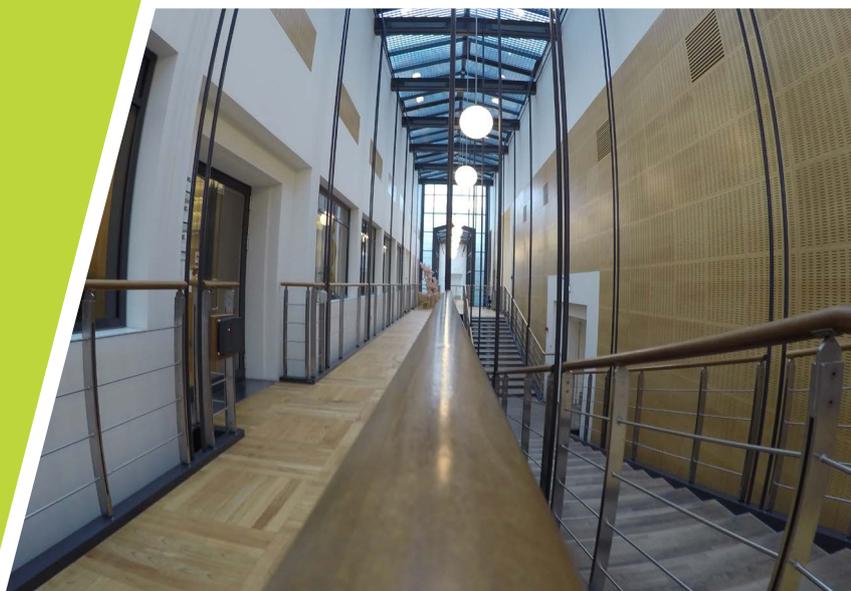


NAVIAIR



Naviair
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CSR Report 2018

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CSR Report 2018

Naviair manages flights through Danish airspace safely, efficiently and without delays. Along with this important work we also have a key role in the aviation industry's value chain and as players in global efforts for sustainable development. A well-informed and positive approach to corporate social responsibility is thus a fully integral part of Naviair's activities and culture. We are constantly working to make it easier, better and cheaper for our customers to use the airspace – while reducing their impact on the environment. At the same time, we offer our employees an attractive and challenging workplace, where individuals have the opportunity to make use of and develop their resources. As part of our work on corporate social responsibility, our ambition is to have an effect on responsible social development and to demonstrate this in practice.

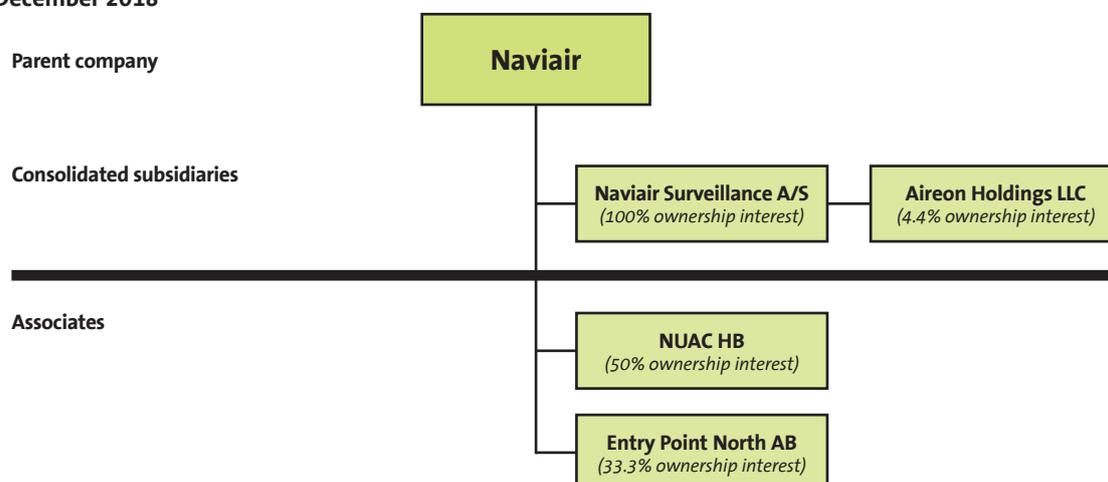
Our social responsibility is embedded in our climate strategy and our personnel policy, which assures our employees' well-being and development. In addition, we have a safety and quality policy, which ensures that flight safety is our number one priority. The work on corporate social responsibility has an equally important place in Naviair's strategic targets as other initiatives in our overall strategy. Although we have not defined a code of ethics, we adhere to a number of internal guidelines that ensure job satisfaction and employee development and that we take no part in any breaches of human rights, corruption or violation of any type of legislation relevant to our activities.

