



sustainable development report

2018





**SUSTAINABLE
DEVELOPMENT
REPORT 2018**



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AEGEAN at a glance

	2018	2017
PERFORMANCE DATA¹		
Earnings before taxes (EBT)	€ 98.6 million	€ 85.8 million
Earnings before taxes, interest and amortization (EBITDA)	€ 111.4 million	€ 119.8 million
Net profit for the period	€ 67.9 million	€ 60.4 million
Equity ratio	38.30%	34.60%
Sales	€ 1.2 billion	€ 1.1 billion
HUMAN RESOURCES		
Number of employees (December 31st)	2,815	2,621
Average age (years)	35	35
Percentage of women in managerial positions (Greece)	43.68%	41.77%
FUEL CONSUMPTION DATA		
Fuel efficiency – Passengers (kg/100 pkm) ³	3.78	3.66
Fuel efficiency – Passengers (lt/100 pkm) ³	4.78	4.63
Flight hours ³	187,205	153,740
Fuel consumption (t)	404,294	318,241
CARBON DIOXIDE EMISSIONS (FLIGHTS ONLY)		
Carbon dioxide emissions (tons) ³	1,273,526	1,002,459
Carbon dioxide emissions intensity - Passengers (kg/100 pkm) ³	8.87	8.67
PASSENGER TRAFFIC DATA²		
Number of flights	109,825	108,977
Number of Passengers	13,971,870	13,216,630
Available Seat Kilometers – ASKs (in thousands)	17,245,000	16,657,143
Revenue Passenger Kilometers – RPKs (in thousands)	14,435,000	13,851,131

Notes

1. Financial data refer to the consolidated and published financial results of AEGEAN and its subsidiary Olympic Air.

2. The number of flights refers to scheduled and charter flights.

3. All flights (domestic and international). For 2017 all flights (domestic and international) with the Airbus fleet are included.

ACHIEVEMENTS 2018



PASSENGER TRAFFIC

13,971,870 passengers
(7.3% increase in international passengers)



NETWORK

153 destinations
in **44** countries (122 international and 31 domestic)



ECONOMIC PERFORMANCE

Revenue **€ 1.2 billion**



RELIABILITY

81% on time performance



EDUCATION

2,856 trainings
46,351 hours
5,794 working days



SUPPORT OF LOCAL COMMUNITIES

Indirect **job creation**
(ground handling services, hotels, restaurants, transport, local suppliers)



CONTRIBUTION

- **12,150** tickets for the transportation needs of organizations supported by Aegean
- More than **€ 376 million** (€ 49 million increase in relation to 2017) in government revenue and insurance industry organizations



INNOVATION & SERVICE

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



RECOGNITION

International awards and distinctions (Skytrax World Airline Awards, World Travel Awards, Athens International Airport Awards, Readers' Choice Awards of Conde Nast Traveler, Travelers' Choice Awards of TripAdvisor)



ENVIRONMENT

- Annual savings of **20,460** tons of carbon dioxide through multiannual programs and initiatives
- Recycling of **90.7** tons of solid waste at our Athens base (increase by 30.6 tons compared to 2017)

Message from the President of the Board of Directors



Since the beginning of our operations in 1999, contribution to society and respect towards both the natural environment and all people we cooperate with, have been at the forefront of our daily operations, as well as our dedication to provide safe transport to our passengers.

For the AEGEAN family, sustainable development and partnerships in collective undertakings emanate from our firm belief that this constitutes the only sustainable business practice.

The present report is AEGEAN's third consecutive sustainable development report, through which we intend to communicate to the public not only the progress, performance and difficulties we faced in 2018, but also to present our vision and ambitions for the following years. 2018 was a year of decisive milestones for us, with most significant among them the loss of a unique person. With deep sadness we bid farewell to Theodore Vassilakis, the company's founder and President. A visionary and self-created entrepreneur, driven by his love for Greece and the unremitting effort for the country's worthy representation on the international aviation map.

His legacy serves as a compass for those of us entrusted to continue his work, with the main and primary concern to have faith in people and noble ideals.

At the same time, however, 2018 was also a year we further consolidated our strong presence in international aviation and investment in both the company's and the country's future. We feel optimistic and proud for the new growth cycle that officially begun with the signing ceremony of AEGEAN's agreement with Airbus for the order of up to 42 new A320neo and A321neo aircraft, worth a total of 5 billion dollars (at list prices) - the largest private investment in Greece - which we will receive gradually over the 2020-2024 period. The new A320neo aircraft family with the new generation of engines offer savings in fuel consumption, significantly reduced emissions and

noise, as well as a longer range and up to two extra hours of flight that enable AEGEAN to add more destinations.

Concurrently, we announced the selection of the Pratt & Whitney GTF™ engines to equip up to 62 new generation Airbus aircraft, aiming to lease at the same time as many as 20 additional aircraft from aircraft lease companies. The GTF engine will offer the company and our passengers the most economical and environmentally friendly solution available on the market today.

The decision for this investment is complemented by the start of the first scholarship program for acquiring a pilot license in the country's history. This € 7 million program, designed for 100 people and with an 18-month timeframe, will help candidates, who do not have the economic means to cover the high costs associated with becoming a pilot by themselves, get a chance for a great career. This is yet another substantial investment in both the company's human resources and the country, since it concerns not only candidates from AEGEAN but also from outside the company. Seventy people have already been selected from amongst more than 1,000 candidates and their education is proceeding as planned.

The infrastructure for the training and retraining of our human resources is planned to be reinforced with the construction of an ultramodern educational center in the wider area of the Athens International Airport, an investment that will exceed € 30 million. According to the plan, the new AEGEAN educational center will start its operation with two Airbus A320 aircraft flight simulators, it could be expanded to a total of four simulators - of any kind- and will offer a variety of other infrastructure for cabin crew and technician training. This center will not only multiply the educational potential of both the company and its people but will also provide the opportunity to offer relevant services to third parties.

On an operational level, 2018 was another year during which air traffic recorded particularly high growth rates with passenger traffic across Greek airports increasing by 10%. AEGEAN managed to increase both domestic and international passenger traffic, transporting more passengers than in 2017, despite increased competition, due to the enrichment of its destinations, network maturity and particularly the operation of the Athens hub, the efficient fare and flight management, and the attractive and regular fare offers that led to higher occupancy rates.

Passenger traffic recorded a 5.7% increase, carrying 13.9 million passengers, with the international network, which now generates 80% of the company's turnover, to continue to be the main driver of growth and total traffic reaching 7.8 million passengers, representing an annual increase of 7.3%. Respectively, in the domestic network, traffic totaled 6.1 million passengers, an annual increase of 3.7%.

However, we must call attention to the fact that none of the above would have been possible without the devotion, creativity, professionalism, dedication and dynamism of our people, to whom we owe a big thank you. After all,

we are making every effort to meet their expectations and needs by offering as many opportunities for internal mobility and development as possible.

In terms of challenges, the two biggest challenges facing AEGEAN and the global community are the impacts of climate change and safeguarding sustainable development, and we are working systematically to manage both.

Respect for the natural environment and our anthropocentric philosophy are a non-negotiable priority for AEGEAN, intrinsically linked with every facet of our operation. Our Sustainability Policy is not only limited to adopting appropriate and best “green” practices but extends to awareness raising activities for both the public and our employees, as well as supporting bodies and organizations working to protect the environment.

In recent years we have already implemented an ambitious emissions reduction program, starting with actions to reduce fuel consumption, making better use of aircraft (for instance by replacing old seats and catering trolleys with new lightweight technology), recycling materials used from aircraft maintenance to passenger service, minimization of water and paper consumption on ground activities, replacement of oil burners with natural gas burners within our facilities, investing in technologically advanced systems that optimize the flight route, and peaks with activities such as the replacement of our fleet with the new modern A320neo aircraft. Indicatively, last year we implemented specific actions to (a) optimize flight procedures and flight planning, (b) reduce aircraft weight through new trolleys and new ergonomic seats, (c) replace aircraft documents from digital archives in electronic form, managing to reduce CO₂ emissions to approximately 20,500 tons annually.

In addition, by making every possible effort to minimize energy consumption also within our premises, we reduced our electricity and gas consumption on our technical base by 589 GJ in total. We are also implementing a series of measures to reduce noise resulting from the operation of aircraft, which have made these emissions even lower than the stringent ICAO requirements.

For AEGEAN, compliance with the obligations arising from environmental legislation and the international best practices, expresses our commitment to participate in our joint effort to reduce greenhouse gas emissions as well as our values concerning the respect and protection of the environment.

In this context, we are implementing an in-flight recycling program, while on the ground operations we are making every possible effort to minimize consumables and recycle waste wherever possible. Regarding organic waste, we are implementing a composting program in collaboration with third parties, while the final product lubricates the Athens International Airport premises. Regarding hazardous waste, the nature of the company's operations dictates the use of many chemicals, which is governed by strict frameworks that ensure proper management, from use to disposal. In 2018 we recycled 159.8 tons of waste in total.

However, in parallel to environmental protection, a model of sustainable business development requires active support of the society in which we operate. In this context, the social contribution and care wherever our work can assist and benefit those in need, have always consisted a key pillar of our operations. In this context, we continued to support the SOS CHILDREN'S VILLAGES GREECE, the total contribution of which over the last 10 years has now exceeded EUR 2.2 million. Moreover, we continued to implement the “SUPPORTING THE YOUTH” student support program, offering to 250 newly admitted students in Greece free tickets for the duration of their studies this year. All in all, we provided more than 12,000 tickets for the those in need as well as for the organizations and actions we support.

In conclusion, we would like to highlight that the endless effort to continuously upgrade our quality travel experience, as well as to systematically enhance and promote the Greek tourist product in the Greek and international market remain our constant pursuit.

We will continue through creative synergies to achieve common goals, to actively and in any way possible support the Greek region, both for the development of tourism and for supporting local communities and the promotion of local products and suppliers.

Our commitment is to continue to carry out the work of quality air transport in a responsible way for the years to come, to steadily invest in the development of the domestic and international networks, enhancing tourism with new routes and increasing seats, covering the whole country.

Eftichios Th. Vassilakis



1.

The company

IN 2018, WE OFFERED OUR SERVICES IN A TOTAL OF 44 COUNTRIES,
SERVING 153 DOMESTIC AND INTERNATIONAL DESTINATIONS.

OUR JOURNEY

AEGEAN'S MILESTONES

1992

Obtained the first license of private airline in Greece.

2001

Merger of AEGEAN with Cronus Airlines, increasing the fleet to 15 aircraft and network expansion to international destinations and charter flights.

2007

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

2005

AEGEAN becomes Lufthansa's regional partner in Greece and thus becomes the first Greek carrier which implements a close commercial agreement with an international carrier.

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

1994

Acquisition of Aegean Aviation by the Vassilakis Group of companies with the start of chartered VIP flights.

1999

May:
AEGEAN starts operating scheduled flights in Greece, with two new type AVRO RJ 100 aircraft.

December:
Acquisition of Air Greece and fleet increase to 9 aircraft.

December:

Finalization of the order for the purchase of 8 new Airbus A320 aircrafts and the leasing of 3 additional aircraft of the same type, with an option to purchase up to 12 additional aircraft.

