By ownership²



Most efficient aircraft in our fleet:

- A321 family aircraft for passenger and cargo operations.
- In 2021, Bluebird Nordic operated with a single B737-800 aircraft, and subsequently, the company expanded its fleet by incorporating three more B737-800 aircraft over the course of 2022. Boeing 737-800, as part of the Next Generation (NG) 737 series introduced in the late 90s, the 737-800 features more advanced, fuel-efficient engines and improved aerodynamics, resulting in a smaller carbon footprint. Noise reduction technology on this model also helps minimize noise pollution. As planned, by the end of 2022, the company implemented necessary changes as the fleet consisted of four B737-800 aircraft.



Planning to introduce more efficient aircraft:

- Four new Boeing 737 MAX 8 aircrafts will be introduced to the SmartLynx fleet by the end of 2023. Boeing 737 MAX 8 - is a modern narrow-body aircraft known for its fuel efficiency, extended range, and increased capacity. SmartLynx became the first of the Baltic countries' airlines to fly the latest generation Boeing 737 MAX 8. The company is planning to acquire additional aircraft in the future.
- In 2023 KlasJet is expanding its fleet with 7 Boeing Classic NG aircraft which will contribute to lower fuel consumption, reduction of noise, and environmental pollution.



1. Aircraft number without LOI.

2. Owned fleet is referring to those aircraft which are owned in the inventory and leased from external lessor for more than a year. Leased fleet is referring to those aircraft which are operating leased and owned leased from external lessor for less than a year.

Ground handling

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

Aviator is also committed to become carbon neutral by 2026¹. The company is aiming to achieve this goal by incorporating sustainable fuel into their operations and transitioning their Ground Support Equipment (GSE) fleet to electric power.

Our aircraft interior and exterior refurbishment service provider JETMS Regional also obtained their own electrical aircraft tug in order to ensure efficient services for their customers.



52%

**Electric
vehicles
fleet**

By the end of 2022, Aviator possessed a **fleet of 994 vehicles**, signifying a boost of 50 vehicles to their fleet.

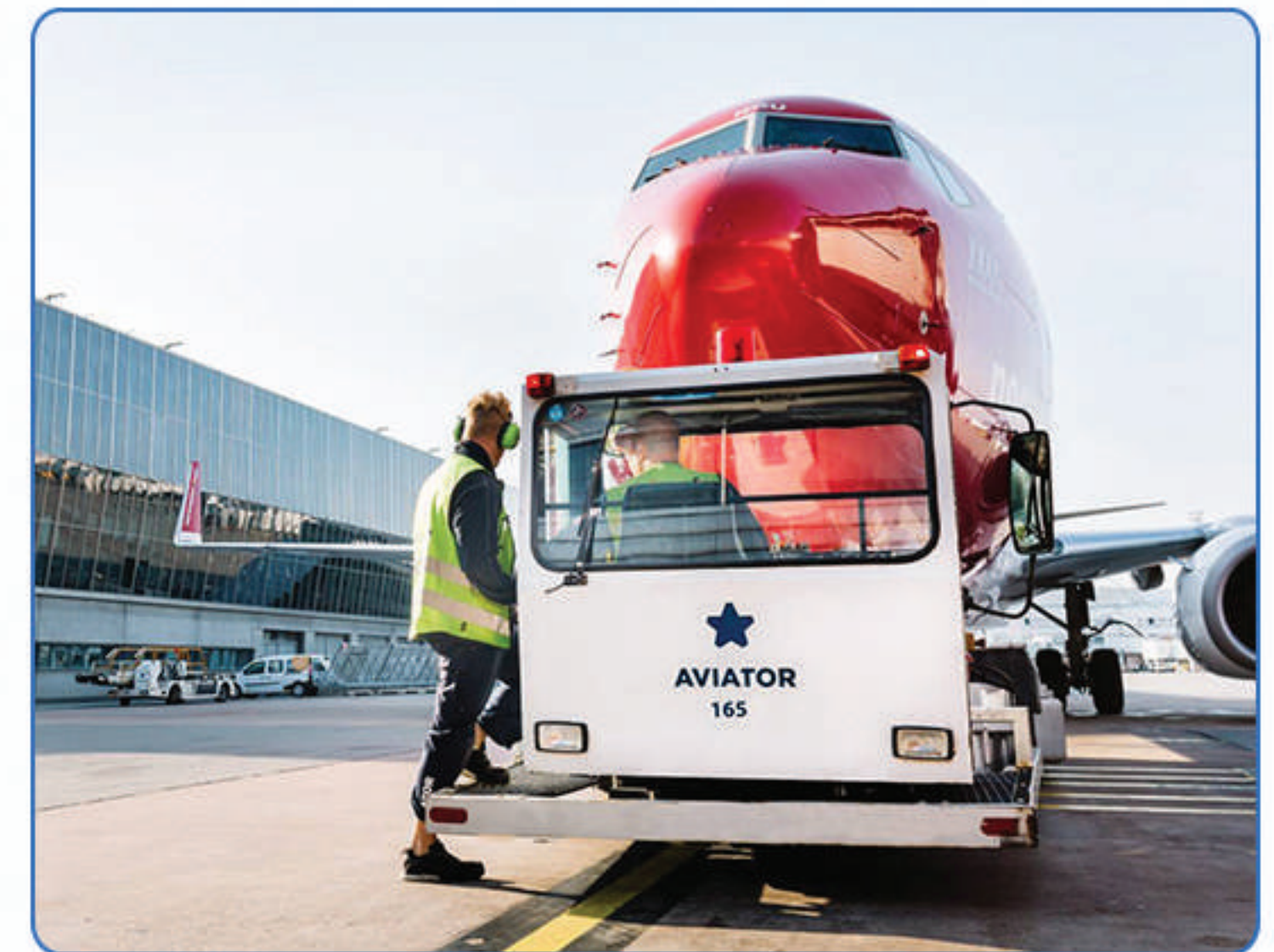
Presently, the proportion of their electric vehicle fleet has surged by 5%, making up **52% of the total**, with the inclusion of 3 extra hybrid vehicles.



28%

**Electric
vehicles
fleet**

In 2022 Baltic Ground Services' fleet **grew by 27%** in comparison to the previous year and currently consists of **59 vehicles**. Moreover, the company is searching for electrical alternatives while currently, 28% of the vehicle fleet remains electric.



Company cars

Company cars are rare within the Group, however we have the possibility to switch to cleaner vehicles, such as electric or hybrids. In fact, SmartLynx has two fully electric company cars at the disposal of its employees. Additionally, AviaAM Leasing currently owns and operates 4 vehicles of which 1 is an electric car.

In addition, some FL Technics line maintenance stations in Europe have already switched to electric vehicles, others are planning the transition within a period of 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 and part of scope 3. For scope 3, emissions driven by the use of glycol for de-icing activities are solely included.

2.4. Efficiency in operations

Flight operations:

Improving efficiency in aviation operations contributes to our sustainability journey by reducing fuel consumption, lowering emissions, conserving resources, saving costs, and enhancing the industry's overall environmental performance. These efforts are essential for our long-term resilience while minimizing our environmental footprint. One of our airlines, KlasJet, currently has a **fuel efficiency program** that analyses flight performance and ensures and improves fuel efficiency. At the same time, they **optimize pilots travelling** by locating them in correct bases to minimize travelling needed to reach the flight start location.

The whole fleet at SmartLynx is currently in the process of acquiring a customized **ACARS AOC** (Aircraft Communications, Addressing and Reporting System of Aeronautical Operational Control). This is a digital data transmission system between aircraft and ground stations, giving the company a chance to increase its data collation capabilities that will aid in operational decision making (for example – enabling us to undertake predictive maintenance works on aircraft or adjusting flight plans more efficiently). The process was initiated at the end of 2022 and is still ongoing. In addition, our ACMI operator, Avion Express, has already implemented the ACARS system in 2019. The system provides the following benefits:



Real-time weather updates which minimize fuel burn by avoiding adverse conditions.



Access to optimized flight data which allows route selection, altitude, and speed for fuel efficiency.



Real-time engine and fuel data which leads to prompt adjustments to save fuel.



Fast in-flight fault notifications which prevent excessive fuel use with timely repairs.



Streamlined data transmission which leads to quicker clearances, efficient turnarounds.



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

Logistics operations:

Following BGS' Vehicle 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**. In 2022, BGS was the first dangerous goods carrier to test new biomethane-powered vehicles to transport dangerous goods. A biomethane-powered truck reduces CO₂ emissions by up to 90% and significantly reduces emissions of particulate matter and the number of nitrogen compounds.

Furthermore, BGS remains committed to providing drivers with eco-driving training and refining the company's transportation routes. These strategies are put into action to minimize unnecessary distances, cut down on expenses and time wastage, and diminish the associated environmental impacts. Throughout 2022, the company closely observed and coached the most economically efficient drivers, resulting in an approximate 3% enhancement in cost-effectiveness compared to the previous year.

Quality control of logistics and fuelling operations in the BGS Group is performed using a well-developed network of video cameras, which allows the company to quickly control stations without the need for travel. In 2022 remote quality control processes were continued as in the previous year.

In 2022, the BGS logistics park started incorporating pre-owned tires into its operations. This adoption not only embraced the principles of circularity but also made a valuable contribution to the company's pursuit of environmental impact reduction.



Ground-handling operations

During 2022, BGS, our ground-handling operator, took steps to enhance their ground-handling operations by replacing their older diesel buses with newer models which are more efficient in their fuel consumption and thus emit fewer pollutants. This transition not only contributes to a more sustainable and eco-friendly bus fleet but also aligns with the broader BGS Vehicle Management and Renewal Plan aimed at improving their overall service quality.

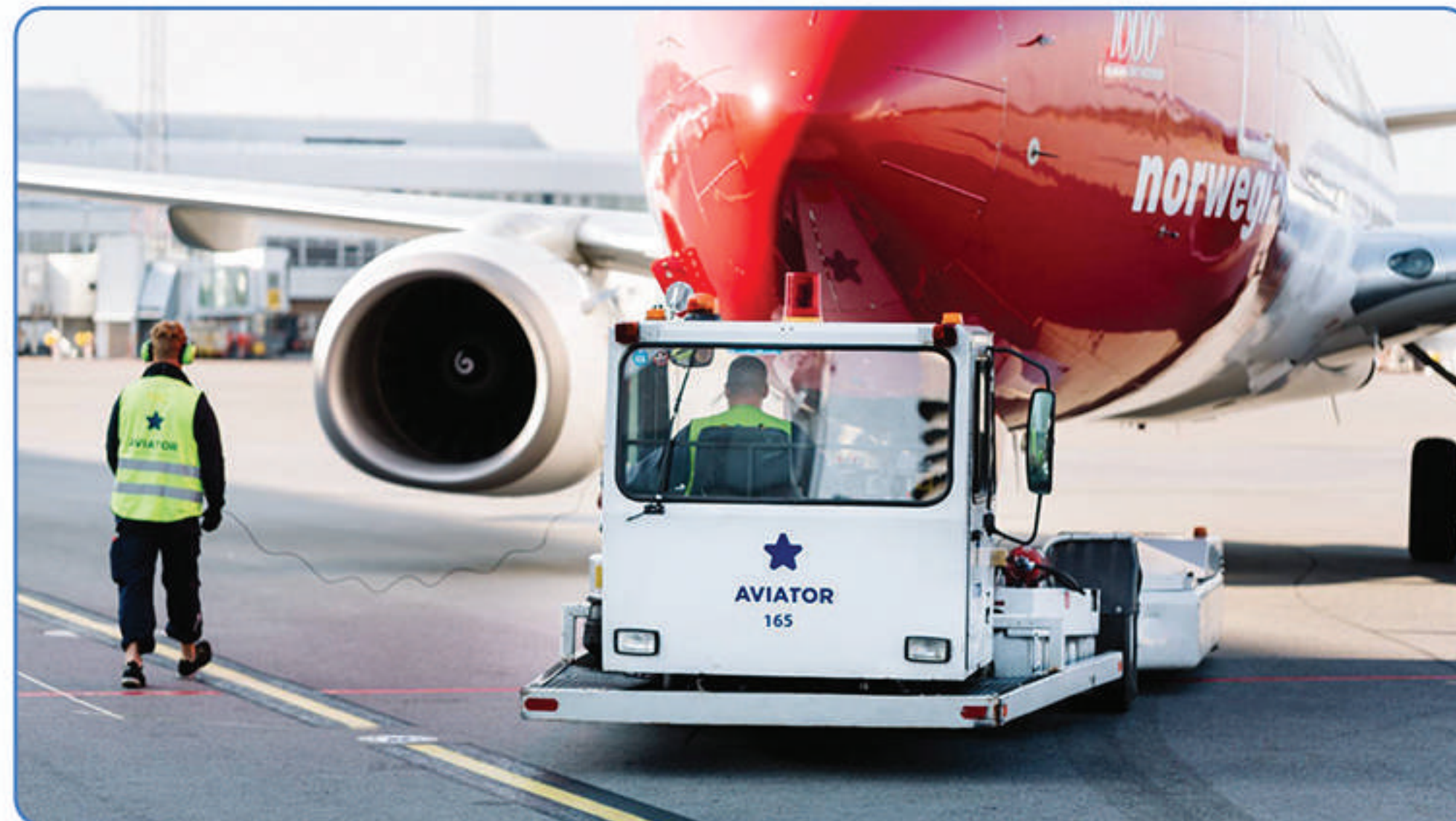
Additionally, Aviator, is operating in the Scandinavian region, where sustainability focus has been high on the agenda of governing bodies for a long time. Thus, the company is currently in progress to gain ISO 9001 quality management systems, ISO 14001 environmental management systems and ISO 45001 occupational health and safety management systems for every station. Furthermore, 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 progression.



Sweden has 10 airports operated by Swedavia, which 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 followed up. 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 the 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 a traditional jet fuel.

SAF incentives and regulations

In July 2022 the EU Parliament adopted its position on new ReFuelEU Aviation draft, as part of the European Commission's "Fit for 55" climate package, to increase the uptake of sustainable fuels by EU planes and airports, to cut emissions from aviation and ensure Europe becomes climate neutral by 2050. The adoption increased the EU Commission's original proposal for the minimum share of sustainable aviation fuel: from 2025, this share should be 2%, increasing to 37% in 2040 and 85% by 2050, taking into account the potential of electricity and hydrogen in the overall fuel mix (the commission previously proposed 32% for 2040 and 63% for 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.

Furthermore, in 2022 the EU Parliament put forth a suggestion to establish a **Sustainable Aviation Fund from 2023 to 2050**. This initiative aims to accelerate the reduction of carbon emissions in the aviation industry while also fostering investments in eco-friendly aviation fuels, inventive aircraft propulsion, and the exploration of novel engine technologies. To supplement the fund, penalties generated by the enforcement of these rules would also contribute.