Naviair's 2018 CSR Report provides a summary of our corporate social responsibility review, the year's initiatives, risks and future targets.

Enjoy!

Naviair's group structure

At 31 December 2018



We provide safe and efficient Air Traffic Management

Naviair's direct impact on the climate is limited to emissions from our buildings and is mainly associated with our electricity consumption, which we are constantly seeking to reduce as much as possible. Through our climate initiatives, we are working to indirectly minimise the part of the impact of aviation on the climate and environment that our activities and services offer our customers an opportunity to choose to reduce. At the same time, we are always working towards taking every opportunity to contribute to a positive effect on the climate.

This work is being carried out in continuous consultation and cooperation with our customers, and we participate in environmental and climate work in a number of initiatives, including NUAC, COOPANS, SES and SESAR. Based on Eurocontrol and IATA's joint Flight Efficiency Plan, we continue to develop and ensure flexible utilisation of airspace globally by means of:

- Short routes, direct routes to destinations and fuel-efficient altitudes.
- The option of fuel-efficient approaches to airports where Naviair is providing aerodrome and approach control services.
- Minimal ground delays with engines idling through efficient Air Traffic Management (ATM) at airports.
- Continuous Climb Operations wherever possible – with direct routes and climbs to cruising level.
- Participation in the cooperation on the development of satellite-based global surveillance of air traffic, with the opportunities this kind of system will offer for optimising the use of airspace and reducing fuel burn.

Specifically, we are implementing our climate initiatives in two areas: Air Traffic Control and Energy.

Air Traffic Control

In all the focus areas involving the highest fuel consumption, we have made good headway on the development and use of climate-friendly traffic concepts. This applies to Free Route Airspace, Continuous Climb Operations, Continuous Descent Operations, Extended Arrival Management and Required Navigation Performance. We continued our efforts in all these areas in 2018. There are no specific targets for these initiatives, which instead function permanently as an integral part of the way we operate ATM. We are constantly seeking to optimise our processes to enable our customers to fly safely and in a way that is also environmentally correct. By providing Free Route Airspace in Danish-Swedish airspace, we are indirectly helping to reduce the CO₂ emissions resulting from aviation.

Free Route Airspace was introduced in the Danish-Swedish FAB already in 2011, and since then we have been playing an active part in international cooperation to expand the Free Route Airspace area, and in November 2015 Free Route Airspace was extended to cover the entire Nordic area. Through Borealis – an alliance between the ANSPs in Denmark, Sweden, Norway, Finland, Estonia, Latvia, the UK, Ireland and Iceland – we are cooperating on a further expansion so, according to the plan, the whole of Northern Europe will be included in 2021. Eurocontrol calculations show that Free Route Airspace in the Northern European area

can reduce airlines' total CO₂ emissions by 47,000 tonnes per year and NO_x emissions by 210,000 tonnes per year. At the same time, the airlines will be able to save a total of 15,000 tonnes of fuel per year, which, according to calculations, will result in an annual saving of DKK 158 million. If the airlines choose to make use of Free Route Airspace, Naviair will thus contribute indirectly to a considerable reduction of CO₂ emissions.

At all airports where Naviair manages traffic, clear noise restrictions are in place that safeguard the surrounding areas against unnecessary noise inconvenience from aviation. We of course adhere scrupulously to these restrictions and in addition we contribute actively to reducing noise at and around the airports by applying the most efficient traffic procedures. At the global level, Naviair is helping to create the basis for very significant future reductions in greenhouse gas emissions through our partnership with Aireon. Aireon's satellite-based surveillance gives the ANSPs access to full surveillance of air traffic throughout the world, so that safety distances can be reduced and air traffic over oceans, deserts and other remote areas can proceed much more efficiently than previously, partly because aircraft can carry out a number of altitude and course corrections en route and thus exploit optimum wind conditions during flights. In addition, full aircraft surveillance will make it possible to

establish a route structure that is much more flexible than before. This improved surveillance will constitute a major advance for ATM.

