CEO WORDS: service that moves you

Aviator has had an exciting and important 2017, coming from a rough year 2016 where we ceased business at several stations in the UK. The focus 2017 has been about executing a programme aiming to establish a strong foundation to deliver competitive and reliable aviation services to our customers; as well as creating a proactive organisation - engaging staff and taking care of passengers. We are now looking forward, building on what we achieved 2017, and considering new opportunities. We don't like to stand still but want to evolve with our customers and together with our staff – service that moves you.

The global aviation industry has continued to grow rapidly with an increasingly larger variety of travellers, from younger Millennials to older travellers, driven by the aging demographics and new travel groups from the fast-growing middle class in Africa and Asia Pacific. The changes of travelling groups and the expected impact of disruptive technology will put new demand on our industry and force the development of new solutions and new business models.

UN’s 17 Sustainable Development Goals (SDGs) were ratified in 2016, setting out ambitious global targets for the next 15 years to end poverty, protect the planet and ensure prosperity for all. As nations adopt these targets, both governments and consumers become increasingly demanding of the aviation industry, and especially regarding the environmental impact of the industry. It is important for us as an industry to drive change to respond to new travellers’ needs and use technological development to adjust to more sustainable business models.

Making Sustainability Day to Day Business
Our vision is to become the leading provider of aviation services, recognized for dedication to proactivity and exceeding customer expectations. The update of our vision and strategy during 2017 aims to ensure a long term sustainable organic growth. This is driven by our focus on the development of our organisation, with engaged personnel and proactive management, who focus on our customers to deliver a safe and consistent service.

During 2017 we have worked to develop a more structured sustainability work that has been integrated into our strategy. We have chosen to call this sustainability focus for Aviator Cares.
Through a materiality analysis we asked our stakeholders what sustainability issues they believe Aviator should focus on and we now know what specific areas that should be prioritised going forward. To make sustainability part of our day to day business, initiatives are created and integrated with other initiatives driving towards our strategic goals.

Looking Ahead
Sustainability is nothing new to us, but the reporting and the structure is. This has been an opportunity to highlight and assess both improvements already in place as well as planned improvements. With this new foundation, we will be able to track and better drive our business to reach our sustainability targets and be part of creating a more sustainable aviation industry.

Jo Alex Tanem
CEO, Aviator
A GLANCE AT AVIATOR

Aviator has a long history of providing Aviation Services to meet the demand from airlines and airports. We take care of our customer airlines’ passengers and the aircrafts while on the ground. This includes Passenger and Baggage Handling, Lounge Services, De-icing, Cargo and full Freight Handling, PRM Services and the Nordic Dino Aircraft Washing Robot. Our customer-oriented solutions can meet the highly varied service needs of five-star airlines, low-cost airlines and cargo airlines at 16 stations across the Nordic region and in the UK.

Delivering Quality Aviation Services Throughout the Nordic Region and at Manchester

Aviator was founded in December 2010 when Aviator acquired independent Swedish, Norwegian and Danish ground handling providers. In 2014, Aviator acquired the former Servisair and Swissport operations at Gatwick, Birmingham, Newcastle, Helsinki and also expanded into Manchester the year after. In the end of 2016, Aviator takes a strategic review of its business and exits Birmingham, Newcastle and Gatwick, but keeps a presence in the UK by retaining Manchester in the network.

Aviator is privately owned by the investment fund Accent Equity 2008 as the majority shareholder. Aviator had a turnover of approximately €150m in 2017 and actively employs more than 2,400 personnel. The group started in Scandinavia and has now developed into a Nordic and UK group, offering a one-stop shop for Aviation Services. We are a full-range provider of Aviation Services, taking care of 150 thousand flights per year from Helsinki to Manchester.

Even though Ground Handling and De-icing are the largest service areas for Aviator, other adjacent services are also part of the service portfolio, such as Cargo Handling, Lounge, Workshop Services and PRM Services.
An important focus area in the updated strategy is profitable organic growth with existing and new customers, in ground handling and adjacent businesses. As part of this, Aviator introduced a new lounge concept with the opening of Relaxium in CPH in the end of 2017. This was followed by the opening of cargo warehouse services in HEL in March 2018. There is a continued focus to grow into adjacent business in the regions where we are present.

