

AEGEAN // sustainable development report 2016



AEGEAN | A STAR ALLIANCE MEMBER 

AEGEAN AIRLINES S.A.

SUSTAINABLE DEVELOPMENT REPORT // 2016



A STAR ALLIANCE MEMBER 

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AEGEAN AT A GLANCE

Performance data ^{*1}	2016	2015
Earnings before taxes (EBT)	51,599 thousand €	100,316.92 thousand €
Earnings before taxes, interest, and amortization (EBITDA)	76,839 thousand €	111,214 thousand €
Net profit / loss for the period	32,211 thousand €	68,394 thousand €
Equity ratio ^{*2}	37.54%	33.19%
Human resources		
Number of employees (December 31st , 2016)	2,504	2,408
Average age	35 years	35 years
Percentage of women in managerial positions (Greece)	40.74%	37.97%
Fuel consumption data		
Fuel efficiency - Passengers	4.02 kg/100 pkm	4.06 kg/100 pkm
Fuel efficiency - Passengers	5.09 lt/100 pkm	5.14 lt/100 pkm
Flight hours	150,113 hours	135,302 hours
Fuel consumption	354,452 tons	319,358 tons
Carbon dioxide emissions		
Carbon dioxide emissions (CO ₂)	1,116,254 tons	1,005,978 tons
Carbon dioxide emissions intensity - Passengers	12.7 kg/100 pkm	12.8 kg/100 pkm
Passenger traffic data³		
Flights	112,688	109,550
Passengers	12,463,572	11,650,398
Available Seat Kilometers – ASKs (in thousands)	16,382,087	14,667,917
Revenue Passenger Kilometers – RPKs (in thousands)	12,716,413	11,287,537

Notes

1. Financial data refer to the consolidated and published financial results of Aegean Airlines and its subsidiary Olympic Air.
2. There are no long term financial liabilities, the ratio is calculated at the total of the liabilities.
3. The number of flights refers to scheduled and charter flights.

ACHIEVEMENTS 2016



PASSENGER TRAFFIC

12,463,572 passengers
(12% increase for international passengers).



NETWORK

145 destinations in 45 countries
(111 international and 34 domestic).



NEW FLEET

Completion of **7 new aircraft orders**, with the receipt of **3 new AIRBUS A320neos**.



RELIABILITY

86.8% on time performance



ECONOMIC PERFORMANCE

More than **1 bil. € revenue**



SUPPORT OF LOCAL COMMUNITIES

- Aegean and Olympic Air assisted in the integration and operation of **Paros' new airport**.
- Activations: **"Closer to Greece"** & **"Treat them"**.



CONTRIBUTION

More than **1,500 tickets to humanitarian and non profit organizations**, to address the refugee issue.



INNOVATIVE SERVICES

New electronic services for prompt notification and procedures simplification
(**Flight Related Notification Services, Passport & ID Scanning in Apps for Faster Check-in**).



RECOGNITION

For the **7th** consecutive year by the World Airline Awards,
SKYTRAX RESEARCH OF LONDON.



ENVIRONMENT

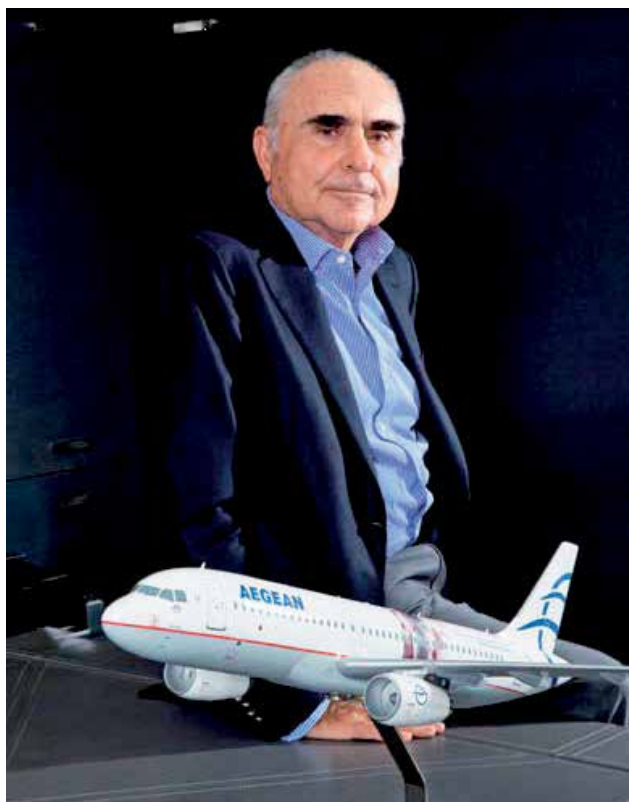
Through continuous programs and initiatives we saved **20,460 tons of carbon dioxide**.

MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

The systematic support and promotion of Greece's tourism product has always been a focal point of our presence in the domestic and international market.

In this sustainable development report, we aimed to analyze the effect of Aegean's operations on an economic, social and environmental level. Aegean's strategic choice since launching its business activities in Greece in 1999 has been to behave responsibly towards all stakeholders reasonably affected by its decisions and the way it operates. In this context, we regularly implement a series of actions, aiming to:

- ✈ Operate with respect towards the passengers, employees, local communities, suppliers, state authorities and the environment, as well as towards the applicable legal and regulatory framework (on a national and international level).
- ✈ Promote our country's cultural heritage.
- ✈ Develop tourism and the Greek tourism product.
- ✈ Support education.
- ✈ Promote and support sports.
- ✈ Support socially vulnerable groups.



Today, Aegean is the largest private airline in Greece, offering internationally recognized quality air transport services, both domestically and abroad, with a focus on passenger and crew safety.

Since the first years of the company's establishment, we have been operating in a challenging financial environment. All this time, the greatest challenge facing our company was balancing the evolution and development of the services we provide to our passengers, maintaining our financial solvency that would allow us to withstand the fierce international competition, and also proving that Greece can provide top-notch air transport services in Europe.

In 2016, we expanded our international network of operations from 7 regional airports (6 in Greece and 1 in Cyprus) while we also increased the frequency of our flights. With a sense of our role in the domestic market, we strive for the uninterrupted interconnections between areas of Greece, at affordable prices and with superior quality services. In 2016, we carried 12.4 million passengers and operated a fleet of 61 aircraft, operating from a network of 145 destinations -34 domestic and 111 international- in 45 countries, from 6 major airports in the country: Athens, Heraklion, Thessaloniki, Rhodes, Chania, Kalamata and one in Larnaca in Cyprus.

Having invested in the renewal of our fleet by ordering new

Airbus A320neo aircraft, during 2015 and 2016 we received 7 aircraft that are equipped with 2.4 meter tall winglets ("sharklets"). The "sharklets" contribute not only to the reduction of noise, but also to the reduction of fuel consumption and emissions up to 3% depending on flight duration. We acknowledge the significance of our responsibility to reduce air pollutants, and that is exactly why our efforts are governed by the following simple equation: Lower fuel consumption → lower emissions of air pollutants → less impact on the environment.

We recognize the significant impact of our operations on local communities, since promoting tourism and attracting more visitors to our country, help create added value and increase employment. Aegean and Olympic Air were main contributors to the completion and operation of the new Paros airport, as after the State had completed the investment and the construction of the new runway (early 2015), we financially supported, after the approval by Ministry of Infrastructure, Transport and Networks, the construction of the first phase of the passenger terminal, as well as the infrastructure works of the new airport. The two companies supported the financing and construction of the terminal, which was completed in merely few months in 2016, in order to immediately complement the significant State investment and allow the operation of the new airport.

The systematic support and promotion of Greece's tourism product has always been a focal point of our presence in the domestic and international market.

In 2016, we designed and implemented a series of initiatives to promote the positive elements of our culture, such as Greek hospitality, generosity and authentic Greek products. Through our two major marketing initiatives, "Closer to Greece" and "Filepse Tous" ("Treat Them"), our aircraft were filled with images, colors, flavors and fragrances from various Greek destinations, while concurrently these initiatives contributed to

the promotion of Greek producers and Greek products abroad. Besides the company's business and commercial decisions and initiatives, we also had an active role in supporting and facilitating the work of humanitarian organizations and NGOs (Greek and international) that contributed to facing the difficulties posed by the refugee flows in Greece. More specifically, in 2016, we offered more than 1,500 tickets to transfer volunteers and members of various organizations to the islands that required humanitarian aid.

Social contribution is a fundamental principle of our existence. With the aid of our passengers, from 2008 to 2016, we raised more than 900,000 euros through the online sale of tickets, via our website. Aegean contributed the same amount, and as a result 1.8 million Euro were offered to "SOS Children's Villages", Greece.

Through our "SUPPORTING THE YOUTH" student program, we have been offering each year complimentary tickets to newly enrolled students for the entire duration of their studies, thusly relieving their families budget and making it possible for them to return home more often. Since 2013, we have offered, on a yearly basis, complimentary tickets to 250 newly enrolled students from Greece and since 2015 to 50 students from Cyprus.

Everything mentioned above and much more, which you can read about in this report, was only made possible by the driving force that inspires us to grow and be creative. This is none other than our people, the company's employees, who daily contribute discreetly, yet essentially, to the achievement of our goals. In 2016, Aegean employed 2,504 people, 23% of whom have been with the company for more than 10 years. Our commitment for next year is to continue to provide high-quality air transport services, steadily invest in expanding our domestic and international network, support tourism with new routes and increase the number of seats offered to cover the entire country, while paying special attention to destinations of public service routes.

Theodore E. Vassilakis





AEGEAN AIRLINES

BASES



INTERNATIONAL NETWORK



2016



145 DESTINATIONS

34 DOMESTIC DESTINATIONS

111 INTERNATIONAL DESTINATIONS



12,463,572

PASSENGERS IN 2016



16,382,087

AVAILABLE SEAT KILOMETERS
(ASKs)(in thousands)



61

AIRCRAFT

Helsinki

St. Petersburg

Moscow

Kiev Borispol

Chisinau

Charest

Istanbul

Tbilisi

Yerevan

Baku

Tehran

Athens

Rhodes

Larnaca

Beirut

Tel Aviv

Amman

Alexandria

Cairo

Sharm El Sheikh

Riyadh

Jeddah



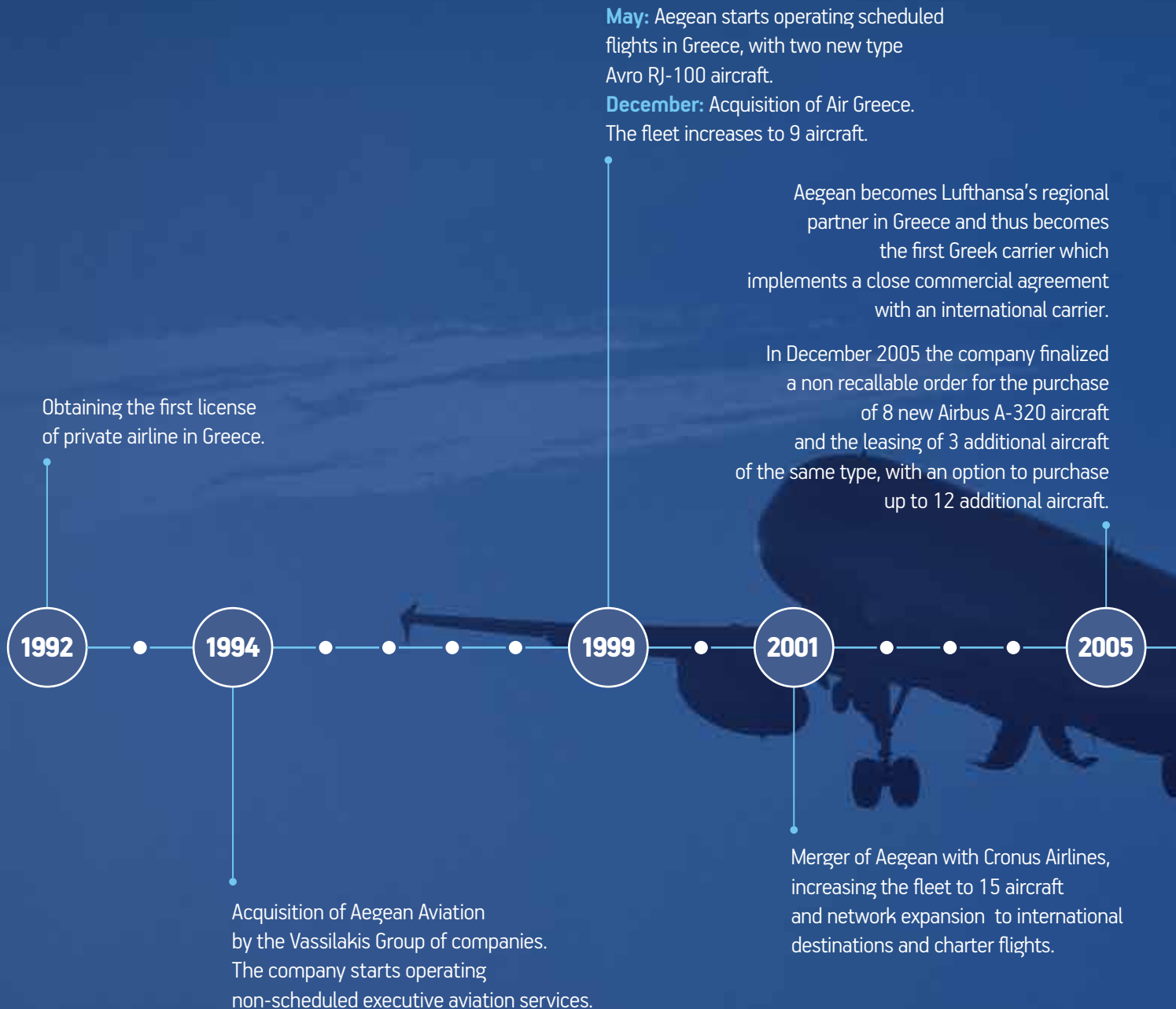
1.0 // THE COMPANY

In 2016, we offered our services in 45 countries,
serving 145 domestic and international destinations.



OUR JOURNEY

Milestones



Agreement to purchase and lease 25 Aircraft of the Airbus A320 family finalized.

Listing in the Athens Stock Exchange, raising € 135 million through an Initial Public Offering.

October: Acquisition of Olympic Air is completed, following the approval of the European Commission. Aegean becomes the largest airline in Greece.

June: Aegean becomes a Star Alliance member, the first global airline alliance.

Completion of the delivery of the three (3) remaining aircraft. With the receipt of seven (7) aircraft in total (investment of \$300 mil.) the total investment of \$1.8 bil. in new fleet is completed.

Delivery of four (4) new aircraft.

August: Option implementation with an important upgrade and fleet development with the order of seven (7) brand new Airbus A320neos, for Aegean's fleet. The new aircraft are equipped with "Sharklets" and V2500 engines.



AEGEAN TODAY

We transfer people
and cargo by air



We operate with respect towards our employees,
our passengers, our suppliers, the local communi-
ties, the environment and the state authorities,
within the applicable Legal and Regulatory
framework (on a national and international level)

We support tourism
and commerce



We contribute to the
economy and society

We connect Greek destinations not only
with other destinations within the country,
but also with other countries, societies
and markets.



We create opportunities for
companies and employment

OUR MISSION

To transfer our passengers and cargo with safety, continuously providing high quality services across all travel stages, through an extensive network of destinations that connects every corner of Greece and also Greece with the world.

OUR VISION

To operate responsibly by developing the market, assisting employee development and supporting our associates and local communities.

OUR VALUES

- ✈ The passenger is the focus of our attention.
- ✈ We pursue constant enhancement of the overall passenger experience in all travel stages.
- ✈ We focus on service and product quality.
- ✈ We aim to render Greek air transportation a sustainable and profitable source for growth, with multiple benefits for tourism, employment and state revenues.
- ✈ We invest in innovation and constant progress.
- ✈ We contribute to the enhancement of the Greek tourism product and to the proud representation of Greece abroad.
- ✈ We care for the society and for vulnerable social groups.
- ✈ We conduct business responsibly and with respect towards our employees, our passengers, our suppliers, the local communities and the environment.

1.1 // COMPANY PROFILE

Aegean, an aviation sector company, offers high quality air transport services for passengers and cargo with domestic and international, scheduled & non-scheduled flights, in short & medium-haul range.

The controlling and monitoring of operations is conducted from the central offices in Athens – Municipality of Kifisia, while the operational activities (flights and maintenance) take place at Aegean's technical base located at the Athens International Airport "Eleftherios Venizelos".

In October 2013, the takeover of Olympic Air by Aegean was completed, after the approval of the European Committee. Olympic Air is a 100% subsidiary of Aegean.

In 2016, we offered our services to 45 countries, supporting 145 domestic and international destinations. More specifically, through Aegean and Olympic Air's network, we supported 111 international destinations and 34 domestic destinations.



OWNERSHIP AND LEGAL FORM

The company AEGEAN AIRLINES S.A. is a Société anonyme airline company under the discreet title AEGEAN AIRLINES, which uses the trade name AEGEAN AIRLINES S.A. in its international transactions. The company's duration has been set until 31/12/2044 and can be extended following the decision of the General Shareholders Meeting. The company's headquarters is in the Municipality of Kifissia, Attiki (31 Viltanioti St. PC 145 64). The company's share capital amounts to forty six million four hundred twenty one thousand and one hundred fifteen euros

(€ 46,421,115), divided into seventy one million four hundred seventeen thousand and one hundred common voting shares (71,417,100 shares), of a par value of sixty five euro cents each (€ 0.65). The company's shares are registered and listed for trading in the Securities Market of the Athens Stock Exchange under the "Large Cap" classification.