In addition to the safety benefits, the system will also provide an opportunity for the ANSPs to use airspace much more efficiently than today. This in turn will enable the airlines to save fuel and flying time and save the environment from considerable quantities of greenhouse gases. Specifically, a calculation carried out by NAV Canada shows that there are considerable financial and environmental gains to be made from this. Globally speaking, more than 900,000 intercontinental flights per year will benefit from better surveillance. This will result in an annual reduction in greenhouse gases expressed in CO₂ equivalents of more than 10 million tonnes and fuel savings worth more than DKK 1 billion. Our aim with all our services is to give customers the best environmental choice but without compromising on safety. It is our opinion that, because of the way we deal with environmental and climate-related issues, Naviair does not expose society to serious environmental or climate-related risks.

Energy consumption

We constantly strive to minimise our energy consumption. Naviair has many large, energy-consuming installations. With activities 24/7, 365 days/year, our energy needs are considerable. For example, we use energy for our technical installations, which need a great deal of energy for both operation and cooling. In 2018, our electricity consumption in Copenhagen was 5,521 MWh compared with 5,718 MWh in 2017. This reduced consumption is mainly due to our cooling strategy and the resulting conversions. In 2016, we replaced our cooling machinery with new, more energy-efficient equipment and shut down the local cooling systems. After putting phase one of a new groundwater cooling system into service in 2017, we have seen a reduction in our electricity consumption in both 2017 and 2018. We expect to be able to cut our annual energy consumption by approximately 500 MWh and reduce our CO₂ footprint by approximately 275 tonnes per year. Our heat consumption in Copenhagen was 3,554 MWh in 2018 compared with 3,466 MWh in 2017. It is our opinion that Naviair does not expose the surrounding community to serious environmental or climate-related risks through our electricity and heat consumption.

We invest in our employees

Our employees are the basis of our success and we endeavour to maintain a healthy workplace in which our employees thrive. We consequently make determined efforts to maintain our position as an attractive company and a good workplace. This is essential in order to ensure that our employees are able to meet the high demands we make on their day-to-day efforts and results.

We consequently have a general personnel policy, which sets the framework and ensures that we are an attractive and challenging place to work, which offers individual employees the chance to develop their professional and personal skills and also matches Naviair's targets and tasks. Our personnel policy is an integral part of Naviair's day-to-day management and culture and is developed in parallel with our strategies.

Employee information

Naviair's policies and practice for recruitment, pay, promotion, working conditions and skills development ensure that discrimination is avoided,

and decisions are made on the basis of objective criteria. In 2018, we ran 40 internal and external recruitment drives, recruited 27 new employees and concluded the annual pay negotiations between trade unions and management.

In our job advertisements, we encourage anyone with the right qualifications to apply for jobs at Naviair, regardless of age, gender, ethnic background etc. We do that because we think that diversity strengthens our company. Internal advertising ensures transparency in job opportunities, and in this way we also support the individual's career path.

We have identified some risks in our employee profile, which we will endeavour to minimise; namely high and increasing age and years of service and unequal gender distribution.

On average, Naviair employees have been in their jobs for over 17 years. The increasing number of long-serving employees at Naviair must be considered in the light of the fact that a high proportion of our staff – the ATCOs – have lifelong appointments with Naviair. This affects the average age,

which is high and rising. The average age is also affected by the fact that Naviair often recruits experienced staff. As staff turnover is also low, it cannot be taken for granted that there will be sufficient turnover to maintain the level of skills in all parts of our workforce when the 'big year groups' retire. This is because – taking account of the size of Naviair – there are generally few external posts advertised. In order to obviate this risk, we are focusing our attention on regular recruitment of younger personnel and retaining these groups of employees in order to ensure a wide age range in our workforce.

A similar trend can be seen with regard to gender distribution. At Naviair, the gender ratio is approx. 70 per cent men to 30 per cent women, which is also reflected in management. This gender distribution reflects the general gender distribution in society in the specialist groups employed at Naviair. Short-term opportunities for changing the gender distribution, for example in the technical area, are therefore limited. Naviair is working towards a more equal distribution in departments where this is possible, for example through the recruitment of new staff.

Naviair's recruitment in 2016-2018

	2018	2017	2016
External recruitment	23	25	14
Internal recruitment	17	22	35
Total recruitment	40	47	49

Average number of employees and average age

	2018	2017	2016	2015	2014	2013
Number of employees	631	625	646	637	641	667
Average age (at 31/12)	46.8	46.3	46.0	45.1	44.6	44.1

Targets

Naviair has three targets in the area of personnel. They relate to sickness absence, staff turnover and the pass rate for the training of ATCOs.