<table>
<thead>
<tr>
<th>Sweden</th>
<th>Denmark</th>
<th>Norway</th>
<th>Finland</th>
<th>United Kingdom</th>
<th>HQ</th>
<th>TOTAL</th>
<th>Change from last year</th>
</tr>
</thead>
<tbody>
<tr>
<td>560</td>
<td>525</td>
<td>386</td>
<td>198</td>
<td>204</td>
<td>12</td>
<td>1 885</td>
<td></td>
</tr>
<tr>
<td>Aircraft turns</td>
<td>55 405</td>
<td>28 397</td>
<td>48 882</td>
<td>12 875</td>
<td>8 193</td>
<td>153 752</td>
<td></td>
</tr>
<tr>
<td>Number of deicing</td>
<td>4 980</td>
<td>927</td>
<td>2 005</td>
<td>4 797</td>
<td>-</td>
<td>-</td>
<td>12 709</td>
</tr>
</tbody>
</table>

Some Customers

* Aviator at OSL closed 31 March 2018
AVIATOR CARES

Aviator understands that how we manage our business has an impact on our staff, customers and the environment where we operate. A sustainable business is a prerequisite for Aviator to achieve success and continued growth. To formalise our sustainability work we have created something we call Aviator Cares. This includes the three areas; Care for You, Take Care and Care for Customers.

Determining Material Aspects
In 2017, Aviator conducted a materiality analysis to understand what aspects matter the most to our key stakeholders. A stakeholder mapping identified which stakeholder groups that are mostly affected or affect Aviator. An aspect list was then created through an analysis of aspects having a sustainability impact on our operation, a risk analysis was done as well as a benchmark with peers. Dialogues where then conducted with the key stakeholders using an electronic survey, combined with dialogue meetings, where stakeholders prioritized the aspect list. Aviator plans to conduct biennial dialogues with stakeholders to ensure that our sustainability efforts are in line with their expectations.
Stakeholder groups and their top priority aspects

**Unions**
- Reduce the risk of repetitive strain injury of staff and other work related accidents;
- Compliance to internal, customer and authorities’ requirements;
- Ensure a high degree of customer satisfaction

**Customers**
- Ensure a high degree of customer satisfaction
- Compliance to internal, customer and authorities’ requirements;
- Reduce the risk of repetitive strain injury of staff and other work related accidents;

**Airports**
- Compliance to internal, customer and authorities’ requirements;
- Reduce the risk of repetitive strain injury of staff and other work related accidents;
- Work to reduce emissions, primarily from GSE

**Board of Directors**
- Compliance to internal, customer and authorities’ requirements;
- Ensure a high degree of customer satisfaction
- Reduce the risk of repetitive strain injury of staff and other work related accidents;
- Pro-actively work against anti-corruption

Based on the materiality analysis, the Group Management defined the materiality boundaries, which is shown below in the *Materiality Matrix*. The Focus Area for sustainability will be the aspects where Aviator will work the most to improve. The result from the analysis forms the baseline for our future sustainability work.
From Ambition to Action
During Aviator’s strategy process 2017, the sustainability focus aspects were integrated with the strategy as Key Success Factors under each Strategic Focus Area. Each country within Aviator has then created initiatives to deliver on the strategy with KPI’s to follow-up on the progress. In this way, sustainability is not a separate area to deliver on, but an integrated part of our business model with a monthly follow-up together with the rest of the business follow-up.

Aviator Strategy Model

Governance Structure
Sustainability governance goes hand in hand with Aviator’s governance structure in general. Aviator’s CEO has a strategically lead on sustainability under the guidance of the Board of Directors. The initiatives to drive towards the targets for the sustainability focus area is then delegated to country MD’s and Group functions. The Business Improvement Director has a responsibility for the sustainability structure.