As of 31.12.2016 the following investors held more than 5% of the company's voting rights:

NAME	POSITION	PERCENTAGE %
EVERTRANS S.A.	16,955,504	23.74
AUTOHELLAS HERTZ S.A.	8,328,508	11.66
ALNESCO ENTERPRISES COMPANY LIMITED	6,115,508	8.56
SIANA ENTERPRISES COMPANY LIMITED	6,115,508	8.56
CONSTANTAKOPOULOS ACHILLEAS	3,703,508	5.19
Rest of shareholders: 43,360	30,198,564	42.29

Our priorities:

The development of the international network as well as the increased interconnections between our bases, constitute a strategic priority for our company. Both the addition of new destinations to the Athens network, which creates favorable conditions for the increase of incoming tourist flows in the city, as well as the strengthening of Athens' operation as a hub, bring many benefits for both the economy and the company. This is due to the relatively milder seasonality of the Athens base, the more efficient use of aircraft and the competitive advantage due to our network and size. Particularly important for us, remains the operational quality and competitiveness of Greek airports. The development of tourism in recent years has significantly supported the Greek economy, but at the same time it makes the need for strengthening the basic and competitive infrastructure of the country's airports, even more immediate. With the concession contract between the Greek State and the Fraport - Slentel joint venture, for the development and management of the 14 regional airports, the acceleration of the necessary investments and the achievement, within 2-3 years, of the significant quality upgrade of our country's main entry points are expected. This will lead to a further improvement of both our tourism's potential and our passengers' satisfaction.

Given the challenges posed by the wider economic environment and with our attention turned to the ever increasing international competition, we have set a series of priorities:

- ➔ Strengthen connectivity at domestic and international level.
- ➔ Streamlining our business activities, in order to offer passengers more choices, further develop and capitalize on our loyalty program, launch new innovative services and reduce aircraft's distribution and utilization costs.
- ➔ Develop innovative travel services
- ➔ Further enhancement of employee satisfaction and their active participation in submitting ideas for improvement and implementation of corporate processes and decisions.
- ➔ Consideration and care for destinations of Public Service Routes
- ➔ Support vulnerable social groups.



1.2 // CORPORATE GOVERNANCE & BUSINESS ETHICS

The company is managed by the Board of Directors which consists of twelve members, out of which three are executive, six are non-executive and three are independent non-executive members. The term of office of the Governing Board will be until May 2018. It is the responsibility of the board, to develop an effective internal control system as well as to maintain sound practices of Corporate Governance. The company applies the Code of Corporate Governance as it is regulated by the current Greek legislation and international practices. Corporate Governance is a set of rules, principles and monitoring mechanisms, focusing on the transparency towards investors, safeguarding the interests of the shareholders and all stakeholders.

There are no sub committees within the Board of Directors, the duties and obligations of which to be related with decision

making on financial, environmental and social issues.

The relevant decisions are made within the Board of Directors as a total. However, there is an Audit Committee, responsible for the effectiveness of the internal control system.

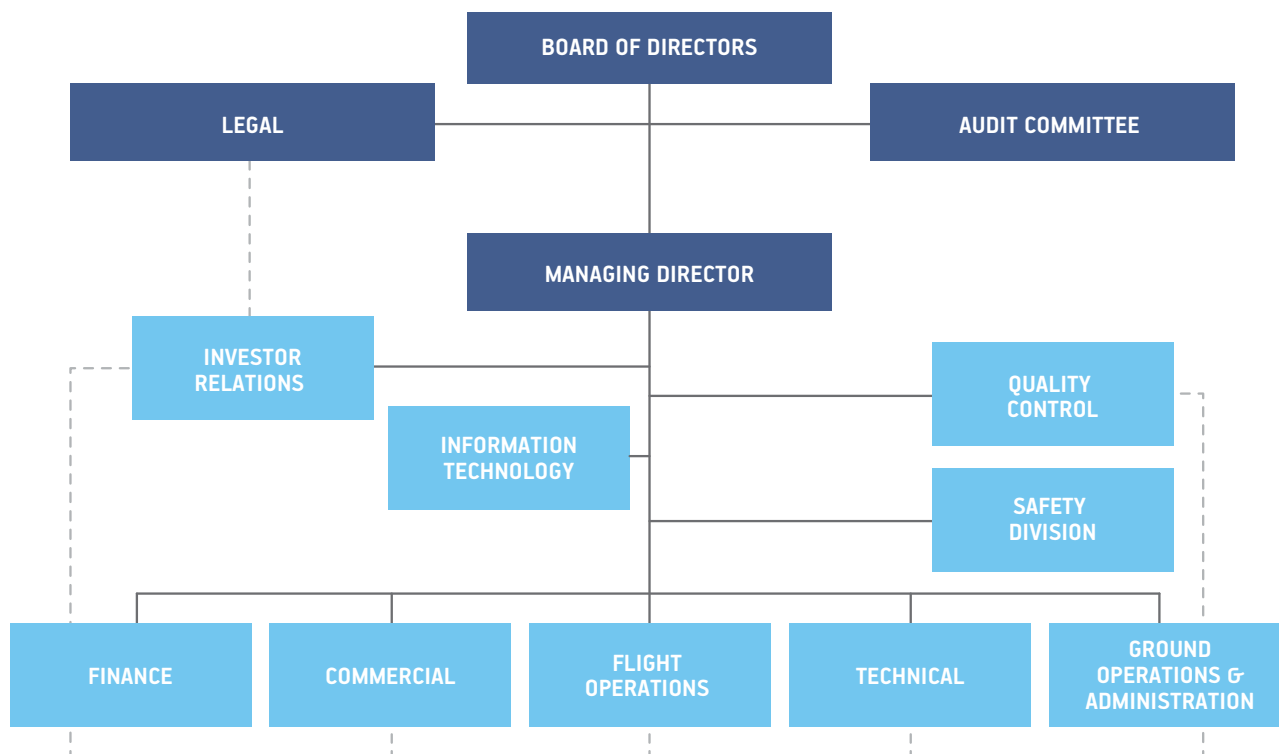
With respect to the Internal Audit department, the last is not a hierarchical part of another department or division.

The members of the Internal Audit department are independent from the activities they audit and the chief internal auditor reports to the Audit Committee.

The chief internal auditor is appointed by the Board of Directors and is a professional with the necessary qualifications and experience. The chief internal auditor, drafts reports that are evaluated by the audit committee on a quarter basis.

ORGANIZATIONAL STRUCTURE

Aegean's organizational structure is the following:





1.3 // HUMAN RESOURCES

Our employees are one of the core values / investments for the achievement of our corporate goals. We aim to recruit and maintain expert personnel, according to the principles of equal treatment, respecting human rights, diversity and the provision of equal opportunities to all our employees. Based on data provided by the Human Resources Department, we present the following information regarding the company's personnel. On 31/12/2016 there were 2,504 employees in total, 96 more compared to 31/12/2015.

31/12/2016



TOTAL NUMBER
OF EMPLOYEES

2,504

TOTAL NUMBER OF EMPLOYEES*

31.12.2016	31.12.2015	DIFFERENCE
2,504	2,408	+3.99%

* The table refers to personnel employed directly by Aegean.



The table below analyses the breakdown of employees by Division:

EMPLOYEE BREAKDOWN BY DIVISION	
Division	Employees
Administration	280
Ground Operations	241
Flight Operations	1,326
Commercial	215
Finance	85
Technical Operations	357
Total	2,504

EMPLOYEE BREAKDOWN BY GENDER

1,056 MEN  42%  1,448 WOMEN 58%



Out of our 2,504 employees, 1,896 are employed on permanent work contracts, while 608 on temporary contracts. Out of 1,896 permanent employees, 955 are men and 941 are women. Respectively, out of the 608 temporary employees, 101 are men and 507 are women.



Below you can find the relevant table:

EMPLOYEE BREAKDOWN BY EMPLOYMENT CONTRACT & GENDER

Type of Contract	Men	Women	Total
Permanent	955	941	1,896
Temporary	101	507	608
Total	1,056	1,448	2,504

EMPLOYEE BREAKDOWN BY EMPLOYMENT TYPE & GENDER

Employment type	Men	Women	Total
Full	1,053	1,442	2,495
Part-time / Flexible	3	6	9
Total	1,056	1,448	2,504

The table below offers an analysis of the geographical spread of our employees, by gender and type of employment contract. The majority of our employees (93.6%), is employed in Greece, while the rest 6.4% in the remaining countries of our network. Below you can find the relevant employee analysis by country:

EMPLOYEE BREAKDOWN BY COUNTRY, EMPLOYMENT CONTRACT & GENDER					
Country	Men Permanent Contract	Women Permanent Contract	Men Temporary Contract	Women Temporary Contract	Total
Albania	1	1			2
Belgium	2	1	1		4
Bulgaria		1			1
Cyprus	34	21	5	30	90
Egypt			1		1
England	3	4			7
France	5	3			8
Germany	7	7			14
Greece	895	890	93	477	2,355
Italy	3	6	1		10
Romania		1			1
Russia	3	2			5
Spain	1	4			5
Turkey	1				1
Total	955	941	101	507	2,504

In 2016 there were 97 external associates who worked as flight deck crews (contracted pilots). The 2,504 employees do not include the additional 600, approximately, seasonally contracted employees, who are hired for the period April to October due to increased operational requirements. All work contracts (100%) fall under the E.G.S.S.E. (National General Collective Labor Agreement).

We offer our employees:

- ✈ Private Health & Life Insurance Scheme.
- ✈ Access to hospitals and diagnostic centers on special rates through direct collaborations.
- ✈ Constant support on health, illness and injury matters.
- ✈ Salary advance for emergencies or health issues.
- ✈ Transportation of employees to & from their work with buses.
- ✈ Travel cards for public transport based on certain criteria.
- ✈ Exercise and fitness services in a fully equipped fitness area.
- ✈ Special rates on company products and services.
- ✈ Voluntary participation in Blood Donation days for the maintenance of the company Blood Bank at "Agia Sophia" Children's Hospital.
- ✈ Christmas event for our employees' children and offering of Christmas gifts.
- ✈ Training sessions for the company employees football team at a field and provision of all necessary equipment.

✈ Total number and training hours

During 2016, 2,697 training sessions were held within and outside the company, for a total of 29,419 hours.

TRAININGS 2016



7,860

NUMBER OF PARTICIPANTS*

*multiple participations



29,419

TOTAL NUMBER OF TRAINING HOURS

1.4 // MEMBERSHIPS AND RECOGNITION

- ✈ Aegean is a member of the **International Air Transport Association (IATA)** since the beginning of its operation. IATA is the trade association for the world's airlines representing more than 265 airlines or 83% of the total traffic.
- ✈ In 2005, Aegean was one of the first 10 companies (out of a total of 400 airlines) that registered with **IOSA** (IATA Operational Safety Audit), while Olympic Air registered in 2009. **IATA's IOSA** program is an internationally recognized and accepted evaluation system designed to assess an airline's operational management and control systems, using the highest standards in the world for Operational Safety. In order to remain in IOSA's registry, Aegean and Olympic Air are being audited in key areas by IATA every 2 years. Aegean's registration in IOSA and the application of the evaluation system, also ensures IATA membership (as it is required for all IATA members), Star Alliance membership and Code Share agreements.



In addition, AEGEAN is an active member in the following IATA's groups of airlines for quality control:

✈ **DAQCP – De-Icing/Anti-Icing Quality Control Pool**

The main goal of the DAQCP is to ensure that the safety guidelines, quality control recommendations and standards of the De-icing/Anti-icing procedures, at all airports an airline operates from, are followed. The DAQCP is well regarded by the Handling companies and work closely together to achieve the Airlines regulators requirements, while improving the quality of inspections as fewer and more effective audits are carried out by accredited AEGEAN inspectors in accordance with stringent evaluation criteria established by the Pool. The quality control is based on the Association of European Airlines (AEA) Recommendations for De-icing/Anti-icing of aircraft on the ground and also on the European Aviation Safety Agency (EASA) Regulations.

✈ **IFQP – IATA Fuel Quality Pool**

IFQP activities fully comply with regulatory requirements concerning airlines' provision of quality control and management oversight of airport fuelling services that AEGEAN operates, as per the European Aviation Safety Agency (EASA) requirements. The main objective is to enhance safety and improve quality control standards of fuel facilities at the airport, using standardized inspection checklists.

✈ **As an IATA member we are also an ISAGO member**

ISAGO (IATA Safety Audit Ground Operation) is the first global aviation industry standard for oversight and the control of the ground service providers. It aims at improving safety, using internationally recognized standards and quality control principles, aiming at a drastic reduction in accidents and injuries during ground handling of aircraft.

✈ **Since 2001 we have been actively and continuously involved in the AOC (Airports Operating Committee).**

The AOC is a body established by IATA and recognized by all international airports, aiming to more effective communication and problem-solving between airline users and their airport authorities on issues related to safety and ground handling services.



✈️ **Aegean is a Star Alliance member**, the largest global airline alliance (28 member airlines).

Benefits to the Customer

Access to a global network and the benefits of coordinated schedules that ensure optimized connections within the Star Alliance network and reduced waiting time. Through check-in, joint ticketing, check-in and baggage facilities, collocation and connection teams at key airports – all play a role in creating a smoother travel experience. More Rewarding Frequent Flyer Programme through earning and redeeming miles across the entire Star Alliance network. Access to more than 1.000 Star Alliance member lounges worldwide. Star Alliance offers specialized products and travel options for corporate clients as well as products designed especially for organizers of international conferences and sports or culture events (Conventions Plus and Meetings Plus).

Benefits to the Company

Star Alliance membership offers multiple benefits to the member carriers such as:

- Worldwide recognition and status
- Network connectivity and consequently increased feeding potential
- Potential to expand their client base with new corporate agreements
- Operational benefits through the common use of terminals and facilities
- Opportunity to develop new services and know-how exchange

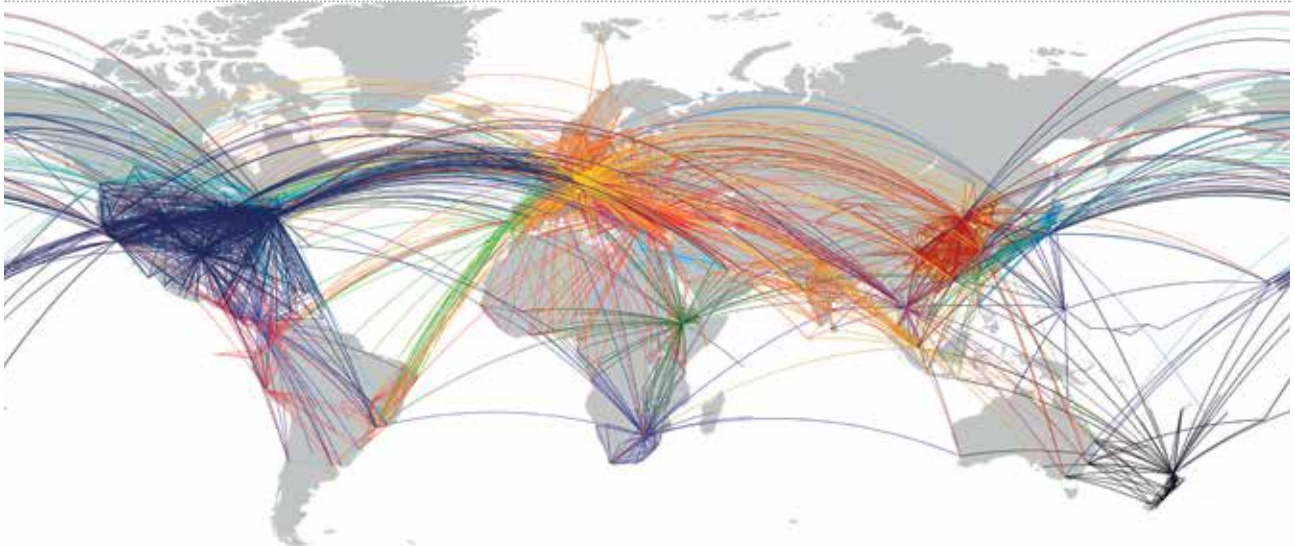


STAR ALLIANCE™

ABOUT STAR ALLIANCE

The Star Alliance network was established in 1997 as the first truly global airline alliance to offer worldwide reach, recognition and seamless service to the international traveller. Its acceptance by the market has been recognized by numerous awards, including the Air Transport World Market Leadership Award and Best Airline Alliance by both Business Traveller Magazine and Skytrax. The member airlines are: Adria Airways, Aegean Airlines, Air Canada, Air China, Air India, Air New Zealand, ANA, Asiana Airlines, Austrian, Avianca, Avianca Brazil, Brussels Airlines, Copa Airlines, Croatia Airlines, EGYPTAIR, Ethiopian Airlines, EVA Air, LOT Polish Airlines, Lufthansa, Scandinavian Airlines, Shenzhen Airlines, Singapore Airlines, South African Airways, SWISS, TAP Portugal, Turkish Airlines, THAI and United. Overall, the Star Alliance network currently offers more than **18,400 daily flights to 1,300 airports in 190 countries**.

STAR ALLIANCE NETWORK



- **Aegean is a member and a lifetime sponsor of the Greek Tourism Confederation (SETE).** The Greek Tourism Confederation (SETE) was established in 1991 by entrepreneurs from the wider tourism sector, to support the growth of Greek tourism. SETE aims to continuously boost competitiveness and promote the key role of tourism in the Greek economy. It represents national sectoral associations of tourism businesses, as well as individual businesses involved in the tourism economy in general, covering the entire range of tourism activities.
- Aegean actively participates in the development of incoming tourism, by systematically and harmoniously cooperating with various bodies, such as the Ministry of Tourism, the Greek National Tourism Organization, the country's Regional Authorities, SETE, HATTA, Alliance for Greece, Hotel Associations, the Athens Development and Destination Management Agency, Marketing Greece. In 2013, SETE, as a modern Social Partner, established the non-profit "Marketing Greece" company, together with members of the Hellenic Chamber of Hotels and the Hellenic Association of Advertising - Communication Agencies,

with the main goal of effectively promoting the Greek tourism product.