2010

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

2013

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

2015

Delivery of four (4) new aircraft.

2014

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.

2016

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

2017

Start of the assessment procedure for aircraft types for the fleet's renewal.

2018

Official signing of the agreement with Airbus for the order of up to 42 new A320neo aircraft, for a total of \$ 5 billion in list prices.

Signing of Pratt & Whitney Pre-Agreement to equip new Airbus A320neo family with GTF™ Engines.

AEGEAN TODAY

- **We carry passengers, cargo and materials by air.**
- **We operate with respect towards our employees, our passengers, our suppliers, the local communities, the environment and the state authorities, within the applicable Legal and Regulatory framework (on a national and international level).**
- **We support the Greek economy, tourism 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 businesses and employment.**

OUR MISSION

To operate with safety, always providing high quality services across all travel stages, via an extensive network of destinations that connects every corner of Greece and Greece with the world.

OUR VISION

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

OUR VALUES

- The passenger is the focus of our attention.
- We pursue constant improvement 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 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

The company operates in the air transport sector by providing services related to the transportation of passengers and cargo, with domestic and international, scheduled & non-scheduled flights, in short & medium-haul range.

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

Since October 2013, Olympic Air is a 100% subsidiary of AEGEAN.

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 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), 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.

The company's shareholders holding more than 5%, with registry date 31/12/2018, are as follows:

			POSITION	PERCENTAGE
COMPANIES				
Company Name				
EVERTRANS S.A.			16,983,240	23.78%
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%
NATURAL PERSONS				
Surname	Given name	Father's Name		
CONSTANTAKOPOULOS	ACHILLEAS	VASSILIOS	3,703,508	5.19%
Rest of the shareholders: 40,608			30,170,828	42.25%

OUR PRIORITIES

The development of the international network as well as the increased interconnections between our bases, constitute a strategic priority for our company. Given the challenges posed by the wider economic environment and the constant increase of international competition, a series of priorities have been set:

- Strengthen connectivity at domestic and international level.
- Planning of business activities, to offer passengers more choices, further development and utilization of the loyalty program and the development of innovative services.
- Further enhancement of employee satisfaction and their active participation in submitting ideas for improvement and implementation of corporate processes and decisions.

We place great importance to the «continuous development - quality service - reliability» approach, and particularly to:

- Place the passenger at the center of attention,
- Focus on the quality of products and services offered,
- Invest in innovation and continuous development,
- Contribute to the development of the country's tourism product,
- Care for the needs of society and vulnerable social groups,
- Operate responsibly with respect to the environment, employees, passengers, local communities and suppliers.

1.2 CORPORATE GOVERNANCE AND BUSINESS ETHICS

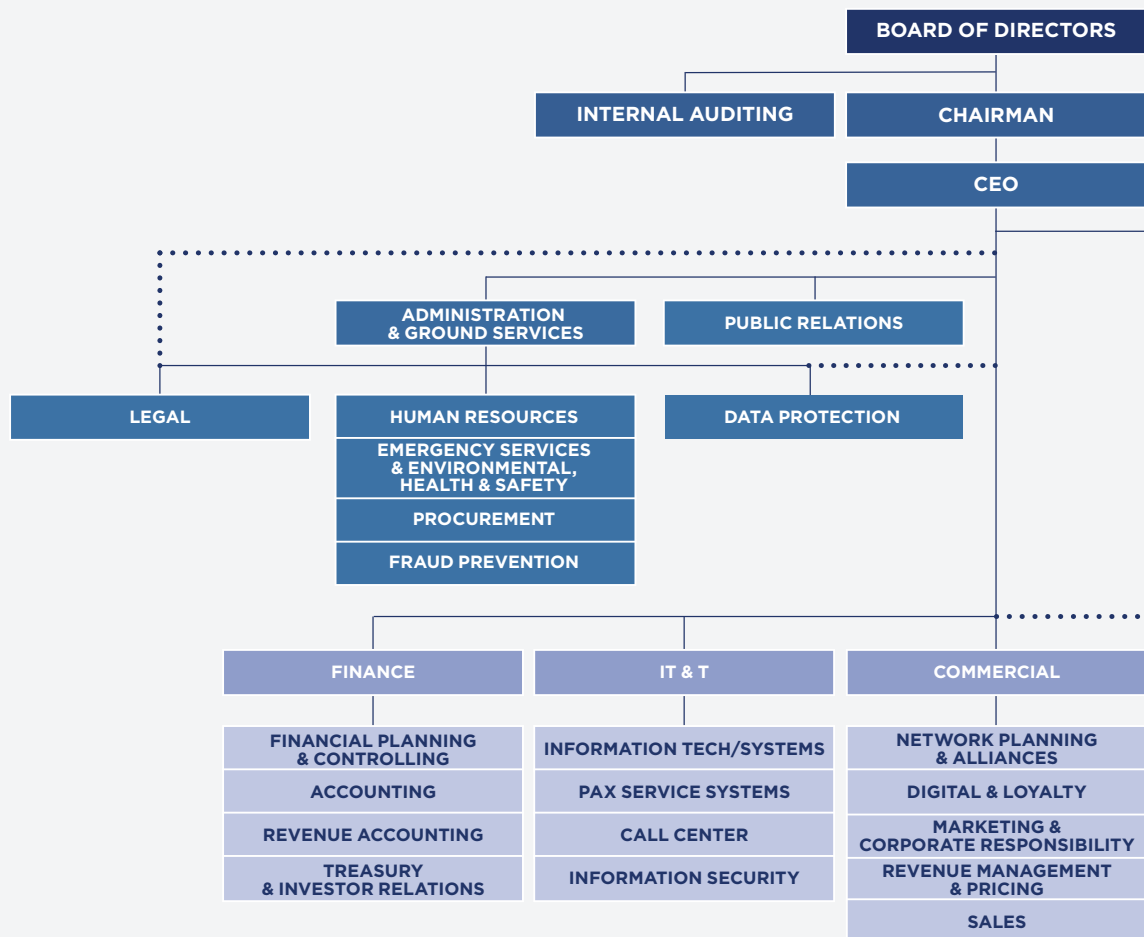
BOARD OF DIRECTORS

The company is managed by the Board of Directors which consists of eleven members, out of which two 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 2021. It is the responsibility of the Board of Directors to care for the implementation and effective operation of the system of corporate governance, as well as the adequacy of the internal control system.

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 on which the organization and management of the company are based that focuses on the transparency towards investors and safeguards the interests of the shareholders and all stakeholders. The company has voluntarily decided to adopt the Greek Corporate Governance Code for Listed Companies.

The Board of Directors has not established any sub-committees the duties and obligations of which pertaining to decision making on financial, environmental and social issues.

ORGANIZATIONAL STRUCTURE



———— LINE REPORTING

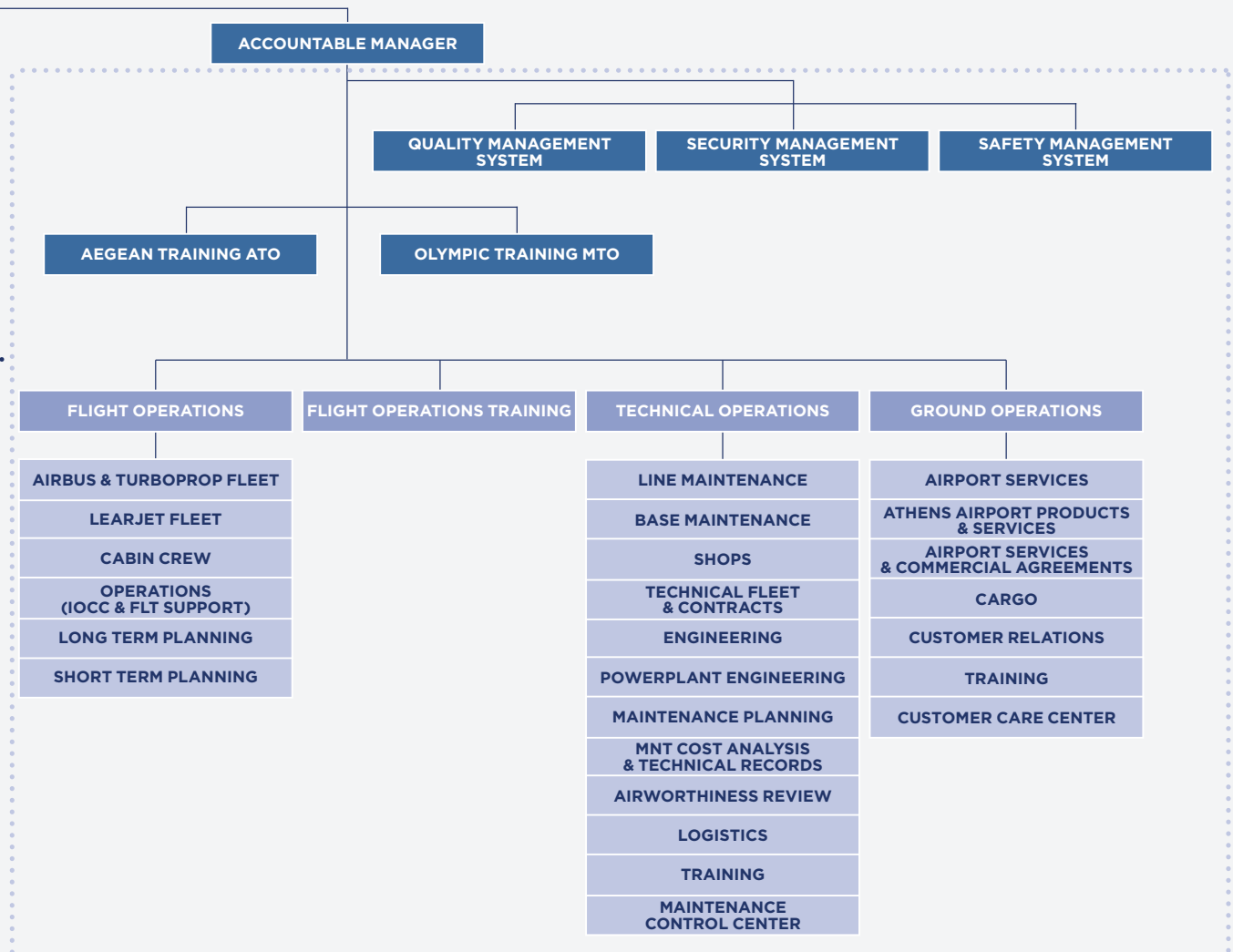
..... CORPORATE REPORTING

..... OPERATIONS REPORTING

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

INTERNAL AUDIT

The Internal Audit is not a hierarchical part of any other business unit. The personnel of the Internal Audit service as well as the members of the Audit Committee 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 Internal Audit department drafts reports that are submitted to the Board of Directors every three months.



1.3 MEMBERSHIPS

IATA

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 air traffic.