Sustainability Governance
The work of harmonizing steering documents started in 2017 and an overall Group Policy document was created. During 2018, Aviator will update the Group Policy, including Code of Conduct, to better reflect the sustainability focus area as well as the harmonisation will be completed.
We are a service company where our employees, equipped with the right tools, processes and leaders, will make all the difference and decide who we are. If we take care of you – our employees, you will take care of our customers.

Health and Safety
Safety is our first priority. Aviator provides and maintains a safe and healthy work environment and safe equipment. Employees are provided with such information, instructions, training and supervision as is needed for these purposes. Aviator also acts responsibly to protect the health and safety of the people who may be affected by our activities.

As a stakeholder in the aviation industry, Aviator has a formalized, structured and well working Health and Safety system. The work is structured by the Safety Management Manual (SMM) and the Quality Management Manual (QMM) to reduce risk of injuries and/or damage to product and property. Whilst the company CEO always retains the overall accountability for safety, the responsibility for ensuring the overall effectiveness of the Safety Management System has been assigned to the Safety and Compliance Manager and the Safety and Compliance organisation.

Attract and Keep Talent
By continuously investing in our employees, providing up-to-date training, investing in working environment, combined with other employee benefits, allows Aviator to retain and attract new employees. To both attract and keep ‘talent’ lay the foundation of the operation and the ‘talents’ will act as mentors when it comes to the ‘how and why’ throughout the organization.

Employee turnover is costly. It costs nearly three monthly salaries to replace someone. Aviator, as well as competitors and society overall, are currently experiencing recruitment challenges due to the economic upturn, putting an even greater weight on us as an employer to attract, nurture and retain the best talent. Sought after candidates are now making employment decisions based on more than remuneration and career development opportunities alone, with wellbeing, working environment, flexibility and the ability to strike the right work-life balance among the top priorities.
Diversity and Equal Opportunity
Aviator has about 2,400 employees in five countries. Diversity and equal opportunity is integral in our business, where our success depends on everyone's unique ideas and thoughts. We are smarter together. Aviator offers opportunities regardless of ethnicity, religion, sexual orientation, gender, disability or age. In this way we mirror the society and the variety of passengers we meet every day.

However, Aviator needs to develop strategies to promote diversity in the governing bodies, being all male in 2017. So far in 2018, there is a new female member in the executive management team. Not reflected in these figures are that the country management teams have a more diverse mix (male/female). There is a highlighted focus to level out the gender mix in new recruitments to the governing bodies.

Our Focus
As a consequence of our materiality analysis, Aviator has selected two focus aspects for Care for you.
1: Aviator shall provide a safe and sound work environment for all employees
2: Aviator should have a collaborative and constructive union relationships

These focus aspects are also catered for as key success factors in our group strategy where each country has developed initiatives to drive towards these focus aspects. We will measure our delivery by the below KPI’s. During 2018 we are also conducting an employee survey that will be added as a KPI to Care for you.
The incident report rate (number of incident reports per 1000 departure) for 2017 was 25.63, which is better than the target of 20. This report rate is essential to make sure that corrective actions are in place for incidents, such as updating procedures or training. The goal for injuries are of course zero, but for Personal Injuries an intermediary goal is set while approaching zero. Employee turnover varies a lot between type of airport and the traffic that operates on the airport.

### Focus KPI’s for ‘Care for you’

<table>
<thead>
<tr>
<th>Personal Injury</th>
<th>Absentee rate for employees</th>
<th>Employee Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td><strong>2017</strong></td>
<td><strong>2017</strong></td>
</tr>
<tr>
<td><strong>0.77</strong></td>
<td><strong>4.93%</strong></td>
<td><strong>15.5%</strong></td>
</tr>
<tr>
<td><strong>Target</strong></td>
<td><strong>4.0%</strong></td>
<td><strong>1% point yearly improvement</strong></td>
</tr>
<tr>
<td><strong>Trend</strong></td>
<td><strong>Number of hours on sick-leave/ number of worked hours</strong></td>
<td><strong>Decline against last year</strong></td>
</tr>
</tbody>
</table>