- Aegean is a member of HATTA (Hellenic Association of Travel and Tourist Agencies), and a founding member of Marketing Greece, while it also supports the Hellenic Chamber of Hotels, and local hotel associations. Marketing Greece aims, through a multi-level communication strategy plan, to make our country one of the most important and attractive tourist destinations in the world. Together with the Greek National Tourism Organization, Aegean designs and implements comprehensive marketing and promotion initiatives in important foreign markets, contributing to Greece's advertising.
- Aegean actively participates in international tourism exhibitions, together with the Greek National Tourism Organization.
- Moreover, it organizes Fam Trips from all European and Middle Eastern countries, supports events of various bodies as official carrier, and contributes to the work of institutional and business missions.



- **Aegean has been a member of the Greek Network for Corporate Social Responsibility since 2012,** actively participating in its initiatives. Aegean supports the Student Competition for Corporate Social Responsibility "Nikos Analytis", organized by the Greek Network for Corporate Social Responsibility in collaboration with the Athens University of Economics and Business, offering complimentary tickets to the winners to travel to Brussels together with the Network's executives, and take part in educational visits to the European Commission and the Office of the European Parliament.



INFORMATION ABOUT THE GREEK NETWORK FOR CORPORATE SOCIAL RESPONSIBILITY

The CSR HELLAS Network is a non-profit business organization, founded in June 2000, that aims to promote the idea, principles and values of Corporate Social Responsibility and their dissemination to the Greek business community and society in general, with the ultimate goal of achieving a balance between profitability and sustainable growth. Today (March 2017), its members include 135 businesses and business entities. It represents Greece as a national partner of CSR Europe - the leading European business partner for CSR - which, in addition to many multinational member companies, has also developed a network of 45 national partners across Europe. It also coordinates the Secretariat of the Greek Network of the UN Global Compact and represents the CSR 360 Global Network in Greece.



Recognition of our quality:

In 2016, Aegean received the Best Regional Airline award from SKYTRAX for the 6th consecutive year. In the survey conducted between August 2015 and May 2016 for the Skytrax World Airline Awards, also known as passenger choice awards, more than 19.2 million passengers of more than 104 nationalities rewarded Aegean for its high quality passenger services. We have received this award for the 6th consecutive year and for the 7th time since 2009, confirming the company's dominant position in Europe.

The World Airline Awards are managed by international air transport rating organization, Skytrax Research of London, UK. The transparency and global coverage of the survey distinguish these awards as the most prestigious and respected quality recognition for today's world airline industry.

The surveys measure quality standards across 41 key performance indicators of front-line product and service. Customer satisfaction levels for the passenger experience are rated across Airport and On-board environments, i.e: check-in, boarding, arrival,

transfer, lounges, seat comfort, cabin cleanliness, food and beverages, in-flight entertainment, staff service and associated air travel features.

The company has also been honored repeatedly in recent years by the Athens International Airport as:



- ✈ The company with the highest percentile growth in passenger traffic in the domestic market,
- ✈ The company with the largest passenger increase at "Eleftherios Venizelos" Airport,
- ✈ The **"Airline of the Decade"**, based on the total number of passengers for the years 2001 - 2010.

In December 2016, at the Athens Concert Hall, Eurobank and Grant Thornton organised the first Growth and Competitiveness Awards, "Growth Awards", as a recognition of business excellence for the support of healthy, competitive and dynamic businesses in Greece, by electing 7 winners. Aegean received the special "Business Excellence" award for its overall performance and significant contribution to the growth of the economy.



Aegean and Olympic Air have also won the international "Fast Travel Green Award" from the International Air Transport Association (IATA), for their applications which improve passenger experience.

2.0 // OUR APPROACH TO SUSTAINABLE DEVELOPMENT

We consider the identification and connection of our financial, social and environmental impact with broader sustainable development issues to be particularly important. In this context, we use the UN Sustainable Development Goals as a reporting and strategy tool.





2.1 // STAKEHOLDER ENGAGEMENT

Aegean's basic principle is to engage in dialogue with its stakeholders, as they are defined based on the company's nature of operations and the impacts the company has on them, as well as how these stakeholders influence the company. It creates the right conditions for an exchange of views in order to understand their needs and expectations, receiving feedback at regular intervals about how it operates, and the impacts it has on its stakeholders. The company, within the framework of its operation, in and outside the airline community, cooperates with different stakeholders, with particular needs and priorities.

Key Stakeholder Groups



The following table includes the means of communication and consultation with each stakeholder group, the frequency of the consultation, and the key issues and concerns derived. The way the company responded to these issues and concerns is presented within the framework of this report.

GROUPS	TYPES OF COMMUNICATION & ENGAGEMENT	FREQUENCY OF COMMUNICATION	KEY TOPICS AND CONCERNS
 Passengers	• Market research • Press releases • Call center • Customer relations department • Social media • Website • Newsletter • BLUE magazine • Press conferences	Continuous	• Flight safety, training & operational readiness • Quality product & passenger care • Network development • Responsible communication & advertising • Customer privacy • Safeguarding Human Rights in our Business operation • Support for vulnerable groups
 Employees	• Internal announcements • Department meetings • Electronic correspondence • Evaluation questionnaires for employee training • Intranet • Press releases	Continuous	• Employment • Flight safety, training & operational readiness • Occupational Health and Safety • Training & Education (administrative employees) • Human rights at work • Economic performance • Network development
 Shareholders/ Investors	• Website • Road shows • Department of corporate announcements and shareholder support • Press releases • Stock market web page • Press conferences	Continuous	• Economic performance • Network development • Flight safety, training & operational readiness • Quality product & passenger care • Employment • Local Communities Development & Contribution to the Improvement of the Greek Tourism Product • Anti-Corruption • Responsible procurement practices

GROUPS	TYPES OF COMMUNICATION & ENGAGEMENT	FREQUENCY OF COMMUNICATION	KEY TOPICS AND CONCERNS
 Aviation Community	• Meetings • Conferences • Electronic correspondence • Representation in national and international bodies of the aviation community	Continuous	• Flight safety, training & business readiness • Network development • Quality product & passenger care • Safeguarding Human Rights in our Business operation • Occupational Health and Safety • Energy consumption & greenhouse gas emissions • Noise
 State/Regulatory Authorities	• Meetings • Conferences • Electronic correspondence	Continuous	• Flight safety, training & operational readiness • Safeguarding Human Rights in our Business operation • Quality product & passenger care • Energy consumption & greenhouse gas emissions • Network development • Anti-Corruption • Noise
 Suppliers/Associates	• Meetings • Electronic correspondence • Conferences • BLUE magazine	Continuous	• Flight safety, training & operational readiness • Responsible procurement practices • Economic performance • Network development • Anti-Corruption • Quality product & passenger care • Local Communities Development & Contribution to the Improvement of the Greek Tourism Product
 Local and Wider Society	• Website • Press releases • Meetings • Conferences • Electronic correspondence • Representation in national and international bodies of the aviation community • Social media • Press conferences • BLUE magazine	Continuous	• Flight safety, training & operational readiness • Network development • Quality product & passenger care • Local Communities Development & Contribution to the Improvement of the Greek Tourism Product • Employment • Support for vulnerable groups • Energy consumption & greenhouse gas emissions • Noise
 Business Unions	• Website • Department of corporate announcements • Press Releases • Stock market web page • Meetings • Conferences • Electronic correspondence • Press conferences	Continuous	• Local Communities Development & Contribution to the Improvement of the Greek Tourism Product • Employment • Responsible procurement practices • Economic performance • Network development • Anti-Corruption
 Non Governmental Organizations (NGOs)	• Website • Press Releases • Meetings • Electronic correspondence • BLUE magazine	Continuous	• Support for vulnerable groups • Local Communities Development & Contribution to the Improvement of the Greek Tourism Product • Employment • Responsible procurement practices • Safeguarding Human Rights in our Business operation • Energy consumption & greenhouse gas emissions • Anti-Corruption

22 // MATERIALITY ANALYSIS

In December 2016, the company completed its materiality analysis with the participation of internal stakeholders, aiming to determine the material sustainable development topics, which are included and analyzed in the present report. Nineteen (19) topics were identified, eight (8) of which were prioritized as material and are analyzed below. The material topics arising from this analysis are those with the most significant impacts on Sustainable Development and substantively influence the assessments and decisions of our stakeholders.

The analysis conducted by the company will be used to review and optimize its strategy on the topics deemed as material for its sustainable development.

PHASE 1 // Identification of relevant topics

The company took into consideration the new GRI (Global Reporting Initiative) Standards, the international organization that produces the most widely adopted global standards for sustainability reporting, and identified topics that are relevant with its operations and its impacts on stakeholders. The findings were based on the review procedures of:

- The internal documents regarding development strategy, internal policy procedures, as well as engagement results such as passenger satisfaction surveys and market research.
- The announcements (Press Releases) and media reports for 2016 relating to the aviation sector in Greece.
- The principles of the United Nations Global Compact.

- The annual bulletin.
- The recognized international standards for sustainable development reporting.
- The important topics related to the global aviation sector.

PHASE 2 // Prioritization of topics

For the identification and prioritization of topics, an internal interdepartmental team comprised by representatives from the company's departments was established. These representatives' responsibilities pertain to the topics identified during the first phase so that the company's strategic planning and all stakeholders engagement activities and their results would be recorded in a complete and sufficient manner.

Based on the GRI principles of Materiality and Stakeholder Inclusiveness, the topics identified in the first phase were prioritized, by considering the following parameters:

- Significance of the topics' impacts on Sustainable Development
- Significance of the topics' impacts on the company's ability to achieve its goals
- Significance of the topics for stakeholders.

In order to clearly define these impacts, we used the 17 UN Sustainable Development Goals.



SUSTAINABLE DEVELOPMENT GOALS

The UN "2030 Agenda", followed by 17 Sustainable Development Goals (SDGs), adopted in September 2015 by the 193 UN member states, including Greece, is an ambitious commitment that can become the road map for the modern way of conducting business.

Achieving the Sustainable Development Goals is a global challenge, but also an opportunity for the Greek business community and society to ensure that the exit from recession and the return to growth is not an end in itself, regardless of its impact, but that it is achieved by taking into account the wider environmental and social constraints and challenges.

PHASE 3 // Result Validation

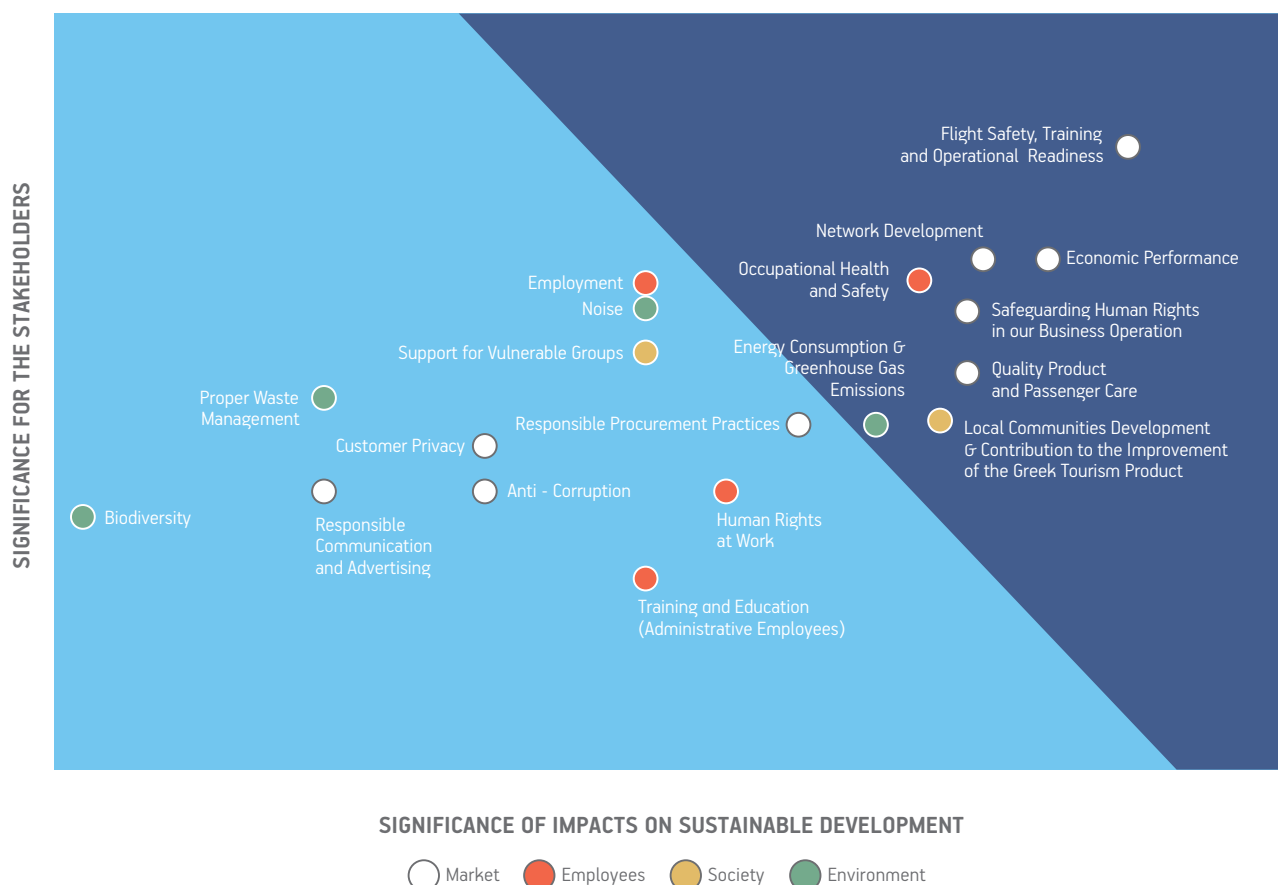
The results of the second phase were validated by the company's Management.

Material topics

The following eight topics were characterized as the most significant, and are published in this report:

1. Flight safety, Training & Operational Readiness.
2. Economic Performance.
3. Network Development.
4. Occupational Health and Safety.
5. Safeguarding Human Rights in our Business Operation.
6. Local Communities Development & Contribution to the Improvement of the Greek Tourism Product.
7. Quality Product and Passenger Care.
8. Energy Consumption & Greenhouse Gas Emissions.

The material topics are presented in the following materiality map, and their respective boundaries can be found on page 86.



3.0 // CREATING VALUE FOR THE MARKET

We seek to translate the quality of Greek air transport into sustainable, profitable growth with multiple benefits for tourism, employment, the supply chain, the local communities and public revenue.





3.1 // ECONOMIC PERFORMANCE



MATERIAL
TOPIC

Our economic performance is considered to be of utmost importance as it is directly linked to the company's sustainability, but it also has a direct impact and contribution to the national economy, growth, innovation and infrastructure, through wages and benefits to employees, payments to providers of capital, suppliers and payments to the State. We are focused on maintaining the high quality that characterizes us throughout all the years of our operation, aiming to continuously improve our services, investing in new technologies and upgrading loyalty programs and the level of e-services. We contribute to the further upgrading of Greek tourism and

the Greek economy, while systematically using our means at our disposal to promote and enhance the Greek tourism product. We seek to translate the quality of Greek air transport into a sustainable, profitable growth with multiple benefits for tourism, employment, the supply chain, the local communities and public revenue.

Especially concerning public revenue, in the period 2013 - 2016 we made payments, as a group, of over € 1.12 billion to the government (income tax, VAT, municipal and other taxes, airport charges, etc.)

2013 - 2016

1,120,000,000€
CONTRIBUTION TO THE STATE

The completion of Olympic Air's takeover in October 2013, following the European Commission's approval, had an especially positive impact on our economic performance. This takeover made the company, the largest airline in Greece, offering benefits to stakeholders, such as passengers, contracted suppliers, bodies and the public. Olympic Air is 100% subsidiary of Aegean. Aegean publishes its financial results on a consolidated basis, including the results of its subsidiary, Olympic Air S.A.



(numbers in thousands €)	2016	2015
Direct economic value generated	1,035,657	1,002,926
Direct economic value distributed:	1,008,586	919,662
• Operating costs	832,979	778,416
• Employee wages and benefits	122,420	111,874
• Payments to providers of capital	832	667
• Payments to government (taxes)	50,055	28,418
• Community investments (donations etc.) ¹	2,301	287
Economic value retained	27,070	83,264

¹Moreover, further to our economic contribution, in 2016 we offered 9,452 tickets in Greece and 635 in Cyprus for social purposes

	2016	2015
Dividends distributed at the financial year that refer to the previous financial year (numbers in thousands €)	46,968	49,993

Our revenues refer to ticket sales, cargo transportation and the provision of other services.

In 2016, net sales were **1,020 bil. €, increased by 3.8%** compared to 2015, which are analyzed as follows::

SALES (numbers in thousands €)	2016	2015
Revenues from standard flights	870,352	827,383
Revenues from chartered flights	41,375	45,749
Other revenue related to flights (Duty free sales on board, cargo, revenues from extra luggage, cancellations, online sales of other services such as hotel bookings, airport parking, car rental, etc)	108,585	109,831
TOTAL SALES	1,020,313	982,963



3.2 // NETWORK DEVELOPMENT



The way Aegean manages the development of its network has impacts on the sustainable development in general, for both the company itself and Greece. The network development contributes to the national economy via the increase of incoming tourism, the creation of direct and indirect employment, the support of innovation and infrastructure through the development of new air transport services and products and contributes to the creation of sustainable cities through the provision of access to safe, affordable and sustainable transport systems for all.