Sickness absence

Naviair has a sickness absence policy for minimising absence by monitoring employees' absence with focus on retention. The target is for sickness absence per employee to average less than 7.5 days per year – and if calculated without long-term sickness – less than 5.5 days per year. In 2018, the average sickness absence per employee was 7.4 days, which was satisfactory.

In 2018, Naviair had two cases of minor non-reportable occupational injuries. However, we chose to report them to the Danish Labour Market Insurance, even though no absence was involved.

Staff turnover

The target is to have staff turnover of 8 per cent. The target figure is calculated as the number of employees who have left over the last 12 months as a percentage of the average number of employees during the same period. Staff turnover in 2018 was 4.2 per cent. Turnover was particularly low in the operational and technical areas, whereas the administrative areas generally had higher turnover. The difference is due primarily to the fact that jobs at Naviair in the administrative area are in competition with the rest of the labour market, where there is a natural – although low – replacement of employees. By contrast, it is to be expected that turnover in the

operational area will be limited, as Naviair is the only provider of air traffic control in Denmark. A number of the technical areas are also extremely specialised, so the same trends can be seen in these areas.

Pass rate

Through Entry Point North and in-house training, we ensure that new ATCOs start out at the highest level in Naviair. By offering regular supplementary training, we ensure that our ATCO group is conversant with the latest procedures at all times. Naviair's target is that 75 per cent of ATCO trainees should successfully complete their training at Entry Point North and in Unit Training, which is the part of the training undertaken at Naviair. In 2018, Naviair had no groups completing Initial Training, but had a group in Unit training. Their pass rate was 66.7 per cent, meaning that two out of three passed in 2018.

Knowledge, skills and training

Employees are kept constantly informed via an employee portal, accessible to all. We focus strongly on the employees' right to be heard so that they can influence the company and company conditions as well as ensuring employees are informed of this. We therefore also hold canteen meetings, where the Executive Board takes the podium and talks on selected topics that affect the way Naviair operates. Topics reflect management's ambitions, goals and outlook, and the employees are invited to a dialogue on these topics.

In 2018, management also had an engagement process relating to the development of a new strategy for Naviair.

Besides dialogue with our employees, it is important that their skills are always at a level that meets any requirements arising both during the exercise and development of air navigation services and supporting activities. Based on our personnel policy, we therefore ensure that all employees' levels of training and education and skills satisfy the highest standards. This applies to both air navigation services, technology and administration.

We have structured our supplementary training and skills development into a skills plan for organisation and employees. We use the plan as our guiding document in this area. Together with our Technical-Operational Development Plan, the plan underpins our overall Business Plan as a management tool for the company's and our employees' continued development.

Skills development

Skills development is a part of Naviair's overall business strategy. Employee skills are systematically developed and maintained while coaching and supplementary training motivate employees to do their best to execute tasks in a safe, capable and efficient manner.

Skills development is closely linked to Naviair's strategies and targets, and in the work on Naviair's new Strategy 2023, a process has been started to set frameworks and direction for further development of skills and management.

Skills development is composed of three main parts:

- Support for basic training of students, apprentices, trainees etc.
- Supplementary training determined by statutory requirements for employee skills (mainly technical and operational employees)
- Other skills development

In 2018, employees received an average of 23.5 hours' training. This includes all types of registered skills development, but not the training that apprentices, trainees etc. receive as part of their basic training, as that is recorded separately. In addition, some employees were given further specialised training as part of their daily work.

Basic training

At Naviair, we help to share society's responsibility for providing training and jobs for young people. Naviair had an increased number of trainees,

apprentices and students compared with the previous year, due mainly to accepting a greater number of trainees. In this way Naviair helps to enable more young people to complete vocational training. As an employer, Naviair has a target for the number of students we employ in the course of a year. Our target for 2018 was 5.35 student points and we exceeded this target by 1.33 student points.

Naviair wishes to have an active input into helping to support society's education and training needs by continuing to employ students, trainees and apprentices – and also to support more young people in various phases of their education and training by taking in trainees on work experience and employing students.

Naviair cooperates with a number of vocational schools on the training of young people, some of whom are subsequently offered employment in

the company. Naviair is responsible for contributing to the training of students of economics, clerical work, data technology and electronics. However, the basic training of ATCOs and flight information operators is undertaken by Entry Point North.