IOSA

AEGEAN Airlines is an IOSA registered Organization since 2005 (one of the very first, with registration number 7 out of over 400 Airlines) and Olympic Air is IOSA registered since 2009. The IATA Operational Safety Audit (IOSA) program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an Airline, using the highest standards in the world for Operational Safety. IOSA is based on industry-proven quality audit principles and is designed to ensure that each audit is conducted in a standardized manner to achieve consistent results. In order to remain in the IOSA registry, Aegean and Olympic Air are being audited by IATA every 2 years. The areas of the organization being inspected are: Organization and Management System (ORG), Flight Operations (FLT), Operational Control and Flight Dispatch (DSP), Aircraft Engineering and Maintenance (MNT), Cabin Operations (CAB), Ground Handling Operations (GRH), Cargo Operations (CGO) and Security Management (SEC). The IATA Operational Safety Audit (IOSA) was developed under IATA to provide the industry an internationally recognized and accepted evaluation system for assessing the operational management and control systems of the world's airlines. To attain and maintain the desired level of recognition and acceptance, IATA, as the custodian of IOSA, must ensure the program embodies the high degree of quality, integrity and security necessary to build and maintain the confidence of those airlines, regulatory authorities and the industry that participate in the program, and who stand to reap the associated safety and cost benefits. AEGEAN's registration in IOSA also maintains 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 stations are assigned each year by the Pool and are based on the airports served by Airline DAQCP members. The Pool has developed its own set of procedures and checklists for conducting airfield inspections and audits, while the main objective is to ensure the safety of aircraft operations. The quality control is based on the SAE (Society of Automotive Engineers) Standards for De-icing/Anti-icing of aircraft on the ground and also on the European Aviation Safety Agency (EASA) Regulations. The audits are accomplished in yearly intervals during the winter season between October and April and are based on checklists developed by the steering committee. Checklists are updated yearly after consideration of the latest developments in De-icing/Anti-icing techniques and always in compliance with the requirements. Audit reports produced by AEGEAN inspectors as well as the audit related communication are exchanged within the DAQCP by electronic mails (confidential, shared only amongst the participating Airlines, through a secured website) within a required timeframe as defined in the pool agreement. Safety related findings are reported to all members immediately with Alert-letters if applicable for proper preventive and mitigating actions.

IFQP - IATA Fuel Quality Pool

The IFQP is a group of Airlines that actively share Fuel Inspection reports and workload at locations worldwide. In addition to the promotion of fuel quality results, all IFQP activities fully comply with regulatory requirements concerning airlines' provision of quality control and management oversight of airport fueling 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. In collaboration with IFQP, IATA supports the organization, training and accreditation of AEGEAN's inspectors (through comprehensive training and development of standardized inspection procedures according to industry standards) and the annual allocation of stations, based on the airports served by airline IFQP members. It also improves overall quality as inspections are more effective due to the stringent evaluation criteria established by the pool. Audit reports produced by AEGEAN inspectors as well as the audit related communication are exchanged within the IFQP by electronic mails (confidential, shared only amongst the participating Airlines, through a secured website) within a required timeframe as defined in the pool agreement. Safety related findings are reported to all members immediately with Alert-letters if applicable, for proper preventive and mitigating actions.

AOC

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.



EEAE

AEGEAN is a member of the Hellenic Association of Airline Representatives (HAAR). The purpose of HAAR is to safeguard and promote the interests of airlines in institutional, economic and social terms, to study and support the issues concerning the airlines, to seek and develop solutions to relevant issues, to harmonize actions and conditions of healthy competition among the aviation industry and to support the contribution of air transport to culture.

**STAR ALLIANCE**

AEGEAN is a member of the alliance of Star Alliance, the largest global alliance of airlines (28 members), providing passenger benefits and benefits to the company. In total, the Star Alliance network now offers over 18,450 daily flights to 1,300 airports and 190 countries. 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 traveler. 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 Traveler 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 Brasil, 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 Air Portugal, THAI, Turkish Airlines, and United. Overall, the Star Alliance network currently offers more than 18,800 daily flights to 1,317 airports in 193 countries. Further connecting flights are offered by Star Alliance Connecting Partner, Juneyao Airlines.



STAR ALLIANCE

Star Alliance Network

“TRANSFORMING TRANSPORT”

AEGEAN participates in the European “TRANSFORMING TRANSPORT” program, which aims to optimize and introduce innovative services in all forms of transportation such as airports, ports, railways and motorways. Part of the program are global companies and academic institutions such as: Boeing Research and Technology (Europe), Intrasoft, Jeppesen, Athens International Airport, Athens University of Economics and Business, University of Southampton, Universidad Politécnica de Madrid, etc.

EUROPEAN AIRLINES FRAUD PREVENTION GROUP (EFPG)

AEGEAN also participates in the European Airlines Fraud Prevention Group. The purpose of the Group is the cooperation and coordination between Europe's airlines, travel agencies and systems, to exchange knowledge and solutions to tackle fraud and to further protect passengers. Furthermore, EFPG participates in conferences and workshops with Europol. It is an honorary distinction for AEGEAN to hold the Presidency of the Administrative Committee for the representation of European Airlines for Europe on fraud prevention topics (EFPG) and to participate in the IATA Perseus Steering Committee.

CSR HELLAS

AEGEAN has been a member of the Greek Network for Corporate Social Responsibility since 2012. AEGEAN actively participates in the Network's initiatives by supporting 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 on an annual basis.



SETE

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 and especially the constant reinforcement of competitiveness and the promotion of the key role of tourism in the Greek economy.

HATTA

AEGEAN is a member of HATTA (Hellenic Association of Travel and Tourist Agencies).

MARKETING GREECE

AEGEAN is a founding member of Marketing Greece, which with the Hellenic Chamber of Hotels and the Hellenic Association of Communication Agencies (EDEC/HACA) as stakeholders, primarily aims to successfully promote the Greek tourism product. Moreover, AEGEAN organizes Fam Trips for journalists / bloggers / vloggers who visit

our country, in the context of trips organized by Marketing Greece, contributing as a transport sponsor to the work of institutions (cultural institutions, conferences, initiatives of municipalities and regions) and business missions.

GNTTO

AEGEAN actively participates in international tourism exhibitions, together with the Greek National Tourism Organization, contributing to the country's promotion. In addition, within 2018, AEGEAN's partnership with GNTTO was further strengthened by the «Athens / Thessaloniki is for all kinds of lovers» campaign / co-advertising, aiming to promote Athens and Thessaloniki as ideal city break destinations, in the markets of Germany, France, Italy and England.



1.4 DISTINCTIONS

SKYTRAX

For the 8th consecutive year, AEGEAN won the best regional airline award by Skytrax World Airline Awards. In the final results of the survey conducted between August 2017 and May 2018, 20.36 million entries were counted and the survey involved passengers from 100 different nationalities. The survey covered 335 carriers.

The main instruction for travelers is to make their own, personal choice as to which airline they consider the best. This is the reason why the Skytrax World Airline Awards are known as the “Customer Choice Awards”.

For the 8th consecutive year and for the 9th time since 2009, the professionalism and attitude of AEGEAN's staff, as well as the total flight experience they provide to the passenger, stood out in the company's ratings among the categories of services passengers were asked to vote for.

About the “Skytrax World Airline Awards”

The “Skytrax World Airline Awards” are the most auspicious aviation industry awards. They are often referred to as the “Aviation Industry Oscars” and are a global reference point for the excellence of airlines.

The World Airline Awards, which this year celebrated their 18th anniversary, are independent and impartial. They began in 1999 to provide a truly global customer satisfaction study. Travelers from around the world vote in the largest customer satisfaction survey to decide on prize winners. The online survey was conducted from August 2017 to May 2018, along with the invitations sent to last year's respondents (total 24.45 million customers).

The customer research forms were offered in English, French, Spanish, Russian, Japanese and Chinese. The biggest increase in nationality in the 2018 survey was the Chinese customers, with an additional 3.5 million entries.



(From left) Mr. Michalis Kouveliotis, AEGEAN's Chief Financial Officer, having received, with cabin crew members, the award from Mr. Edward Plaisted, CEO of Skytrax.



WORLD TRAVEL AWARDS

AEGEAN was named “Europe’s Leading Regional Airline” for the fourth time and won the first prize, through a public poll organized in the 25th annual World Travel Awards™.

The “World Travel” awards were set up in 1993 to recognize and reward distinction in all key areas of travel and tourism businesses as well as hospitality businesses. Today, “World Travel” awards are considered worldwide as the ultimate trademark in the field of excellence.

2018 READERS’ CHOICE AWARDS BY CONDE NAST TRAVELER

AEGEAN was ranked fifth in the list of 20 best airline companies in the world (excluding USA) of Conde Nast Traveler, the largest travel magazine, in the context of the 2018 Readers’ Choice Awards.

TRAVELLERS’ CHOICE AWARDS BY TRIPADVISOR

AEGEAN was named Europe’s best regional carrier for 2018, according to the Travelers’ Choice Awards of TripAdvisor, the largest travel platform in the world.

AEGEAN HAS ALSO BEEN HONORED BY ATHENS INTERNATIONAL AIRPORT AS:

- The airline with the largest passenger increase at “Eleftherios Venizelos” Airport, for 2018.
- The most popular airline among European passengers at “Eleftherios Venizelos” airport for 2018.
- The fastest growing company in the African market.



TELEPERFORMANCE GREECE CRM GRAND PRIX CUSTOMER SERVICE AWARDS

AEGEAN was honored with the Gold Award in the category “Mystery Calls - Large Call Centers” in recognition of the excellent services it offers through its call center at the annual Teleperformance Greece CRM Grand Prix Customer Service Awards 2017. The award ceremony took place on Friday, 22 June 2018.

PRESS AWARDS 2018 (Pan-Hellenic Association of Sports Press)

Honorary distinction in memory of AEGEAN’s founder, Theodore Vassilakis, for his support for Greek sports and through the company for the help towards PSAT.

E-VOLUTION AWARDS

Aegeanair.com emerged as “Best Greek e-shop by GRECA”.

As the best Greek e-shop (B-C), it will represent Greece at the European E-Commerce Awards.

Platinum award for AEGEAN - Sapient - ATCOM collaboration for AEGEAN’s mobile application.





2.

Sustainable development at AEGEAN

WE CONSIDER THE IDENTIFICATION AND CONNECTION OF OUR FINANCIAL, SOCIAL AND ENVIRONMENTAL IMPACTS WITH BROADER SUSTAINABLE DEVELOPMENT ISSUES TO BE EXTREMELY 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 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 different needs and priorities.

AEGEAN's Key Stakeholder Groups are the following:

Passengers
Employees
Shareholders/Investors
Aviation Community
State/Regulatory Authorities
Suppliers/Associates
Local and Wider Society
Business Unions
Non-Governmental Organizations (NGOs)

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 in this report.