We invest in our fleet's growth and our network's development both domestically and abroad, in order to provide connectivity to our most remote islands with mainland Greece. Moreover, we aim to reach more international destinations and establish direct connections with regions of Greece, in order to offer an upgraded tourist product and at the same time support the local economies. **Over the last three years (2014-2016) we have transported 1,495,206 passengers in total to their destinations with public service routes.**

2014 - 2016

 **1,495,206** PASSENGERS 
ON PUBLIC
SERVICE ROUTES

2014

2015

2016

As tourism is one of the most important pillars of the Greek economy, our aim is to provide a wide international network, with quality product and attractive prices and further facilitating foreign visitors to select Greece as the final

destination for their holidays.

We seek to extend the tourist season, by offering direct connections between international and Greek destinations, throughout the time period between April and October.

In 2016, we served 145 destinations, 111 international and 34 domestic in 45 countries, offering 16.38 mil. seats and having transferred 12.46 mil. passengers, 7% more than 2015.



145 DESTINATIONS

34 DOMESTIC DESTINATIONS

111 INTERNATIONAL DESTINATIONS



12,463,572

PASSENGERS 2016



16,382,087

AVAILABLE SEAT KILOMETERS (ASKs) (in thousands)

DOMESTIC	JANUARY – DECEMBER 2016	JANUARY – DECEMBER 2015	% CHANGE
PASSENGER TRAFFIC FROM GREEK BASES	5,724,659	5,623,755	2%
INTERNATIONAL	JANUARY – DECEMBER 2016	JANUARY – DECEMBER 2015	% CHANGE
PASSENGER TRAFFIC (incl. Larnaka)	6,738,913	6,026,643	12%
TOTAL PASSENGER TRAFFIC	12,463,572	11,650,398	7%

For 2016, Aegean and Olympic Air's on-time performance was 86.8%.



2016 was a year of economic uncertainty for our country, with the following characteristics:

- ✈ Important decisions in fiscal adjustment level and adoption of measures,
- ✈ Evaluation of the progress related to the country's financial support,
- ✈ Deceleration of the growth rate of the global economy,
- ✈ Political developments in EU member countries, which may affect the unity and the common course of member countries,
- ✈ Increased fear relating to international safety issues.

Concerning the level of demand from abroad, the ongoing turmoil in the neighboring countries of the Mediterranean basin has undoubtedly created a flow towards European countries. At the same time, competitive pressures continued, mainly on the domestic market, with increased supply capacity from our main competitors. In 2016, Aegean significantly developed its main hubs (Athens, Thessaloniki, Heraklion, Rhodes, Chania, Kalamata and Larnaka), by opening new markets for Greek tourism, as well as new destinations in established markets.

The 34 domestic and 111 international destinations contributed, to a great extent, to the robustness and the geographically greater penetration of the national heavy industry.

We invested and we continue to do so on our network's development, focusing on the expansion of the Athens Hub. We have connected the Greek capital with 101 destinations, offering 12,5 mil. seats. Specifically, we added the following countries to our network: Ireland, Luxembourg, The Netherlands, Portugal, Lithuania and Slovenia and the 14 new destinations: Amsterdam, Bari, Dublin, Jeddah, Krakow, Lille, Lisbon, Ljubljana, Luxembourg, Naples, Nice, Palma de Mallorca, Vilnius and Split.

At the same time, the number of destinations and the frequency of routes to traditional main source markets (e.g. Germany, France, Italy and Spain) were also significantly increased.

The significant expansion that took place in 2016 with a fleet of 61 aircraft, the coverage of 145 destinations, as well as the recognition of the quality of our product by an increased number of passengers on the international network, has bore fruit and helped create strong operational flows. In the seasonally stronger third quarter of the year, Aegean managed to improve its load factors, strengthen its position at its main hubs and achieve a satisfactory profitability.

The main factors contributing to the positive first nine month results (with the third quarter's contribution) were:

- ➔ Improvement in the demand after June,
- ➔ Positive performance of both the main and new international destinations,
- ➔ Enhancement of connectivity between the Athens network and the regional hubs.

 INTERNATIONAL DESTINATIONS		 DOMESTIC DESTINATIONS		 TOTAL DESTINATIONS	
2016	2015	2016	2015	2016	2015
111	100	34	34	145	134

 AIRCRAFT	 AVAILABLE SEAT KILOMETERS (ASKs) (in thousands)	 PASSENGERS			
2016	2015	2016	2015	2016	2015
61	58	16,382,087	14,667,917	12,463,572	11,650,398



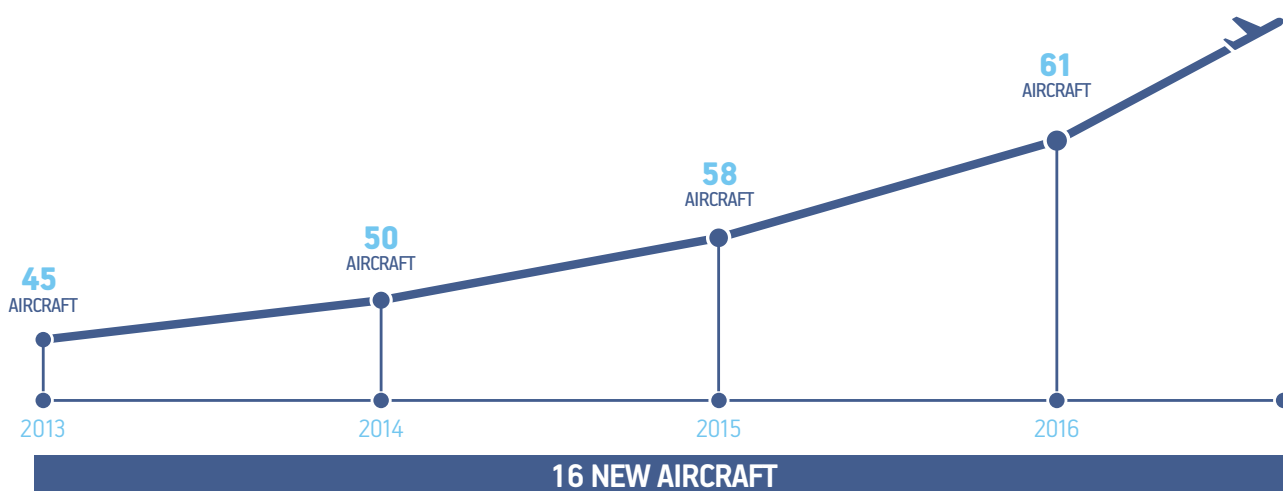
OUR FLEET



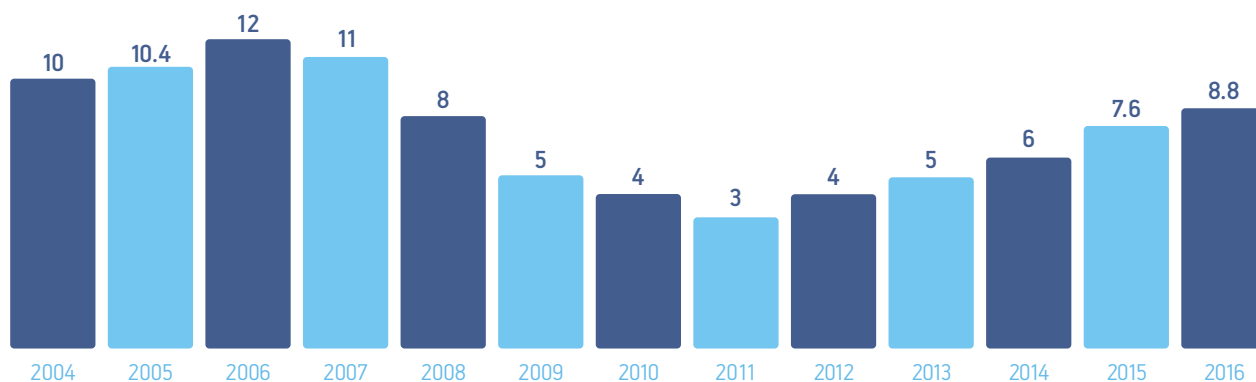
Since 2007, Aegean has successfully implemented a fleet renewal plan with the delivery of new Airbus A320/321. These new aircraft replaced 15 Boeing 737 300/400, while at the same time we were given the ability to increase our annual load factor. The new Airbus A320/321 facilitated the expansion of the company's network to new international destinations, while concurrently they contribute to an extremely important quality upgrade of the company's services across its network, both domestic and international. In 2011, Aegean returned the remaining AVRO RJ fleet and since March 2011 operates with a uniform jet aircraft fleet of the Airbus A320 family. Since October 2013, Olympic Air's fleet has been added

to the group's fleet: 10 Bombardier Q400 and 4 Bombardier D100 aircraft.

In the context of its continuous development, in 2014 Aegean proceeded with the finalization of the order for 7 additional Airbus A320neos aircraft. These aircraft are equipped with the new "Sharklets" wing tip devices and are powered by IAE V2500 engines. New aircraft have contributed to a significant upgrade of services offered, as well as to the fleet average age of 8.8 years. The investment amounted to \$300 million. Delivery of new aircraft started in June 2015 and was completed in the beginning of 2016.



FLEET AVERAGE AGE (IN YEARS)



61 AIRCRAFT

Overall, in 2016 the group's fleet consisted of 47 jet aircraft of the Airbus A320 family (A319, A320, A321) and 14 Turboprop aircraft. During the last 9 years, Aegean and Olympic Air have invested in 42 new aircraft in total, the largest investment ever to be implemented in the Greek airline sector. New aircraft delivered after 2007 have contributed to a significant upgrade of services offered.

In 2016, the average age of AEGEAN's fleet was 8,8 years.

Airbus A321 x8



Airbus A320 x38



Airbus A319 x1



Bombardier Dash 8 Q 400 x8



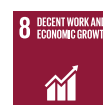
Bombardier Dash 8 100 x4



ATR 42-600 x2



3.3 // QUALITY PRODUCT & PASSENGER CARE



MATERIAL
TOPIC

Since the first day of our operation, our objective has been to provide the Greek public with quality air transportation. We aspire to offer such quality product and passenger care, that we conduce to decent employment and economic growth, via the creation of a satisfied and loyal customer base, while being worthy representatives of Greek airlines abroad.

Our goal is a superior product, which promises a unique travel experience end-to-end, through all travel stages, from the reservation to the arrival and subsequent reward.

By adopting the "continuous development - quality service - reliability" approach, we have invested in renewing our fleet, continually training our staff, establishing partnerships and alliances with international airlines and using innovative process simplification services that contribute to passenger flexibility and broadening of choices.

In this context:

- ✈ We offer high-quality services to our passengers in all travel stages, from planning their trip to booking their ticket, their experience on the ground and on board, in addition to their reward post-flight, as members of our Loyalty Program.
- ✈ In parallel, having acknowledged the diverse needs of our passengers, we have adapted the services we offer throughout the customer journey, with priority to traveling families, business travelers, and loyal passengers, which attests to our commitment to be near you, for whatever reason you travel.

With an aim to be customer service pioneers while simplifying procedures, we continue to invest in product novelty. Persistent towards this direction, we keep investigating passenger needs, in order to differentiate our product proposition depending on each target audience and their diverse expectations. Along these lines, the technologically advanced service alternatives we provide our passengers with, help them save time and effort.

Passenger satisfaction is our primary goal; hence we have developed and implemented a series of procedures that reflect a series of procedures across all travel stages, which reflect our factual respect towards our passengers. We are the sole company in Greece who, in the event of a delay of more than one hour on domestic flights or more than two hours on international flights, offers one free ticket to the afflicted passengers, so long as the delay was of our own fault. The same benefit applies for passengers with misconnected flights.

In 2016, Aegean and Olympic Air on-time performance was 86.8%, improved compared to 2015, but with an increased number of flights by 3,659.

YEAR	ON-TIME PERFORMANCE	NUMBER OF SCHEDULED FLIGHTS
2016	86,8%	109,690
2015	86,6%	106,031

More specifically, for the "Eleftherios Venizelos" airport, both Aegean and Olympic Air maintain the highest credibility index in flight departure times.

In recognition of the effectiveness of our strategy, we have been awarded by SKYTRAX six times in the last seven years as the Best Regional Airline in Europe.

FLIGHTS DEPARTURE CONSISTENCY* 2016

 SCHEDULED FLIGHTS
109,690

 DEPARTURE CONSISTENCY
86.8%

*It refers to the total number of scheduled flights (excluding charter flights), which departed within the first 15 minutes of the scheduled departure time.

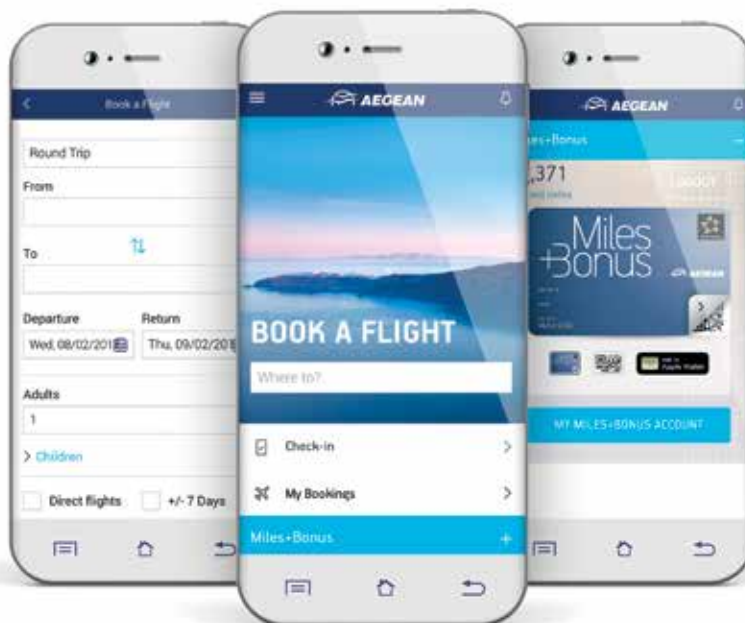
PRODUCTS AND SERVICES

We offer our passengers high-quality services across all travel stages, from planning their trip to booking their ticket, their experience on the ground and in the flight, in addition to being rewarded post-flight, as members of our Loyalty Program. At the same time, by recognizing the different needs of our passengers, we have made sure that we adapt our services to each of the stages of the trip, focusing primarily on families, business travelers and loyal passengers, thus demonstrating in practice our commitment to stand by them for any reason they may travel. Moreover, we have enriched our product portfolio with:

✈ **Provision of technologically advanced services to passengers**, in order to save time and facilitate them, by offering direct access to services crafted to organize their trip. The upgrading of the company's website is ongoing, aiming to make travel planning an easier, more enjoyable, comprehensive and detailed process through aegeanair.com.

AEGEAN Online Services

- Possibility to retrieve the same basic information on all devices (PC, smart phone, tablet).
- Possibility to find the lowest price with the Low Fare Calendar.
- A user-friendly Interactive Network Map with all available routes, the lowest available price and essential destination information (weather, time difference, short travel guide).
- Destination pages: Access to useful information, tips and photos so that everyone can get inspired ahead of their trip.
- Online check-in from any device or at self check-in counters at the airport.
- Option for mobile boarding pass.
- Option for an online reservation change.
- Redemption of Miles&Bonus miles over the internet, mobile applications or Aegean's application.



- Easy trip planning (Booking.com, Hertz, Travel insurance & Parking at the airport).
- My Aegean: Visitor identification based on the credentials stored (FB account, email or FFN).
- Automatic display of personal information during the booking/purchase process.
- Ability to manage active reservations (change of time and date of flight/access to flight details).
- Invoice printing capability.
- Ability to store the name of a traveling companion.

✈ **The passenger experience at the airport is now much simpler, quicker, more relaxing and pleasant.**

- "My Notifications" service.

Passengers are always up-to-date about their upcoming flight, through the automatic notifications sent to their device (via email, SMS, push) about the gate number, a change in the gate number, the time the gate is open and a possible delay in the departure of their flight.

- Scanning of passport and ID through the Aegean app for faster Check-In.

Through the Aegean app, passengers can scan their passport or ID during check-in and have their personal information automatically filling the respective fields, thus minimizing check-in time.

✈ **Display of acquired miles from Aegean and Olympic Air flights.**

During the booking and/or ticket change process, as well as through the "My booking" service, passengers can instantly be informed of the exact number of miles they will earn on that trip.



- ✈ **"Aegean for families".** A bundle of services designed to turn a family trip into the most pleasurable, seamless and fun experience both for parents and children, from the beginning until the completion of the trip. Among other features: discounted fares and extra baggage allowance for infants and children, exclusive family baggage drop-off counters, priority boarding, special family section on aegeanair.com, etc.

Business Class passengers
& Gold Miles+Bonus
members



- ✈ Use of the business lounges by specific passenger types in Athens, Thessaloniki, Larnaca and the airports associated with Star Alliance.
- ✈ Exclusive ground services and travel facilitations for families, Business Class passengers and Miles&Bonus Gold members.
- ✈ We regularly renew the content of our in-flight entertainment, so that to ensure an even more enjoyable and comfortable journey.



- ✈ Miles&Bonus Loyalty Program.

We have redesigned the Miles&Bonus program to be the common reward program of both Aegean and our subsidiary Olympic Air.

In addition, by participating in Star Alliance, the world's largest airline network, we ensure that our Miles&Bonus members earn and redeem miles, but also enjoy integrated services, privileges and a seamless travel experience, with any of the 28 member airlines they choose to travel with, in 190 countries and 1,300 airports.

