



Comprehensive Risk Control and Management Policy

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1. INTRODUCTION

ENAIRe, a state-owned company that is part of the [Ministry of Transport, Mobility and the Urban Agenda](#), is tasked [with](#) providing safe, quality, efficient and environmentally-friendly air navigation services and thus contributing to the development of aviation, and therefore to the economic and social development of Spain.

As an air navigation service provider, ENAIRe is exposed to different risks inherent to the performance of its duties, which must be managed and controlled in order to achieve its strategic objectives.

In this regard, the Board of Directors of ENAIRe, in keeping with [best practices](#) and its commitment to and leadership in [transparent, responsible and sustainable management](#), considers it essential to have a comprehensive risk management system that establishes a common regulatory framework and uniform management for the different risks to which the organisation is exposed, and to determine the clear roles and responsibilities for achieving its purpose, as well as its strategic objectives, in line with the values and principles laid out in its Code of Ethics.

Similarly, ENAIRe is of the view that having a risk control and management system is a factor for creating and protecting value for the different stakeholders with which the organisation engages, such as airlines, regulators, supervisors, airport managers, employees, etc.

Therefore, the Board of Directors has agreed to approve this Comprehensive Risk Control and Management Policy, which will be integrated into the company's corporate governance.

2. PURPOSE AND SCOPE

This Policy aims to establish the [basic principles and the general operational framework](#) to ensure that the risks of all kinds facing ENAIRe and that could negatively affect the achievement of its objectives are systematically identified, evaluated, managed and controlled, with uniform criteria and within the established thresholds or tolerance levels.

This Policy applies to ENAIRe and all its personnel, the members of its Management Committee and Board of Directors, who are required to know, understand and comply with the provisions of this Policy.

Similarly, persons acting on behalf of and representing ENAIRe without being part of its organisation will undertake to act in accordance with this Policy when representing the Company or acting on its behalf in the performance of their duties.

3. OPERATING PRINCIPLES AND COMMITMENTS

ENAIRe, as a critical and essential services operator, undertakes to carry out its activity with a **minimum tolerance** of potential risks, keeping the residual risk as low as reasonably possible based on the following criteria:

- a) Ensure at all times as the **top priority the safety of the air traffic managed**, minimising in any case and by all means the likelihood of occurrence and/or impact of threats through the necessary procedures, resources and tools provided for this purpose.
- b) Comply with the applicable legal and regulatory requirements, as well as with the values and principles set out in the **Code of Ethics**, aimed at the principle of "zero tolerance" to **situations of fraud and corruption**.
- c) Ensure a proactive culture at the organisation and that **mitigation actions are carried out for all other risks** whose assessment exceeds the levels considered acceptable, taking into account the capacity to manage them and using a **preventive approach**.
- d) Commitment to **sustainable development**, respect for the **environment** and human rights.
- e) Ensure that the governance and risk control bodies **are properly informed** about their situation.

To carry out the commitments expressed, the actions aimed at risk management and control will abide by the following key operational principles:

- **Leadership by Management**, which will provide the necessary resources and ensure that the organisation works in accordance with these principles.
- **Integration** into management processes, especially into strategy and planning processes.
- **Separate responsibilities** of the different units and bodies involved, based on the model of three lines of defence.
- **Uniformity**, such that all risks are managed through a common identification, assessment and treatment process.
- **Consistency**: In general, risk management must be carried out using criteria of consistency between the importance of the risk and the cost and means necessary to reduce it
- **Constant improvement** through the regular review of the management framework.

4. RISK FACTORS

ENAIRe defines a **risk** as any internal or external threat or uncertainty that could have an impact on its operations, sustainability, resilience or image, and that therefore hinders or prevents the achievement of its **strategic objectives**.

The risk factors faced by ENAIRe over the course of its activities can be grouped into the following categories:

- **Strategic**: they represent the risks related to ENAIRe's **strategic positioning** and those derived from uncertainty in the **environment** where the organisation operates, such as the macroeconomic environment, the pricing framework, the liberalisation of air navigation

services, etc., which could affect the achievement of the objectives and the medium- and long-term interests of stakeholders.

- **Operational:** risks associated with the effectiveness, efficiency and continuity of the various **air navigation services** provided, and with the **usual operations** carried out by **ENAIRe**, within certain **safety, quality and sustainability parameters**. They comprise areas such as safety, cybersecurity, environmental sustainability, continuity of operations; personnel management; security; adverse weather conditions, etc.
- **Financial:** risks related to economic-financial management, the variability of financial parameters such as **liquidity, financial solvency**, management of receivables, as well as to the processes for generating financial information.
- **Compliance:** those arising from non-compliance with the **legal framework applicable to ENAIRe's** activity, including national and international industry regulations, as well as internal and good governance regulations.
- **Reputational:** risks derived from behaviour by **ENAIRe** that is below the expectations of the different **stakeholders**, or from negative advertising involving its business practices.

5. ORGANISATION AND RESPONSIBILITIES

The duties and responsibilities of the different parties involved in risk management and control at **ENAIRe** are as follows:

- **Board of Directors:** body responsible for defining and approving the organisation's **Comprehensive Risk Management and Control Policy**, and ultimately responsible for the existence and operation of an appropriate and effective risk management and control system.
- **Management Committee:** defines and approves the procedures, tools and indicators of the risk management and control system, **ensuring that the main risks are identified, managed, reported and maintained at the planned levels**.
- **Risk, Resilience, Crisis and Recovery Committee:** body that assists the Management Committee with **overseeing** the risk management system and coordinating the activities necessary for said oversight, and in particular with:
 - a) **Identifying and evaluating** the different types of risk facing **ENAIRe**. Following this committee's instructions, a **Risk Map** will be drawn up at least annually, identifying and assessing current and emerging risks that may affect the organisation.
 - b) Ensuring that the level of risk indicators is kept at or below the **thresholds defined as acceptable**.
 - c) Establishing the responses to the risks identified and **tracking** the measures planned to **mitigate the impacts of the risks**.