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 all jet fuel production as SAF by 2030 and, therefore, to be net zero emissions by 2050. To support these aims, the Advanced Fuels Fund was launched on 19 July 2022 by the UK.

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 the production of SAF.

Actions taken and next steps

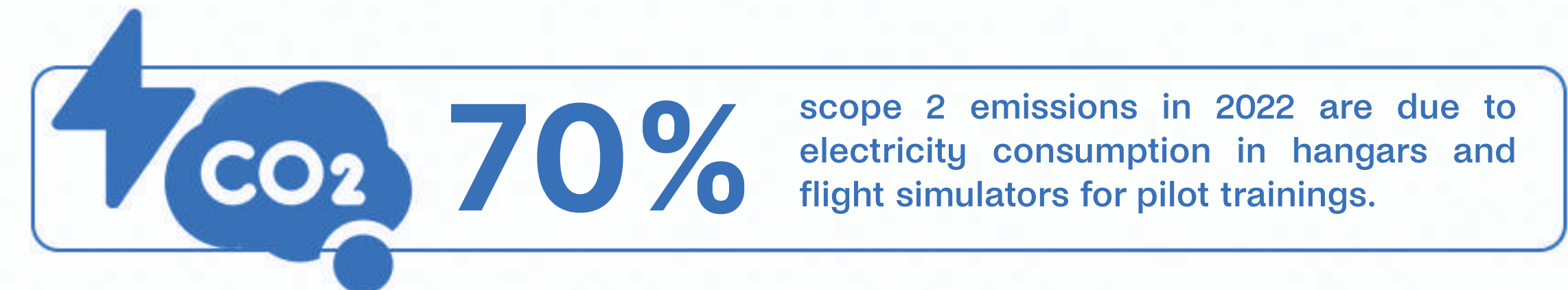
In 2021, BGS initiated discussions with potential SAF suppliers. As a result, BGS will coordinate the quantities of SAF sold and the delivery conditions for interested airlines. At the beginning of 2022, BGS started discussions with a company that has developed a new biomass-to-fuel SAF technology. Companies are currently working on a business case to establish **a pioneering facility in the Baltic region that would use low-energy processes for biomass delignification to create biofuels**. The process will benefit from the BGS-owned logistics park and will simplify the supply of SAF.

In 2022, the BGS team also joined the Sustainable Aviation Fuels Forum, gaining insights, knowledge, and networking opportunities related to their aspirations and interests in Sustainable Aviation Fuels (SAF).



2.6. Efficient energy use and renewable sources - scope 2

Total emissions, (location-based method)	2022	2021*
Electricity (tonnes of CO ₂ e)	3,297	1,950 ^a



*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:

Half of the scope 2 emissions, 55% of the total, correspond to FL Technics group, as its main business activities take place within aircraft hangars. The company has hangars and shop facilities in Lithuania, Indonesia, and the United Kingdom, while an extensive network of line maintenance support stations are positioned across Europe, Africa, Asia Pacific, the CIS, and Canada. In 2021, this figure stood at a 78%, a decrease from the previous year, largely attributed to the expanded coverage of the 2022 report, which includes a wider range of the Group's subsidiaries, including BAA Training. The latter has notable electricity consumption due to the essential flight simulators used for pilot and crew training.

FL Technics is committed to achieving zero emissions in scope 2 by guaranteeing 100% renewable sources of purchased energy on its owned premises by 2028. The company 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.

Furthermore, JETMS Regional, a subsidiary of the Group, is in the process of refurbishing their hangar in Vilnius. This initiative aims to decrease the usage of heating purposes on the premises.



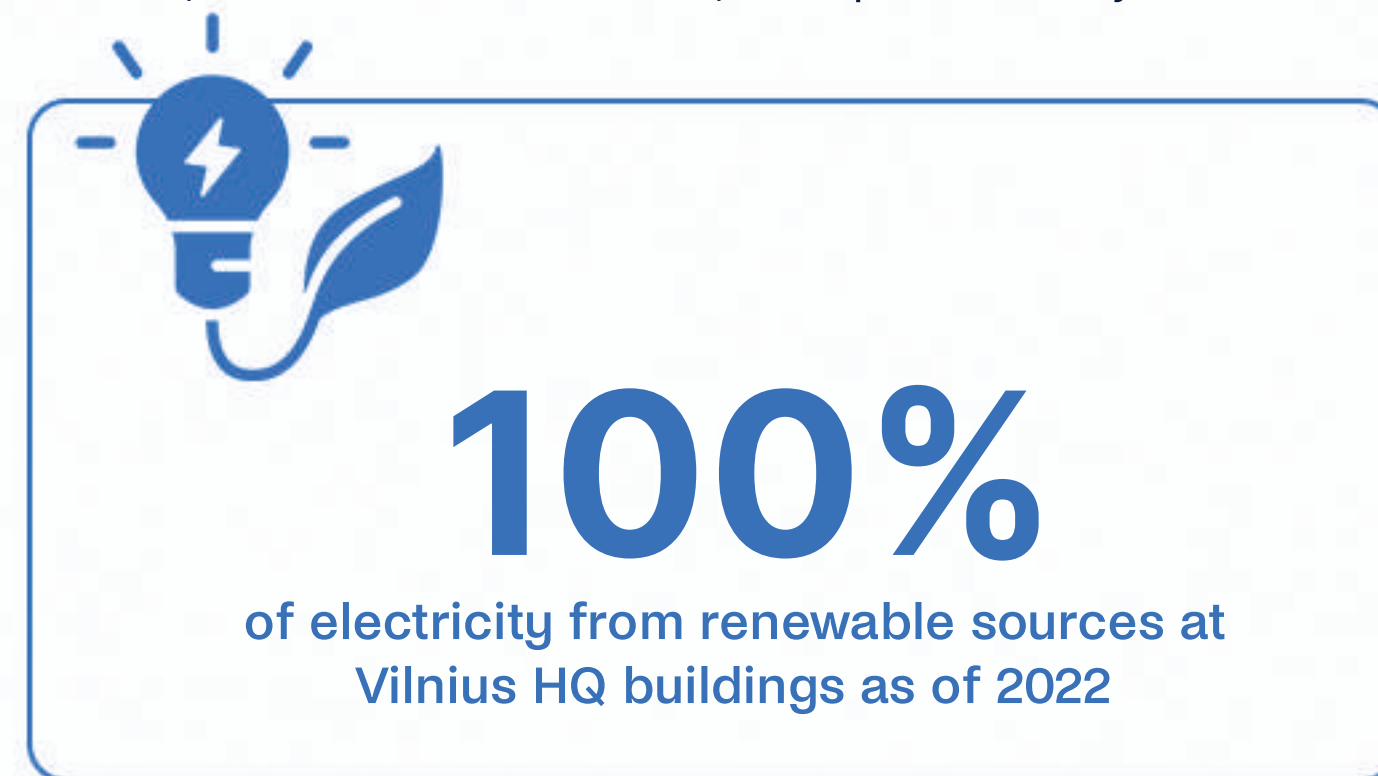
a. The difference in scope 2 emissions in 2021 is a result of both a restatement of data, with the inclusion of Helisota emissions, and an enhanced methodology for calculating scope 2 emissions.

Offices:

While most of the scope 2 emissions come from energy consumption in aircraft hangars, we also need to pay attention to the consumption of our offices around the world.

Other practices, such as the use of LED bulbs instead of conventional ones, are being implemented to be more efficient. At present, BAA Training is in the process of converting its lighting systems to LED bulbs. Looking ahead, the company's goal is to introduce automated electric lighting whenever possible. Furthermore, a plan is in the works for the potential installation of solar panels. This endeavour underlines BAA Training's dedication to enhancing energy efficiency.

Embracing energy-saving practices at the personal and community levels not only enhances energy security but also fosters a sense of responsibility towards our planet's sustainability. For this reason, in the autumn of 2022, BGS permanently switched off the illumination of the company buildings and thus reduced the amount of electric energy used.



Environmental certifications:

BGS and FL Technics are already ISO 14001 certified for their environmental management systems and are continuously renewing their 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.

During 2022, Avion Express became a part of an Environmental Protection campaign, introduced by one of its esteemed partners. The company established a **comprehensive Environmental Management Policy** and, in collaboration with its partners, designated the year 2023 for assessing key performance indicators (KPIs) and the environmental impact of the company. This approach highlights the importance of gathering precise data to make informed decisions for enhancing environmental protection measures. In 2025 Avion Express is aiming to have a fully functional Environmental Management System.

The Group's subsidiary, KlasJet, continues to work towards its goal of implementing an environmental management system in accordance with ISO 14001. Additionally, BGS has made meaningful steps towards obtaining ISO 50001 certification for energy management. The company's management had a productive meeting with the certification company, and the final assessments and insights are currently under review.

2.7. Business travels and employee commute - scope 3

During 2021, business travel was greatly minimised due to the Covid-19 pandemic, 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. Due to the implementation of this system, approximately 144 BGS business trips are avoided annually, resulting in a reduction of approximately 15 tonnes of CO₂ emissions. However, business travel plays a crucial role in empowering our employees to reach their highest potential. By engaging in face-to-face interactions, attending industry events, and participating in conferences, our team members continuously improve their knowledge, skills, and professional network. Additionally, face-to-face interactions allow us to establish and nurture genuine connections with our current and potential business partners. In 2022, Avia Solutions Group witnessed a rise in business travel among its employees.

On the other hand, we remain committed to balancing the benefits of face-to-face communication with sustainability. We have also taken some measures 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 electric scooters.



Initiatives for use of bike, walking, car sharing, and use of public transportation are supported. For instance, all employees at 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 via BGS allow internal and external trainees to attend at any time without the need to go to the office. Furthermore, BAA Training also arranges online introductory training sessions on a global scale to ensure convenient accessibility.

Scope 3 emissions (tonnes of CO ₂)	2022	2021
Business travels ¹	2,136	1,491 ^a
Employee commute	893	693
Downstream leased assets	1,106,405	853,062
Purchased goods and services ²	9,109	NA

a. The increase in scope 3 business travels emissions in 2021 is a result of data restatement, as it now incorporates JetMS emissions that were not previously accounted for.

98%

of scope 3 emissions in 2022 are due to downstream leased assets driven by ACMI services and leasing of aircraft.



1. Business trips have been calculated on the basis of different data collection methods, where in some cases estimates have been needed.
2. Scope 3 - Purchased goods and services: glycol emissions used to provide de-icing services.

Other emissions in scope 3:

As ACMI services, aircraft leasing and brokerage of cargo and passenger aircraft are providing aircraft to third parties, we are subject to the preferences of our customers, so our scope of action is limited. To address this issue, Avion Express exercise fuel consumption monitoring procedures to ensure CO₂ emissions are being monitored when delivering ACMI services. Another subsidiary of Avia Solutions Group, Chapman Freeborn, took steps forward by setting an ambitious goal to offset their On Board Courier (OBC) service's emissions in 2022.

The measures taken to reduce scope 1 emissions will help to reduce relative emissions from the Group ACMI services. For 2021, the extended scope 3 emissions have not been included in the ESG 2021 report. This year, we took a great step by requesting scope 3 emissions data from our suppliers and clients. However, we encountered varying levels of readiness among companies, making it challenging for everyone to provide the required data. In instances where the data was unavailable, we conducted estimations to ensure comprehensive coverage of these emissions.

From conventional glycol to a recyclable alternative

For safety reasons, aircraft wings must be free of ice and snow. To achieve this, our ground handlers employ glycol for de-icing procedures. Nonetheless, emissions arise during the glycol production process. Aviator is proactively engaged in minimizing the CO₂ impact associated with the glycol utilized in de-icing operations. In 2022, an endeavour was initiated to procure carbon-neutral de-icing fluid (glycol) at two key stations.

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.

Furthermore, in 2022, Avia Solutions Group company, Helisota, made a conscious decision to discontinue the dual test flight practice. Helisota's hangars are located within urban areas and test flights for refurbished helicopters were commonly performed nearby. Thus, the decision was taken to solely conduct these test flights at the customers' sites, often situated on army bases. This strategic change aimed to decrease noise pollution and elevate the living standards of the local community. As a result of this modification, a 50% reduction in noise pollution in the area was achieved.

At the end of 2022, our airline Bluebird Nordic was unfortunately fined by the Authority of Airport Noise Control (ACNUSA) due to exceeding the noise pollution limit in Marseille, France. This incident was thoroughly analysed by the Bluebird Nordic team and resulted in a curfew and a noise limitation program that's applicable across all airports. The program indicates airline operations and the suitable timings for carrying out these operations in order to adhere to local noise restrictions.



3. Climate - related risks

3.1. Introduction

In recent years, the effects of climate change have become increasingly evident, including elevated temperatures, rising sea levels posing threats to coastal regions, occurrences of floods, forest fires, and scarcity of fresh water. As a result, various consequences can emerge, presenting a challenge that businesses need to confront.

During 2022, the ESG and the Risk Management departments have been working together to integrate the climate-related risks within the whole Enterprise Risk Management (hereinafter, ERM) process for the company. The assessment of climate-related risks was conducted in 2022 and in accordance with the division by transient and physical risks, as suggested by international 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 and 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 technology available, prices of fuel, SAF, renewable fuels for road transport and changes in customer preferences, among others.

Secondly, we assess these risks based on the Group's ERM methodology (see chapter Risk Management) and taking account of 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, convective activity, so-called acute risks, and those risks that are considered to be climatic threats. These are threats which could remain in the long term for the environment such as sea level rise or increase of extreme temperatures, or 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 team, together with the ESG designated persons in each subsidiary company, assesses the likelihood of that particular risk occurring. This assessment is based on the controls already in place and the geographic location of each company's operations.

Despite the actual consequences of climate change, it should be remembered that as our core business is the provision of services, most of the company's operations are susceptible to being modified. Therefore the occurrence of a potential risk is quite limited, which gives us the chance to switch location and have better control of these risks.

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 newly 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 further 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 will soon come through the proposed 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.



Market risks

Jet fuel and alternative of more sustainable fuels' prices

In order to reduce CO₂ emissions and given that the necessary technology 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 make the transition cleaner as they reduce up to 80% of the emissions in a lifecycle. However, the prices of sustainable and renewable fuels are higher than conventional fuels and therefore need to be controlled, monitored, and therefore 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 investors' demands

The existence of both financial and non-financial impacts due to climate-related risks is 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 to the stakeholder's demands, we are taking steps towards greater transparency through increasing disclosure of ESG information, such as this ESG report.

3.3. Physical risks description



Acute risks

Increasing risk of storms - windstorms, fogs, and thunderstorms

According to the EUROCONTROL's report, extreme rainfall days and associated convective 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.