GROUP	TYPES OF COMMUNICATION AND CONSULTATION	FREQUENCY OF COMMUNICATION	KEY TOPICS AND CONCERNS
 PASSENGERS	<ul style="list-style-type: none"> Market research Press releases Call center Customer relations department Social media Website Newsletter BLUE magazine Press conferences 	Continuous	<ul style="list-style-type: none"> Flight safety, training & operational readiness Quality product & passenger care Economic performance & network development Responsible communication & advertising Customer privacy Safeguarding human rights in our Business operation Support for vulnerable groups
 EMPLOYEES	<ul style="list-style-type: none"> Internal announcements Department meetings Electronic correspondence Evaluation questionnaires for employee training Intranet Press releases 	Continuous	<ul style="list-style-type: none"> Employment Flight safety, training & operational readiness Occupational Health & Safety Training & Education Human rights in the workplace Economic performance and network development
 SHAREHOLDERS/ INVESTORS	<ul style="list-style-type: none"> Website Road shows Department of corporate announcements and shareholder support Press releases Stock market web page Press conferences 	Continuous	<ul style="list-style-type: none"> 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
 AVIATION COMMUNITY	<ul style="list-style-type: none"> Meetings Conferences Electronic correspondence Representation in national and international bodies of the aviation community Press releases Press conferences 	Continuous	<ul style="list-style-type: none"> Flight safety, training & business readiness Economic performance & network development Quality product & passenger care Safeguarding human rights in our Business Operation Occupational Health and Safety Energy consumption & greenhouse gas emissions Noise

GROUP	TYPES OF COMMUNICATION AND CONSULTATION	FREQUENCY OF COMMUNICATION	KEY TOPICS AND CONCERNS
 STATE / REGULATORY AUTHORITIES	<ul style="list-style-type: none"> • Meetings • Conferences • Electronic correspondence • Representation in national and international bodies of the aviation community • Press releases • Press conferences 	When deemed necessary	<ul style="list-style-type: none"> • Flight safety, training & operational readiness • Safeguarding Human Rights in our Business Operation • Quality product & passenger care • Economic performance & network development • Anti-Corruption • Energy consumption & greenhouse gas emissions • Noise • Personal data protection
 SUPPLIERS / ASSOCIATES	<ul style="list-style-type: none"> • Meetings • Electronic correspondence • Conferences • BLUE magazine 	When deemed necessary	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • Website • Press releases • Meetings • Conferences • Electronic correspondence • Representation in national and international bodies of the aviation community • Social media • Press conferences • BLUE magazine 	Continuous	<ul style="list-style-type: none"> • Flight safety, training & operational readiness • Economic performance & 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	<ul style="list-style-type: none"> • Website • Department of corporate announcements • Press Releases • Stock market web page • Meetings • Conferences • Electronic correspondence • Press conferences 	Continuous	<ul style="list-style-type: none"> • 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)	<ul style="list-style-type: none"> • Website • Press Releases • Meetings • Electronic correspondence • BLUE magazine 	When deemed necessary	<ul style="list-style-type: none"> • 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

2.2 MATERIAL TOPICS PRIORITIZATION - MATERIALITY ANALYSIS OF SUSTAINABLE DEVELOPMENT TOPICS

In December 2017, 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. In the beginning of 2019, these topics were reviewed to validate their materiality.

Nineteen (19) topics were identified, seven (7) 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.

PHASE 1. IDENTIFICATION OF RELEVANT TOPICS

Initially, the company took into consideration the new Global Reporting Initiative Standards Principles (Sustainability Context and Stakeholder Inclusiveness Principles), 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 2018 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 stakeholder engagement activities and their results would be recorded in a complete and sufficient manner. Finally, all consultation with stakeholders, as well as the results of this consultation, should be recorded.

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.

To clearly define these impacts, we used the 17 UN Sustainable Development Goals.

PHASE 3. RESULTS VALIDATION

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

Material Topics

The following seven topics were prioritized as the most significant, and which are presented in detail in this report:

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

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 achieved by taking into account the wider environmental and social constraints and challenges.

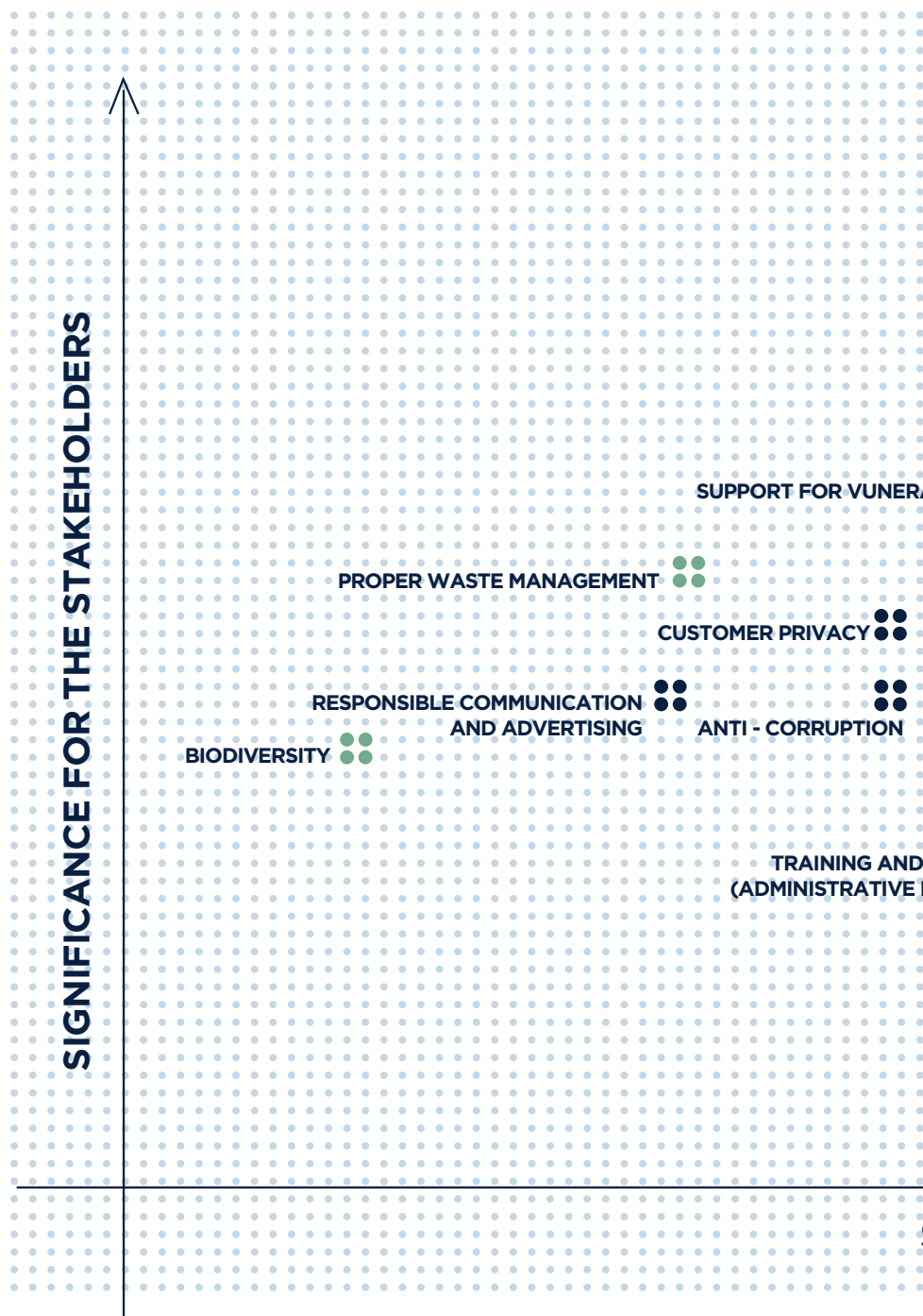
MATERIALITY MAP

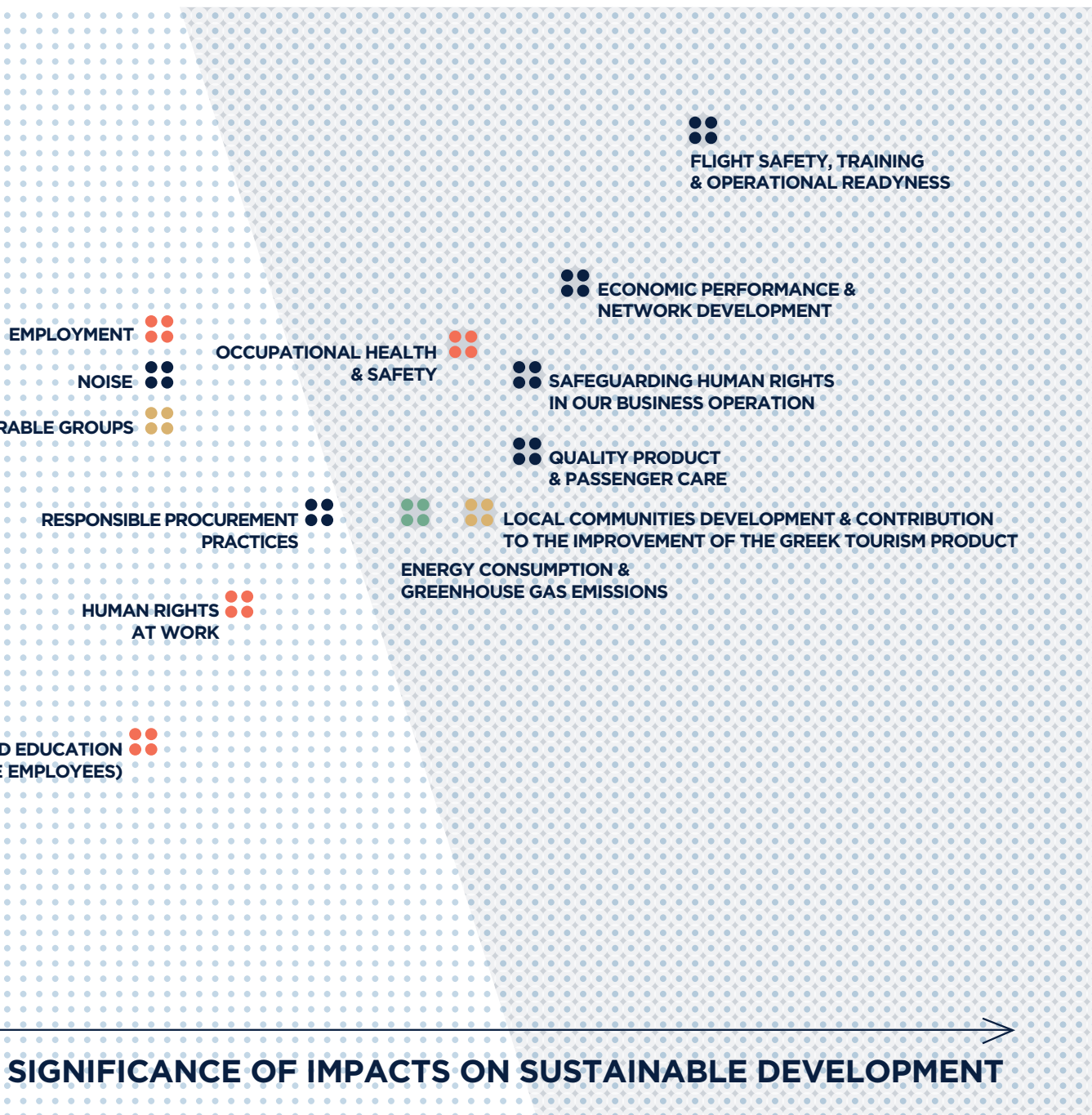
Unfold to see the Materiality Map



MATERIALITY MAP

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







3.