- ✈ Business On Board, the Loyalty Program for business travelers.



+++++

businessonboard

Passenger care in case
of flight cancelation /
delay / misconnection.

- ✈ Business On Board, the Loyalty Program for business travelers.
- ✈ We are the sole company in Greece who, in the event of a delay of more than one hour on domestic flights or more than two hours on international flights, offers one free ticket to the afflicted passengers, so long as the delay was of our own fault. The same benefit applies for passengers with misconnected flights.
- ✈ This applies for passengers with connecting flights in the event of non-boarding, due to delay or cancellation of the previous flight.

"AEGEAN FOR FAMILIES"



Designing an integrated product proposition addressing families derived from the company's customer-centric philosophy and the strategic priority given to the needs of specific target groups, such as families with small children.

Realizing the increasing trend of family travel (with infants/children) in recent years (2014: +22%, 2015: + 19%), we conducted a market survey at the end of 2015, with parents of infants and children up to 12 years old, in focus groups in Athens, Thessaloniki, Heraklion and Rhodes, through which we identified specific needs for air travel, especially for families with young children.

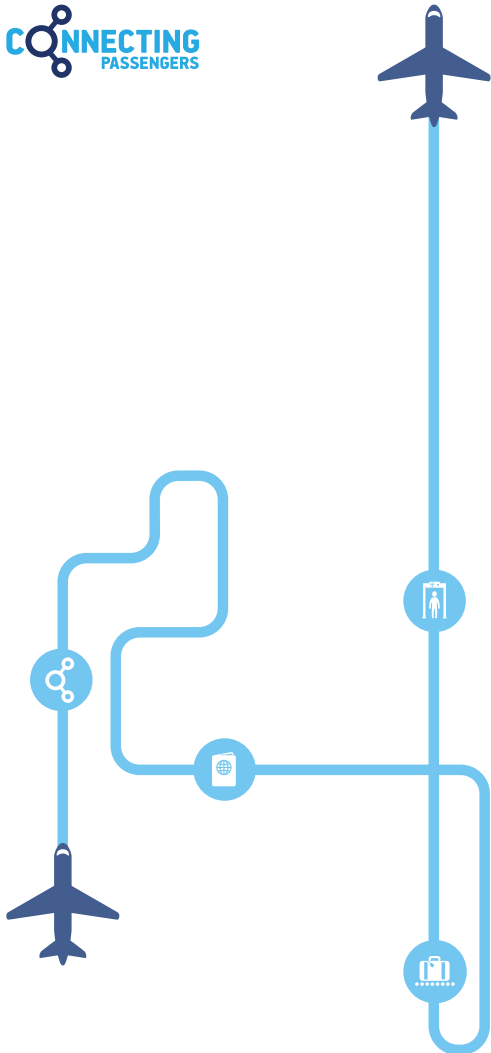
The new services were created after many months of study and research of the way modern Greek families travel, responding to all the concerns that may potentially reduce the joy of traveling. The new services cover all stages of the trip: From the moment the family plans and organizes the trip, until its completion, and they constitute yet another actual

proof of our commitment to provide personalized services that meet the needs of each passenger.

The renewed aegeanair.com hosts elaborates on all those services in a specially designed section for families, providing all the necessary information one needs to know to better organize a trip with children and infants.

Also realizing the need for comfortable and affordable family trips, we have special fares for children up to 12 years old and we allow an extra baggage for infants. The family trip becomes even easier at the airport. Thus, at the airports of Athens, Thessaloniki and Larnaka, families can drop-off their luggage to specially designed counters. Also, priority is given to family boarding on all flights of the company and at all airports. Last, but not least, children can now engage in creative and fun activities during the flight, with the new Aegean Junior Pilots series and also enjoy a new super tasty, specially designed children menu.

"CONNECTING PASSENGERS"



Effective from May 2016, Aegean launched "Connecting Passengers", a set of services that facilitate and guide connecting passengers through at Athens International Airport. The objective is for them to catch their onward flight in a transparent, knowledgeable and plain manner. On observing the statistics of our passenger traffic, we noticed the impressive upsurge in the share of connecting passengers, in proportion to the company's international network expansion.

In particular, the increase was 54% and 15% in 2015 and 2016 respectively. In 2015, transit passengers accounted for 30% of the total passenger traffic, and 32% in 2016.

On these grounds, we proceeded with the design of specific branding and informational actions, in order to guarantee a seamless travel experience to connecting passengers, on top of rendering AIA the preferred transit hub.

More elaborately, connecting passengers may be informed about how to reach the Gate of their onward flight through:

- ✈ A dedicated section on www.aegeanair.com,
- ✈ A video displayed on board,
- ✈ A presentation at BLUE magazine,
- ✈ A company representative, designated as "Connecting Ambassador" at AIA,
- ✈ A specially branded office in the extra-Schengen area of AIA,
- ✈ The leaflet "Are you a connecting passenger" available at the check-in counters,
- ✈ This leaflet can also be found and downloaded on www.aegeanair.com.

Moreover, in case transit passengers miss their flight, due to the delayed arrival of the first flight, the connecting ambassador shall inform them about the actions the company has taken for their convenience and immediate departure.

RESPONSIBLE COMMUNICATION AND MARKETING

We run advertising campaigns in Greece and abroad, aiming to promote our new products, services, network, prices and offers. The Marketing Communications department seeks to provide passengers with transparent information, regarding pricing and ticket charges.

We advertise our products and services, following the advertising principles of the Greek Advertising Association, based on which we ensure that our communication material is legal, appropriate, fair, honest, responsive to reality and respecting the diversity of people regardless of age, gender, race, religion and physical or mental capacity.

During the reporting period, there were no cases of non-compliance with regulations or voluntary codes concerning advertising and communication issues.

WE LISTEN TO THE OPINION OF OUR PASSENGERS

We explore passenger expectations and record their needs.

Aiming to design and offer products and services that meet the needs of our passengers in the best possible way, we conduct qualitative and quantitative market research with an independent market research company.

Quantitative surveys help us monitor trends, whereas qualitative surveys are conducive to gaining insights on the services that will respond more effectively to passengers' needs.

With these research tools, we track views and expectations and determine those product elements that will most effectively fulfill their needs throughout the customer journey (planning - ticket purchase - ground services - inflight services - post-flight services), while also shaping short- and long-term activities to further improve our offering.

In particular, in 2016 we carried out the following quantitative surveys, in addition to the qualitative ones:

✈ Satisfaction Survey of Aegean and Olympic Air Greek passengers

Survey objective: Record and monitor the satisfaction level of Greek passengers of Aegean and Olympic Air, for all services offered (international and domestic flights).

Method: by phone, after the collection of telephone numbers of passengers departing from Athens and Thessaloniki; the survey was then conducted 2-5 days after the return flight.

2016 sample: 11.786 Greek passengers.

For 2016, some of the most important indicators on a scale from 1 to 5 compared to the previous year were the following:

OVERALL SATISFACTION

2016 4.6 ★
2015 4.6 ★

ONTIME PERFORMANCE

2016 4.5 ★
2015 4.5 ★

RECOMMENDATION TO FRIENDS & RELATIVES

2016 4.6 ★
2015 4.6 ★

INTENSION TO USE IN THE FUTURE

2016 4.6 ★
2015 4.6 ★

IN FLIGHT SERVICE

2016 4.6 ★
2015 4.6 ★

On a scale ★★★★★

✈ Satisfaction Survey of Aegean and Olympic Air Greek and foreign passengers

Survey objective: Record and monitor the satisfaction level of Greek and foreign passengers of Aegean and Olympic Air for all services offered (international and domestic flights).

Method: Online, by collecting the email addresses of passengers departing from Athens and Thessaloniki and by sending an email invitation on the following day.

2016 sample: 4,360 foreign & Greek passengers.

For 2016, some of the most important indicators on a scale from 1 to 5 were the following:

OVERALL SATISFACTION

2016 4.4 ★
2015 4.3 ★

ONTIME PERFORMANCE

2016 4.5 ★
2015 4.5 ★

RECOMMENDATION TO FRIENDS & RELATIVES

2016 4.4 ★
2015 4.4 ★

INTENSION TO USE IN THE FUTURE

2016 4.5 ★
2015 4.4 ★

IN FLIGHT SERVICE

2016 4.6 ★
2015 4.6 ★

On a scale ★★★★★

✈ Satisfaction survey for Aegean's call center

Survey objective: Record and monitor customer satisfaction for Aegean's call center.

Method: Online, by sending an email on the day following the call.

2016 sample: 15,527 completed questionnaires.

A systematic services evaluation research is conducted (via email) by the call center of our company, which operates 24 hours a day, 7 days a week. In 2016, an average of 133 employees, as opposed to 102 in 2015, worked at the call center. All call center agents are familiar with and provide information about the Miles&Bonus loyalty program.

Aegean's call center in Greece also serves Germany, Italy, France, England, Cyprus, Spain, Belgium, Russia and Israel.

For 2016, some of the most important indicators on a scale from 1 to 5 were the following:



In addition, a Mystery Shopping Survey was conducted for Aegean's Call Center.

Research objective: To record the level of compliance with adopted standards and procedures at Aegean's Call Center.

COMMUNICATING WITH OUR CUSTOMERS

The Customer Relations Department of Aegean Airlines and Olympic Air consists of thirty people and is available from Monday to Friday, 09:00 – 17:00, local time. Our customers may always contact us by using one of the following methods:

- ✈ A Contact Form through Aegean official website (www.aegeanair.com)
- ✈ The Olympic Air Contact Form through Olympic official website (www.olympicair.com)
- ✈ A Comment Card which is available at the airport of departure / arrival
- ✈ A Comment Card on board

With the Customer Relations Management system that we have at our disposal, we are able to register all our customers' communications per category and per type of communication. Based on our data, for the year 2016, our customers came in contact with us in order to:

- ✈ Receive information
- ✈ Submit a request
- ✈ Make a complaint
- ✈ Give recommendations
- ✈ Thank us

BASED ON THE QUALITATIVE EVALUATION CRITERIA WE SET OUT, IN 2016 WE HANDLED:

- ➔ 1.14 complaints per 1,000 passengers.
- ➔ 0.62 complaint related to luggage per 1,000 passengers.
- ➔ We responded to more than 82% of all requests within 20 calendar days.

The goal for 2017 is for our response time to not exceed 10 business days.

Our vision is to create loyal and satisfied customers, so that Aegean is the first airline option for their travel.

In order to achieve this, we consider as crucial prerequisites, the understanding of their needs as well as our never ending commitment for providing high quality services.

We aim to create a customer - company relationship based on trust, reliability and the offering of high standard, innovative services. Aiming to satisfy our customers' needs and to improve their experience, we have developed and implemented an integrated quality management system. This quality management system is in accordance with the requirements of the international standards ISO 9001: 2008 - Quality Management System - Requirements and ISO 10002 - Quality Management System - Customer Satisfaction - Guidelines for dealing with complaints in organizations.

The Customer Service Department ensures to its fullest extent compliance with the following requirements:

- ➔ **The European Regulation 261/2004 of 11 February 2004** for the establishment of common rules on the compensation of airplane passengers and the provision of assistance in the event of denied boarding and of cancellation or long delay of their flight and repealing of Regulation (EEC) 295/91.
- ➔ **Montreal Convention of May 28, 1999** on the Consolidation of Certain Rules for International Air Transport.
- ➔ **Star Alliance**, the biggest Aviation Alliance in the world for the establishment of rules among its Star Alliance members.
- ➔ **IATA (International Air Transport Association)**, an international non-governmental air transport association.

In addition, with the creation of the new and flexibly designed Knowledge Base platform, users can now find the information they need quickly and easily. The Knowledge Base is available through our official website www.aegeanair.com. The content of the Knowledge Base is constantly updated and is based on the continuous information we receive both from our customers and our company's employees.

We support the open dialogue with the society as a whole through social media, replying and informing directly for all the developments and news related to the company. Specifically, Aegean and Olympic Air's presence in social media extensive:



www.facebook.com/aegeanairlines • www.facebook.com/olympicair



www.instagram.com/aegeanairlines • www.instagram.com/olympic_air



www.twitter.com/aegeanairlines • www.twitter.com/olympic_air_gr



www.linkedin.com/company/aegean-airlines • www.linkedin.com/company/olympic-air

3.4 // FLIGHT SAFETY, TRAINING & OPERATIONAL READINESS



MATERIAL
TOPIC



PASSENGER HEALTH AND SAFETY

Flight safety and operational readiness contribute to decent work, economic growth and to justice and strong institutions, through the compliance with all laws and regulations regarding health and safety issues at the national and international levels. Safety is the highest priority at Aegean Airlines. The Safety & Quality Policy of Aegean Airlines reflects the management commitment regarding safety and quality and the provision of necessary resources for its implementation.

The organization implements the Safety Management System (SMS). SMS forms an explicit element of corporate responsibility and the management process, setting out our safety policy and defining how we intend to manage the safety of our operations as an integral part of our overall business.

The Safety Management System represents a co-ordinated effort by the Accountable Manager, Heads of Functional Areas/Nominated Persons/Managers, the Safety Manager and Senior Management to utilize proven and effective systems to achieve the lowest level of risk possible in Aegean Airlines operations. The Accountable Manager is responsible of the overall effectiveness of the SMS, while Management is responsible for implementing, maintaining and adhering to SMS processes.

Safety Management System is primarily a preventive / predictive system, identifies potential risks which could affect the organization as well as assesses already reported hazards, with the ultimate aim to reduce the possibility of an operational risk. Safety Management System is a formal top-down business-like approach to managing safety risk which includes organizational

structures, accountabilities, policies and procedures so as to achieve as high level of safety performance as possible. The Safety Department is the fundamental component of the organizational structure monitoring, evaluating and preventing any possible reported hazard. The Safety Department consists of a Safety Manager and a structured team of dedicated coordinators, responsible for assessing any operational risk reported within the company.

The areas of responsibility for each coordinator are flight operations (cockpit and cabin crew members), ground operations, technical operations / maintenance, training. An essential part of the Safety Department is the Flight Data Monitoring (FDM) analysis.

It is the responsibility of each and every employee of Aegean in a strong corporate culture environment to recognize hazards and report them. The objective is to quantify operational risk, determine the acceptability of each risk and then to develop appropriate and effective defenses and controls where necessary to mitigate risk to an acceptable level. Management Commitment combined with the personal commitment of all employees to achieve the safety objectives, creates the necessary conditions to achieve the organization's mission: "Safety of our operation".

During the reported period, there was no violation of regulations and company's standard operating procedures that could affect the products and services related to health and safety.

TRAINING

The majority of our expenditure is on mandatory and job essential training to ensure that we continue to meet our objective of being the safest and the most secure airline of choice. The subject of our employee training is related to the development, implementation and maintenance of a Security Program that complies with relevant international standards and practices.



Induction Training

This program is designed to provide new employees with the fundamental knowledge and skills. It is the type of training offered as an initial preparation upon resuming a position. Its goal is to help new employees reach the level of performance expected from an experienced worker. It contains information dealing with the layout of the firm's operating facility, health and safety measures and security systems. The induction training provides a really good opportunity to socialize and brief the new employee on the company's overall strategy, performance standards, etc.

First Aid Training to Cabin Crew Members

Initially the role of a cabin crew member was to provide first aid treatment to passengers during flight. The first cabin crew members were licensed nurses (Helen Church).

Nowadays cabin crew members are trained to act decisively and be able to carry out standardized emergency procedures in the event of a challenging situation.

Cabin Crew member's training includes: Emergency procedures (fire-fighting, decompression, emergency landing ditching), Aviation security, Dangerous goods, Crew Resource Management as well as First Aid.

First aid training enables cabin crew members to provide assistance to passengers suffering a sudden illness or injury, with care provided to preserve life, prevent condition from deteriorating and promote recovery in case there is no qualified medical personnel on board. It is conducted by a certified aeromedical examiner and includes a yearly theoretical and practical training (Recurrent). Practical training is conducted in a mock up room using dummies.



Emergency Response Training

The nature and the operational activities of the company, implies specific measures and actions in order to maintain business continuity to the highest possible level. The airline operates in compliance with legal and regulatory framework and focuses on passenger and employee safety.

The company has designed and developed an emergency response plan, to provide an integrated and comprehensive approach to emergency events, in order that all departments involved have an explicit description of their duties.

Emergency response training, psychologically enables the involved employees to respond efficiently, effectively, and with the appropriate flexibility when required.

The aim of planning and developing sound emergency training courses, is to familiarize each respective individual of his/her role and what is expected if an emergency occurs. Emergency training includes training in emergencies a) emergency response situations and b) unusual situations.

Most of these sessions are site specific or may make use of incidents or accidents analysis.

The training helps us:

- ✈ Identify the types of emergency situations that could occur
- ✈ Understand the consequences of lack of preparedness in emergency situations
- ✈ Be prepared to assist in an emergency

A rehearsal exercise is conducted at least once per year with various scenarios.



TECHNICAL BASES & AIRCRAFT MAINTENANCE



We have three technical bases in Greece located in Athens, Thessaloniki and Heraklion.

The main technical base is located at "Eleftherios Venizelos" Airport in Athens and has two hangars and the largest number of technicians out of the three.

During the summer period, five additional bases in Rhodes, Kalamata, Chania, Corfu and Kos become operational. These bases, are staffed with mechanics from the Athens base.

Aegean's technical department ensures the proper maintenance of aircraft in accordance with manufacturer instructions and European legislation, with which the Hellenic Civil Aviation Authority and corporate activities have to comply.

The company's mechanics are trained according to European standards and are equipped with European diplomas.

They are responsible for aircraft maintenance and their safe operation, with the passenger as the final recipient.