Chronic risks

Sea Level Rise (SLR)

Under the IPCC, continued and accelerating sea level rise 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 the EUROCONTROLS' report confirm.


Increasing 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




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.

Transitional risks

Legal and regulatory risks		
Risk	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.
Emerging regulation related to disclosure obligations	Medium – low level 	<ul style="list-style-type: none"> 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 ethical and transparent behaviour. During 2022, a fully dedicated department to ESG has been created within the Group.
Technological risks		
Risk	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 of some of the Company's subsidiaries and introduce newer, more efficient, and less noise-emitting aircraft/vehicles. 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.
Changing customer behaviour in terms of more environmentally friendly preferences	Medium – low level 	<ul style="list-style-type: none"> • We quickly adapt changes to business needs (determination of flight price changes, review of standard contract conditions, adaptation of payment conditions, etc.). • 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.
Increased investor demands on environmental performance	Medium – low level 	<ul style="list-style-type: none"> • The establishment of the ESG strategy within the Group promotes the implementation of more sustainable initiatives. See chapter “ESG journey and strategy”. • The publication of the ESG report on an annual basis increases the company's transparency with stakeholders regarding ESG issues.

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 connective activity (thunderstorms)	Low level 	<ul style="list-style-type: none"> Station managers, a role that is present 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 the 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 are working under high temperatures, the relevant companies provide specific work clothes, several water stations, recommendations to take breaks often, , air conditioning at offices, etc.

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

4. Responsible use of natural resources

4.1. Initiatives developed to reduce waste creation

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:	
At offices:	<ul style="list-style-type: none">• The provision of recycling bins for proper waste separation and collection.• At BGS and in-part at FL Technics, representative gifts for business partners and employees should be produced from environmentally friendly materials.• FL Technics have a group of employees who share and implement ideas for environmentally friendly initiatives as well as educating their colleagues on sustainability.• BAA Training's company events utilize reusable dishes and glassware instead of plastic, minimizing plastic usage.• A digital system for storing client files has been established at BAA Training, eliminating the need for paper files.• Also, BAA Training implemented electronic signature software as well as cloud storage solutions for more efficient and paperless document management.• Sustainability training for all BGS and Helisota employees, where reducing the usage of paper in the office to a minimum is one of the pillars. In addition, BGS' Sustainability Committee encourages them to share their ideas and put them into practice.	<ul style="list-style-type: none">• Bluebird Nordic, KlasJet, and FL Technics 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 the use of electronic signature software.• BAA Training is working on replacing paper towels with electronic hand dryers for more sustainable hand drying solutions.	

4.1. Initiatives developed to reduce waste creation

	Initiatives already in place:	Initiatives in current development:
At hangars and other facilities:	<ul style="list-style-type: none"> • Packaging materials in warehouses and production facilities of FL Technics as well as Helisota in major part of locations are thoroughly collected, accounted, and reused to the extent possible (if not – appropriately recycled). • Hazardous materials and waste generated in the maintenance process of FL Technics are also collected and separately stored as per ISO and other local regulations requirements. Third parties are outsourced for the utilization. • Helisota is also exercising responsible practices when sorting hazardous materials and waste generated in the maintenance process. The process is based on the local regulation requirements. 	<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. • Hazardous substances originating in the laundry process at FL Technics are properly treated by our socially responsible partner Lindstrom. • Avion Express intends to implement a practice where mixed and plastic waste, along with deposit bottles, will be sorted and handed over to ground-handling providers for subsequent recycling during charter flights. This initiative aims to contribute to a substantial portion of the plastic entering a second life cycle. • Furthermore, Avion Express in collaboration with one of the ACMI providers, are analysing data related to waste generation onboard to identify areas for improvement and develop more sustainable waste management procedures.
During flights:	<ul style="list-style-type: none"> • Some 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 is 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.

4.1. Initiatives developed to reduce waste creation

Targets:

2023



Avion Express is planning to implement a new digital solution to **replace paper documents in maintenance management processes by 2023**. The system is currently finishing trial period on the Maltese fleet. Once it is approved by authorities, it will be implemented base by base in the Maltese fleet and then in the Lithuanian register.

2024



BAA Training is committed to becoming **the first globally recognized paper-less pilot training organization by 2024**.

2025



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

2026



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



4.2. Initiatives developed to reduce water consumption

NORDIC DINO ROBOTS - Aircraft exterior cleaning robot

Nordic Dino 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. From 2023 onwards, the manufacture of cleaning robots has shifted to Kaunas, Lithuania, where Helisota's professionals are responsible for production, while the design aspects continue to be based in Sweden. Nordic Dino robots meet all 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**

2022 Highlights



200 promotions were achieved at the Group level.



Over 37,900 training and development hours were provided to all employees, with a remarkable 96% completion rate.



Prevention of Violence and Harassment Policy introduction. The Prevention of Violence and Harassment Policy outlines comprehensive measures to ensure a safe and respectful environment for all, addressing and mitigating instances of violence and harassment in our organization. This policy was established in 2022 and introduced in 2023.



Elevating our people experience. In 2022, our Hybrid Work Policy was launched.



Employee quarterly achievements awards. The "High Flyers" initiative, launched by Avia Solutions Group PLC in 2022, aims to enhance employee engagement, fostering heightened motivation and cultivating fresh synergies within the workforce.



1. Our people

1.1 Introduction

Within our Group, we emphasize and encourage ethical behaviour based on core human values. The Group prioritizes developing initiatives that safeguard the health, safety, and overall welfare of our entire workforce while actively promoting diversity and inclusion within our teams. Moreover, we are committed to continually investing in the professional development of our employees, as it not only attracts new talent but also serves to retain our valuable people. By doing so, we ensure that our company remains a hub for exceptional talent and a place where individuals are respected and can thrive both personally and professionally.

Within the Group, we have witnessed a substantial 43% growth in our professionals employed from 2021 to 2022, with more than 10,000 professionals during the reporting period (7,000 in 2021).

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.



1.2. Well-being of our employees

Occupational health and safety

The Group considers health and safety matters as being one of the most relevant subjects throughout the organisation. We focus much of our attention and expertise in ensuring safe and healthy working environment for our employees by implementing and improving relevant policies and procedures. Employees across the Group is our most valuable asset, thus sustaining the highest standard of health and safety is a non-negotiable priority for the Group.

Health training for our employees

100% of our employees are provided with access to online courses covering occupational health, safety, and well-being. Additionally, continuous, and tailored training sessions are conducted with local teams in different countries to ensure the effective implementation of health, safety, and well-being management systems. Furthermore, as part of the onboarding process, all newcomers at each subsidiary company are required to complete essential online training modules on health and occupational safety. This ensures that every new employee is well-informed and familiarized with these important aspects before starting their roles.

Health insurance and vaccinations for employees

Annual health insurance is offered by Avia Solutions Group PLC, granting employees access to optimal medical coverage. Furthermore, an array of different options is offered to our employees too. These health benefits encompass but are not limited to **annual flu vaccinations** and periodical health checks.



100% of our employees are covered by the undertaking's health and safety management system.

Employees benefits and well-being

Providing employees with various benefits and perks assists in attracting new talent, as well as keeping employees engaged and motivated after joining. The Group strives and implements benefit programs with the aim of building a flexible and relaxed working environment. Our employees' needs are constantly evolving, and we want to make sure they find the best possible options to suit their needs and give them a choice. So, each year we launch our annual engagement survey, which helps us to understand the new concerns and interests that emerge among our people. Thanks to the information provided in the responses, we are able to introduce and update the benefits offered by the Group each year.

Well-being benefits:



Remote work flexibility
(New! in 2022)



Annual Health Insurance



Mindletic mental gym app to promote emotional balance



On-site kids' day care centre, facilitated by experienced educators



Free on-site sports gym



Monthly bus e-ticket or parking free of charge



Electric car parking lots



Fresh-fruit days



Prayer room

Social and internal activities:

- “High Flyers” program for the best employees of the quarter (New! in 2022)
- Employee of the year awards
- Team-buildings events
- Team time out events
- Yoga classes and sports teams



Notable 2022 improvements:

Avia Solutions Group PLC employees can find all the benefits and their information on the MELP app, which was introduced in 2022. This app offers an easy-to-use and widely affordable digital tool to personalize employee benefits, thus fitting with every individual's expectations. Currently, we have 11 internal and approximately 20 partner benefits available on MELP – between 2022 and 2023, we introduced 7 new perks and benefits for our employees.

1.3. Aviation Safety Management

2022 Highlights



0 fatal accidents have occurred across the Group.



0 high-consequence work-related injuries or fatalities were recorded from the reported incidents.



Aviation Safety Committee established – the committee reports directly to the Board of Directors by providing safety performance overviews and recommendations for further decision making.



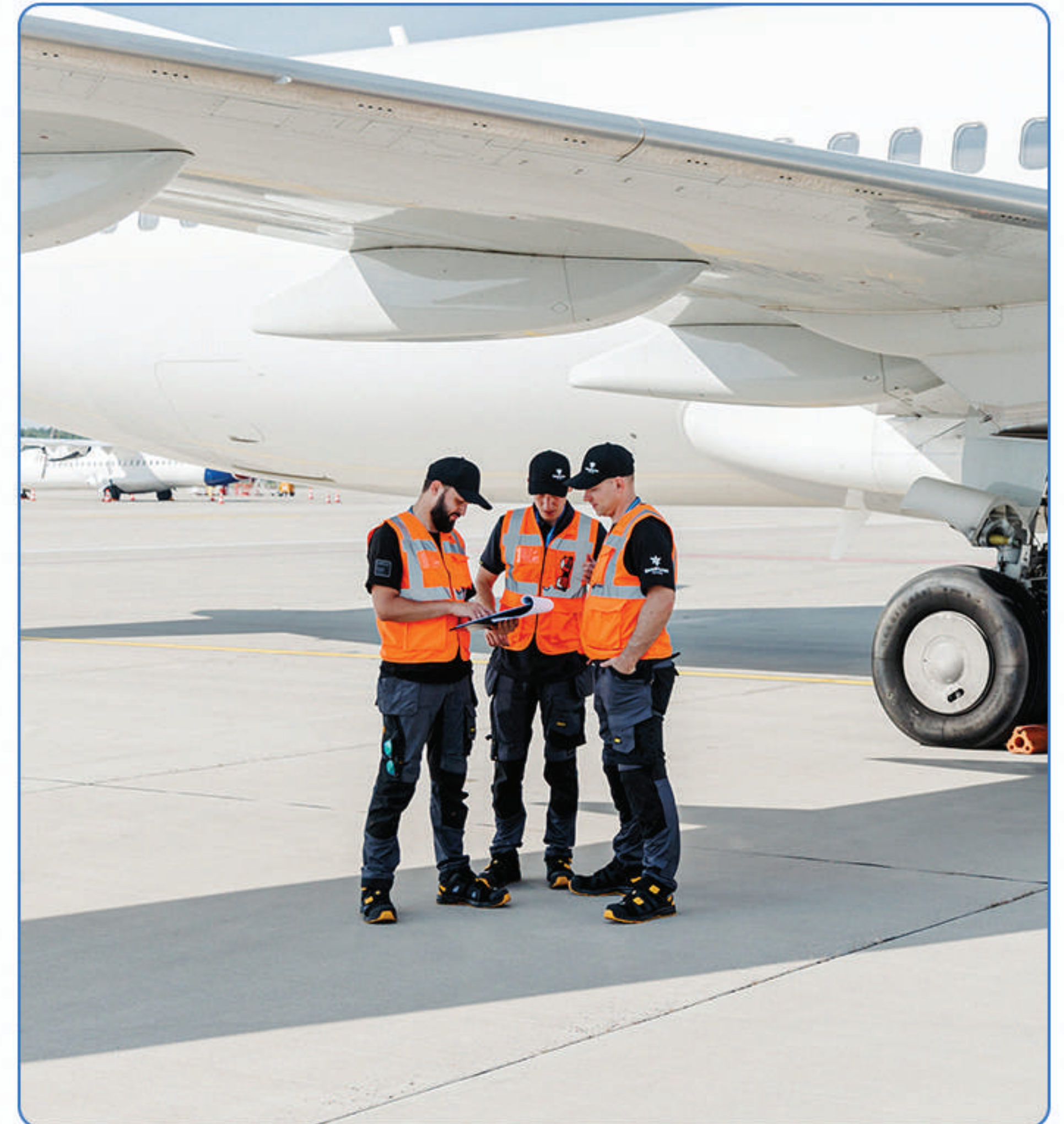
Maintaining IATA Operational Safety Audit (IOSA) for Airlines and IATA Safety Audit for Ground Operations (ISAGO) certifications by IATA.



First Aviation Safety Forum for Safety Managers across the Group.



Moving towards continued progress: throughout 2022, the Group was actively engaged in developing not only the Aviation Safety Policy but also in establishing safety performance indicators for the entire Group. Additionally, an unified crisis management approach for the Group's airlines was introduced. These initiatives have demonstrated their effectiveness throughout 2023.



1.3. Aviation Safety Management

Operational safety is of paramount importance in the aviation industry as it directly affects passengers, crew members, and any third parties. We recognize this critical aspect and are committed to upholding the highest standards of safety in all areas our services are provided. 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.

Aviation safety risks are currently being managed autonomously on the level of each separate entity via the implemented **Safety Management System (SMS)**, which its requirements and applicability are in accordance with **ICAO (International Civil Aviation Organization)** standards and recommended practices. Our subsidiaries are also participating in the voluntary certification programmes such as **IATA's Operational Safety Audit (IOSA) and 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 an SMS Framework that will be established in accordance with respective cross-integrated ICAO and EASA (European Union Aviation Safety Agency) standards. The Group Aviation Safety policy approved by the BoD in 2023, will contribute to building a strong background to standardizing safety risk management, safety assurance, and safety promotion processes across the Group.

Safety training for our employees

From 2022 October, Avia Solutions Group PLC has included the basics of safety management training requirements for new joiners at the company. In addition, each aviation related subsidiary of the Group has an approved training program for their employees which includes initial safety management system training once they join the company. Recurrent safety management system training with different scopes is carried out depending on the role in the organization.

Furthermore, we also organized the inaugural **Aviation Safety Forum**, specifically catering to Safety Managers throughout the Group in 2022. The forum encompassed a range of insightful sessions and activities with the purpose of fostering connections among Safety Managers and facilitating the exchange of sector-specific insights and best practices.

Operational safety statistics

In 2022, the average safety reporting rate across the Group stood at 7.6%. We aim to continuously improve safety reporting by engaging a wider array of employees across various sectors within our Group. This entails their proactive involvement in the safety assurance program, wherein they identify potential hazards and threats within their individual organizations.