- d) Maintaining the **internal control and information systems** used to control and manage the aforementioned risks
 - e) Increasing the resilience of **ENAIRe** by ensuring the review, monitoring and maintenance of **Contingency Plans**, Emergency Plans and any other available measures.
 - f) Coordinating and establishing the appropriate **collaboration channels with other bodies** to anticipate, assess and respond to any type of threat or crisis.
- **Internal Audit Division**, unit responsible for enforcing the organisation's Comprehensive Risk Management and Control Policy, as well as for:
 - a) **Coordinating** and managing the assessment of the risks identified, at least annually, informing the Risk, Resilience, Crisis and Recovery Committee of its results.
 - b) Providing technical and methodological support to the entire organisation to ensure the **correct operation of the risk management system** throughout the process of defining methodologies, and identifying, managing and monitoring risks.
 - **Corporate and operational units**: tasked with identifying risks that fall **under their area of responsibility** and their **mitigating activities**, proposing and reporting indicators for proper risk monitoring, and establishing action plans to mitigate risks. **Every business or functional unit is responsible for controlling and managing the risks that affect the performance of its activity.**

The risk control and management model implemented at **ENAIRe** with the above distribution of duties is consistent with the **three-lines model**, structured as follows:

- The **first line** is carried out by the heads of the corporate and operational units, who directly manage the risks and establish the controls and mitigating actions.
- The **second line** is carried out by the Risk, Resilience, Crisis and Recovery Committee, together with the specialised units.
- **The assurance function (3rd line)** is assigned to Internal Audit, which continuously oversees the structure and operation of the Risk Management and Control System

Risk management at **ENAIRe** is **the responsibility of all employees**. Each employee must understand the risks within their scope of responsibility and manage them within the framework of action defined in this Policy, as well as within the tolerance limits in place.

6. COMPREHENSIVE RISK MANAGEMENT AND CONTROL SYSTEM

ENAIRe has established a comprehensive risk management and control system aimed at guaranteeing the **continuity of the air navigation services provided** and the achievement of its **objectives**.

The [Comprehensive Risk Management and Control System](#) will have adequate reporting means, resources and systems to ensure compliance with this Policy. The purpose is to:

- **IDENTIFY RISKS** and relevant opportunities in order to [anticipate](#) threats that may affect the achievement of the organisation's objectives.
- **EVALUATE** the relevant risks detected by estimating the **impact and probability** of their occurrence, once the existing mitigation controls are taken into account. This will comprise the organisation's [Risk Map](#), which provides a prioritised view of all the relevant risks.
- **MONITOR** how risks are evolving. The aim is to monitor risks and establish management mechanisms that allow risks to be maintained within the specified limits, as well as to take the appropriate management actions. For the main risks identified, there will be a person responsible for proposing and executing [mitigation measures and action plans](#), as well as for periodically monitoring them through the appropriate [indicators](#) and their tolerance thresholds.
- **MANAGEMENT:** the aim is to implement actions intended to adjust the appropriate risk levels while respecting the limits set in all cases.
- **REPORTING INFORMATION** to the different competent units and committees.
- **RESPONSE:** if a risk were to materialise, the responses may be as follows:
 - a. An [alert assessment cell](#), made up of the different functional units that may be affected by the risk, will analyse the situation and propose Action Plans or, where appropriate, convene the [Crisis Committee](#).
 - b. In the event of a serious situation, [Contingency Plans](#) will be available to provide a quick and effective response and to ensure the continuity and availability of critical services.
 - c. To respond to potentially critical or disruptive situations, a [Crisis Management Procedure](#) and a [Recovery Plan](#) will be available to restore and maintain the services affected.

This system seeks to ensure that all risks are properly managed and are consistent with the levels set, thus also completing the cycle of resilience: *anticipate, resist, recover and evolve*.

7. MONITORING MECHANISMS

The body responsible for supervising the operation of and compliance with this policy is the regulatory compliance body. Until this organisation is created, the current internal or external regulations will apply.

Given the specialised nature of risk management and control, the **Risk, Resilience, Crisis and Recovery Committee** is responsible for assisting the Management Committee in overseeing the risk management system.

8. DISCLOSURE AND DISSEMINATION

This Policy is supported by Senior Management and is kept as substantiated information.

In compliance with the requirements of international transparency standards and practices, this Policy will be made available to all stakeholders on ENAIRE's website for their information and consultation. Similarly, it will be suitably communicated and disseminated internally using existing tools to ensure it is understood and applied within the organisation, thus confirming ENAIRE's commitment to our staff, to development and progress in order to guarantee the future of aviation and Spanish society, promoting its dissemination so it is understood by all the people who act on behalf of ENAIRE.

9. APPROVAL AND VALIDITY

Following its presentation to the Management Committee on 18 January 2023, this Policy was approved by ENAIRE's Board of Directors at its meeting of 25 January 2023, coming into force on that date. It shall remain in force until amendments are made to the Policy, which will be properly communicated.

This Policy is subject to review and updating as needed to adapt it to any regulatory, social, economic or organisational changes.