The maintenance philosophy and the priorities of the technical department is safety, on-time performance,

passenger comfort and environmental protection.

Cooperation between Aegean and hazardous waste management companies ensures that any waste produced during maintenance are collected and disposed according to all relevant regulatory requirements.

The maintenance process is divided into two parts.

Heavy or base maintenance includes major inspections - checks that require special facilities. This kind of maintenance takes place throughout the year.

The second part concerns line maintenance and is operational 12 months per year, 24 hours per day. Line maintenance includes scheduled maintenance work - aircraft, engine and system inspections, engine replacements and repairs.

We also have the capacity to provide technical support to third parties, upon request.

Technical personnel, besides induction training, undergoes recurrent trainings according to regulation as well as continued recurrent trainings aiming to enhance communication, teamwork, company goals and increase productivity. At the same time, due to the special nature of infrastructure needed for training, we also conduct trainings outside our training center, at approved associates with topics including, inter alia, first aid and fire fighting.

BUSINESS CONTINUITY

Particular emphasis is placed on business continuity and readiness. The type, volume and complexity of our activities demand a high level of operational readiness. On a yearly basis, a risk plan is prepared and assessed with the appropriate safety defenses in order to adequately manage risks. Importance is given to preventive measures in order to prevent possible risks. We pay particular attention to the availability of our fleet as well as the smooth and uninterrupted operation of our IT network.



3.5 // RESPONSIBLE PROCUREMENT PRACTICES

A key objective of the Purchasing Department is to collaborate with reliable and approved suppliers. The credibility, solvency, transparency, vision and the values we represent as a company must also represent the suppliers we work with. To accomplish this, we conduct a survey for each potential supplier, regarding their solvency and quality in relation to the financial terms offered. Potential suppliers meeting our criteria are approved as proposed associates and are included in the list of approved suppliers. The cooperation with suppliers is monitored during the year and, depending on the results, the list of approved suppliers is reviewed accordingly. There is a distinction between central and technical supplies, which also applies at departmental level; namely the Department of Technical Purchasing and the Department of Central Purchasing. The distinction is due to the complexity and compliance regulations in the technical arm of the aircraft and refers to specific spare parts and components, where the cooperating suppliers are the ones approved and officially proposed by the aircraft manufacturer. Supplies of all kinds, except technical, are subject to central purchasing.

Central Purchasing Department: Cooperates with approximately 200 suppliers, of which 85% is related to Greek companies.

The selection criteria of the associates are qualitative and quantitative. They refer to the fight against corruption, protection of human rights, preserving decent working conditions, the abolition of child labor, environmental protection, as well as economic and qualitative terms. Our policy, in terms of environmental protection, is to select materials on the basis of quality and certification, rather than price. Such an example is the paper we use for the boarding passes, baggage tags and Shop on Board magazine (about 70,000 copies per year). We select paper that is FSC certified and almost 20% more expensive. The coffee drink we offer our passengers on board is "fair trade" certified.

Our corporate fleet has been replaced by diesel fueled cars. Approximately 85% of our central supplies (equipment, furniture, catering and aircraft supplies, cleaning companies, printed materials, promotional materials, clothing/uniforms, stationery and consumables, products for sale on board and services) comes from domestic suppliers and 15% from foreign suppliers. In total for 2016, 39.89 million € was spent on domestic suppliers, i.e. 93.84% of all central supplies.

Department of Technical Purchasing: cooperates with approximately 350 suppliers. These suppliers are either the official manufacturers of spare parts or their authorized dealers. The majority are foreign suppliers, mainly based in Europe, particularly Germany, England and France. Also significant is the number of suppliers from the United States of America. In addition, we also work with domestic suppliers to buy accessories and common use goods. With regards to the services provided for the maintenance of certain spare parts, the domestic market also contributes, albeit to a limited extent. An example is the maintenance of aircraft wheels and brakes, which is carried out in Greece.



QUALITY ASSURANCE

Aegean operates in full compliance with the Hellenic Civil Aviation Authority (HCAA) directives and European Aviation Safety Agency (EASA) regulatory requirements. EASA is authorized by the European Union (EU) for regulatory and executive duties, regarding the safety in civil aviation.

Aegean has a Quality Management System (QMS), which ensures that Aegean complies with the applicable European Aviation Safety Agency (EASA) regulatory requirements, HCAA directives, IOSA (IATA Operational Safety Audit) standards and recommended practices and any additional requirements as established by Aegean. Procedures for regulatory conformance are well documented in various manuals and company procedures, which are centrally managed under a corporate scheme of document hierarchy. Aegean's Quality Unit ensures that company complies with all of the above requirements, by conducting audits and inspections. These are carried out by quality experts/auditors specialized in their respective operational areas. Compliance Monitoring Programme results are used to identify areas requiring improvement, identify hazards to operations and assess the effectiveness of safety risk controls.

Aegean's management is committed to the attainment of the highest standards of quality, through their individual responsibilities and a process of management evaluation. The evaluation is included in the Safety Review Board meeting, it addresses the results of the program and identifies any necessary preventive actions to be taken.

Quality Unit staff maintains confidentiality with respect to auditee information and complies at all times with the company's confidentiality policy. Any information gathered during the audit conduct is considered confidential when it is not readily available to the public. To ensure that confidentiality

is preserved at all times, Quality Unit Auditors have signed a Confidentiality Agreement.

The Safety & Quality Policy of Aegean Airlines reflects the management commitment regarding safety and quality and the provision of necessary resources for its implementation. It is endorsed by the "Accountable Manager" and is communicated throughout the organization via manuals, portals and by being displayed in prominent places in all operational and maintenance areas. To ensure continued relevance to the organization, this policy is reviewed every two years. Every contractor/ supplier, selected by Aegean as External Service Provider or Supplier/ Vendor is subject to evaluation and acceptance by the appropriate Head of Functional Area/Nominated Person who is responsible for the task. Before a contract is signed, the Head of Functional Area/Nominated Person forwards to the Quality Unit a copy of the contract for review. A pre-audit is performed by Quality Unit to verify adherence with the required standards or a questionnaire is provided to them for completion. Upon reception of all the requested information and documents, they are evaluated by the Head of Functional Area/Nominated Person. Also, a Hazard Identification and Risk Assessment process is performed regarding the products supplied and implemented in the Organization. All mitigation actions identified that have an effect on the safety or security of operations, must be addressed before using the contractor/ supplier product.

Every contractor/ supplier is re-evaluated every 2 years, unless legislation requires this assessment to take place within a shorter period of time. If the quality of the product provided by a contractor/ supplier is not in accordance with the requirements of the signed agreement, then the cooperation is suspended and a new contractor/ supplier is identified, following the above procedure.



3.6 // SAFEGUARDING HUMAN RIGHTS IN OUR BUSINESS OPERATION



MATERIAL
TOPIC



The protection of human rights during business operation contributes to peace, justice and strong institutions by protecting fundamental freedoms in accordance with international agreements and national legislation and the elimination of illegal transportation of vulnerable groups. It also contributes to the elimination of inequalities by promoting the integration of all people regardless of age, gender, race, nationality, religion and economic or other status.

As the company cooperates with ground handling service providers at local airports, the effects of this matter mainly concern the providers and are linked to the operation of the company through our cooperation with them. It is the responsibility of each provider to train its personnel based on the Greek and European legislation, as well as the legislation of third countries, according to the destinations the company flies to, in order to ensure safety at the highest level. Training is conducted with a view to ensuring equal treatment for each passenger and preventing any racist behavior. An important part of training is the confirmation of travel documents as a powerful tool of preventing illegal immigration and especially the illegal transportation

of children and individuals against their will, in the form of trafficking. In addition, cabin crew training focuses on safety on board.

Furthermore, by contributing to the willing and effective cooperation with the airport and security authorities, we make our aircraft available for training by the security authorities in Greece and Cyprus.

We conduct risk assessments for all our destinations, taking into account local and international situations, as well as the assessments of the authorities and the security department. Whenever necessary, we conduct additional inspections, by increasing security measures.



COOPERATION WITH AIRPORT AUTHORITIES

For 2016, we prevented over 4,600 cases of passenger travel with travel documents of dubious authenticity to the destination they were attempting to reach.

In addition, we have contributed to at least 4 confirmed cases where -with evidence and actions- we prevented cases of illegal child trafficking, under forced kidnapping.

The table below shows the number and hours of trainings for 2016 related to passenger management and their rights (e.g. in the event of flight delays, flight cancellations, luggage loss or damage, etc.), protection of human rights and all relevant regulations.

TRAININGS. HUMAN RIGHTS & PASSENGER RIGHTS			
Title	Number of trainings	Hours of training	Percentage of employees
Safety against illegal acts	105	1,172	24%
Quality Passenger Service	32	432	18%

3.7 // CUSTOMER PRIVACY

A large percentage of our direct sales comes from the internet. Consequently, our customer / passenger privacy and the safety of their personal information is a priority of utmost importance. The company complies with applicable personal information safety legislation. We have invested in processes and systems that protect the privacy of personal information.

In order to offer secure transactions to the passengers that choose to buy their tickets by using a credit card (web site, call center), we created in 2008 the Fraud Prevention Department, which works closely with the Cyber Crime Unit of the Hellenic Police and aims to:

- ✈ Safeguard credit card holders from suspicious transactions.
- ✈ Protect the public from suspicious travel agencies.

There have been no cases of personal information disclosure from leaks or system hacks nor has the company ever been accused of leaking personal information.

3.8 // ANTI-CORRUPTION

We are fighting corruption and we are totally opposed to any form of bribery. It is generally accepted that at Aegean, corruption and bribery are not tolerated and a relevant incident has never been reported. However, we continue our efforts and take appropriate steps to ensure that this situation will not change. The way we manage the company is based on ethics, transparency and open procedures. The involvement of directors in the successful implementation of the policy is direct and substantial and this way, we achieve our goal and showcase that corruption and bribery are not acceptable. In the context of effective corporate governance, maintaining an adequate internal control system is always a priority. In this context, the management has adopted a risk assessment process in which the new and existing risks are prioritized. Based on the results of the prioritization,

the relevant procedures are designed, with safeguards aiming at limiting the occurrence of risks, one of which involves participation in corruption incidents, with a consequent exposure of the company to the general public.

Management has adopted a number of measures and has invested in security of information systems as a means of adequately addressing and managing risk. Additional measures concern clear and adequate segregation of duties between employees, approval thresholds, high monitoring intensity of jobs, transparency in procurement, protection of capital and corporate assets, security of transactions and protection of personal data.

No incidents of corruption or allegations of possible bribery, abuse or fraud have been recorded.

It is our goal for 2017, to draft and adopt a Code of Ethics.



4.0 // CREATING VALUE FOR OUR PEOPLE

We are committed to operating in accordance with the highest standards in the field of Health and Safety, in compliance with applicable Greek and international legislation, regulations, standards and best practices. Aiming for continuous improvement, our priority is to safeguard occupational Health and Safety. Occupational Health and Safety contributes to the goal of providing suitable work conditions, by promoting a safe working environment for all employees.



4.1 // OCCUPATIONAL HEALTH & SAFETY



MATERIAL
TOPIC

The management of Aegean documents its uncompromising commitment to protect and safeguard the Health and Safety of company personnel and third parties, through the Health and Safety Policy. This policy is not simply limited to the compliance with legal and other requirements throughout company activities, but also adopts best practices, governs the ongoing enhancement of the company performance in this field, and also encompasses training and awareness-raising actions regarding Health and Safety.

The management of the company establishes the Health and Safety Policy, ensuring that it:

- Documents the company commitment to observing applicable legal and other regulatory requirements in terms of Health and Safety.
- Governs the protection of personnel and associates, as well as the wider community, with the aim of eliminating the impact of hazards and minimizing accidents.
- Ensures that the company provides all necessary information and training on Health and Safety issues, and allocates sufficient resources to implement the Health and Safety Management System.
- Includes a commitment to prevention and continuous improvement.
- Is available to all stakeholders and the wider public.

By Occupational Health and Safety we refer to all circumstances and factors affecting the physical and mental condition

of employees, including all possible activities to protect and prevent employees from occupational risks. Since 2010, we have implemented a Certified System for Health and Safety Management, in accordance with international standard OHSAS 18001:2007, which sets out the general requirements for developing a management system to identify and contain occupational hazards for employees and the general public. In this way, we ensure that all necessary Health and Safety precautions are taken throughout the entire range of company activities, in complete transparency.

The Health and Safety of our personnel and our associates is holistically safeguarded through the company's Health and Safety Management System, including specific measures and actions, such as:

- Choosing and procuring appropriate protective equipment and designing and implementing Health and Safety measures, particularly in aircraft maintenance areas.
- Continuously evaluating all company activities, with the aim of identifying potential hazards, so that appropriate measures can be taken.
- Implementing medical exams and preventive medical programs for all personnel.
- Establishing and training First Aid teams.
- Conducting specialized training and awareness-raising programs on Health and Safety, and promoting a culture of accident prevention and safety at work.

In 2016, 28 occupational accidents took place, all in Greece. In 2016, there was no fatal accident.

Health & Safety Indicators 2016*	Total	Men	Women
IR (Injury Rate) **	1,27	0,45	1,83
LDR (Lost Day Rate) ***	37,6	15,06	52,96
AR (Absentee Rate) ****	0,005	-	-
ODR (Occupational Diseases Rate)	0,00	0,00	0,00

* Indicators only refer to employees directly employed by Aegean.

** The injury indicator does not include minor injuries (first aid), and is calculated as follows: IR (injury rate) = total of injuries × 200,000 / total hours worked.

*** "Days" refer to calendar days. The count of lost days starts on the day of the accident, and the indicator is calculated as follows: LDR (lost day rate) = total of lost days × 200,000 / total hours worked.

**** AR (absentee rate) = total of missed-absentee days over the period × 200,000 / total of workforce days worked for the same period.

4.2 // EMPLOYEE TRAINING (ADMINISTRATIVE EMPLOYEES)

Besides training for flight safety and operational readiness, Aegean offers training solutions with positive impact at every level of the airline supply chain.

Investing in developing the skills and capabilities of our people has continued to grow over the years, focusing on employees involvement in the corporate thinking.

The training programs help to create a common understanding of the challenges facing our business, outlined the direction we must take to be competitive and profitable, and help people to understand their role within the company's strategy.

In-house trainings: Aegean's Training Center is located

at Athens' International Airport "Eleftherios Venizelos", Building 57. The training center offers 13 modern classrooms fully equipped with all the latest technology in audiovisual aids developed with objective to cater to the needs to the in-house training of Aegean's personnel.

With its experience and contribution to the support of airport services and professional development in Aegean, the Training department aims to assist, support and advice employees about the training programs in a friendly and efficient manner. Moreover is responsible to schedule all necessary training sessions so as to achieve all of the above described objectives.

In general, the planning of the Aegean training department concerns:

- ✈ Aegean employed staff providing customer service in Ground Operations
- ✈ Staff of Handling companies and/or other airlines providing services for Aegean

In order to cover the various backgrounds of trainees and to ensure training standardization, we have divided training into multiple programs as follows:

Orientation: New employee orientation effectively integrates the new employee into our company and assists with retention, motivation, job satisfaction, and quickly enabling each individual to become contributing members of the work team.

The benefits of orientation are clear and visible to both the new employee and the organization. The company can identify such factors as reduced turnover or improved productivity as a few of the benefits of a systematic orientation. The employees feel valued and are able to "fit in" to the new job more easily and quickly. A successful orientation program shares the "corporate culture". New employees need to be told the organization's norms, customs and traditions.



Functional Program: This program is oriented to provide the necessary knowledge and skills for an appropriate professional and labor performance; it has both theoretical and practical components but with a greater influence of the latter compared to other types of education.

Development Training: enhances individual effectiveness by evoking a sense of purpose, developing coping and learning skills and increasing self-understanding.

Refresher Training: is a process aimed at providing individuals with the opportunity to hone the skills and talents they already use in the workplace. At times, the focus of this type of remedial training is appointed to help the individual discard habits that have a negative impact in over time, effectively aiding the employee in regaining efficiency that has been lost over time. In other cases, refresher training allows the individual to revisit some aspect of former training and be exposed to new methods or technologies that enhance his or her ability to perform.

Alliances Training: Star Alliance, the largest airline alliance, offers educational programs designed to enhance our employees knowledge so as to attribute our passengers, a truly global experience. Our employees attend a series of (e-learning) training modules which have been developed to address the knowledge and skills needed to support the consistent delivery of Star Alliance products and services.

Outsourced Training: We choose to outsource training programs in cases when we cannot cover the function in focus internally. Our selection of the suitable external training provider depends in the subject matter expertise, experience in preparing quality instructional materials and professional presentation and facilitation skills. Upon completion of each training session a training and learning evaluation of the provider is performed.

The table below shows the number of training sessions and training hours for 2016:

ADMINISTRATIVE EMPLOYEES TRAINING 2016



1.570

TOTAL TRAINING HOURS



719

PARTICIPANTS



4.3 // HUMAN RIGHTS AT WORK



Aegean is well aware of the value of its employees and constantly strives for their development and capitalization. Taking into account the particular nature of the industry, in addition to the operational requirements, Aegean recruits and maintains expert personnel according to the principles of equal treatment, respectful of human rights, diversity and the provision of equal opportunities to all employees in addition to syndicating and the avoidance of child or forced labor. The below tables show a) employee breakdown by gender and age group, b) Managers/Directors breakdown by gender and age group, c) employee breakdown by type of employment, gender and age group

EMPLOYEE BREAKDOWN BY GENDER AND AGE GROUP				
Gender	Up to 30 yrs	30 to 50 yrs	50 yrs and above	Total
Men	181	748	127	1.056
Women	547	874	27	1.448
Total	728	1.622	154	2.504

DIRECTORS/MANAGERS BREAKDOWN BY GENDER AND AGE GROUP				
Gender	Up to 30 yrs	30 to 50 yrs	50 yrs and above	Total
Men	-	40	24	64
Women	-	37	6	43
Total	-	77	30	107

EMPLOYEE BREAKDOWN BY TYPE OF EMPLOYMENT CONTRACT, GENDER AND AGE GROUP					
Age Group	Men Permanent Contract	Women Permanent Contract	Men Temporary Contract	Women Temporary Contract	Total
Up to 30 yrs	113	130	68	417	728
30 to 50 yrs	722	785	26	89	1.622
50 yrs and above	120	26	7	1	154
Total	955	941	101	507	2.504





5.0 // CREATING VALUE FOR THE SOCIETY

We are constantly trying to support the Greek region and serve millions of international visitors in the best possible way.