Our true priority is to minimize any work-related incidents to as low as reasonably practicable and proactively prevent and mitigate any possibilities of operational safety threats by commitment and attention to safety awareness. The Group has completed 2022 with 0 fatal accidents across the subsidiaries and with 131 recorded work-related incidents, where none of the reported events resulted in high-consequence work-related injuries or fatalities.



1.4. Equality, diversity, and inclusion

Equality and mutual respect in our Group

Equal opportunities and an environment totally devoid of discriminatory practices is the approach that Avia Solutions Group is firmly committed to ensuring for all its employees. We seek to ensure the psychological safety of all employees within the work environment. Three essential elements integrated in our process are key to ensuring equality and mutual respect in our Group:

Equal opportunities

Our Equal Opportunities Policy grants the Group's **employment recruitment process is based in equality** solely on a person's individual characteristics, education, and work experience, and not on any discriminatory criteria.

The Group ensures **equal rights for all employees** by providing uniform working conditions tailored to individual responsibilities and roles. Retraining and equitable benefits are extended without regard to factors such as gender, race, nationality, language, origin, social status, religious beliefs, age, sexual orientation, disability, ethnicity, and religion.

Prevention of Violence and Harassment at work

Through the implementation of our **Violence and Harassment Policy**, approved in the early 2023 year, we strictly prohibit any form of violence or harassment in the company. Any act (or omission) of the organization's employees aimed at causing physical, social, or psychological harm to another employee or group of employees is steadfastly rejected.

We proactively prevent violence and harassment by implementing a comprehensive system of preventive measures, fostering a secure work environment. These measures prioritize employees' psychological well-being and include clear protocols for reporting and investigating potential incidents of violence and harassment in the workplace.

In 2022, one discriminatory incident was recorded and properly investigated compared to 0 in 2021. Each investigation is conducted in a manner that ensures the protection and confidentiality of all parties involved.

Reduce the pay gap by 2% in 2023

We strive and make efforts towards gender equality in terms of employee remuneration – our current male-female pay gap* for 2022 was 7.8% and we are aiming to reduce this number year by year, achieving a decrease of 2% in 2023.

To achieve this, Avia Solutions Group PLC is in partnership with a research company for compensation analysis according to the market. This will allow us to work fairly on our goal. Similarly, our already aforementioned **Equal Opportunities Policy** supports the achievement of this goal.

The ratio between the total annual compensation of the CEO and the median employee compensation is equal to 3.8.

* $(\text{Average gross hourly earnings of male employees} - \text{average gross hourly earnings of female employees})$

$\times 100$

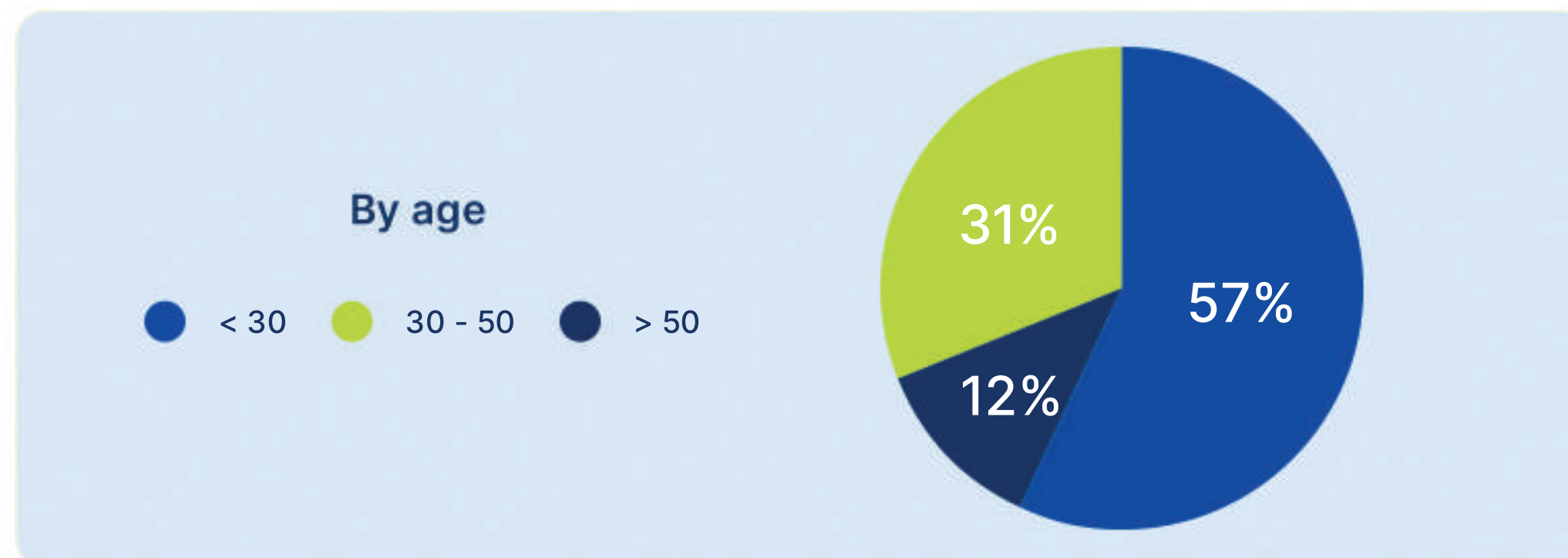
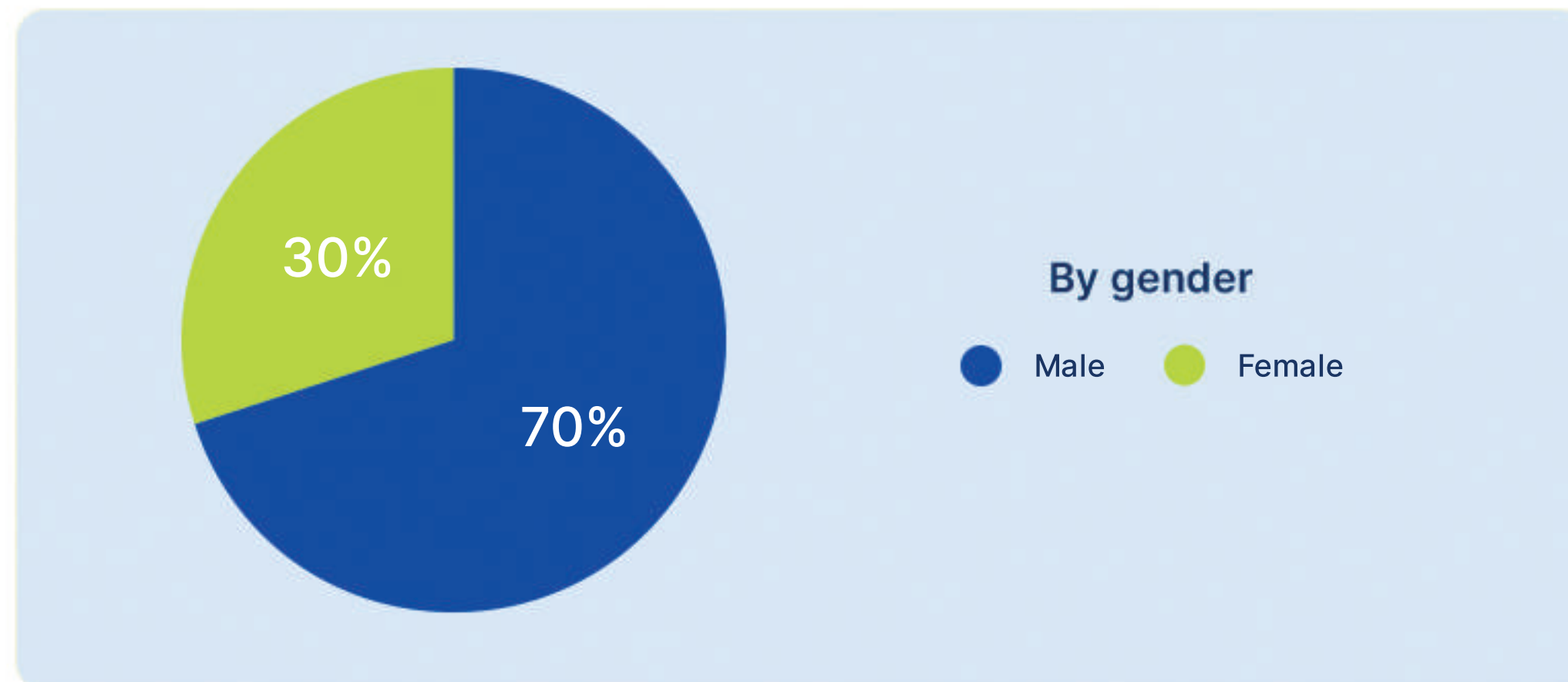
$\frac{\text{Average gross hourly earnings of male employees}}{\text{Average gross hourly earnings of female employees}}$

Diversity and inclusion within the company

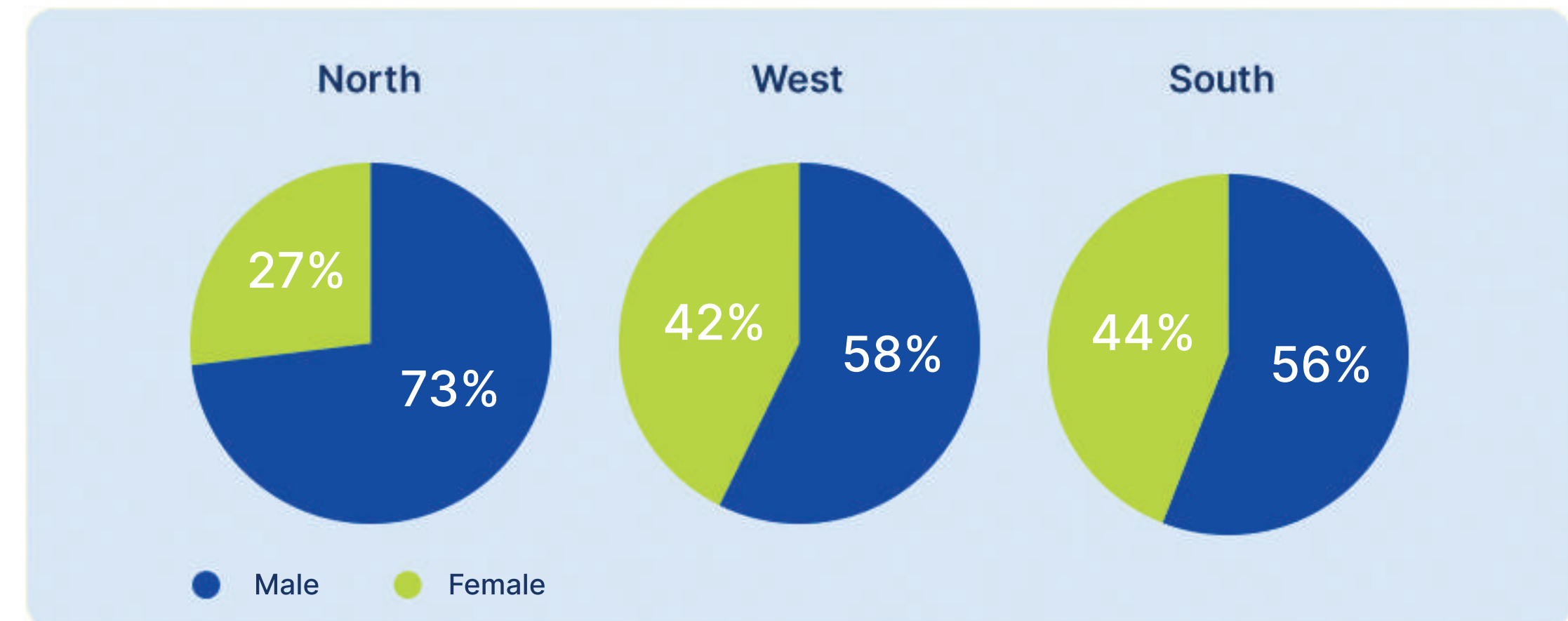
With Group subsidiaries and branches, we see diversity and cultural variety as a core strength. Our international synergy operating in several countries on 5 continents and enables us to create innovative solutions and build an inspiring community of aviation enthusiasts worldwide.

Nonetheless, the aviation industry remains predominantly male on a global scale, with women significantly underrepresented in aviation and aerospace professions, particularly in leadership roles, commercial piloting, and maintenance technology. To address this disparity, we are actively working towards enhancing diversity by advocating for an increased female presence in aviation and by championing aviation as a viable field for women.

Gender distribution by gender and age



Gender distribution by EU regions



Promoting women in aviation through our social media communications

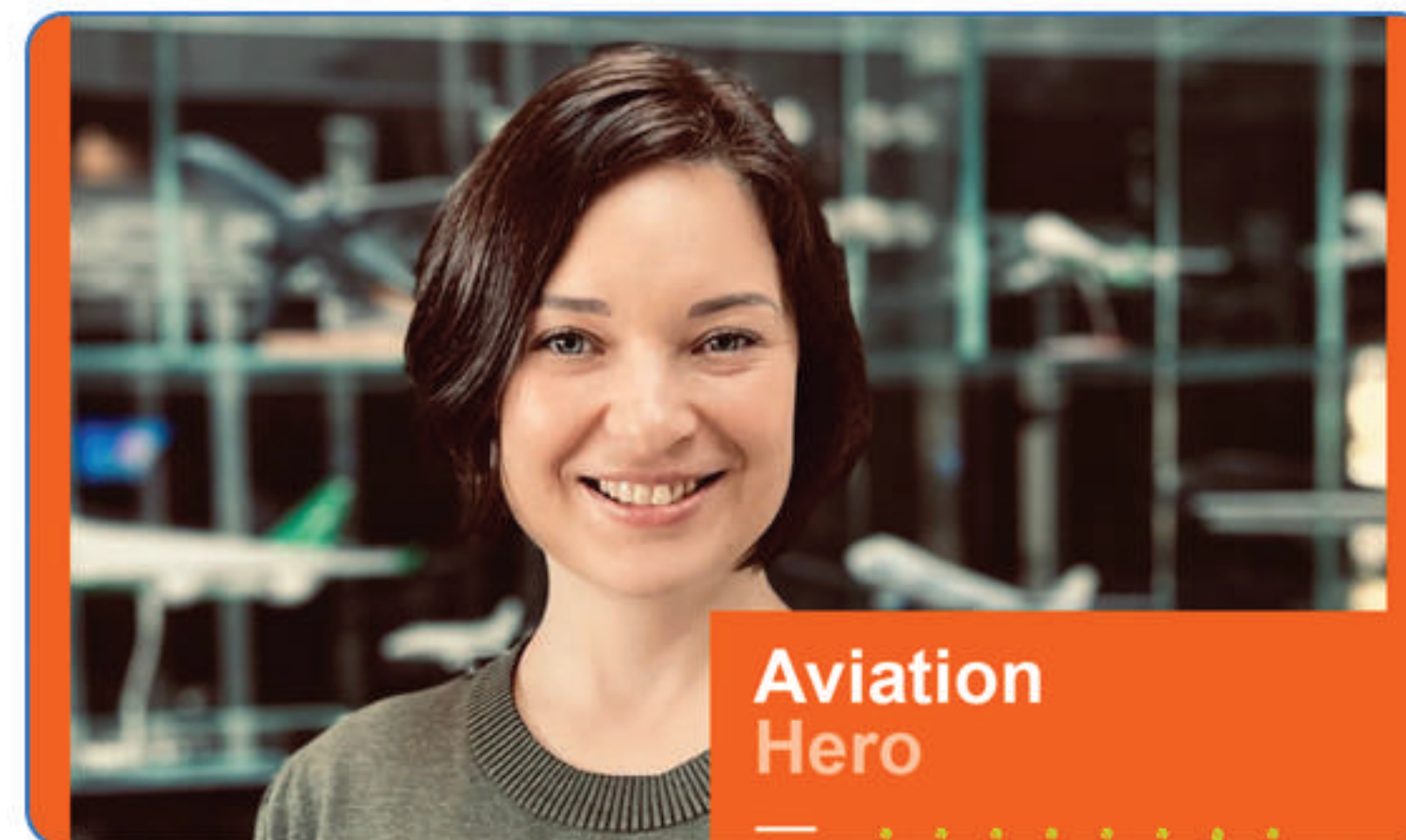
Today, social media can have a huge significant impact on all of us, especially on the younger generation. Promoting women in aviation on our social media channels plays a key role in encouraging and promoting the message that aviation is for everyone, without distinction of any kind.