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 & NETWORK DEVELOPMENT

We consider our economic performance to be of utmost importance as it:

- a) is directly linked to the company's sustainable development,**
- b) has direct impacts 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.**

Our financial performance is inextricably linked to our network development and its management, which has impact not only on the company's sustainable development but also on our country and contributes, inter alia:

- a) in the national economy through increased inbound tourism,
- b) in creating direct and indirect jobs,
- c) to innovation and infrastructure through the development of new air transport services and products

The gradual recovery of the Greek economy continued in 2018, being the first year in which the Economic Adjustment Program was not implemented.

2018 was another year that air traffic recorded high growth rates, with passenger traffic at all Greek airports increasing by 10%. According to Hellenic Civil Aviation Authority (HCAA) statistics (departures / arrivals), the domestic market has grown by 5%, while in the foreign market the total traffic increased by 12%. The growth in the domestic market should be seen as the result of both the lower fares offered and the increase in the offered capacity. Of equal importance is the contribution of the transfer domestic-foreign passenger transportation.

According to the SETE's statistical bulletin, in 2018, 20.7 million international aviation arrivals at major airports were recorded, showing an increase of 12.9% compared to 2017, during which 18.3 million were recorded. Regional airports were responsible for 61% of this increase and AIA for the remaining 39%.

However, stabilization tendencies with a possible slight downward trend are the estimations of the tourism sector bodies and the Group's management for 2019 regarding the estimated growth rate.

As tourism is one of the most important sectors of the Greek economy, we invest in our fleet's growth and in the development of our network both domestically and abroad in order to provide connectivity to our most remote islands with mainland Greece, but also with any part of the world, through more foreign destinations and direct connections to the Greek region. Thus, we contribute to the overall upgrading of the Greek tourism product and to the support of local economies. We also seek to extend the tourist season with direct connections to foreign cities, starting in April and stopping in October. In 2018 we operated 15 public route destinations and passenger traffic in these routes showed a 7% increase compared to 2017.



MATERIAL TOPIC

2018



153
DESTINATIONS

44
COUNTRIES

13,971,870
PASSENGERS



17,245,000
AVAILABLE SEAT KILOMETERS



31
DOMESTIC DESTINATIONS

122
INTERNATIONAL DESTINATIONS

15
PUBLIC SERVICE ROUTES

7%
INCREASE IN PASSENGER TRAFFIC COMPARED TO 2017

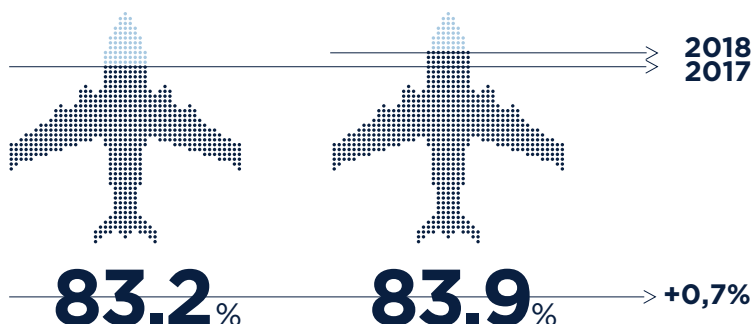
In 2018 we served 153 destinations, 31 domestic and 122 foreign in 44 countries, offering 17,239,909 seats and having carried 13,971,870 passengers, 5.7% more than 2017. It is worth noting that the increase in traffic, despite the increased competition is the result of network maturity, efficient flight and flight management, and attractive and regular freight offers that have led to higher occupancy. Thus, the increase in traffic exceeded the increase in the capacity offered.

PASSENGER TRAFFIC	2018	2017	% CHANGE
DOMESTIC TRAFFIC	6,122,384	5,902,708	3.7%
INTERNATIONAL TRAFFIC	7,849,486	7,313,922	7.3%
TOTAL PASSENGER TRAFFIC	13,971,870	13,216,630	5.7%

It is worth mentioning that the increase in traffic stems from improved network utilization as well as from the slightly increased number of flights (by 1%) performed in 2018 compared to 2017.

In 2018, AEGEAN also marginally improved the average occupancy rate, a result of its successful commercial policy and its network management. Specifically, the occupancy rate in the entire domestic and international network reached 83.9% from 83.2% in the previous year.

LOAD FACTOR TOTAL NETWORK



The main factors contributing to our positive results are:

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

Overall, regarding domestic performance, low tariffs and disproportionately high taxes and airport charges severely curtail economic returns, making the recovery of the significant loss of the average fare that has taken place since the onset of the crisis in Greece a significant issue for the company.

In addition, the gradual expansion of third-party airline business in Thessaloniki is increasing, reducing thusly the company's growth potential.

As far as the external factors affecting the year's financial results were concerned, fuel costs had a negative impact due to the significant increase in oil prices, somewhat mitigated by the hedging policy, while the cost associated with emissions had also negative impacts. On the contrary, positive was the impact of the EUR / USD exchange rate.

Given the above challenges, the company sets out several priorities:

- Addition of new international destinations, increase of frequencies to classic destinations and improvement of the available network from our main base in Athens,
- Increase of charter flights from the region, with the exception of Thessaloniki,
- Maintenance of the high level of service and in-flight services, which is also the Group's longstanding competitive advantage,
- Provision of new innovative services offering more choices to our passengers and generating additional revenue per passenger from the distinct pricing of additional services,
- Continuous development of the loyalty program to maximize the benefits of passengers,
- Maintenance of the competitive cost structure by reducing the operating costs of aircraft,
- Reduced energy footprint by making the Group's environmental responsibility.

Results

AEGEAN publishes its financial results on a consolidated basis, including the results of subsidiary Olympic Air S.A.

SALES (numbers in thousands €)	2018	2017
Revenues from scheduled flights	1,014,914	963,401
Revenues from chartered flights	51,632	54,555
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.)	120,894	109,669
TOTAL SALES	1,187,440	1,127,625

Our revenues refer to ticket sales, cargo transportation and the provision of other services. The company's net sales were €1.187 billion, increased by 5.3% compared to 2017 (€1.128 billion), which are analyzed as follows:

(figures in thousands €)	2018	2017
Direct economic value generated	1,206,411	1,141,591
Direct economic value distributed	1,136,025	1,058,393
Operating costs	959,658	896,803
Employee wages and benefits	133,303	124,985
Payments to providers of capital	1,026	931
Payments to government (taxes)	41,484	34,938
Community Investments (donations etc.)	553	736
Economic value retained	70,386	83,198

In addition to our financial contribution, in 2018 we offered 12,158 tickets for the transportation needs of bodies, projects and organizations supported by AEGEAN.

OFFER



12,158
TICKETS

Some additional operational and financial data for 2018 are as follows:

- The total capacity offered increased by 3.5% in Available Seat Kilometers (ASKs) compared to the corresponding period of 2017. The increase was mainly due to the increase in the use of larger capacity aircraft as well as to the increase in the average flight distance
- Fuel costs amounted to € 245.6 million from € 204.5 million in 2017
- Operating earnings before taxes, interest, depreciation and leases (EBITDAR) reached € 245.2 million from € 257.3 million in 2017. The decrease in operating profitability was mainly due to the significant increase in oil prices, which moved higher than in the corresponding period of 2017
- Lease costs for aircraft amounted to € 133.6 million from € 137.5 million in the corresponding period of 2017
- Operating earnings before interest, tax and depreciation (EBITDA) amounted to € 111.4 million from € 119.8 million in 2017
- Earnings before tax amounted to € 98.6 million from € 85.8 million profit last year
- Cash flow from operating activities amounted to € 86.5 million from € 126 million in 2017
- A healthy capital structure with zero borrowing and liabilities from aircraft leasing contracts of € 22.9 million was maintained, while cash and cash equivalents (€ 261.3 million), blocked deposits (€ 10.4 million) together with financial assets available for sale (€ 18.5 million) amounted to € 290.2 million.



FLEET MODERNIZATION

61 Aircraft

With the three additional Airbus 321 aircraft received in 2018, the AEGEAN fleet consisted of 49 jet aircraft of the A320 family (A319, A320, A321) and 12 Turboprop (Bombardier Dash 8 Q400 and 100 and ATR 42-600) aircraft.