In 2018, 15 new apprentices, students and trainees started at Naviair.

Naviair makes a considerable contribution to the basic operational training, and we give high priority to the training of new ATCOs and other trainees – and also to retraining and training of those returning from leave.

In 2018, we carried out 11,163 hours of basic operational training.

The table below shows the breakdown of basic operational training.

Number of persons starting basic training per year

	2018	2017	2016	2015	2014
Apprentices	2	0	0	1	1
Students	2	1	1	2	0
ATCO trainees on school courses	6	0	4	0	6
ATCO trainees on Naviair courses	0	4	1	7	0
Apron trainees	5	0	0	0	0
FIC trainees for Greenland	0	5	1	4	5
AFIS trainees for Faroe Islands	0	2	3	0	0
Other trainees: COIF, AIS, FDA	0	0	0	3	0

Basic operational training in 2018

	Number of hours	Avg. no of hrs. per trainee/participant
Basic training for apron trainees	6,750	
Basic training for ATCO trainees on school courses	3,774	629
Other basic training completed	1,139	127

The table shows the number of hours of basic operational training at Naviair. The calculation includes all types of basic operational training, including retraining. The instructors' hours are not included in the calculation.

Supplementary training

Employees are offered skills development in various ways and at various stages of their employment. Systematic supplementary training is a core element of skills development. Supplementary training typically focuses on retraining in new systems and changes in regulations, while for operational staff it also includes such things as capacity training.

We maintain a high level of knowledge and skills in the administrative area through continuous supplementary training and skills development, even though administrative personnel are not subject to statutory requirements concerning supplementary training.

Statutory supplementary training in 2018

	Avg. no of hours/employee
Technical	30.3
Operational	20.5

Other skills development

In addition to supplementary training, employees are offered personal development interviews and job satisfaction interviews with their line manager, in which the previous year, targets and departmental results are monitored, and a plan is set out for the following year.

At these interviews it is also agreed what other training is to be undertaken. The table shows the average amount of supplementary training per employee within individual business areas.

Supplementary training amounts to an average of 4.8 hours per employee and covers a number of different options, including individual manager courses, further specialist qualification for administrative employees, first-aid courses etc.

As part of fulfilling our promised social responsibility by supporting employees throughout their working lives, Naviair offers special courses for seniors.

We take pride in helping employees make the transition from working life to retirement and the course covers such topics as pensions, inheritance and quality of life. The course consists of two full days, partly with the participation of the employees' partners. In 2017, Naviair ran the two-day senior course for 11 employees. In 2018, 18 participants attended the course, which will extend into 2019.

Joint consultation and health and safety committees

Our company's development is founded on a high degree of involvement of employee representatives. Dialogue and cooperation between management and employee representatives in both formal and informal forums is one of the basic principles of our company.

Joint consultation committees have been set up at both general and local level and the deputy chairmen of both our main and local joint consultation committees are employee representatives. Naviair's joint consultation

organisation consists of a main joint consultation committee (HSU) and two local joint consultation committees (LSU) for the operational and administrative parts of the company respectively.

Naviair also has a health and safety committee (AMU) and nine local health and safety groups covering Naviair in Denmark, as well as joint consultation agreements with the health and safety groups in the Faroe Islands and Greenland. The health and safety committee meets at least four times a year and discusses the working environment and relevant measures relating to both mental and physical health in the workplace. The final meeting of the year plans the focus areas for the following year. In 2018, focus areas included job satisfaction and introduction of Remote Tower Service. In recent years, we have consistently been awarded green smileys in connection with the inspections by the Danish Working Environment Authority.

Other training in 2018 – by employee group

	Avg. no of hours/employee
Technical	6.3
Operational	3.2
Administrative	8.8

Composition of committees

	Total participants	Management representatives	Employee representatives	Number of meetings annually
Main joint consultation committee (HSU)	18	8	10	4
Local joint consultation committee Operations/NUAC (LSU-O)	11	5	6	4
Local joint consultation committee Support (LSU-S)	8	4	4	3
Health and safety committee (AMU)	9	5*	4	4

*incl. chairmanship

We respect and comply with labour market legislation, including collective agreements, agreements, health and safety legislation and specific safety requirements as well as other circulars, guidelines and provisions that apply to Naviair.