JETMS WOMEN IN AVIATION

JETMS' women in aviation: breaking rooted stereotypes with hard work and dedication

Women in aviation: dedication, passion and hard work



Diversity and inclusion within the company

Diversity marks the initial step towards fostering innovation embracing varying views and qualities within a team. However, it's the synergy of diversity and inclusion that truly maximizes its value. Inclusion within leadership training is a crucial aspect of developing effective and ethical leaders who can create diverse and inclusive environments within their organizations. This training aims to equip leaders with the skills and mindset to promote diversity, equity, and inclusion (DEI) in the workplace and beyond. Here's how inclusion is integrated into leadership training:

Understanding unconscious bias

Inclusive leadership training starts with recognizing unconscious biases and their impact on decisions and teams. Leaders then learn to challenge assumptions for better, fairer choices.

Cultural competence

Leaders are educated on cultural competence, enabling them to understand and appreciate different cultural backgrounds, perspectives, and communication styles. This fosters an environment of respect and openness.

Empathy and active listening

Leaders learn the importance of empathy and active listening in by understanding the experiences and needs of team members. By actively listening, leaders can create a supportive and inclusive atmosphere where everyone's voice is heard.

Inclusive decision-making

Leaders are encouraged to involve diverse voices in decision-making processes. This can lead to better decisions and more innovative solutions, as diverse perspectives bring varied insights.

Talent management and recruitment

Inclusive leadership training guides leaders in adopting fair and inclusive practices in talent recruitment, development, and progression. This ensures that opportunities are accessible to all employees based on merit and potential.

Conflict resolution and fostering collaboration

Inclusive leaders are trained in conflict resolution techniques that promote understanding and collaboration among team members from different backgrounds and viewpoints.

Accountability and measuring progress

Leaders are taught to hold themselves and their teams accountable for promoting inclusivity and measuring progress towards diversity and inclusion goals.



1.5. Training and professional development

In the aviation sector, prioritizing training and professional development of employees is paramount. It not only ensures a skilled and capable workforce but also upholds safety, operational excellence, and the industry's commitment to delivering exceptional services. During 2022, more than 37,900 training and development hours were offered to all employees and 96% of the hours were completed by employees. In addition to this, 200 promotions were achieved at the Group level.



200 promotions
were achieved at the Group level.



Over **37,900** training
and development hours
were provided to all employees, with a
remarkable 96% completion rate.



Over **€1,400,000**
invested on training and
development.



100% employees
invited to participate in our
engagement survey.

1.5. Training and professional development

To enhance employee performance, the Group is consistently engaged in ongoing development initiatives. Recognizing the diverse skill sets requiring refinement, each subsidiary employs a range of training methods tailored to their employees' needs, covering:

Leadership programmes

The Group has in-house talent academies that seek continuous learning for both experienced and younger leaders. This allows them to refresh their skills and knowledge.

Leadership programs encompasses young leaderships opportunities, which are typically aimed at young professionals, recent graduates, or emerging leaders who show potential and interest in taking on leadership roles in their careers or communities.

Furthermore, **Smart Leaders Club**, a leadership program, strengthens the leadership within the company by implementing a training program for managers and key staff.

Additional trainings

Mental health training sessions are provided regularly as well as psychological sessions. Other language proficiency trainings, on-the-job training programs, and qualification efficiency trainings are also offered.

Sharing knowledge sessions

Fostering knowledge sharing across our extended Group stands as a cornerstone of our performance. This commitment is demonstrated through quarterly company-wide knowledge sharing sessions, integrated into our continuous education program. Additionally, annual Group-wide gatherings and market updates update meetings further solidify this practice.

In our performance appraisal sessions for all employees, achievements and valuable lessons are shared during dedicated team sessions, encouraging mutual growth. Performance can be evaluated on a variety of indicators, such as management by objectives, peer feedback, teamwork, and daily conversations or discussions. Performance appraisal is carried out at least once a year, although more frequent appraisals are common depending on the team and the area.

In addition to this, our **Mentors Program**, spearheaded by experienced employees, ensures knowledge dissemination, particularly to newcomers, thereby facilitating a more relatable understanding of the business. Our "Day with a Colleague" initiative also enables a deeper understanding of teammates' roles within the department or organization.



1.6. Retention and attraction of talent

Retaining skilled and experienced employees fosters organisational memory, leading to higher operational efficiency, smoother knowledge transfer, and decreased training costs. It also enhances team cohesion, as established employees often serve as mentors, nurturing the development of newer team members. This continuity of talent helps maintain a consistent company culture and ensures the seamless execution of projects and initiatives. In 2022 employee turnover across the entire Group was 14%. Although we consider that our turnover rate is balanced, we aim to reduce this number with 2% for 2023. We've also experienced a 5% increase in our engaged employees, rising from 37% in 2021 to 42% in 2022.

14% employee turnover rate in 2022 → **2%** reduction target for 2023



42% of actively engaged employees

We also appreciate that new viewpoints and varied skill sets from external hires can bring energy and innovation to our Group. This mix of talent fosters creativity, formulating a dynamic atmosphere that motivates the company to explore new possibilities and adjust to changing market trends.

Elevating employee experiences

- Presenting enticing compensation packages and comprehensive employee benefits.
- Providing comprehensive onboarding for new staff members.
- Engaging in frequent performance evaluations to foster employee growth.
- Introducing various specialized benefits initiatives aimed at attracting fresh talent. Refer to the "Employees benefits and well-being" and "Training and professional development" sections for details.



Retaining our talent

Engaging with our people

1.

“Have Your Say!” is our employee engagement survey, launched to all our employees. The survey helps us to gain valuable insights in order to enhance employee satisfaction, commitment, and overall engagement with the organization. This approach recognizes that engaged employees are more likely to stay with the company and contribute positively to its success. The involvement of all leaders and managers in the process plays a crucial role in employee engagement and retention. This year 42% of 11,500 employees actively participated in the survey (4,830).

Tracking our progress

2.

Human resources metrics are tracked and monitored by all companies, with turnover rate being a key element in measuring progress and results.

60% of our employees are covered by permanent contract agreements.

Taking action

3.

We analyze the “Have Your Say!” survey results to identify areas where employee engagement is strong and where improvements are needed. As a result, action plans are put in place to implement specific initiatives and measures within the Group.

Learning from leavers

4.

By 2022, all companies implemented exit interviews for employees who leave the company during the offboarding process. The valuable information obtained from these interviews allows the talent attraction process to be increasingly fine-tuned and personalized.



Attracting most talented people

Global dedicated hiring teams

Across the world, dedicated teams are diligently engaged in the mission to identify and recruit highly experienced professionals. We experienced a large increase, 43% over 2021, in the total number of professional hires in 2022. Parallel to the growth in the aviation business overall, the strongest growth was in the ACMI businesses and in the aviation logistics sector, including the cargo and passenger segments, where middle management and senior specialist levels were mainly filled.



Transforming talent management

The **Applicant Tracking System** was launched. This software helps to manage and control the process of recruiting and hiring potential employees, making the process smoother and more efficient.



2. Customer satisfaction

As a global aviation company committed to sustainable practices, we recognize that satisfied customers not only drive our business forward but also have a profound impact on our overall sustainability efforts. By actively listening to their needs, concerns, and suggestions, we gain important insights into areas where we can improve in our everyday operations and be aligned with their ESG expectations. Due to the diverse business nature of Avia Solutions Group, various subsidiaries prioritize different customer profiles, leading to distinct approaches in customer engagement:

Customer questionnaires and surveys

Launching customer surveys or questionnaires is part of the process of finding out about our customers' 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. For instance, KlasJet send questionnaires to brokers after each flight. 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.

Meetings and visits

On a regular and continuous basis, the commercial departments hold meetings, face-to-face or online, with customers, conducting negotiations, and holding quality discussions on operations and services. Usually, the face-to-face method is preferred in order to establish valuable human connections.

It's also important to note that 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 or informal environment.



Conferences and events

Clients and company representatives have an opportunity to engage in professional discussions and maintain relationships via a large variety of aviation industry events such as shows, exhibitions and conventions, where Group representatives are constant participants.

During 2022, the BGS team also participated in the Sustainable Aviation Fuels Forum. Given BGS's aspirations in the realm of Sustainable Aviation Fuels (SAF), this forum not only imparted valuable insights and fresh knowledge but also served as a valuable platform for establishing connections with both prospective and established clients.

BGS participates in the yearly IATA and Ground Handling International conferences, as well as the IATA Fuel Forums. During these events, the commercial team has the opportunity to meet with a comprehensive gathering of ground handling and into-plane fuelling clients in one location. Moreover, **Aviator** is attending the Ground Handling International Trade Fair annually.



BAA Training and **FL Technics** are two of the Group's subsidiaries which are actively participating at diverse global aviation events. BAA Training is an annual participant at Pilot Career Live event, EATS exhibitions, APATS Symposiums, school fairs, and air shows. Similarly, FL Technics actively participate at MRO events and conferences such as Word Cargo Summit, MRO BEER, MRO Europe, Latin America, Middle East, and Africa exhibitions.

Conferences and events

Avia Solutions Group's ESG Manager, CEO for BGS, Gytis Gumuliauskas, Head of Logistics of BGS, Eimantas Staknys, and then serving CCO at Avia Solutions Group, Vilma Vaitiekunaite, had the opportunity to attend the **Nordic Conference "Decarbonizing the Transport"**. The event was organized by the Swedish Chamber of Commerce in Lithuania, the Finnish-Lithuanian Chamber of Commerce, the Norwegian-Lithuanian Chamber of Commerce, the Nordic Council of Ministers Office in Lithuania, and Neste. The conference aimed to initiate a dialogue between the decision-makers and the private sector and to pinpoint the most pivotal areas to be addressed to meet the ambitious climate targets set by the EU.

Our ESG manager Silvia Rodriguez has also participated at Ishka ESG: Aviation Finance's first ESG conference in London **focusing on the commitment to a cleaner future in the aviation industry**. Many important topics were discussed during the event, such as sustainable aviation fuel, net-zero goals, and financing.



Achievements and recognition

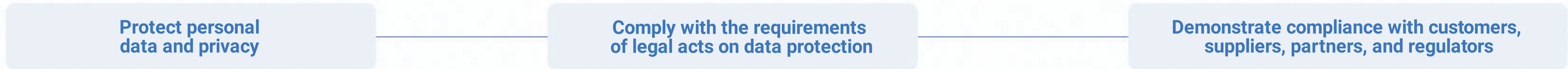
During the LOT Polish Airlines Ground Handling Summit 2022, **BGS was awarded 1st place in “The Best Customer Experience at Short-Haul Station”** based on survey results related to the quality of passenger service. BGS was also awarded **2nd place in “Short-Haul On-Time Performance”** for the whole of the LOT network. This is not only a joy but also a great commitment and responsibility to LOT Polish Airlines, our other clients, and of course every single passenger.



In 2022 BGS became a member of the **Joint Inspection Group (JIG)**. JIG encourages the improvement of operational excellence and safety in aviation fuel handling operations worldwide by producing world-leading standards.

3. Data privacy

Our primary personal data protection goals encompass:



Measures taken to achieve our goals:

Data Protection Officer (DPO)	All 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.
DPO for PLC Avia Solutions Group	The DPO provides the subsidiaries with advice and the monitoring services relating to the protection of personal data according to the context of each subsidiary.
Policies	Every company enforces essential policies, including but not limited to: <ul style="list-style-type: none"> • Introduction of the Personal Data Transfer Policy, developed in 2022 and effective in 2023. • Privacy Policy • Personal Data Processing Policy • Procedure for Managing Personal Data Breaches • Employee Personal Data Protection Policy
Employee training	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 are familiarized with the policies and procedures, rules and guidelines regulating the processing of personal data approved at the company through relevant data management system.
Data Protection Impact Assessment ("DPIA")	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 a 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 that have been taken to ensure compliance with GDPR regulations.
Implementing privacy rights of data subjects	Each company guarantees the implementation of data subjects' rights and the provision of any related information at any request or in case of query.
Managing personal data breaches	The rules for the investigation, assessment, management, and administration of data breaches are established by the Procedure for Managing Personal Data Security Breaches.

During 2022, a centralized digital platform internally known as the "GDPR Register" was implemented across the Group. This platform was designed to log and document breaches, as well as the findings from breach investigations. The platform also facilitates the input of other important information, such as the preventive measures taken by the company before the breach (such as backups, encryption, and training). Furthermore, following the installation of the new platform, 6 complaints concerning breaches of customer privacy have been received in 2022, compared to 0 in 2021. All the complaints were thoroughly investigated and effectively addressed. In addition, each year Avia Solutions Group PLC not only conducts internal audits of subsidiary companies' Privacy Policies, but also carries out periodic reviews.

4. Contributions to society

Contribution to society refers to the positive impact that a company makes on society and the communities in which it operates. The Group goes beyond our core business operations and supports various programs and initiatives which can make a positive impact on society, aid development of local communities, and engage employees.