61 Aircraft

Airbus A321
11x



Bombardier Dash 8 Q 400
8x



Airbus A320
37x



Bombardier Dash 8 100
2x



Airbus A319
1x

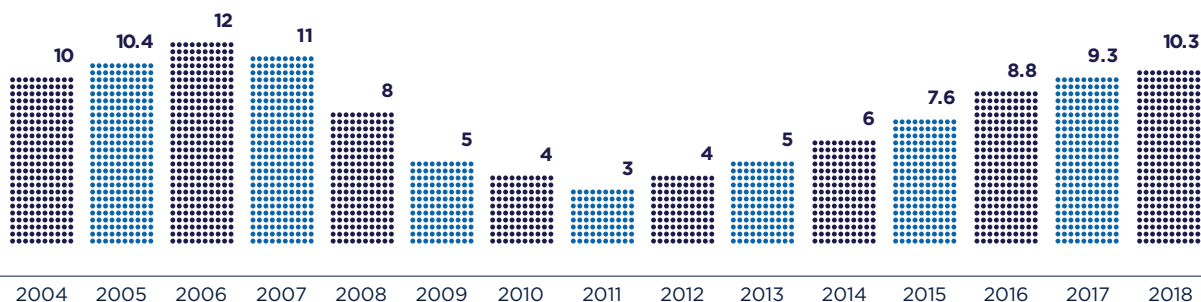


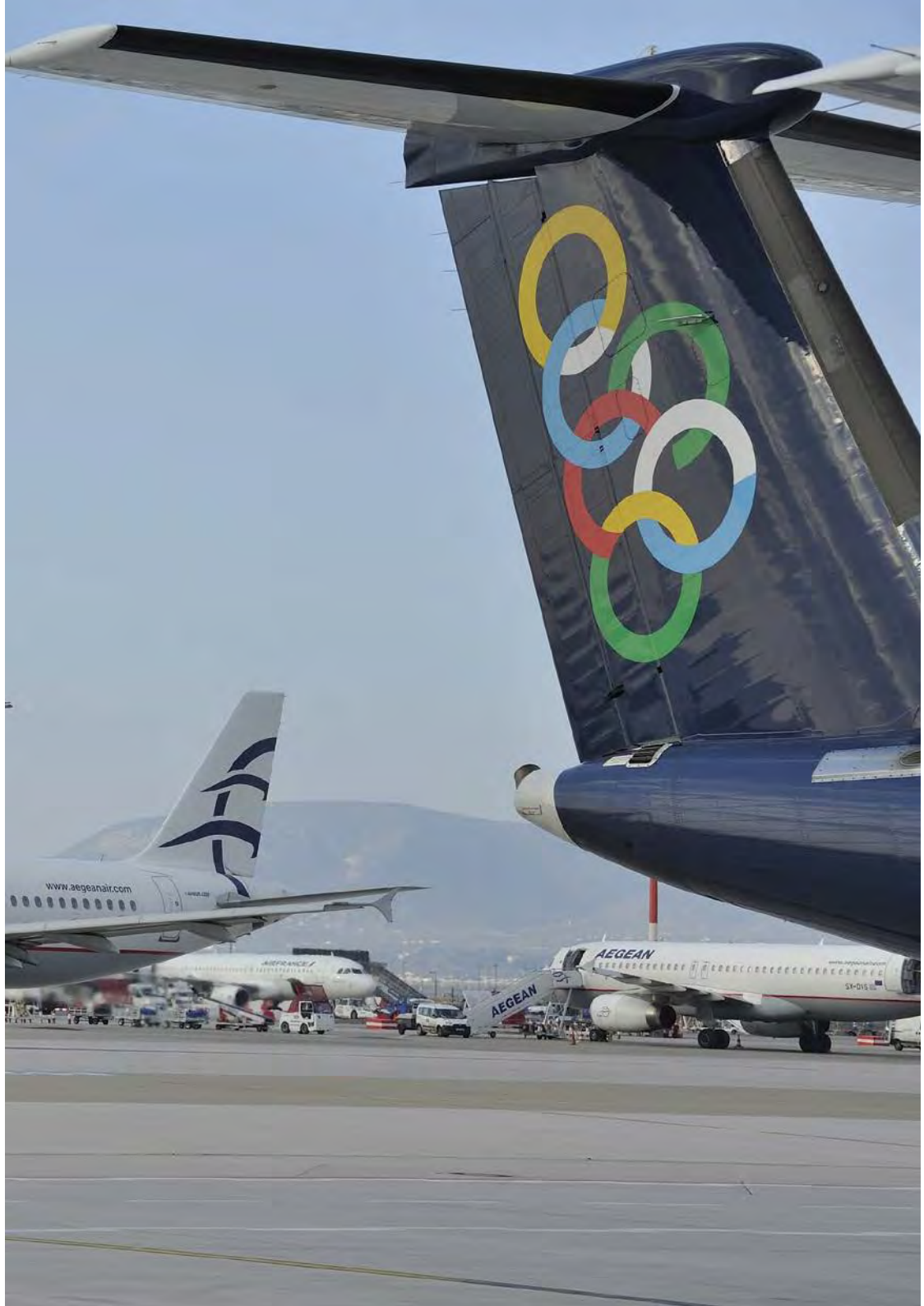
ATR 42 - 600
2x



It is noted that for 2018 the average age of the total fleet of AEGEAN was 10.3 years.

AVERAGE FLEET AGE (IN YEARS)





AEGEAN INVESTS IN ITS FUTURE GROWTH AND DEVELOPMENT

Official signing of the agreement with Airbus to order up to 42 new A320neo aircraft, totaling \$ 5 billion in list prices.

Signing of the purchase agreement with Airbus

AEGEAN, on June 22, 2018, at the AIA's Technical Base, signed an agreement with Airbus for the order of up to 42 new A320neo aircraft.

The agreement was signed by AEGEAN President, Mr. Eftichios Vassilakis, AEGEAN Chief Executive Officer, Mr. Dimitris Gerogiannis and AIRBUS Managing Director Mr. Tom Enders.

The \$ 5 billion deal in list prices is the largest private investment in Greece and creates new growth prospects for the company, the tourism industry and the country. With the new aircraft, the company's competitiveness is strengthened, as the proper planning of support and operational exploitation significantly reduces its operating costs.

This is totally necessary in the internationalized and highly competitive aviation market.

The new A320neo family aircraft have new generation engines that deliver 15% savings in fuel consumption, significantly reduced emissions and noise, as well as an additional flight range of 600 to 1,500 km, i.e. up to 2 extra hours of flight, with the capacity to reach even more destinations.

At the same time, we will be able to respond more directly to the evolving needs of today's passengers for modern technology and connectivity during the journey, offering new services for an even more enjoyable journey.

This is the first time in AEGEAN's history that the company made a direct order for a larger A321 aircraft and this was made possible as our people now have the knowledge, experience and know-how to make the most of the larger aircraft and the increased capabilities that they give us.

Investment in Modern Educational Infrastructure in Greece

At the same time, having at the core of our philosophy the development of human resources, we undertook an important commitment.

More specifically, the company proceeds with the construction of an educational center of 18,625 sq.m., due in completion within 18-24 months, an investment that will exceed € 30 million at the Athens International Airport. It will provide a quality and upgradable infrastructure and will be used for the continuous retraining of our flight personnel, but also for the induction and support of the next generation of our people.

The center will multiply our capabilities with specially designed teaching spaces, as well as state-of-the-art, company-owned flight simulators, and will cover the needs of AEGEAN's flight crew in Greece.

They will be given the opportunity to receive training at a theoretical and a practical level using state-of-the-art flight simulators. The center will have 2 new flight simulators, the only privately-owned in Greece, so that the entire training / retraining cycle will be completed exclusively in our country. However, there will be the possibility for extension to 4 additional simulators to be able to provide third-party training services in the future. In addition, there will be a cabin mock-up (with the possibility of creating a second one) and a swimming pool for cabin crew training. The training center is expected to be completed in less than 2 years and will make better use of the excellent flight know-how and culture of the experienced AEGEAN captains/trainers who form the basis of our training capital.

At this training center, we will also receive contribution from Airbus, both in resources and in know-how.

Having a long history in the field of flight training with the operation of two training academies, the school for pilot training by type as well as the Olympic Air's engineer training school, we are strengthening our capabilities and adding a modern, educational infrastructure to Greece.



Signing ceremony

Pratt & Whitney GTF™ Engines

AEGEAN, on 22 October 2018, announced the selection of Pratt & Whitney GTF™ engines to equip up to 62 new generation A320neo Airbus aircraft following the agreement with Airbus to order up to 42 new A320neo aircraft, while it also aims to rent up to 20 additional aircraft from aircraft dealers.

Pratt & Whitney will also provide AEGEAN with heavy duty engine maintenance services through a long-term service contract.

The choice of the Pratt & Whitney GTF engine was made to offer our passengers the latest and most advanced technology available for new aircraft. The GTF will offer the company and our passengers the most economical and environmentally friendly solution available on the market today.

Pratt & Whitney has already equipped the fleet of 49 A320 family aircraft currently owned by AEGEAN with V2500® engines. In addition, the 12 Olympic Air aircraft are equipped with PW100 Turboprop engines.



From the left: AEGEAN Chairman, Mr. Eftichios Vassilakis, Senior Vice President of Pratt & Whitney Sales, Marketing and Support, Mr. Rick Deurloo and AEGEAN CEO, Mr. Dimitris Gerogiannis



3.2 FLIGHT SAFETY, TRAINING & OPERATIONAL READINESS

Flight safety and operational readiness contribute to decent work, economic growth, justice and strong institutions, through compliance with all laws and regulations regarding health and safety issues at national and international level.

Flight safety is a top priority for the company and is inherent in its very existence. The written engagement of the company reflects the organization's philosophy of making flight safety the primary and highest priority, as well as ensuring that all the resources needed to meet this commitment are provided. It is supported by the accountable manager and transmitted to the entire organization through manuals, networking tools as well as prominently displayed in all areas of operation and maintenance of the company.

SAFETY MANAGEMENT SYSTEM

We implement the SMS (Safety Management System), which is a key element of our corporate responsibility and security management process. The system creates the preconditions for the security policy we apply and determines how we manage the security of our operations as an integral part of our overall activities. The accountable manager is responsible for establishing, supporting and maintaining the effective operation of the SMS. The department managers are responsible for the implementation, maintenance and compliance with the SMS procedures, each in its field.

It is the responsibility of each employee to contribute to the safety performance and continuous improvement of the organization, as well as to consider the compliance with the organization's safety and flight safety rules in all its actions.

SAFETY DEPARTMENT

The Safety Department is the fundamental component of the organizational structure targeting, monitoring, evaluation and prevention of any possible reported hazard. The Safety Department consists of a Safety Manager and a team of dedicated coordinators, responsible for assessing any operational risk reported in the company. The areas of expertise for each coordinator are flight activity areas (cockpit crew members and cabin crew members), ground handling, technical activity / aircraft maintenance and training. An essential part of the Safety Department is Flight Data Monitoring.

OCCURRENCE REPORTING SYSTEM

All employees are responsible for identifying the risks and reporting them. AEGEAN has set up an Occurrence Reporting System within the framework of the Safety Management System. Security information is collected,

analyzed and evaluated by the Safety Management Team. This makes it possible to analyze the data from the above-mentioned sources, which leads to conclusions capable of delivering objectives to achieve the common goal of maximizing the level of the organization's security rather than attributing responsibility to stakeholders. At the same time, the company's written commitment supports justice policy by encouraging employees to report operational risks without liability.

RISK IDENTIFICATION AND RISK ASSESSMENT

Within the framework of contributing to the continuous improvement of the organization's level of security, Directors conduct formal risk identification and risk assessment procedures. This implies a systematic examination of operational activities and processes that are described as potentially dangerous. The objective is to quantify the operational risk, determine the acceptance of each risk and then develop appropriate and effective defenses deemed necessary to mitigate the identified risk to an acceptable level. The risk identification and risk assessment process follows a methodology that is composed of various sources. Through the planned meetings of the company's responsible persons, analysis of the incident reporting system, flight data monitoring, and trend monitoring (as derived from the analysis of the data collected), it is possible to identify risks that require a more detailed analysis.

CORPORATE SAFETY CULTURE

Promoting a spirit of safety is the process aimed at encouraging a safety culture by ensuring that AEGEAN employees know that everyone is contributing to a more effective safety management system at the level of their day to day activities. Providing appropriate training to all staff is an indication of the administration's commitment to an effective safety management system. Safety training ensures that staff is able to perform their respective management duties in accordance with applicable regulations. Training is tailored to each group's responsibility and participation in the safety management system to which it is addressed.



Management commitment combined with the personal commitment of all employees to achieve the safety objectives creates the necessary conditions for the joint pursuit and mission of the whole organization: flight safety.

During the reporting period, there were no cases of non-compliance with regulations and voluntary codes regarding the health and safety effects of products and services.



TRAINING

Most of our training 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

Its goal is to help new employees reach the level of performance expected from an experienced worker. It contains information dealing with the firm's operating facility, health and safety measures and security systems.

Cabin Crew Training

The cabin crew is responsible for the safety and care of our passengers and is specially trained to handle emergency and emergency situations. Therefore, it has to take care of extraordinary incidents, to deal with fears, insecurities or even the sudden inconvenience of some passengers. They also need to have the ability to work together, co-ordinate, co-operate, and be able to cope calmly and effectively with any kind of unexpected situation.

With the aim of continuous improvement, the company ensures that both the necessary human resources and the financial resources for the cabin crew training are available.