Naviair itself does not negotiate collective agreements centrally. The Agency for Modernisation under the Ministry of Finance negotiates on our behalf. However, we have a large number of local agreements on working hours, including arrangements for flexible working hours and taking account of work-life balance, various bonuses, allowances etc. All agreements are negotiated between management and the relevant trade unions.

We respect the individual's right to organise him/herself and negotiate pay within the framework determined in the legislation and agreements. We emphasise the importance of complete freedom of association in trade unions.

Well-being and health

Naviair supports an active and mentally and physically healthy working environment in order to ensure a high level of well-being. We do this through a number of activities.

Health

At least 30 per cent of the food served in the canteen at the Naviair headquarters is organic and prepared in our own kitchen. There is also a scheme for fresh fruit to be delivered on every weekday.

In addition, we support a number of sports activities, both regular and one-off. We hold an annual health week with a number of health-promoting activities, including participation in the DHL Relay Race.

Naviair employees have the opportunity of massage (at a reduced price), emergency treatment, weighing, blood pressure checks, flu vaccinations etc. In Copenhagen, employees are offered weekly training with a well-being consultant and a personal trainer, and at the Naviair headquarters, a gym for training together, a fitness room, a music room and table tennis facilities are available to all.

Well-being

As part of a work-life balance, Naviair employees are largely able to plan their own working hours. Operational employees know the duty roster about 40 days before implementation and have the opportunity to swap and change shifts if they wish. Administrative and technical employees have a flexi-time agreement, under which they can come and go within the framework of the agreement. Also, many employees have the option of working from home. Coupled with an average working week of 37 hours, this creates good opportunities for individuals to organise their own working day and creates extra time both at work and at home.

Naviair's most recent job satisfaction survey shows that for all parameters, Naviair has higher job satisfaction than that of a norm group that includes both public and private companies.



At the end of 2018, Naviair had 637 employees.

- 527 were attached to the Naviair headquarters and Tower Syd
- 110 worked at one of Naviair's other seven locations.

All employees are offered help with personal and work-related problems from Naviair's well-being consultant. This help is anonymous, free and is not reported. Its purpose is to help individuals to find possible solutions and new perspectives on problems. Advice may be in the form of facilitation, individual sessions, advice, coaching or brainstorming. In addition, Naviair is affiliated to Falck Healthcare, which employees can contact anonymously for support. The extent and duration of these offers vary, but the common factor is that they all aim to improve employees' well-being and prevent or reduce the amount of absence.

Data shows that both Naviair's well-being consultant and the Falck Healthcare offer are used by our employees. Only a small proportion of enquiries are associated with work-related issues and very few are associated with work-related stress.

In addition to the general well-being initiatives there is a continuous effort to prevent stress, and a stress management policy has been drawn up. The purpose of this is to identify, prevent and treat work-related stress at Naviair. As can be seen from the table, Naviair has had very few cases of work-related stress in recent years. Our opinion is that, to a great extent, the general well-being initiatives prevent the development of work-related stress.

Naviair also takes care of the physical working environment. All employees are offered a review of their workplace to ensure it is ergonomically fit for purpose. Special needs are met as far as this is possible. As a part of this it is also possible for employees to be given safety goggles.

Enquiries in 2015-2018 related to job satisfaction and health

	2018	2017	2016	2015
Total number of enquiries with Naviair's well-being consultant	145	179	119	175
Number of stress-related enquiries with Naviair's well-being consultant	23	20	9	3
Number of enquiries with Falck Healthcare	36	41	42	23
Total number of sessions with Falck Healthcare *	31	33	41	23
Number of stress-related enquiries with Falck Healthcare related to work	3	2	7	n/a

* 2018 31 (work-related 5, non work-related 26) * 2017 33 (work-related 5, non work-related 28)

* 2016 41 (work-related 12, non work-related 29) * 2015 23 (work-related 3, non work-related 20)

Social relationships

Human rights

Naviair does not have a specific policy on respect for human rights. We do not consider it relevant to have a policy, partly because all our direct activities are exclusively in Denmark and the North Atlantic area and all our staff are therefore employed under Danish collective agreements with the rights that this implies.

When entering into contracts with external suppliers, if applicable we insist on the inclusion of social clauses obliging our suppliers to create an inclusive labour market in terms of diversity, observance of current working environment regulations, collective agreements and legislation. All our contracts with external suppliers therefore include a requirement to observe ILO convention no. 94 concerning labour clauses in public contracts.