Supporting Ukraine and its people

Supporting Ukraine and Ukrainian people is extremely important for us. Avia Solutions Group, along with our wider business group, are proud to stand shoulder-to-shoulder with Ukraine, showing dedicated support.

Following Russia's military action against Ukraine, Avia Solutions Group responded immediately by providing €300,000 worth of financial and supplementary aid to both government and NGO's supporting Ukraine. Avia Solutions Group has also extended financial support in the form of a €100,000 benevolent fund, with the full sum attributed to Ukrainian and Lithuanian organizations who are fully committed to the humanitarian crisis developing in the country, as well as the refugees affected.

FL Technics also exhibited its support by initiating a donation campaign, resulting in generous contributions of around €5,000 from the company's employees to aid Ukrainians in need. Subsequently, FL Technics tripled the donated sum, resulting in a total collection of over €15,000. This contribution enabled the purchase of vital jeeps and supplies, thereby offering support to Ukrainian soldiers.

Additionally, Avion Express coordinated Ukrainian aid packages, thoughtfully assembled by employees with ready meals, non-perishable foods, hygiene items, and pet snacks. These contributions were directed to the non-governmental organization "Sesios AM," effectively assisting those in need. Moreover, employees could make contributions by dialling the Ukraine support line from their work phones, further extending their support to the people of Ukraine.

Avia Solutions Group is also working closely with Caritas, particularly with the growing concern for Ukrainian refugees and unemployment. As a result, we have committed to actively recruiting personnel from Ukraine as a matter of urgency. To support this cause, we continuously hire Ukrainian professionals and assist in their adaptation to a new working and living environment. Currently, we have approximately 50 Ukrainian professionals on board, of which 35 are employed at FL Technics.

BGS and our Ukrainian subsidiary BGS UA has also showed support by organising donations and handing over fuel tanks to the Ukrainian Armed Forces. Using these machines, Ukrainians were able to access military equipment more easily at its location, maintaining a strategic supply of fuel. In 2022 BGS Rail was also actively involved in a Ukrainian grain transportation deal, which had significant financial impacts for Ukraine and provided crucial humanitarian assistance to countries experiencing food security challenges.



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 that have 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 annually participating in the Pink Run event. The company pays the registration fees of employees, who are keen to participate and run at this event, thus encouraging the spread of information, providing financial assistance, and promoting the health and wellbeing of employees.

Supporting children and young people

For years, Aviator has supported the **Mashimoni Children Centre in Kenya**, providing orphaned children with a brighter future. In 2022, Aviator continued its commitment by covering school fees for over 40 children, totalling around €84,000 per term for all the children that the Centre is responsible for. The company also maintains its annual tradition of providing Christmas presents for the children.

Likewise, every year Avion Express continues to cooperate with the **All-Saints Children's Day-Care Centre**, together creating a fair with handmade items made by the children to raise funds for the children's daily needs.

In 2022, Magma Aviation supported a British medical research charity, that focusses on funding research to prevent and treat disease and disability in babies and children. By becoming a sponsor for team "Raring to Row" in the Talisker Whisky Atlantic Challenge 2022 boat race, the company contributed to the donation of €37,400 for "**Action Medical Research**".

Additionally, Avia Solutions Group is annually supporting Lithuanian diaspora youth by participating at **Bring Together Lithuania program**. The program aims to empower Lithuanian diaspora youth by providing them with invaluable professional skills, and connecting them with Lithuanians globally, allowing them to explore all that Lithuania has to offer. In 2022, we had the privilege of meeting a group of talented students from the USA who were participating in this initiative. During their visit, we showcased the thriving aviation industry in Lithuania, introduced them to Avia Solutions Group and talked about future opportunities available for those who choose to build their careers in aviation.

Helping animals

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





Our Governance Performance



1. Corporate governance at Avia Solutions Group

2022 Highlights



Governance Policy adopted: the approved policy sets out the Group's global corporate governance programme and strategy aimed at efficient and transparent governance of legal and corporate affairs. The Governance Policy is based upon generally recognised good governance practices adapted to the needs as well as the business reality and specifics of the Group.



Upholding governance integrity: to maintain accurate, accessible, and consistent corporate data and assure efficient processes across the Group, Avia Solutions Group PLC has developed an entity management application in 2022. The widespread use of the application has been effective by all companies within the Group from 2023.



More resilient throughout our Group-wide Risk Assessment Process: the Group conducted group-wide risk assessment processes related to the Group's strategic objectives and aviation industry principal risks, which could potentially have a material adverse effect on the Group's business, financial condition, results of operations, and prospects.



Enterprise Risk Management Policy and Framework development: the policy and framework setting guidelines for the Group to adhere to address any uncertainty associated with the planning, performance management, and operations which was approved by the Board of Directors. These documents have been effective since 2023.

Board of Directors

Board responsibilities and structure

The Avia Solutions Group PLC Board of Directors (referred to as BoD or Board) bears responsibility for fostering sustainable growth, financial integrity, and upholding fair dealing trade standards, while preventing external influence.

Beyond the prescribed legal duties, the Board supervises the Group's operations. Key responsibilities include:



Defining and endorsing the Group's strategy and objectives, aligning them with values and culture.



Monitoring performance, ensuring competent and prudent management in line with strategy, risk tolerance, and budgets.



Directing major projects and shaping the Group's organizational growth.



Personally, overseeing the Group's risk management strategy and delivery.



Composition

The Board comprises of 6 members, including the Preference Share Majority Director. Directors are appointed via a majority shareholder vote during the Annual General Meeting, except those nominated by the Preference share majority shareholder. Three members of the Board are executive while the remaining three hold non- executive positions.



Gediminas Žiemelis

Founder and Chairman of the Board of Directors, Avia Solutions Group since 2005. Non-executive.

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 69,29% of the ordinary shares of Avia Solutions Group and is the owner of the Group.



Jonas Janukėnas

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

In 2017, Jonas joined Avia Solutions Group PLC team as an advisor to the Chairman of the Board and became the CEO of the company in November 2017. Jonas is focused on the executive management of the Group, the growth of its revenue streams, and robust market presence.



Vygaudas Ušackas

Member of the Board of Directors since 2019. Executive Director.

At 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. In February of 2023, Mr Vygaudas Usackas resigned as a Director of the Company on 1 February 2023.



Thomas Klein

Member of the Board of Directors since 2021. Non-executive.

Tom Klein is a Senior Managing Director at Certares Management LLC, a leading US-based investment specialist dedicated to the travel, tourism, and hospitality sectors. 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.



Linas Dovydenas

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

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 global recognition in 2011.



Žilvinas Lapinskas

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

Žilvinas Lapinskas holds aggregated experience in the 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. Žilvinas has successfully accomplished over 30 major business acquisition deals countries including Poland, Latvia, Lithuania, Spain, and Germany.



Pascal Jean Alexandre Picano

Member of the Board of Directors since February 2023. Executive Director.

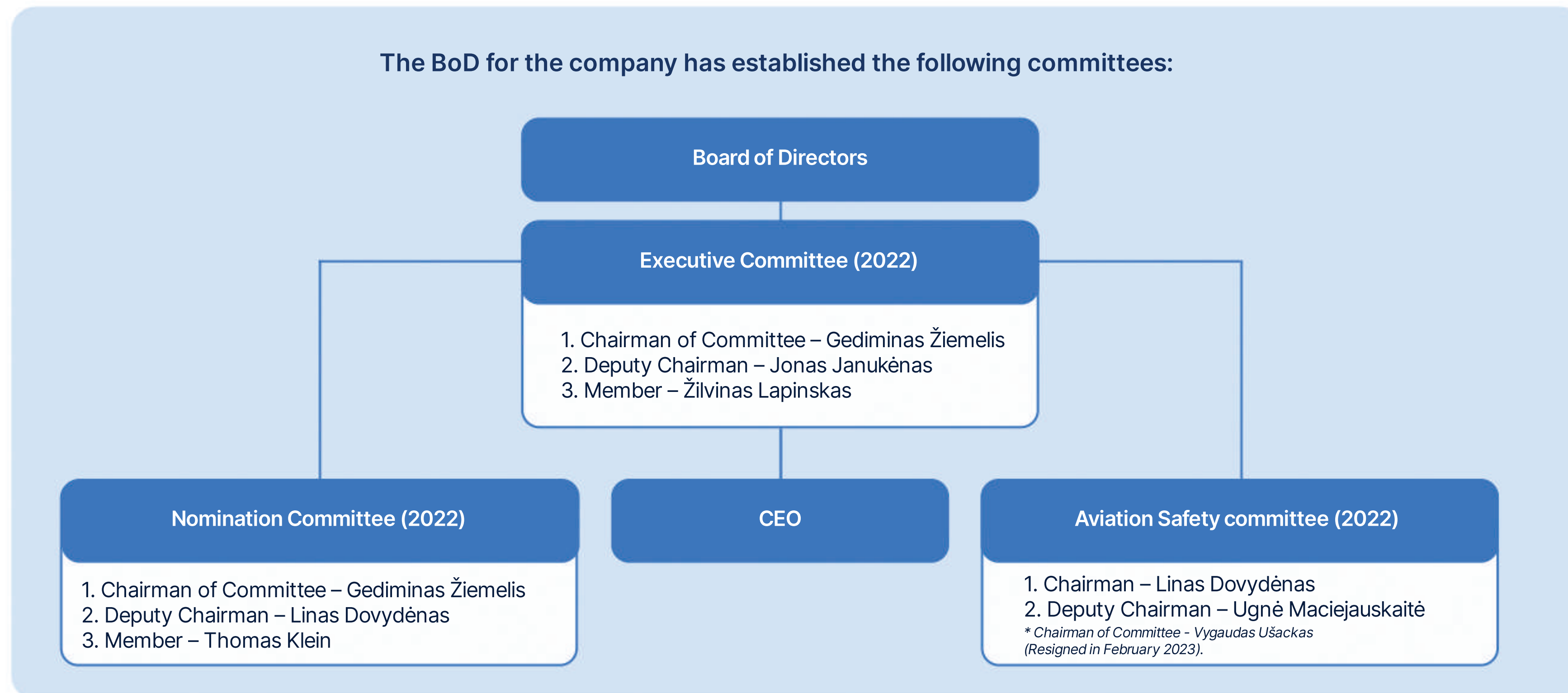
Pascal Jean Alexandre Picano has more than 25 years of successful experience in the aviation industry. Mr. Picano has held leadership positions in some of the largest aviation capital and investment companies, raising capital and investments surrounding aircraft acquisition, leasing, and trading, as well as financing businesses related to the aviation sector. Currently, Mr. Picano is leading the development of ACMI service operations.

New Board member following the beginning of 2023:

Board Committees

Avia Solutions Group PLC delegates powers to already established committees or executive committees, which consist of at least three members of the Board of Directors. The executive committees are composed 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 one member of the Board and any other consultants as may the BoD agree at its absolute discretion. This change came into effect in July 2023 as such previous committees consisted of a minimum of two Board members.



ESG governance within the Group

Effective governance is vital to successfully executing the Group's ESG strategy at all levels. Avia Solutions Group's ESG department, reporting directly to the CEO, spearheads the strategy's creation and execution. Additionally, each subsidiary designates ESG focussed individuals who play a pivotal role in shaping and executing the strategy.

In 2022, we conducted comprehensive workshops involving all subsidiaries and a selection of executive Board members. These sessions encompassed crucial topics such as sustainability, legal considerations, objectives, and future actions. Additionally, during each quarterly Board meeting, the CEO presents updates and significant Group matters, with special attention given to ESG concerns.

Decisions-making and quarterly Board meetings

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

Board meetings are held on a quarterly basis at the corporate headquarters in Ireland, where financial position, major projects, and other significant business and compliance reviews are discussed. Decisions are taken by a majority of 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.

Throughout 2021, the Board diligently tracked the Group-wide effects of Covid-19, prioritizing employee and customer well-being and implementing additional organizational measures. In 2022, the Board has maintained a vigilant watch on the potential repercussions of the Ukraine conflict, resulting in heightened frequency of meetings.

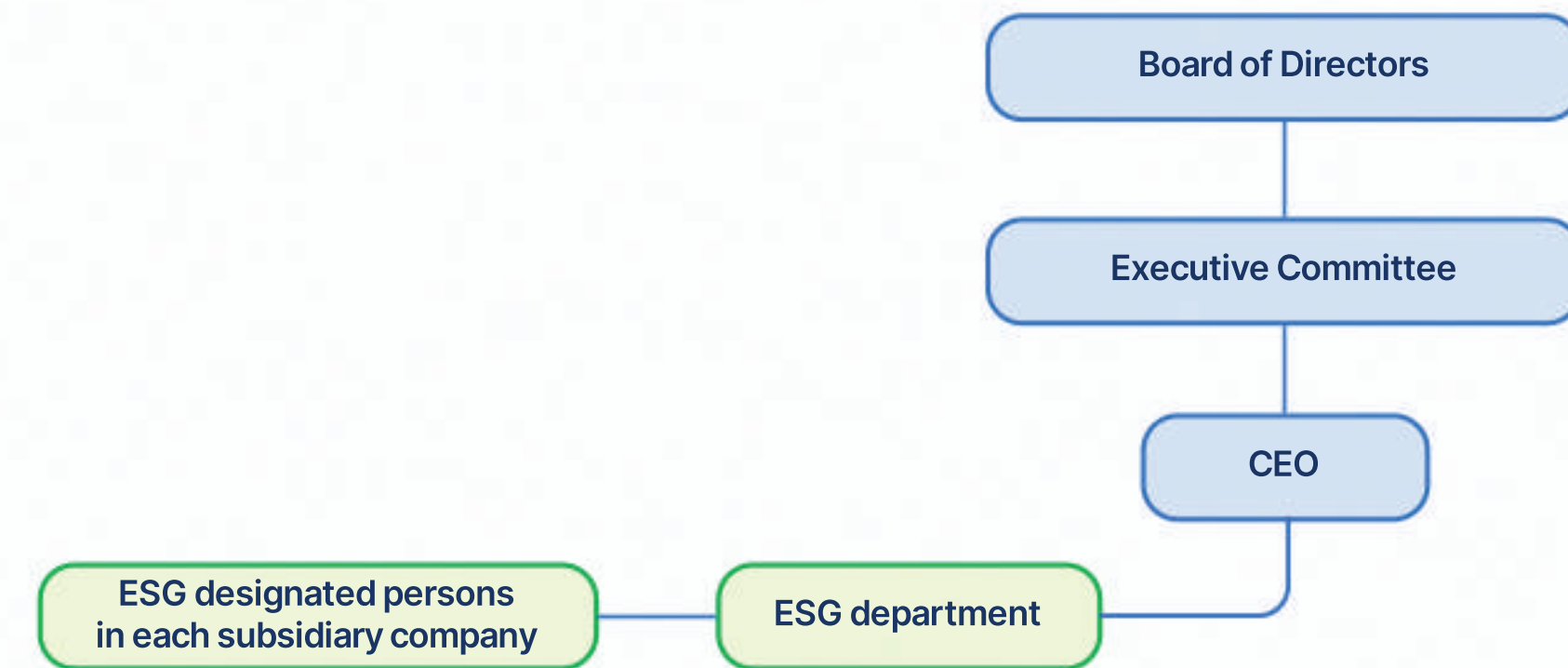
Conflict of interests

In accordance with the Board's Code of Conduct, all Board members shall take their position acting appropriately, effectively, economically and, in accordance with the highest professional standards, avoiding any possible conflicts of interest.