5.1 // LOCAL COMMUNITIES DEVELOPMENT & CONTRIBUTION TO THE GREEK TOURISM PRODUCT

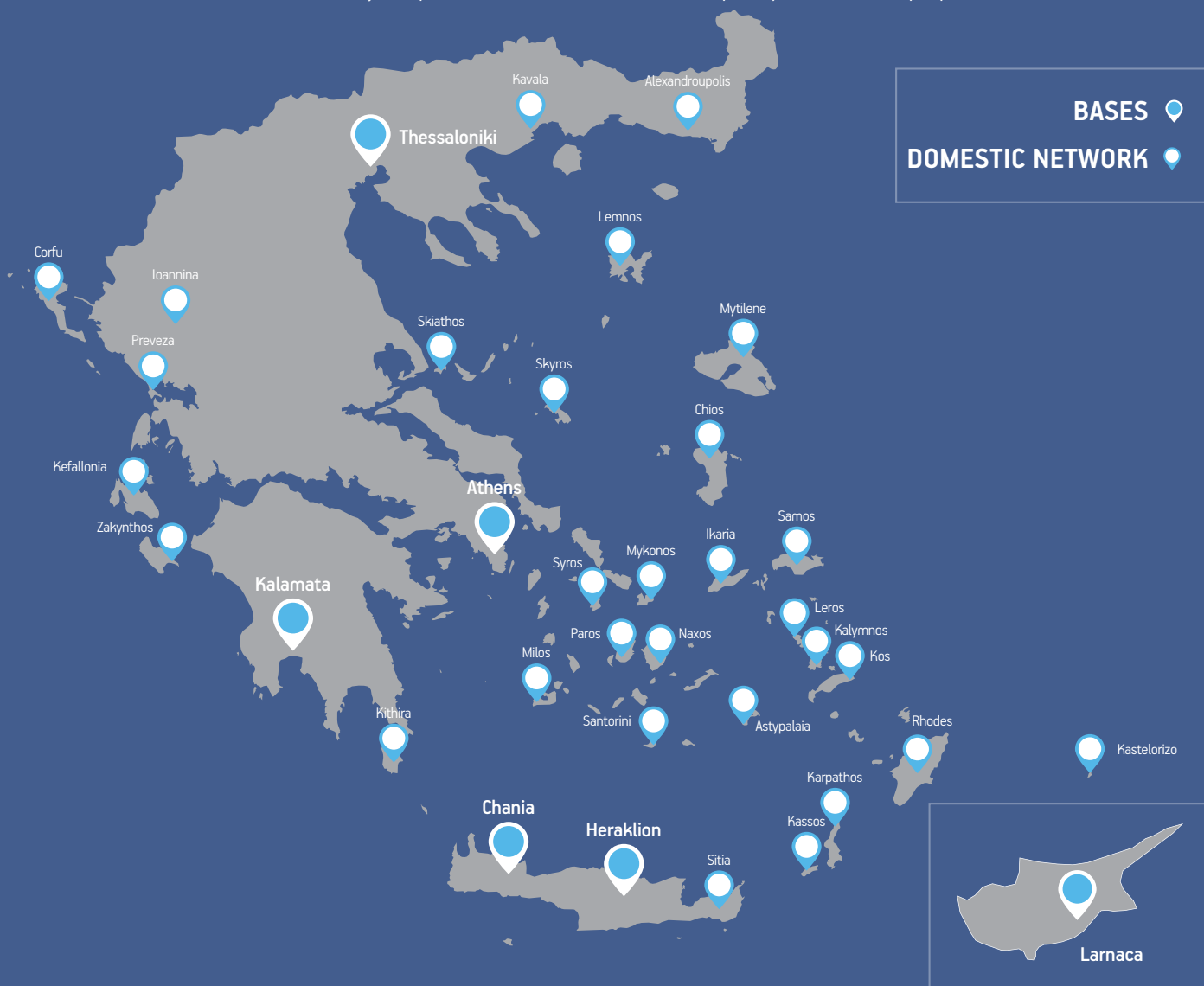


MATERIAL
TOPIC

Through our business operations, we aim at the greatest possible expansion of the domestic network so that even the most remote island has access to mainland Greece.

The support of local communities and the enhancement of the Greek tourism product contribute to economic growth through:

- ✈ our contribution in investments for the construction of new airports,
- ✈ promotion of local suppliers and producers and use of their products in our aircraft,
- ✈ synergies with the institutions to promote cities and regions,
- ✈ creation of sustainable cities through the provision of safe and affordable transport systems for more people.



In 2016 we expanded our network of international routes from 7 regional airports (Athens, Thessaloniki, Heraklion, Rhodes, Chania, Kalamata and Larnaca) with the aim of offering improved connections in order to increase tourist flows in our country, but also to strengthen our local economies.

We are constantly trying to contribute to the support of the Greek region and to serve millions of foreign visitors in an excellent way.

Aegean and Olympic Air were main contributors in the completion and operation of the new Paros Airport.

After the State financed the new runway and completed its construction (beginning of 2015), Aegean and Olympic Air financed both the construction of the first phase of the terminal and the infrastructure works for the new airport, having received the relevant approval by the Ministry of Infrastructure, Transport and Networks. With the companies' backing, the terminal was financed and constructed within the first few months of 2016, supplementing the big investment made by the State and finally, allowing the inauguration of the new airport, increasing accessibility to Paros without wasting another tourist season. The inauguration date of the new airport was July 25th 2016.

At the same time, Olympic Air committed to supporting the development of the regional areas in Greece and in order to celebrate the new airport of Paros, presented its new initiatives for increasing the incoming tourism in one of the most popular destinations of the Greek islands. More specifically, after the inauguration of the new airport, Olympic Air was able to operate with larger aircraft to Paros and therefore offer more seats during August and September. At the same time, it announced the launch of a new route from Thessaloniki to Paros, starting on August 4th, 2016.

In August 2016, the first month of the new airport's operation, Olympic Air's passenger traffic to Paros has increased threefold compared to the same period in 2015. Specifically, in August 2016, Olympic Air transported 18,725 passengers. In addition, via a special offer we offered 9,000 seats for the Paros-Athens and Paros-Thessaloniki routes for the period of July and August. The table below presents the relative data on the increase of passenger traffic:

PASSENGERS			
	August 2016	August 2015	Difference (%)
Athens - Paros	17,548	6,159	185%
Thessaloniki - Paros	1,177	0	
Total	18,725	6,159	204%



Moreover, we financed:

- ➔ The operation and runway expansion environmental impact studies for the Milos and Naxos airports.
- ➔ Specific needs of the Hellenic Civil Aviation Authority and regional airports.

"CLOSER TO GREECE"

Our goal, through this initiative, was to promote the reasons that make every place of this country unique. This is why in May 2016 we launched a series of initiatives and actions under the title "Closer to Greece", aiming to support the Greek region, not only by ensuring full coverage of the domestic network, but also through the implementation of actions to benefit the local economies and societies.

From May and every month onwards, in cooperation with local producers and institutions, Aegean and Olympic Air aircraft were filled with images, colors, flavors and fragrances from one or more Greek destinations. In our business lounges as well as on all domestic and international flights, we offered traditional local products every month.

Moreover, on international flights, and in particular at business class, the cooperating chef created an additional menu choice, based on the recipes of each destination, accompanied by local

wine. In addition, themed videos including beautiful local spots, gastronomy and warm hospitable people of each destination, were displayed on the screens of our aircraft, as well as on all available channels of communication.

May was dedicated to the beautiful island of Lesbos. In June, we went on a culinary trip to the filled-with-natural-scents island of Chios and in July to Samos, Limnos and Ikaria.

Crete was showcased in August. September was dedicated to the Dodecanese and October to the charming Cyclades cluster, while November was dedicated to Thessaloniki and December to Epirus.

At the same time, in an effort to bring Greece even closer to the spotlight, every month we introduced locals from every destination, who were providing information and sharing tips and secrets about their hometowns through short videos.

CLOSER TO GREECE



ATHENS TOURISM PARTNERSHIP

Since 2016, Aegean actively participates in the Athens Tourism Partnership, a collaborative initiative of the City of Athens, Aegean and the Athens International Airport, aimed at the promotion of tourism in Athens.

The City of Athens, Aegean and Athens International Airport have joined forces for the first time with a common goal: the promotion of Athens as a contemporary cultural center and an attractive, year-round tourist destination.

The first result of this collaboration will be a dynamic campaign entitled "One City. Never Ending Stories", specifically designed to showcase the Athenian experience. The campaign will focus on the promotion of Athens as a city of countless choices. A city full of stories, images and experiences that will be presented in a modern, lively and dynamic way.

The campaign's website www.thisisathens.org will host a total of 103 stories presenting snapshots of daily life in Athens as well as featuring a broader view of the Athenian life throughout the year. The main video of the campaign will be followed by 5 thematic ones. In this way, potential visitors are given a thorough introduction to the city's vast array of opportunities. In addition to this, the web page functions as a tool for planning the traveler's visit to the city,

featuring essential information on museums, sights, events, dining options and entertainment as well as a profiling of the distinctive features of neighborhoods of the city.

The dynamic launch of "One City. Never Ending Stories" campaign will put most digital media to full use. This includes electronic and printed advertisements, promotion on YouTube, Facebook, Instagram, Twitter, each social media constituting an important tool in addressing the public and targeting mostly travelers from France and Germany. The campaign will be designed to reach all major cities of France and Germany, which are the key markets for the Athenian tourism product. The website will be available in English, French and German.

Additionally, in the context of the campaign, there will be a specially designed and implemented experiential learning program for renowned digital influencers and representatives of international media, who will have the opportunity to experience the city's captivating stories, through a specially designed hosting program based on their profile, preferences and country of origin. Guests will experience the city and its everyday life, discovering its boundless possibilities. Thus, they will have the opportunity to tell their own story about Athens and spread the message to the world.



SKYROS HONORS AEGEAN FOR ITS SUPPORT TO THE ISLAND

Honorary award from the Municipality of Skyros to the President of Aegean, Mr Theodore Vassilakis , December 3, 2015

Mr Theodore Vassilakis, President of Aegean, was awarded for his contribution to the promotion of Skyros by the Mayor of the island, Miltiadis E. Hatzigiannakis, at a special event held on Thursday, November 26, 2015, at the indoor field of the Municipality of Skyros. The event was attended by the Regional Governor of Sterea Ellada, Kostas Bakoyannis, the Deputy Governor of Evia, Fanis Spanos, former Mayor of Skyros, Miltiadis Hatzigiannakis -since the first flights took place during his term-, Dimitris Gerogiannis, Chief Executive Officer of Aegean, and other Aegean representatives. During the event, the Mayor of Skyros, Mr. Hatzigiannakis, referred to Aegean's significant contribution in recent years to the tourist development of Skyros, as the company has given great importance to the connection between Skyros and Athens, which -combined with larger capacity aircraft- have given the island a strong tourist boost.

The President of Aegean, Mr. Th. Vassilakis said: "This award is a great honor for all of us at Aegean and we would like to thank the Municipal authorities for today's event. This is not an ordinary event. It is a day filled with emotion. We at Aegean realized from the first moment that Skyros needed to be supported. For Aegean, it was a big challenge to support public service routes and smaller destinations; however we did believe and invested in them. We are delighted with the results of this effort, as our company's objective is to continuously boost passenger traffic, support local communities and increase the number of seats available for the benefit of the islands. I wish the Skyrian people: To envy the best. And everyone involved in the tourism industry should feel and act as one, exactly as we do at Aegean; this has been our philosophy right from the start. We will always stand by you, so that Skyros can enjoy a high quality tourist development".



THE CITY COUNCIL OF RHODES HONORED MR THEODORE VASSILAKIS FOR HIS SUPPORT TO THE ISLAND AND THE GREEK PERIPHERY.

Honorary award from the Municipality of Rhodes, November 22, 2016

The event started with the opening statement of the President of the City Council, Evaggelos Mandrakos, who made a brief reference to the entrepreneurial evolution of Theodore Vassilakis, before giving the floor to the Mayor of Rhodes, Fotis Hatzidiakos, followed by a greeting from the regional governor of South Aegean, Giorgos Hatzimarkos. The event was attended by the Municipal Council, representatives from the church, the Regional Authority, productive classes and bodies of Rhodes.

Theodore Vassilakis made a reference to the more than 8.5 million passengers that Aegean has transported to Rhodes

during the last 17 years (840,000 alone in 2016) and to the connection of "Diagoras" airport with direct scheduled flights with 7 cities in Greece, and 14 international destinations, while, through charter flights, the island is connected to 10 countries. He also stressed that "Rhodes has played a leading role in our advertising campaigns in Greece and abroad, on our social media channels, it has had a significant presence in the BLUE magazine and in the videos displayed during our flights, while all our passengers had the opportunity to enjoy an authentic taste of the gastronomic tradition of Rhodes, through products from local producers and cooperatives".



5.2 // WE CONTRIBUTE TO THE SUPPORT OF VULNERABLE SOCIAL GROUPS AND CULTURAL INITIATIVES.

We stand by all those that need us.

Social contribution is a fundamental principle of our philosophy, seeking to support vulnerable social groups, as well as the work of major NGOs.

✈ Since 2008, we have been systematically supporting, together with our passengers, the "SOS Children's Villages", Greece.

Until December 2016, a total of 464,950 passengers responded to our call, contributing the amount of 933,428 €. Together with the equal financial support added by Aegean, the total amount raised was **1,821,338 €, which contributed to the construction of SOS Eliza House**, the construction of a home in the new Children's Village of SOS Thrace and the support and maintenance of the SOS Children's Villages in general.

2008 - 2016



SOS CHILDREN'S VILLAGES
CONTRIBUTION 1,821,338€

✈ Supporting humanitarian organizations involved in the Refugee issue.

The year 2016 was particularly difficult for many of our islands. In order to facilitate humanitarian organizations and NGOs (Greek and international) that helped to tackle the difficulties of refugee flows in Greece, we offered more than **1,500 tickets**, for the transportation of volunteers and members of the organizations to the islands that needed humanitarian help. More specifically, we supported:

- Lifeline Hellas
- Remote Area Medical Organization
- AMKE "The people's trust"
- Médecins du Monde
- Médecins sans frontières
- Lifeguard Hellas
- METAdrasi
- Save the children
- General Secretariat Information & Communication
- Disaster Tech Lab



✈ We cooperate with NGOs to offer various basic necessity items and services to vulnerable social groups. These items and services include:

- Packaged foods with long shelf life sealed products (cereal bars, crackers, jam, honey, etc.), which were not consumed during the flight, are collected by the cabin crew and donated to "We Can" ("Boroume"), so that no food will go to waste and in order to offer substantial support to charities around Greece. Based on the data and the calculation method of "We Can", in 2016 we offered 14,504 servings to charities and our fellow citizens in need.
- Medicines from the first aid kits of the aircraft are donated to the "Social Medical Clinic of Ellinikon" and the "Aegean Seagulls". Since 2016 we started cooperating and donated medicines to the "Ark of the World" and the Social Mission Medical Clinic.
- Clothing from the Department of Clothing and items from unclaimed luggage are donated to NGOs (PETO, "Moirazomai", etc.).

Moreover we offer tickets to facilitate the work and transportation needs of the following bodies:

- Counsel for Children,
- Smile of the Child,
- Make a Wish,
- Médecins du Monde,
- Ark of the World,
- Hellenic Rescue Team.

✈️ **We support young people and stand by the generation of tomorrow.****"Supporting the Youth" program.**

It is addressed to all newly enrolled students who attend higher academic institutions away from home. For each academic year, 100 newly enrolled students from destinations of public service routes and 150 newly enrolled students from the rest of Greece will be selected, thus a total of 250 students per year, who shall receive 8 free (one-way) tickets per year, in order to return more frequently

to their loved ones.

In the last two years (academic years 2015/16 and 2016/17), the program included 50 newly enrolled students (per year) from Cyprus, who study at Greek universities.

The criteria for joining the program are mainly socio-economic, as we fully comprehend the need to support Greek families. We aim to alleviate the family budget, especially for families from destinations of public service routes.

To date, a total of 1,100 students from the 4 academic years of the program (2013/14, 2014/15, 2015/16 and 2016/17) receive free tickets for the duration of their studies by Aegean and Olympic Air.



PROGRAM FOR STUDENTS "SUPPORTING THE YOUTH"

We support student competitions:

- "Economia" – student competition organized annually.
- Student competition for Corporate Social Responsibility "Nikos Analytis", organized by the Hellenic Network for CSR (Corporate Society Responsibility).
- The "Best Virtual Business" Pan-Hellenic Competition through the Youth Entrepreneurship Association/Junior Achievement Greece.
- The World Final of the "F1 in Schools" High School Technology Competition held in Abu Dhabi with the participation of the Greek team Pole Position.
- TEDxAthens and TEDxThessaloniki.