In 2018, we signed four contracts containing social clauses. These contracts also include a requirement for documentation and sanctions for failure to meet this requirement. We do not consider that there are major risks of infringements of human rights in the tightly regulated industry in which we operate.

Anti-corruption and bribery

Naviair does not have a specific anti-corruption and bribery policy. A policy of this kind would not be relevant to Naviair, as all the activities and services we supply are regulated by ICAO, the EU and Danish authorities. There is thus no possibility of securing particularly advantageous conditions in our services, as all customers are treated alike.

Similarly, when it comes to bidding, we are subject to EU procurement rules. When we invite EU tenders for goods, services or building or civil engineering works, in addition to the mandatory grounds for exclusion in Sections 135-136 (corruption, fraud, terror, money laundering etc.) of the Danish Public Procurement Act we also make use of the discretionary grounds for exclusion in Section 137 (bankruptcy; anti-competitive agreements; breach of environmental, social or labour laws) with a view to selecting suppliers with a high degree of professional and social integrity.

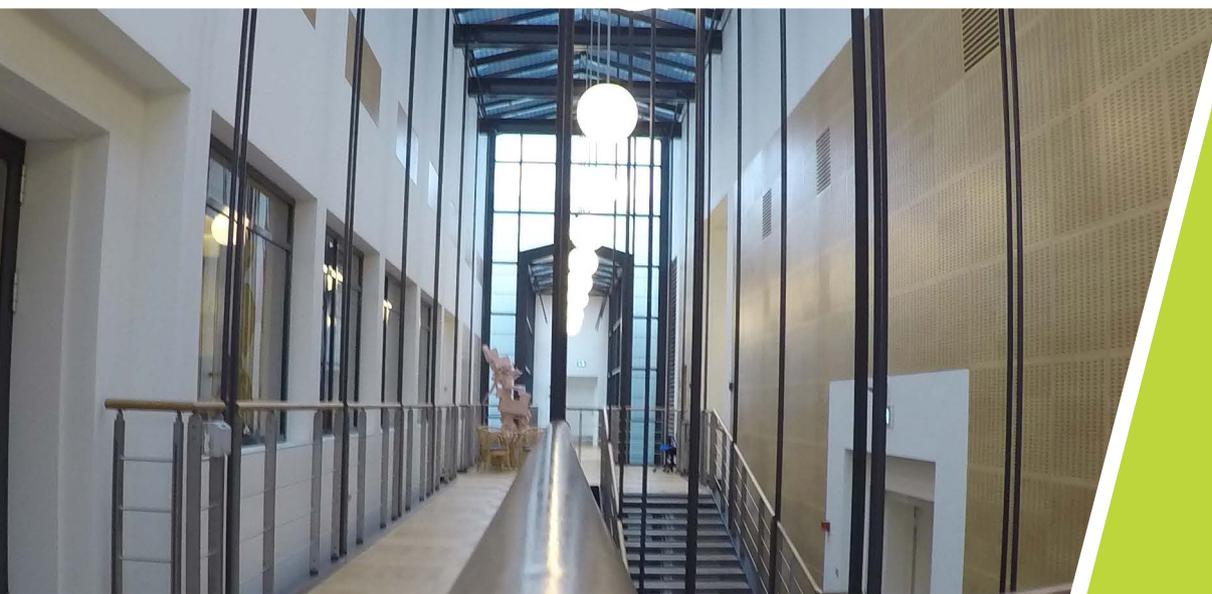
We do not accept any breaches of the legislation in the air traffic area or any other legislation relevant to our core business. Consequently, we have a set of internal guidelines that ensure that we comply with relevant legislation. We have appointed an internal Compliance Officer to ensure that we do so. The Compliance Officer carries out regular audits to ensure that the legislation is observed in accordance with our concepts, including anti-corruption.

Finally, it is one of Naviair's principles not to accept gifts from suppliers, partners etc. In this area, we are aware of high moral standards among our employees in complying with this.

In the light of the above, it is not considered that bribery or corruption is a major risk to either Naviair or society.

Processing of personal data

Naviair continually needs to process personal data and therefore takes responsibility for processing it in accordance with the legislation on the processing of personal data. Naviair has therefore appointed an internal Data Protection Officer, who will help to ensure that we process personal data in accordance with data protection law.



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*Photo on front cover: The space in front of Navi air's
ATCC in Copenhagen*

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