The Board of Directors introduced a "Declaration and Management of Interests" protocol on March 7, 2023, to ensure that employees disclose any potential conflicts of interest. The protocol emphasizes responsible and transparent behaviour, requiring all employees to prevent conflicts, report any observed conflicts, and maintain integrity within their roles and responsibilities. This proactive approach underscores Avia Solutions Group's commitment to upholding the highest ethical standards and maintaining the trust of its clients, partners, and stakeholders.

The "Declaration and Management of Interests" protocol outlines a clear framework for employees to follow when identifying and addressing conflicts of interest. It covers a wide range of scenarios, from financial interests to personal relationships that could compromise the impartiality and objectivity of employees in their decision-making processes.

In addition, when they relate to the members of the Board, they shall also report their conflict of interests to the responsible chair of the Board or Committee. The secretary of the company shall record every declaration in respect of the conflict of interest made by members of the Board of Directors including the meeting at which such declarations were made.



Communication of critical concerns

Whistleblowing Policy

In the Group's Whistleblowing Policy, which was developed and approved in 2022 and 2023 respectively, the process for communicating critical concerns to the highest governance body is outlined to ensure transparency, accountability, and timely resolution of issues. The purpose of the Whistleblowing Policy is to allow employees to make disclosures about perpetrated or suspected infringements through Company whistleblowing channel without concern of victimization, subsequent discrimination, disadvantage, or dismissal. When an employee or stakeholder raises a critical concern through the Group's anonymous whistleblowing mechanism (Trust-Line), the following steps are involved:

- 1. Initial assessment:** upon receiving a critical concern, designated personnel responsible for overseeing whistleblowing matters performs an initial assessment to determine the severity and validity of the concern. If the concern is deemed to be of a critical nature, the designated personnel may escalate the concern to relevant individuals or units.
- 2. Confidentiality and protection:** throughout the process, the designated personnel ensure the confidentiality and protection of the whistleblower's identity, as well as protection from any form of retaliation.
- 3. Investigation and verification:** in consultation with relevant internal or external experts, the designated personnel initiates an investigation to verify the accuracy of the concern and gather additional evidence.
- 4. Communication to the highest governance body:** once the investigation is completed, a comprehensive report is prepared summarizing the critical concern, the findings of the investigation, and any recommended actions. This report is then communicated to the highest governance body for decision-making.
- 5. Review and decision:** the highest governance body reviews the report, considers the seriousness of the concern, and decides on the appropriate course of action. This may include implementing corrective measures, disciplinary actions, or policy changes.
- 6. Communication of actions:** the decisions and actions taken by the highest governance body in response to the critical concern are communicated to the relevant stakeholders.

As part of our commitment to transparency and accountability, all reported cases are managed and recorded in the Whistleblowing Case Management System for sustainability or corporate annual reporting.

Enterprise Risk Management

Clear policies and procedures outline behaviours and practices, which help us mitigate potential risks and prevent misconduct, unethical behaviour, and communicate critical concerns. The Enterprise Risk Management Policy, which was approved by the BoD in 2023, sets guidelines and recommendations that the Group needs to adhere to address the uncertainty associated with planning, performance management, and operations. This includes integrating risk management principles into decision making, core activities and business processes.

We use the Enterprise Risk Management Policy to make better-informed decisions to improve the probability of achieving our organization's mandate, strategic goals, and operational objectives. The Policy is based on the principles, framework and process outlined in COSO:ERM 2017, as well as industry and/or national rules and regulations. It is designed to ensure risks are managed and controlled in a systematic, proactive, and cost-effective manner throughout all areas of the organization.

2. Risk Management

In the aviation sector, strict regulations govern air transport services, particularly concerning maintenance, security, and operational standards. As a result, the Group adheres to industry best practices and corporate standards to ensure compliance and manage any potential risks. The Group applies the Enterprise Risk Management Framework which establishes the fundamental principles for managing risks, encompassing standards, goals, and the distinct responsibilities of various employee groups across the Group. Management, maintenance, and operation of aircraft, safety, and occupational safety, as well as personnel training, is being managed by each quality assurance team at each subsidiary, while there is organization-wide adoption of the Safety Management System (SMS).

To ensure enterprise risk management operates at a 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 conducted 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 Top (Systematic) Risk Register. The risks are categorised as financial, operational, and strategic. The assessment involves evaluating and measuring the likelihood of the occurrence of the risks, or their magnitude of potential impact on the Group's business, financial condition, results of operations, and prospects.

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



**For additional information, please refer to our previous [ESG report 2021](#).*

Fostering a risk management culture within our Group

Promoting a robust risk management culture within our Group is vital. By instilling a proactive awareness of potential risks and the necessary strategies to mitigate them, we empower our teams to make informed decisions that safeguard our operations, enhance resilience, and contribute to sustained success. To facilitate this, the organization provides guidance, framework and tools that enable employees and other stakeholders to proactively identify and report potential risks. These include, but are not limited to:

- Annual risk assessment and continuous updates.
- Training sessions covering risk identification and assessment in crucial areas such as safety, cybersecurity, fraud, anti-corruption, and anti-money laundering.
- Continuous methodical support to subsidiaries in relation to the establishment of the ERM Framework within the organisation.
- A dedicated whistleblowing channel for confidential reporting.

In 2023, the Board of Directors has also approved the Enterprise Risk Management (ERM) policy and framework. This policy aims to help the Group and its subsidiaries to make better-informed decisions to improve the probability of achieving its mandate, strategic goals, and operational objectives. This policy is grounded in the principles, structure, and procedures delineated in COSO:ERM 2017, along with relevant industry and national guidelines.

To further enhance the risk management culture in our Group, and as part of the ERM policy and framework, we rely on the following principles as a basis:



Best available information - The inputs to the risk management process should be based on current and historical information, as well as on future expectations. Any limitations and uncertainties associated with such information and expectations must be considered.



Continuous improvement - Risk management process should be continually improved through learning and experience, as well as an increase in process maturity by using the best practices, ERM framework, technologies, and digital tools.



Customized - ERM framework and processes should be customized and proportionate to the company's external and internal context, related to its objectives.



Dynamic - Risks can emerge, change, or disappear as a Group's external and internal context changes. Risk management process should anticipate, detect, acknowledge, and respond to these changes and events in an appropriate and timely manner.



Human and cultural factors - Human behaviour and culture significantly influence all aspects of risk management at each level and stage.



Inclusive - Appropriate and timely involvement and escalations to stakeholders enables their knowledge, views, and perceptions to be considered. This results in improved awareness and a more informed risk management process.



Integrated - Risk management is an integral part of all Group business activities.



Structured and comprehensive - A structured and comprehensive approach to the risk management process contributes to consistent and comparable results.

3. Upholding Governance Integrity



To uphold further governance integrity, in addition to several governance and compliance policies, we also utilised digital tools and developed specific applications.

- **Governance app.** The Governance app is the entity management application, which stores vital corporate data for the Group's entities as a single source of truth. The Governance app was developed during the 2022 and released in January 2023. Currently it serves as a primary location for information for legal entities and is being used for Group governance and reporting purposes.
- **Compliance apps.** Comprises three key platforms designed to streamline essential processes:



Counter-party onboarding and due diligence: tailored for efficient counterparty identification, verification, and onboarding. Launched in February 2023, following its development in 2022.



Whistleblowing Reporting and Case Management (**Trust-Line**): facilitating the reporting and management of whistleblowing cases.



Conflict of Interest Declaration and Management: empowering employees to disclose and manage potential conflicts of interest, bolstering transparency and organizational integrity. The platform is planned to be launched at the end of 2023.

- **Environmental, Social, and Governance (ESG) app.** Designed to track our data collection process, making it more convenient and secure. Via this platform, all data is securely stored, automatically preserved, and conveniently accessible for interaction. Currently, users are able to collect environmental and social data as well as access relevant sustainability documents, policies, regulatory information, and templates.

To further ensure effective governance and adherence to company-wide policies, the Group is moving forward with the implementation of digital tool for each company to effectively access the Group wide policies and perform self-assessment to identify relevant policies and other frameworks. An assurance screening process has also been started to independently assess the transposal and effectiveness of Avia Solutions Group's group-wide policies.

Applying the Lean approach in all our operations

Improving safety

Reducing waste and improving efficiency

Enhanced customer satisfaction



Lean is a systematic approach to reducing waste and improving efficiency in operations, with a focus on delivering value to the customer. In the aviation industry, lean practices can lead to improved safety, efficiency, and customer satisfaction.

Our Lean Plane

Our Lean Plane, also known as the Lean House, is a visual tool used to represent the founding principles and tools of Lean. Using each part of the plane as a specific aspect of the Lean methodology:

Description	Tools
Value Creation for Customer	Voice of the Customer, Quality Function Deployment, Customer Journey Mapping
Continuous Improvement	Kaizen, 5S, Value Stream Mapping
Eliminate Waste	Takt Time, Kanban, JIT
Standardize Work	SOPs, Visual Management, Andon
Decision Making	A3, Root Cause Analysis, Gemba Walk
Respect for People	Team Huddles, Training Within Industry, Feedback Loops

4. Business Ethics

2022 Highlights



0 incidents of corruption have been recorded in 2022.



Cultivating an ethical business awareness culture: awareness of business ethics within our Group is at the forefront of our training programmes and initiatives, where reporting channels for potential breaches and incidents are promoted and proactively communicated to employees. We constantly develop communication practices that contribute to building a strong and empowered team in the face of any undesirable practices.



Revamp of Client Onboarding and Due Diligence Procedure: we adopted a holistic strategy toward client relationships by overhauling our Client Onboarding and Due Diligence procedure. This revamp involved integrating robust measures for Anti-Money Laundering, Anti-Corruption, Anti-Bribery, and Fraud identification.



Anti-Corruption and Anti-Bribery Policy realigned with United Nations' anti-corruption framework (UNCAC): this proactive step not only underscores the Group's commitment to transparency and accountability but also reinforces ethical behaviour within its corporate culture.



Introduction of Anti-Fraud and Anti-Money Laundering (AML) Policies: the Anti-fraud Policy strengthens the organization against fraudulent activities, enhancing its resilience in the face of potential threats, while the AML Policy safeguards it from illicit financial activities. The AML Policy, aligned with the European Union (EU) AML Framework, showcases Avia Solutions Group's commitment to global best practices. Both policies were approved and enacted in 2023.



Whistleblowing Policy's Development: this policy empowers employees and stakeholders to raise concerns about unethical, illegal, or improper conduct within the organization, thereby ensuring a proactive approach to addressing potential issues. In the course of 2023, we obtained approval, executed, and organized the Whistleblowing Policy, procedure, awareness campaigns, and case management training.

For further details, kindly explore the Compliance section available on our [website](#).

4. Business Ethics

Zero-tolerance to bribery and corruption is the approach we follow. We are committed to acting professionally, fairly, and with integrity in all business dealings and relationships wherever the Group operates, while implementing and enforcing effective systems to counter bribery and corruption. The inclusion of clearer guidelines, comprehensive reporting mechanisms, and regular risk assessments underscores the organization's dedication to maintaining a corruption-free environment.

Our current internal **Anti-Corruption and Anti-Bribery Policy**, previously named as Anti-Corruption Policy, defines the anti-corruption and anti-bribery principles applied across the Group, lists mandatory requirements regarding gifts, entertainment, hospitality, finances, and covers other important corruption and bribery topics. All employees are obliged to acquaint themselves with the policy and follow the principles set out within it. The policy has been updated regarding the newest best practices for 2023.

Key updates to the policy include:



Expanded the scope: the policy now covers and emphasizes not only corruption issues, but also bribery.



Updated principles and prohibited actions: updated anti-corruption principles and clearly define prohibited actions within the organization.



Managing corruption and bribery risks: the policy introduces measures to effectively manage and mitigate corruption and bribery risks within the organization.



Stakeholder obligations: key stakeholders and units within the company are assigned specific obligations to contribute to the prevention of corruption and bribery.



Incident Reporting Mechanism – Trust Line: a transparent reporting mechanism has been introduced to enable reporting of incidents related to corruption and bribery.



Bi-annual risk assessment: a new component of the policy mandates a bi-annual Anti-Corruption and Anti-Bribery risk assessment within the organization. This assessment helps identify and address potential risks proactively.



We've also introduced a structured reporting system for suspected corruption and bribery activities, offering three confidential channels: in person, via email to compliance@aviasg.com, and whistleblowing tool, Trust Line, which offers a secure platform for individuals.

4. Business Ethics

During 2022, no incidents of corruption were recorded. However, the risk assessment conducted in 2022, identified limitations to channels for reporting anti-corruption and anti-bribery related incidents. Thus, modification to the approach was initiated the same year and a new whistleblowing policy and procedures went into effect as of March 1st, 2023. Whistleblowing channel, [Trust Line](#), has been introduced and became effective in Q2 of 2023. [Trust Line](#) provides transparency and accountability across the Group, as well as ensuring and reinforcing a healthy and ethical workplace. This reporting channel has an independent 24/7 reporting system. **We have a zero tolerance policy for any form of retaliation or discrimination against whistle-blowers.**

In 2022, the **Anti-Corruption training** was performed on a requirement basis for certain employees within the Group. The training module has been revised and upgraded in 2023, and we have already communicated the training materials to 100% of employees at Avia Solutions Group PLC as well as 100% level subsidiary CEOs and their executives.

The Group also aims to establish partnerships with its counterparts who uphold ethical standards and refrain from participating in bribery or corruption. As part of the counterparty onboarding procedure, an evaluation of the counterparty's exposure to bribery and corruption risks is conducted. To reduce these risks, the appropriate actions are applied when necessary. The commonly known or referred processes of **Know Your Customer (KYC)** and **Know Your Supplier (KYS)** are both covered in the Group under a single procedure known as the Onboarding and Due Diligence Procedure.

5. Human Rights

The Group respects human rights and recognizes humans' inherent dignity, equality, and freedom. It is required and expected that each employee of the Group treats others with the highest respect, trust, and equality, without favouritism or discrimination within or outside of the Group.