We actively participate in the provision of training for young people:

- We cooperate with educational bodies to offer internships to students, in order to gain working experience and complete educational projects.

- We participate in Career Days, to provide information and guidance to new graduates, and also to attract new talents.

✈ We promote in every way possible our cultural heritage and the Greek tourism product.

We participate in various initiatives in Greece and abroad, aiming to spread values that originate from this country, making use of our potential for the promotion of the Greek culture.

On Board

- Since 2014 we have created the "Enter Greece" channel, featuring videos on the screens of our aircraft, each of different duration, depending on the duration of the flight (domestic or international).

This is an Aegean initiative, aiming to promote the richness of our country, our cultural heritage, Greek cuisine, as well as our destinations and local products.

- The BLUE magazine has been accompanying our passengers since the beginning of our operations, and presents unique tributes and guides for our destinations in Greece.

- 7 of our aircraft are specially painted, in order to promote the following websites:

www.discovergreece.com

www.visitgreece.gr

www.visitacropolismuseum.gr



ΦΙΛΕΨΕ ΤΟΥΣ
— Με προϊόντα από τον τόπο μας —

"Treat them"

For yet another year, Aegean carried out the "Treat Them" campaign, an initiative that helped to promote Greek hospitality around the world, through the treats offered on board to foreign passengers who visited our country! The second year of "Treat them" was completed, with more than 5,500 foreign passengers departing from Greece and Cyprus, taking with them the best part of our home place -our hospitality- in the form of a treat with traditional products. From September 9 to October 10, passengers departing for their country from Athens, Thessaloniki, Rhodes, Heraklion, Kalamata and Larnaca were randomly selected through filepsetous.gr and Cyprus.filepsetous.com and received an in-flight gift, which was a treat that included various local products, all offered by Greek and Cypriot producers. Throughout the course of

the event, users were given the opportunity to enter the initiative's microsite and choose between airports, random flights, passenger seats, and different treats, and make their own personalized card to accompany the treat to foreign visitors and thank them for their visit to Greece. The recipients of the gifts filled the Social Media Networks with images of the actual hospitality and the treats they received, thus spreading the reputation of our hospitality to every corner of the world using hashtags **#agiftfromGreece** and **#agiftfromCyprus**.

This year, the initiative had increased importance, as it showcased Greek hospitality and contributed to the promotion of Greek and Cypriot producers and products abroad.

The project “Conservation and Restoration of the Holy Tomb of the Holy Sepulcher in the Holy Temple of the Resurrection in Jerusalem”.

In the year 2016 and up to early 2017, we offered 50 tickets per month for the travel needs of:

- the members of the Interdisciplinary Team of the National Technical University of Athens,
- specialized staff, such as restorers, conservators, and workers,
- the teaching staff and graduate students of the NTUA, as part of a field trip of the Interdisciplinary Graduate Program of NTUA on “Monument Protection”.

We are lifetime sponsors of:

- the Museum of Cycladic Art,
- the Athens Concert Hall,
- the Thessaloniki Concert Hall,
- the Hellenic Academy of Cinematography,
- the Thessaloniki International Film Festival and Documentary Festival,
- the House of Arts and Letters,
- the Nikos Kazantzakis Museum,
- the Centre Culturel Hellenique in Paris,
- the National Opera.



✈ We support Greek sports, and we stand by the efforts of our athletes.

- We support the National Soccer Team, and the National Men and Women Basketball Teams, offering free transportation and special privileges.
- For the years 2015 and 2016, we were the Grand Sponsor for SEGAS for the Athens Marathon, the Half-Marathon and the Run Greece. At the same time, 155 Aegean employees ran the Marathon and 113 ran the Half-Marathon.

✈ Moreover, we support:

- The Special Olympics,
- Local athletic teams (BSA Kolossos Rhodes, BSA Rethymno),
- The golf in Greece, as a lever for tourism development.

Since 2006, Aegean has been organizing in Greece the “Aegean Airlines ProAm”, an International Golf Tournament, where professional and amateur players are participating from over 20 countries. At the same time, Aegean supports the Hellenic Golf Federation, the Greek PGA Association, and provides free transportation of golf equipment to its entire network of destinations.



6.0 // CREATING VALUE FOR THE ENVIRONMENT

For Aegean Airlines respect for the environment constitutes a non-negotiable priority. The environment consists of an aggregate of natural resources of utmost importance, especially for Greece and it is tantamount to quality of life and respect for mankind.

The company takes all necessary measures to guarantee that its operations are as environmentally safe as possible, implementing environmentally friendly policies and procedures throughout company activities, particularly regarding recycling and environmental management.



An integral part of the company's overall policy is not only the full compliance and adherence to all applicable legal requirements pertaining to every business activity, but also the constant attempt to improve the company's environmental performance, in the context of Aegean Airlines' long-term environmentally friendly course and growth.

The company's Management demonstrates its commitment to environmental protection through the company's environmental policy, which is not limited to the adoption of appropriate and best

"green" practices but it also extends to actions that raise both the public and our employees' awareness as well as the support of environmental protection bodies. The company's environmental compliance and environmental performance are demonstrated through its certification according to the requirements of international standard ISO14001: 2004, thus providing complete and full transparency in terms of the environmental care and protection provided.

6.1 // ENERGY CONSUMPTION & GREENHOUSE GAS EMISSIONS



MATERIAL
TOPIC

The aviation industry plays an important role regarding greenhouse gas emissions, as it accounts for 2% of global CO₂ emissions. At Aegean, we recognize the importance of our responsibility to reduce air pollutants. Our efforts are governed by this simple equation:

Lower fuel consumption → Lower emissions of air pollutants → Lower environmental impact.

This simple equation forms the basis of our corporate strategy for reducing pollutant emissions produced during flight. Since the combustion of aviation fuel leads to emissions of gases that contribute to climate change, the reduction of fuel consumption is a key objective of Aegean's environmental protection program.

Route optimization

The department of Flight Operations has adopted procedures that are recommended by International Organizations, the manufacturer (Airbus Green Operating Procedures) and the aviation industry, always in cooperation with air traffic control, to improve fuel efficiency and reduce emissions of air pollutants.

For every ton of fuel saved, 3.15 less tons of CO₂ are released into the atmosphere. Some of the techniques that help us improve our environmental management include: approach techniques upon arrival, taxiing techniques before take-off and after landing, careful use of the aircraft's auxiliary power supply unit while on the ground and take-off profile. The fuel savings resulting from the use of these techniques amounts to 350 tons of carbon dioxide per month.

Route Optimization

In 2014, Aegean improved its operational performance by acquiring a new flight planning software. This is an extremely precise and complex flight planning system, which offers significant operational benefits, since it calculates specific operations during flight (e.g. aircraft flight at optimal altitude and speed for every individual route). The new software contributes significantly to the improvement environmental management, by reducing carbon dioxide emissions by about 800 tons per month.

Reduction of Aircraft Weight

Aegean has taken initiatives related to the reduction of aircraft weight, which have a positive impact, both financially and environmentally:

- ✈ We invested in installing new aircraft seats that are lighter and more ergonomic, on all A320 and A321 aircraft. This resulted in a reduction of about 450 tons of CO₂ per month.
- ✈ We invested in new, lighter trolleys to be used on all our aircraft. Consequently, this initiative has reduced our carbon footprint by about 50 tons of CO₂ per month.
- ✈ We implement an innovative project for the optimization of the quantity of potable water on board. We calculate the necessary quantity of water for each flight and load this quantity on the aircraft. This initiative has led to a reduction of CO₂ emissions by about 40 tons per month.
- ✈ We converted all aircraft documents necessary for pilots and cabin crew into electronic form. This initiative resulted in reducing CO₂ emissions by 15 tons per month.

Reduction of CO₂ emissions per monthFUEL SAVING
350 TONS CO₂NEW, LIGHTER TROLLEYS
50 TONS CO₂NEW AIRCRAFT SEATS
450 TONS CO₂NEW SOFTWARE
800 TONS CO₂NECESSARY QUANTITY OF WATER
40 TONS CO₂ELECTRONIC DOCUMENTS
15 TONS CO₂

GREENHOUSE GAS EMISSIONS (SCOPE 1)	2016	2015
Fuel efficiency, Passengers*	4.02 kg/100 pkm	4.06 kg/100 pkm
Fuel efficiency, Passengers	5.09 lt/100 pkm	5.14 lt/100 pkm
Block Hours	150,113 Hrs	135,302 Hrs
Fuel consumption	354,452 Tonnes	319,358 Tonnes
Carbon dioxide (CO ₂) emissions	1,116,254 Tonnes	1,005,978 Tonnes
Intensity of carbon dioxide emissions, Passengers**	12.7 kg/100 pkm	12.8 kg/100 pkm
Methane (CH ₄) emissions	11.2 Tonnes	10.4 Tonnes
Nitrogen oxides (NOx) emissions	3,831.6 Tonnes	3,452.3 Tonnes
Intensity of nitrogen oxides emissions, Passengers	43.5 g/100 pkm	43.9 g/100 pkm
Carbon monoxide (CO) emissions	2,366.3 Tonnes	2,147.9 Tonnes
Sulfur dioxide (SO ₂) emissions	354.5 Tonnes	319.4 Tonnes
Intensity of sulfur dioxide emissions, Passengers	4.02 g/100 pkm	4.06 g/100 pkm
Nitrous oxide (N ₂ O) emissions	30.5 Tonnes	27.5 Tonnes
Intensity of nitrous oxide emissions, Passengers	0.35 g/100 pkm	0.35 g/100 pkm

Data was calculated according to IPCC Guidelines and Tiers 1 Methodology.

* Concerns fuel consumed by passenger aircraft.

** The intensity factor includes emissions only from fuel consumption on passenger aircraft.

Aegean also makes every effort to minimize energy consumption at its building facilities.

As far as the Athens station is concerned, a mix of natural gas, oil and electricity is used, while the buildings have been built in a way that limits energy losses. **In 2016, the annual consumption of light bulbs at the aircraft maintenance hangar amounted to 68,474.75 kwh, a reduction of 151,866 kwh**, due to the replacement of conventional lamps with LED.

ELECTRICAL ENERGY CONSUMPTION (GJ)	2016	2015
AIA Buildings (57, 53)	10.613	9.632
NATURAL GAS CONSUMPTION (GJ)*	2016	2015
AIA Buildings (57)	4.373,5	3.745,9
WATER CONSUMPTION (LIT)	2016	2015
AIA Buildings (57, 53)	5.052	5.194

* Source for conversion to joule: Natural Resources Canada

6.2 // NOISE

Aviation sector activities can cause noise pollution from aircraft during various stages of flight but also from ground movement. Noise pollution has been associated with various health problems, while it can also be harmful to flora and fauna. Aegean implements a series of measures to reduce noise pollution caused by the company's activities. In particular, the company has replaced its aircraft with new ones that meet all relevant requirements of the regulatory framework, while aircraft noise emissions

are even lower than the ICAO's stringent requirements. Moreover, we fully comply with airport recommendations regarding take-off and landing routes, directions and angles, in order to minimize the noise impact on the environment. Lastly, we are exploring further ways to minimize noise pollution, such as reducing night flights, using specialized technology, satellite-based navigation systems, etc.

6.3 // PROPER WASTE MANAGEMENT

In the context of Aegean's tangible commitment to environmental protection, as explicitly established by the certification of the company according to ISO 14001, recycling and proper waste management constitute a daily reality for us. In terms of recycling, we have designed and we implement an innovative program of in-flight recycling, with excellent results. On the ground, every effort is made to minimize the consumption of disposable products, as well as to recycle waste, when this is possible.

Regarding organic waste, we implement a pilot composting program in cooperation with third parties, while the final product is used as a fertilizer at the premises of Athens International Airport. Concerning hazardous waste, the nature of the company's operations entails the use of many chemical products, which is strictly regulated to ensure their proper management, from use to final disposal.

IN-FLIGHT RECYCLING (TONS)	2016	2015
Paper	27.2	21.2
Plastic	12.5	26.6
Aluminum	0.89	1.6
Glass	14.1	22.7

RECYCLING OF SOLID WASTE, AT AIA (TONS)	2016	2015
Paper	34.1	59.6
Plastic	3.7	5.7
Organic	0.02	0.06
Wood	1,6	9,6
Metal	4.6	3.4

PROPER MANAGEMENT OF HAZARDOUS WASTE (TONS)	2016	2015
At the Athens technical base	105.7	52.5

6.4 // BIODIVERSITY



Our company supports the work of many environmental protection bodies in every possible way. Of particular importance is the company's work during the transportation of injured wild animals for treatment, thusly helping their rehabilitation. Some of the animals that were transported in the period 2014-2016 are:

- ✈ Three black vultures, which were found injured in Alexandroupolis and released at Dadia National Park in Evros, in cooperation with ANIMA.
- ✈ One kri-kri, which had to be hastily transported from Chania to Athens.
- ✈ Nine injured sea turtles, which were found in Zakynthos, Skiathos, Karpathos and Leros. Some of the turtles were transferred for treatment to ARCHELON, the Sea Turtle Protection Society of Greece, and others were reintroduced into the wild.

Specifically, in January 2016 we transferred an injured turtle named "Artemis" to Athens so that it could be treated at ARCHELON. We adopted the turtle throughout its necessary stay at the center, and after 5 months of treatment, in June 2016, the turtle traveled with Olympic Air to Leros, to make its first steps towards returning to its natural environment.



APPENDICES



ABOUT THE REPORT

Information on corporate responsibility and sustainable development was firstly published on the company's website for fiscal year 2015. This is Aegean's first annual sustainable development report and therefore there are no restatements of information or changes in the reporting.

The terms "company" and "Aegean" in this report also include the Group's subsidiary, Olympic Air (AEGEAN AIRLINES CYPRUS LTD is not included).

The company's Management has decided that the reporting period for the sustainable development report shall be the year 2016 and, more specifically, the fiscal year **01/01/2016 - 31/12/2016**, to facilitate investors and other stakeholders.

This Report has been prepared accordance with the GRI Standards: Core option

[The GRI Content Index can be found on page 88.](#)

During the preparation of this Report by Aegean, EY (Ernst & Young Hellas Certified Auditors-Accountants S.A.) provided consultation services regarding adherence to the GRI Standards.



CONTACTS FOR QUESTIONS ABOUT THE REPORT.

For any information and details regarding sustainable development issues and this report, please contact:

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EXTERNAL ASSURANCE

This report does not include an independent assurance statement. Aegean recognizes the importance of the process, both for the reliability of the report's information and for the internal value in improving our processes. The information presented is internally reviewed.

BOUNDARIES TABLE (GRI 102-46)		
Material Topics	Most significant impacts	Boundaries
	In relation to the UN's Sustainable Development Goals	Entities inside or outside the GROUP that may cause or be connected with impacts
Economic Performance		* Aegean
		* Aegean * State / Regulatory Authorities
Network Development		* Aegean * Aviation Community
		* Aegean * State / Regulatory Authorities
		* Aegean * Aviation Community * State / Regulatory Authorities
Quality Product and Passenger Care		* Aegean * Aviation Community
Flight Safety, Training and Operational Readiness		* Aegean * Aviation Community
		* Aegean * State / Regulatory Authorities
Safeguarding Human Rights in our Business Operation		* Aegean * Suppliers / Associates * Aviation Community
		* Aegean * Suppliers / Associates * Aviation Community

Material Topics	Most significant impacts	Boundaries
	In relation to the UN's Sustainable Development Goals	Entities inside or outside the GROUP that may cause or be connected with impacts
Occupational Health and Safety		* Aegean * Aviation Community
Local Communities Development & Contribution to the Improvement of the Greek Tourism Product		* Aegean * State / Regulatory Authorities
		* Aegean
		* Aegean
Energy Consumption & Greenhouse Gas Emissions		* Aegean * Aviation Community * State / Regulatory Authorities
		* Aegean
		* Aegean * Aviation Community * State / Regulatory Authorities
		* Aegean * Aviation Community * State / Regulatory Authorities

GRI CONTENT INDEX

GRI Standard	Disclosure	Page number or reference	Omission
GRI 101: Foundation 2016			
General Disclosures (core option)			
GRI 102: General Disclosures 2016	102-1 Name of the organization	16	-
	102-2 Activities, brands, products, and services	16-17, 44-47	-
	102-3 Location of headquarters	16	-
	102-4 Location of operations	6-7, 16-17, 38-42	-
	102-5 Ownership and legal form	16	-
	102-6 Markets served	8-9, 16, 38-42	-
	102-7 Scale of the organization	4-5, 16-17, 20, 36-37, 38-42, 44-48, 54-55	-
	102-8 Information on employees and other workers	20-22	-
	102-9 Supply chain	56-57	-
	102-10 Significant changes to the organization and its supply chain	38-42	-
	102-11 Precautionary approach	80-83	-
	102-12 External initiatives	23-27	-
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GRI 302: Energy 2016	302-1 Energy consumption within the organization	81	- Fuel consumption for buildings is disclosed only for the Athens station. - The consumption of heating oil and vehicle fleet fuel are not disclosed. - Electricity consumption for the company's facilities is not disclosed, with the exception of the Athens station. - Jet fuel consumption is not calculated in Joules or multiples. For this reason, the total consumption is not disclosed in Joules or multiples. Reason for omission: Information is not available. We examine the possibility of collecting the necessary information for the next Report.
	302-3 Energy intensity	81	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	81	- The fuel emissions from buildings (natural gas, heating oil) and from the vehicle fleet are not disclosed. - The total emissions in CO₂ equivalent are not disclosed and instead the amounts of each gas are disclosed separately. Reason for omission: Information is not available. We examine the possibility of collecting the necessary information for the next Report.
	305-4 GHG emissions intensity	81	

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