Number of injuries leading to sick-leave per 1000 departures

**Example Initiatives to Drive Focus Aspects**

- Improve our internal communication (Intranet/Yammer, weekly newsletters, more regular staff meetings etc.)
- Develop leadership skills and promote good leadership. More visible management.
- Establish a clear collaboration structure with unions and develop relationships where needed
- Strive to continuously maintain a safe and sound work environment and extend (where applicable) our staffs involvement in their work conditions
- Develop alternative recruitment processes to mitigate risk of staff shortages
- Incentive for extra staff to work more than one summer by offering bonus/award program for returning seasonal staff
- Personal activities to encourage and show our gratitude to our staff (i.e. breakfast weeks, deli cards, Christmas smorgasbord)
- Highlight the existing advantages and benefits when working for Aviator
CARE FOR CUSTOMERS

Our customers are the base for being Aviator and our collective efforts strive to meet their expectations and help them in their development by focusing on our contribution. A sustainable business depends on Sustainable Customer Relations, which is one of Aviator’s Strategic Focus Areas. Aviator has a vision to be the leading aviation service provider in terms of customer satisfaction – today and every day.

The Care for Customers Process
In order to ensure high customer satisfaction and strong partnership with Aviator’s customers, we work according to our Care for Customers Process, with a clear decentralized contract ownership.

GOVERNANCE

- Contracts are owned by the stations who are deeply involved in caring for our customers, prolonging partnerships and winning new customers
- The interactions with the customers have a personal touch. The internal follow-up is structured, transparent and coordinated across stations and countries

Care For Our Customers
- Secure compliance and a strong operative delivery. Structured operative follow-up
- Strive for partnership with our customers, with a transparent and personal touch
- Proactive development and improvements of service to customers

Prolong Partnerships
- Found contract prolongations on strong operative delivery, structured follow-up and personal relationships with decision makers
- A proactive approach to prolongation
- Be fair – long relationships are based on mutual value gains and trust

Establish New Partnerships
- Maintain broad relationships in the market
- Be easy to work with in the tender process (proactive, fast, pleasant)
- Structured hand-over of contracts to the stations, to secure operations
Our Focus
The materiality analysis has resulted in three focus aspects for Care for Customers.
1: Ensure a high degree of customer satisfaction  
2: Compliance to internal, customers’ and authorities’ requirements  
3: Pro-actively work with anti-corruption

These focus areas are also incorporated into our group strategy, with linked initiatives. The KPI's below are set to measure our delivery and progress. Several initiatives are in progress to seek to improve on our selected focus aspects concerning customer satisfaction, safety and anti-corruption. In general, Aviator acts on markets with low levels of corruption, but of-course that doesn’t mean that the risk does not exist. Aviator has identified improvement areas in the policy documentation for anti-corruption and communication in the organisation on the matter. This is part of activities being done 2018.

Example Initiatives to Drive Focus Aspects

- Conduct more turn-around inspections  
- More extensive analysis of incidents and operational quality to find root causes  
- Implementation of a new CRM-system  
- Customer development strategies according to the Care for Customer Process  
- Strategy for preferred new partnerships  
- Further development of training tools (E-learning, video)  
- Update and communicate anti-corruption policy

"Over the years Aviator has proven themselves not to be just an ordinary provider, they are a real partner!”
BRA

"The high-quality handling of operations at Arlanda enables us to expand our cooperation with Aviator both in Norway and in Sweden. Aviator is committed to providing and maintaining high-quality service, safety and on-time performance for DHL Express.
DHL

<table>
<thead>
<tr>
<th>Focus KPI's for 'Care for Customers'</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>On-time performance</strong></td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>97.6%</td>
</tr>
<tr>
<td>Percentage of flights that leave within 15 min of schedule</td>
</tr>
<tr>
<td><strong>Aircraft Damage</strong></td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>0.23</td>
</tr>
<tr>
<td>Number of ACD per 1000 departures</td>
</tr>
<tr>
<td><strong>Safety awareness</strong></td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>96.8</td>
</tr>
<tr>
<td>Average score at performed internal inspections. 3% of turn-arounds inspected</td>
</tr>
<tr>
<td><strong>Contract renewal rate</strong></td>
</tr>
<tr>
<td>2017</td>
</tr>
<tr>
<td>90%</td>
</tr>
<tr>
<td>Percentage of possible contracts renewals that was won</td>
</tr>
</tbody>
</table>
TAKE CARE

Take Care means for Aviator to take responsibility for our environment and to find how we in other ways can contribute to society. Our environmental footprint is mostly driven by fuel and electricity consumed by the Ground Support Equipment (GSE) used when delivering our service. During 2017, we conducted an energy mapping and identified how we best can move towards decreasing our environmental impact.