During 2023 the Company has adopted a Human Rights Statement Policy, which ensures greater protection and respect for human rights, such as non-violence and non-harassment at work, child labour and modern slavery, including human trafficking, and forced labour, non-discrimination, and freedom of association and collective bargaining, among others.

In addition, Avia Solutions Group's Policy for Prevention of Violence and Harassment also adopted in 2023, has established a system of applicable prevention measures to create a safe working environment. The system is aimed against violence and harassment by carrying out the registration and investigation of cases of violence and harassment in the work environment. The Group's registration system is also dedicated to ensuring that any violence, harassment, and other related issues in the work environment would be acknowledged, adequately investigated, and further prevented. The policy also states that each employee of the Company shall respect the dignity of other employees and by their behaviour ensure a working environment in which any other employee would not experience hostile, unethical, and in other ways humiliating behaviour.



United Nations
Global Compact

Since 2023, Avia Solutions Group supports the Ten Principles of the UN Global Compact as a participant.

6. Tax strategy and approach

Due to the diverse geography of the Group and the number of subsidiaries, the Group's tax matters are handled initially at the subsidiary level. The primary responsibility for tax compliance is delegated to chief financial officers (further – CFO) and finance departments of the subsidiaries within the Group.

The CFOs together with local finance departments are responsible for preparing, reviewing, signing-off tax returns, and daily management of tax affairs. The central tax team, based at Avia Solutions Group PLC, is responsible for the development of general and tax specific Groups-wide tax policies and oversight of Group-wide tax matters.

The Groups' philosophy on tax risk management is to balance the prevention of unnecessary disputes with the tax authorities that may give rise to reputational risk and to preserve investor value. The central tax team is partnering with our businesses to ensure tax risk management. The Group also aims to utilize tax incentives where applicable and possible. The Group's tax strategy is essentially to ensure compliance with applicable tax legislation and adequate coordination of tax practices followed by Group companies, with the goal of pursuing corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the execution of business decisions.

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

- to comply with the tax regulations and disclosure requirements as diligently as possible in the countries in which the subsidiaries of the Group operate.
- to support businesses to avoid tax risks and tax inefficiencies in the execution of business decisions.
- to maintain cooperative relations with tax administrators in the countries that the subsidiaries of the Group operate.
- to analyse and manage tax impacts of current and future business operations and transactions based on genuine business rationale.
- to ensure that all tax positions are taken for commercial and business purposes and are duly supported and documented.

In March 2023, the Board of Directors has also approved the Tax Policy. The policy is meant for setting the main principles for tax governance across the entirety of the Group. The unified principles are important in ensuring the avoidance of underpayment of taxes as well as any tax inefficiencies.



About this report

Reporting period: For the 2022 year, from 01.01.2022 to 31.12.2022.

Contacts of interest:

- For Environmental, Social and Governance (ESG) matters: Silvia Rodriguez Boza, ESG Manager; silvia.rodriguez@aviasg.com
- For investors: Ričardas Laukaitis, Treasury Department Director; ricardas.laukaitis@aviasg.com
- For media: Silvija Jakienė, Director of Communication Department; 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 01.01.2022 to 31.12.2021 with reference to the Global Reporting Initiative Standards. See GRI index table on page number 73.

Reporting approach and Board of Directors:

Highest governance body of Avia Solutions Group, the Board of Directors, is responsible for reviewing and approving the reported information in the Environmental, Social and Governance (ESG) report 2022. The report, including the material topics identified, is reviewed, and approved by the CEO of the Group and thereafter presented to the Board of the Directors for additional and final approval.

Stakeholder dialogue and engagement

Through the outcomes of the initial materiality assessment for our Group, we have pinpointed our primary stakeholders and determined the most efficient forms of engagement. This allows us to establish mutually advantageous and forward-moving relationships. The details regarding our interactions with stakeholders and their identification can be found within the ESG report 2021. Also, additional customer engagement practices are visible within the “2.Customer satisfaction” chapter.

Materiality assessment

During 2022, we have been working on developing the Group's first materiality assessment and process for identifying material aspects within the Group. We have identified the main stakeholders within the Group and the list of material topics that have been evaluated and prioritized. The detailed description of our materiality assessment and its results are included in the ESG report 2021. Currently we are working on a double materiality assessment, which will provide our Group-wide, well-rounded understanding of our impacts, risks, and opportunities, as well as helping us to make informed decisions that align with our sustainability goals and stakeholder expectations.

Scope

We have extended the scope from ESG report 2021 and this year the report refers to the largest and the most impactful of all the subsidiary companies within Avia Solutions Group. The following subsidiary companies within Avia Solutions Group, represent the majority of the business.



GRI Index table

Statement of use	Avia Solutions Group has reported the information cited in this GRI content index for the period 01.01.2022 to 31.12.2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location
The organization and its reporting practices		
2-1	Organizational details	See chapter "2. Business model" in section "About Avia Solutions Group", page 3.
2-2	Entities included in the organization's sustainability reporting	See chapter "About this report", page 72.
2-3	Reporting period, frequency, and contact point	See chapter "About this report", page 72.
2-4	Restatements of information	Restatements of information occur in data tables notes in "2.2 Total emissions and scope 1", "2.6 Efficient energy use and renewable sources of energy – scope 2" and "2.7 Business travels and employee commute – scope 3" in chapter "2. GHG emissions and actions taken to tackle climate change" in section "Our environmental performance" part, from page 12.
2-5	External assurance	Avia Solutions Group is analysing the possibility to be assurance by an external party for certain information.
Governance		
2-9	Governance structure and composition	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance", from page 58. The average tenure of members of Avia Solutions Group PLC is 6.7 years.
2-10	Nomination and selection of the highest governance body	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance" section, page 58. See chapter "1. Corporate governance and Board members" in our previous ESG Report 2021, page 52.
2-11	Chair of the highest governance body	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance" section, page 58. Key roles within the Board of Directors (Board or/and BoD): - The Chairman of the Board is responsible for leading the BoD and representing both the Board and the company. The Chairman takes a leading role in medium and long-term strategic planning as well as in the selection of senior management. - Chief Executive Officer (the 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 Irish law or the Company's Articles of Association provide differently. Together with the Chairman, CEO is responsible to establish the values, ethics, and culture of the Group.

GRI Index table

2-13	Delegation of responsibility for managing impacts	See chapter "1. Corporate governance at Avia Solutions Group" in "Our governance performance" section, page 62.
2-14	Role of the highest governance body in sustainability reporting	The Board of Directors of Avia Solutions Group reviews the reported information included in this document. See chapter "About this report", page 72.
2-15	Conflicts of interest	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance", page 62.
2-16	Communication of critical concerns	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance", page 63. During 2022, no critical concerns were reported. Whistleblowing program was launched in 2023.
2-17	Collective knowledge of the highest governance body	See chapter "1. Corporate governance at Avia Solutions Group" in section "Our governance performance", page 62.
Strategy, policies, and practices		
2-22	Statement on sustainable development strategy	See CEO statement.
2-28	Membership associations	See chapter "Business model" in section "About Avia Solutions Group", page 5.
Stakeholder engagement		
2-29	Approach to stakeholder engagement	See chapter "2. Customer satisfaction" in section "Our social performance", page 50. See chapter "1. Our people" in section "Our social performance", page 47. See chapter "5. Stakeholder dialogue and engagement" in our previous ESG report 2021, page 13.
2-30	Collective bargaining agreements	20% of our employees are covered by freedom associations, encompassing collective bargaining, trade unions and social dialogues.
Material topics		
3-1	Process to determine material topics	See chapter "About this report", page 72. See chapter "2. Materiality assessment and key topics" in our previous ESG report 2021, page 10.
3-2	List of material topics	See chapter "About this report", page 72. See chapter "2. Materiality assessment and key topics" in our previous ESG report 2021, page 10.
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	See chapter "1. Business ethics" in section "Our governance performance" part, page 68. During 2022, no incidents of corruption have been recorded.

GRI Index table

Tax																																				
207-1	Approach to tax	See chapter “6. Tax strategy and approach” in section “Our governance performance” part, page 71.																																		
207-2	Tax governance, control, and risk management	See chapter “6. Tax strategy and approach” in section “Our governance performance” part, page 71.																																		
Energy																																				
302-1	Energy consumption within the organization	<table border="1"> <tbody> <tr> <td>Total energy consumption^a</td> <td>11,931,325 GJ</td> </tr> <tr> <td>Total fuel consumption</td> <td>11,861,113 GJ</td> </tr> <tr> <td>Fuel consumption from non-renewable sources</td> <td>11,858,333 GJ</td> </tr> <tr> <td>Aviation fuel</td> <td>11,842,069 GJ</td> </tr> <tr> <td>Diesel</td> <td>6,675 GJ</td> </tr> <tr> <td>Motor gasoline</td> <td>4,558 GJ</td> </tr> <tr> <td>Stationary combustion</td> <td>5,031 GJ</td> </tr> <tr> <td>Fuel consumption from renewable sources</td> <td>2,780 GJ</td> </tr> <tr> <td>Biodiesel</td> <td>2,780 GJ</td> </tr> <tr> <td>Electricity consumption^b</td> <td>51,132 GJ</td> </tr> <tr> <td>Heating consumption^b</td> <td>19,080 GJ</td> </tr> <tr> <td>Electricity consumption^b</td> <td>14,203 MWh</td> </tr> <tr> <td>Renewable energy</td> <td>6,813 MWh</td> </tr> <tr> <td>Non-renewable energy</td> <td>7,390 MWh</td> </tr> <tr> <td>Heating consumption^b</td> <td>5,300 MWh</td> </tr> <tr> <td>Renewable energy</td> <td>385 MWh</td> </tr> <tr> <td>Non-renewable energy</td> <td>4,915 MWh</td> </tr> </tbody> </table> <p>a. This number includes the sum of total fuel, electricity and heating consumption. The sources of conversion factors used: Energy Consumption by Mode of Transportation, https://www.ren21.net/gsr-2020/pages/units/units/ and aviationbenefits.org.</p> <p>b. In some occurrences of inability to determine electricity and heating consumption due to subsidiaries' external agreements or location, some estimations were applied.</p>	Total energy consumption^a	11,931,325 GJ	Total fuel consumption	11,861,113 GJ	Fuel consumption from non-renewable sources	11,858,333 GJ	Aviation fuel	11,842,069 GJ	Diesel	6,675 GJ	Motor gasoline	4,558 GJ	Stationary combustion	5,031 GJ	Fuel consumption from renewable sources	2,780 GJ	Biodiesel	2,780 GJ	Electricity consumption^b	51,132 GJ	Heating consumption^b	19,080 GJ	Electricity consumption^b	14,203 MWh	Renewable energy	6,813 MWh	Non-renewable energy	7,390 MWh	Heating consumption^b	5,300 MWh	Renewable energy	385 MWh	Non-renewable energy	4,915 MWh
Total energy consumption^a	11,931,325 GJ																																			
Total fuel consumption	11,861,113 GJ																																			
Fuel consumption from non-renewable sources	11,858,333 GJ																																			
Aviation fuel	11,842,069 GJ																																			
Diesel	6,675 GJ																																			
Motor gasoline	4,558 GJ																																			
Stationary combustion	5,031 GJ																																			
Fuel consumption from renewable sources	2,780 GJ																																			
Biodiesel	2,780 GJ																																			
Electricity consumption^b	51,132 GJ																																			
Heating consumption^b	19,080 GJ																																			
Electricity consumption^b	14,203 MWh																																			
Renewable energy	6,813 MWh																																			
Non-renewable energy	7,390 MWh																																			
Heating consumption^b	5,300 MWh																																			
Renewable energy	385 MWh																																			
Non-renewable energy	4,915 MWh																																			
Water																																				
303-5	Water consumption	Avia Solutions Group main offices, hangars and training centres consumed a total amount of 29,887,007 litres of water. Considering this year being the first year of collecting and reporting water consumption data across the Organisation, some estimations were applied to determine water consumption data due to subsidiaries' external agreements or location.																																		

GRI Index table

Emissions		
305-1	Direct (Scope 1) GHG emissions	See chapter "2. GHG emissions and actions taken to tackle climate change" in section "Our environmental performance", page 13.
305-2	Energy indirect (Scope 2) GHG emissions	See chapter "2. GHG emissions and actions taken to tackle climate change" in section "Our environmental performance", page 20.
305-2	Other indirect (Scope 3) GHG emissions	See chapter "2. GHG emissions and actions taken to tackle climate change" in section "Our environmental performance", page 22.
Occupational health and safety		
403-1	Occupational health and safety management system	See chapter "1.3. Aviation Safety Management" in section "Our social performance" part, page 40.
403-3	Occupational health services	See chapter "1.2. Well-being of our employees" in section "Our social performance" part, page 37.
403-4	Worker participation, consultation, and communication on occupational health and safety	See chapter "1.3. Aviation Safety Management" in section "Our social performance" part, page 40.
403-5	Worker training on occupational health and safety	See chapter "1.2. Well-being of our employees" in section "Our social performance" part, page 37.
403-6	Promotion of worker health	See chapter "1.2. Well-being of our employees" in section "Our social performance" part, page 37.
Training and education		
404-1	Average hours of training per year per employee	Over 37,900 training and development hours were provided to all employees, with a 96% completion rate. See chapter "1.5. Training and professional development" in section "Our social performance" part, page 45.
404-2	Programs for upgrading employee skills and transition assistance programs	See chapter "1.5. Training and professional development" in section "Our social performance", page 46.
404-3	Percentage of employees receiving regular performance and career development reviews	In our performance appraisal sessions to all employees, achievements and valuable lessons are shared during dedicated team sessions, encouraging mutual growth. See chapter "1.5. Training and professional development" in section "Our social performance", page 45.

GRI Index table

Diversity and equal opportunities		
405-1	Diversity of governance bodies and employees	<p>Diversity of governance bodies – see chapter “1. Corporate governance at Avia Solutions Group” in section “Our governance performance”, page 58.</p> <p>Our Board of Directors is entirely composed of males, with 67% of them falling between the ages of 30 and 50, while the remaining 33% are over 50 years old.</p> <p>Diversity of employees – see chapter “1.4. Equality, diversity and inclusion” in section “Our social performance” part, page 41.</p> <p>Within our workforce, 70% are male, and the remaining 30% are female. In terms of age distribution among our workforce, 31% are under 30 years old, 57% fall within the 30 to 50 age range, and 12% are over 50 years old.</p>
Non-discrimination		
406-1	Incidents of discrimination and corrective actions taken	See chapter “1.4. Equality, diversity and inclusion” in section “Our social performance” part, page 41.
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See chapter “3. Data privacy” in section “Our social performance”, page 54.