Specifically, crew training consists of theoretical and practical training and focuses on the simulation of emergency situations, such as:

- Firefighting
- Loss of cabin pressure
- Emergency landing / ditching
- Identification and management of hazardous materials
- Aviation Security Awareness
- First aid

The practical training of our crews is being done in cooperation with the Lufthansa training centers in Frankfurt and Munich. With the announcement of the creation of our training center, our goal is that in 2020 these trainings will take place in Athens so that our crews can be trained more frequently and we can provide training to third parties.

e-LEARNING

In 2018, we continued shifting our focus towards e-learning, an initiative that begun in 2017. E-learning is now embedded in our daily operations and constitute a very large part of our employees' training. We invest daily in e-learning and distance learning with the introduction of more and more wide-ranging courses as well as the integration of technical management staff and ground operations. It is indicative that open and distance learning is one of the main precursors of the new era in the field of education and is defined as a key factor in the production and dissemination of knowledge, training of teachers and trainers and continuing professional development, which is a characteristic of the society of knowledge. This learning method was first used by the flight management (pilots and cabin crew).



AEGEAN AND THE HELLENIC AIR FORCE ARE PIONEERS IN PILOT TRAINING

In 2017, AEGEAN organized a three-day training in cooperation with the Hellenic Air Force. Throughout the 2017-2018 winter period, 62 pilots were trained, while training will continue in 2019 with a new contract. In a unique worldwide process, AEGEAN and Olympic Air pilots and co-pilots were trained in extreme conditions with the two-seat T-6 TEXAN II training aircraft. The flights involved demanding maneuvers, a flight with steep inclines, simulated loss of support and forces that a pilot never experiences on a regular passenger flight. The aim is to give the pilots, the feel and the experience that will help them take more effective action under a potential difficult situation while performing their duties.

The initiative for the cooperation with the Hellenic Air Force started by AEGEAN pilots, after common flights at airshows. The reason behind this cooperation was the ICAO directive according to which all pilots should undergo additional training to handle situations involving aircraft in unusual situations and recover from them (Upset Prevention and Recovery Training). The directive only requires training in a simulator, however at AEGEAN, wanting to increase the expected result, we have decided to provide air training with an educational aircraft in addition to the simulation training. The exercises were designed by a team of AEGEAN pilots in collaboration with Hellenic Air Force pilots.

AEGEAN's crew training started at the end of February 2017 at SMET (Training Squadron) and at 361 Air Training Squadron situated at 120 Air Training Wing in Kalamata, with all AEGEAN and Olympic Air pilots and co-pilots expected to go through this process. The first stage of the training takes place at the Hellenic Air Force's Aviation Medicine Center, where AEGEAN and Olympic Air pilots undergo a hypoxia test (in a room where almost all oxygen is removed) and a disorientation test. The aim was to enrich the pilots' experience in flight situations that cannot be experienced in our aircraft.

With these tests, we can record the body's boundaries. Consequently, the already extensive experience of the AEGEAN pilots is complemented and enriched.

While talking with AEGEAN and Air Force pilots, it becomes evident that even though the subject of their work is completely different – the former carry passengers on commercial flights while the latter are members of the Armed Forces, they all share the same passion for aviation, as well as the same sense of responsibility and respect for their mission.

There is a long and close cooperation between AEGEAN and the Hellenic Air Force and goes beyond the fact that many former pilots of the Air Force are currently in the company's cockpits. Many common flights have taken place during airshows in Tatoi and Tanagra, while they have also carried out the Renegade exercise where the Air Force "intercepted" an Airbus A320 that simulated a loss of communications, and military aircrafts approached it to guide it to the ground. This training is the culmination of this excellent collaboration.

All AEGEAN and Olympic Air pilots are expected to go through the related process, which is not currently followed by any other company worldwide. In this unexplored area, for most civil aviation pilots, every training is in the interests of the pilot and therefore of the passenger.



EMERGENCY RESPONSE TRAINING

The nature and the operational activities of the company, imply the development of specific measures and actions in order to maintain business continuity to the highest possible level. In addition to complying with aviation regulations, the company pays the utmost attention to the safety of its passengers and its employees and takes all necessary measures if deemed necessary in the course of its operations. The company has developed contingency management plans that capture the responsibilities and necessary actions of the executive members involved. Emergency response training, prepares the staff on a psychological level in order to respond efficiently, effectively, and with the appropriate flexibility when required. The purpose of the plan and the relevant training is to familiarize the individual involved with their role and what is expected of them in the event of an emergency occurring.

Emergency management plans are tested through exercises with alternative types of scenarios, at least once a year, activating specific geographic areas and sections of the company. The training helps:

- Identify the types of emergency situations that could occur (e.g. renegade state).
- Understand the consequences of lack of preparedness in emergency situations.
- Be prepared to assist in an emergency.

Emergency training includes training in a) emergency response situations and b) unusual situations.

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, four additional bases become operational, out of which the bases in Rhodes and Kalamata are staffed with mechanics from the Athens base, while the Chania and Larnaca bases are staffed with external partners that provide similar services. 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 must 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. 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.

Maintenance is divided into two parts. In "heavy" or "base maintenance", which includes the major inspections - controls for which the aircraft is required to enter the hangar.

The second part concerns the line maintenance and operates 12 months a year, 24 hours a day (24/7). Maintenance work includes scheduled tasks - ship inspections, engines and systems, engine changes and



damage restoration. Also, if there is a demand, we are able to provide technical support to third parties.

In addition to the statutory training, technical staff are involved in further training aimed at improving the coordination and efficiency of the teams. At the same time, due to the specificity of the infrastructures necessary for education, training is carried out outside our training center, to authorized partners, including first aid and firefighting.

BUSINESS CONTINUITY

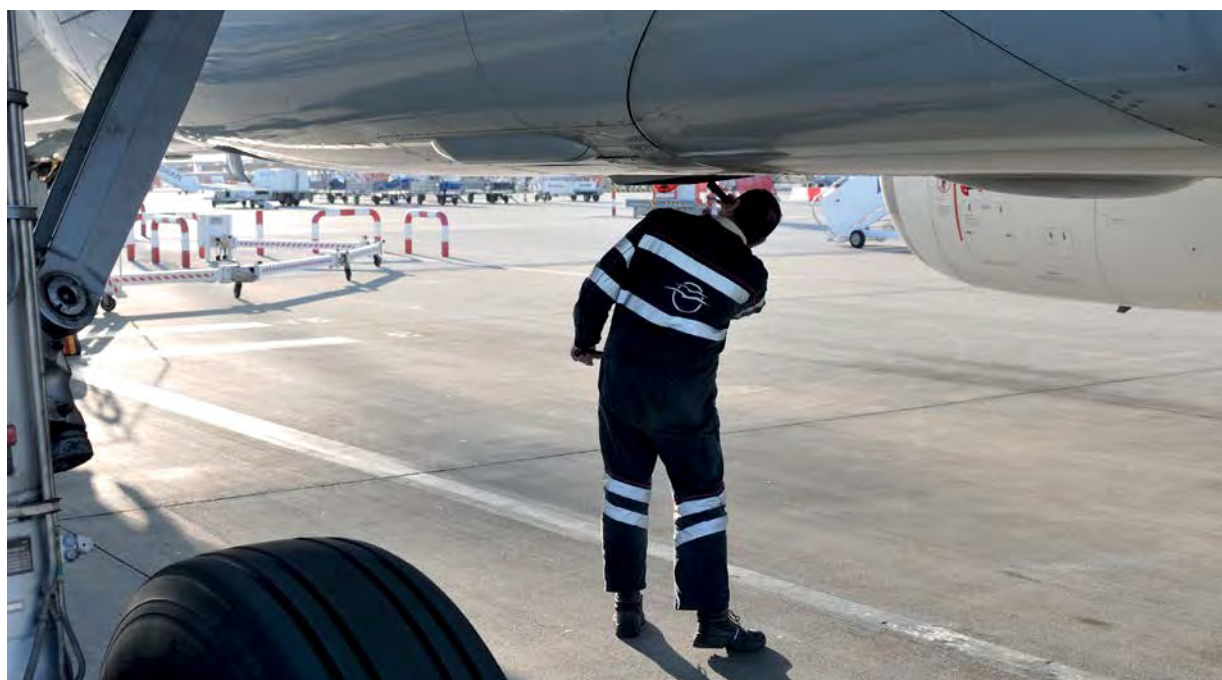
Emphasis is placed on business continuity and readiness. The type, volume and complexity of our activities demand a high level of operational readiness.

On a yearly basis, a risk plan is prepared and assessed with the appropriate safety defenses to adequately manage risks. Importance is given to preventive measures to prevent possible risks. We pay attention to the availability of our fleet as well as the smooth and uninterrupted operation of our IT network.

INFORMATION SYSTEMS DISASTER RECOVERY PLAN

During the year, the group launched a new project on the design and implementation of a Disaster Recovery (DR) Plan. The plan concerns the process of restoring IT systems and infrastructures after a partial or total disaster (physical or voluntary) and is integral part of the Group's Business Continuity. In 2018, the project's first phase was completed, dealing with impact analysis, business continuity plan specifications, and recovery plan architecture.

For 2019, we will proceed with awarding the contract and the implementation of the project.





MATERIAL TOPIC

3.3 QUALITY PRODUCT & PASSENGER CARE

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.
- At the same time, 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 them, for whatever reason they 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.

With the aim of satisfying our customers' needs and improving their experience, we have developed and implemented a comprehensive quality management system.

The quality management system is in line with the requirements of international standards:

- ISO 9001:2015 - Quality Management System - Requirements.
- ISO 10002 - Quality Management System - Customer Satisfaction - Guidelines for Complaints to Organizations.

We are the only company in Greece which, 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.

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, in 2018, we have been awarded by SKYTRAX for the eight-consecutive year and for the ninth time in total since 2009.

YEAR	ON-TIME PERFORMANCE*	NUMBER OF SCHEDULED FLIGHTS
2018	81%	105,955
2017	83%	105,000

ON-TIME PERFORMANCE FLIGHTS 2018

105,955

SCHEDULED FLIGHTS



81%

ON-TIME PERFORMANCE



*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. For this reason, we approach our product in a holistic way for each stage of the passenger experience, making sure that we enhance it at each stage. In the next sections, some of the services we offer are presented, with emphasis on those that started in 2018. More information about all of our services is available at www.aegeanair.com.

PRODUCT EXPERTS

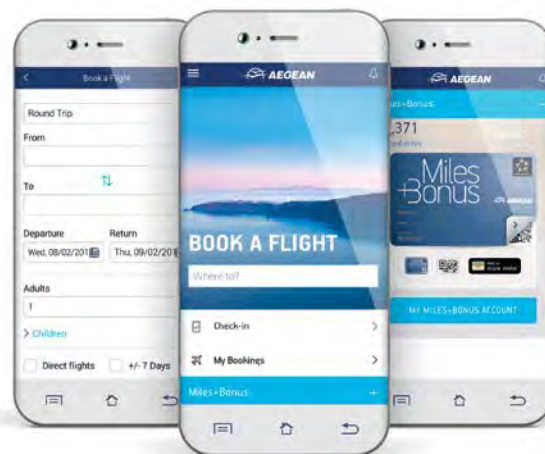
In the context of this approach (“continuous development - quality service - reliability”), we have developed internal processes and methods so that any new products and services that are implemented and offered to the public, were designed in a sound way, meaning that all the necessary parameters for their practical application were considered.