Move Less or Move Towards Electrical
Most Aviator's emissions come from usage of vehicles and other equipment when delivering ramp service or de-icing to airline customers. These are (Scope 1) emissions, derived from directly controlled sources. In general, our electricity usage in facilities at the airports are part of the rental agreements and the usage is not controlled by Aviator (scope 2), hence the focus is around the GSE.

Aviator has during 2017 and the beginning of 2018 done a detailed energy mapping, which has been reported to the Energy Agency in Sweden. The selected airports for the energy mapping have been Stockholm - Arlanda, Malmö and Gothenburg. The main energy source is diesel (65%), followed by electricity (35%). Most of the diesel consumption goes to vehicles around the aircrafts, but also to diesel GPU's (Ground Power Unit) to provide electricity to the aircrafts on stand. Diesel is also used to heat de-icing fluid in the de-icing vehicles. Electricity consumption mainly comes from electrical vehicles and from electrical GPU’s for electricity to aircrafts. The de-icing facilities also use considerably electricity.

A first focus is to improve the usage of vehicles to minimize unnecessary driving. Improvement activities are to introduce a stricter parking regime, implement GPS’ tracking on the GSE (test at Arlanda late 2018) in order to optimize vehicle usage and minimise driving. This is combined with moving from diesel to electricity as energy source for the GSE. Aviator’s replacement plan for GSE is based on electrical being first choice when applicable. The development of GSE has improved a lot and there are often good electrical options.

Aviator has a large de-icing business at several airports. A focus for this business is to use the right amount of de-icing fluid (glycol) for each occasion and weather. This is done by extensive training, experienced de-icing staff and by using mainly proportional-mix vehicles that allows Aviator to use the correct mix between water and glycol, depending on weather.

Our Focus
The identified focus aspect for Take Care is:
1: Reduce emissions from GSE

The KPI’s below measure our general use of energy per FTE as well as our CO2 emissions per departure. These figures are based on the Swedish stations only, in the same way as it was reported in the Energy mapping. This will be expanded for future reports. Even though this is the focus aspect, as GSE is our main source for emissions, there is also a parallel focus on activities decreasing energy usage in facilities and decreasing the use of de-icing fluid.
**Other Ways to Care - Mashimoni Children Centre**

As a tradition, Aviator has given a contribution to charity as a replacement for Christmas presents. This year we have chosen to give this support to Mashimoni Children Centre.

Mashimoni Children Centre is run by two 18-year-old Norwegian girls, Sara Jorud Østrem and Andrea Solbrekke Lysaker, who started this orphanage in 2011 when they were only 11 years old. The goal with Mashomini Children Centre is to give orphaned children in Kenya a worthy upbringing and a brighter future.
The story started when the two girls visited Kibera in Kenya. Kibera is Africa’s second largest slum. They quickly realized how fortunate they were to live in Norway. They therefore decided to start the orphanage, which they called the Mashimoni Children Centre in Kibera. In the fall of 2013, they moved the orphanage to Malaa which is a small town about 1 hour outside the capital Nairobi. Today they have the main responsibility for 72 orphans aged 0-16 years. Weekly there are more children and too often they find children left outside the orphanage. As a result, they have now grown out of their current orphanage and are in the process of establishing a new and larger orphanage; this way they will be able to give the current group of children better living conditions as well as making it possible for even more children to receive the help they desperately need.

Aviator admires the work and commitment these two young girls are showing. So many children lives are affected in a positive way because of them. The way they have organized and showed commitment to this project is an example to us all.

Aviator has decided to provide funding for the construction of a new orphanage for the girls and their children at Mashimoni Children Centre this year and will follow the construction progress.
AVIATOR

service that moves you