For this reason, we created the team of product experts, whose main goal is to constitute one of the main communication channels between the company and its passengers.

Product experts is a group consisting of cabin crew members from both AEGEAN and Olympic Air. Their role is crucial, as they not only maintain direct contact with the passengers, but they also work as senior cabin crews. This allows them to also encounter other company departments and work together for an improved customer experience.

Each member of the product expert team has the mission to know the company’s product-service to an excellent degree, as well as the extent of each department’s contribution to it. Each member must promote the product’s image at every opportunity inside or outside the cabin.

Therefore, it becomes clear that the product experts play an important role in the implementation of the company’s strategy, and especially its two main pillars, which are its passengers and its human resources. It is worth mentioning that effective and quality services have already been implemented for all, as well as new products-services (e.g. “AEGEAN for Families”, “Treat them”) that have made a great impression, while new services are also constantly implemented. At the same time, product experts can assist in making processes simpler and more efficient.



1. TRAVEL PLANNING & TICKET RESERVATION

- **Hold my Booking:** Possibility to reserve a booking online for a specified amount for a certain period.
- **Seat Selection:** Passengers traveling in Economy Class can preselect the type of seat they want from the moment of booking up to minutes before the departure of their flight. The choice can be made between Standard, Up Front or Extra Legroom according to their preferences to enjoy their journey to the fullest. Passengers traveling in Business Class have the option to choose their seat of their preference completely free of charge.
- **Special assistance request:** Through this service, passengers who are faced with the need for special service due to sight, hearing or limited mobility problems can inform ground handling services via the appropriate form at www.aegeanair.com and www.olympicair.com in the “Book a Flight” and “Manage your Booking” sections.

2. AIRPORT EXPERIENCE

- Online **self-check-in** from the internet or mobile phone or at designated self-check-in counters at the airport.
- Boarding pass available through mobile phone (**mobile boarding pass**) or email.
- **Fast Track:** The Fast Track Priority Service at the airport security check-in ensures access to a dedicated security checkbox that allows you to get to your departure exit faster.
- **“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. **In 2018 the service was enhanced by providing** information on the baggage pick-up area. After landing, passengers are informed of the baggage pick-up area number. Baggage alert notifications are currently only available for flights with Athens (ATH) as their destination.
- **Access to AEGEAN Business Lounges:** Applies to all AEGEAN passengers traveling in business class, holders of the Gold Miles + Bonus Card and all card holders with the Star Alliance Gold badge. These Lounges are the following:
 - o Athens: AEGEAN's Intra Schengen Lounge operates at the International Airport of Athens «Eleftherios Venizelos», with the capacity to accommodate 200 people in 450m².
 - o Thessaloniki: At Thessaloniki International Airport «Macedonia», there is AEGEAN's refurbished Business Lounge, with the capacity to accommodate 96 people.
 - o Larnaca: The renovated AEGEAN Business Lounge is located on the third floor of Larnaca International Airport, with the capacity to accommodate 65 passengers.

Delayed baggage delivery

The service is addressed to passengers whose luggage will not be delivered to the airport at the same time as their arrival. In this case, passengers do not have to refer to the department of lost and found as they are informed for their luggage's delay before arriving at the luggage conveyor belts through a text message via the AEGEAN App on their mobile or via email.

The system reminds them automatically to electronically fill in the “delayed baggage” form. During the luggage tracking process, they are informed for the status of “delayed baggage delivery”. This service is available for the Athens-London (Heathrow and Gatwick), Athens-Paris, Athens-Frankfurt, Athens-Munich, Athens-Vienna and Athens-Zurich routes.



3. ON BOARD EXPERIENCE

Entertainment

“AEGEAN Stream”

“AEGEAN Stream” is the new AEGEAN in-flight entertainment platform. The service is available on all flights departing from Athens and available exclusively via the AEGEAN App.

Following a few simple steps, passengers can connect to the platform and enjoy rich entertainment and informative content.

Finally, there is a possibility to fill in a questionnaire on the AEGEAN Stream service within the platform, while the reviews and comments of our passengers are evaluated to improve the service and the content available to it.



Greek taste & wine

“Gastronomics”

At AEGEAN we believe that you can discover a place through its flavors. In a bite can be hiding the earth and its sea, its fragrances and colors. The dishes can reveal his culture and history.

Together with 3 distinguished Greek chefs, Lefteris Lazarou, Christoforos Peskias and Stelios Parliaros and Master of Wine, Konstantinos Lazarakis, we join forces and navigate Greek gastronomy through “Gastronomics”: A complete tasting experience of Greek dishes and wines that our passengers can enjoy by traveling in Business Class.

gastron^omics



4. POST FLIGHT SERVICES/REWARD

- Miles and Bonus Loyalty Program. Through the Miles + Bonus program, we reward the preference of our regular passengers with exclusive privileges, quality services and partnerships to meet their needs and to make each trip a unique enjoyable experience.
- Miles redemption service on any Star Alliance member airline: Members of the AEGEAN Miles+Bonus loyalty program are now able to redeem their miles electronically on flights of other Star Alliance Member airline.
- Business On Board, the Loyalty Program for business travelers.
- Redemption through Bank Loyalty Schemes
 - o Alpha Bank Bonus Points Redemption Program.
 - o Bank of Cyprus “Antamivi” Reward Scheme.

Miles
+ Bonus



RESPONSIBLE COMMUNICATION AND MARKETING

At AEGEAN 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, and 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 - in-flight services - post-flight services), while also shaping short- and long-term activities to further improve our offering.

In 2018 we carried out the following quantitative surveys, in addition to the qualitative ones:

Satisfaction Survey of AEGEAN and Olympic Air Greek and foreign passengers

To record and monitor the level of satisfaction of Greek and foreign passengers of AEGEAN and Olympic Air on a daily basis and throughout our network, we have redesigned our research methodology. Now our main research is conducted only online by sending either email or SMS to some of our passengers just one day after the end of their journey. That's how we ensure the passenger's immediate response to his/her most recent travel experience, while we have a very accurate picture of the satisfaction level of our travel community wherever they choose to fly.

Survey objective: Record and monitor the satisfaction level of AEGEAN and Olympic Air passengers, throughout the customer journey.

2018 sample: 98,312 Greek and foreign passengers.

For 2018, some of the most important indicators on a scale from 1 to 5 compared to the previous year were the following:

	2018	2017
OVERALL SATISFACTION	4.3	4.3
ON-TIME PERFORMANCE	4.3	4.3
RECOMMENDATIONS TO FRIENDS	4.3	4.3
INTENTION TO USE IN THE FUTURE	4.4	4.5
IN-FLIGHT SERVICE	4.6	4.6

Passenger-Member Satisfaction Survey on the Star Alliance airlines loyalty programs

It is conducted quarterly by inviting passengers to Star Alliance network airlines, who are also members of the loyalty programs.

Survey objectives: Measuring the satisfaction of passengers from all Star Alliance services during the trip. Measuring the performance of each airline member in Star Alliance prerequisites. Time tracking of service satisfaction per travel stage of all Star Alliance member companies.

Method: Online

Satisfaction Scale: rating is a percentage (%)

Sample: Total: 300,000

Research Company conducting the survey: Marketmind (Austria)

For 2018, some of the most important indicators were:

YEAR	2018		2017	
	AEGEAN	Star Alliance*	AEGEAN	Star Alliance*
Overall satisfaction	77	68	71	64
Intention to use in the future	83	74	84	74
On-time performance	75	68	73	67
In-flight service	85	75	83	74

*Average: it includes only directly comparable short and medium distance routes

Satisfaction Survey for AEGEAN 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.

2018 sample: 9,485 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 2018, an average of 142 employees, as opposed to 132 in 2017, 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 2018, some of the most important indicators on a scale from 1 to 5 were the following:

	2018	2017
OVERALL SATISFACTION	4.6	4.6
WAITING TIME	4.5	4.5
POLITENESS	4.8	4.8
LANGUAGE PROFICIENCY	4.8	4.8
LEVEL OF SERVICE	4.5	4.5
INTENTION TO USE IN THE FUTURE	4.6	4.6

COMMUNICATING WITH OUR CUSTOMERS

The Customer Relations of AEGEAN Airlines and Olympic Air consists of 31 employees and is available daily, from Monday to Friday, 09:00 – 21:00, and Saturday-Sunday 09:00-17:00 local time.

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

- The European Regulation 261/2004 of the 11th of 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.
- Montreal Convention of the 28th of May 1999 on the Consolidation of Certain Rules for International Air Transport.

Also, as a member of Star Alliance, the world's largest Aviation Alliance, the AEGEAN and Olympic Air Customer Service Department faithfully follow what is planned to establish common rules among Star Alliance members and ensure smooth communication with other members of the Alliance, always aiming at better service to the traveling public.

With the Customer Relations Management system that we have at our disposal, we can register all our customers' communications per category and per type of communication. Based on our data, for the year 2018, our customers came in contact with us in order to:

- Submit a request.
- Make a complaint.
- Receive information.
- Thank us.
- Recommend us.

We responded to over 87% of all requests within 3 calendar days.

Based on the qualitative evaluation criteria we set out, in 2018 we handled:

- 1.84 complaints per 1,000 passengers.
- 0.78 complaint related to luggage, per 1,000 passengers.

2018	2017
1.84 complaints / 1,000 passengers	1.98 complaints / 1,000 passengers
0.78 complaint related to luggage / 1,000 passengers	0.89 complaint related to luggage / 1,000 passengers

The goal set for 2018 was our response time, not to exceed 7 working days, and thus we responded to 95%. For 2019, our goal is for this timeframe to not exceed 5 working days.

Our customers may always contact us for any customer service issue by using one of following methods:

- Completing a contact form through the AEGEAN official website (www.aegeanair.com).
- Completing the Olympic Air Contact Form through Olympic official website (www.olympicair.com).
- Completing a comment Card which is available at the airport of departure / arrival.
- Completing a Comment Card on board.

We support an open dialogue with the society 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 is 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

FLIGHT REPORTING MANAGEMENT SYSTEM

AEGEAN has implemented an internal information management and business intelligence system for the department of flight operations.

Using intelligent electronics applications, we facilitate the work of our employees and we simplify the communication between different departments within the company, both of which contribute to the improvement of the level of service we offer to our passengers.

Pilots and engineers have tablets with all the information they need in every airport. The same applies for the cabin crew, which can record passenger problems, complaints and suggestions, so that the customer service department can communicate with passengers immediately after the flight in order to resolve the matter.

These reports are forwarded through the Flight Reporting Management System to all company relevant departments. Subsequently, the responsible Department (or Departments) provides the necessary information for the simultaneous dissemination of data, whereas in cases that the final recipient is the passenger, receives any relevant information effectively and in timely manner (e.g. lost & found products).

Approximately 300,000 reports are produced annually and sent out from different geographic locations.

Electronic reports do not simply replace the paper used in the past for such cases. They allow the recording and categorization of many types of information on a flight and facilitate data analysis and automatic distribution to the competent departments. All this data is valuable, as useful insights can be drawn that would in turn help improve the company's business operation and performance.

The information management system, which was designed internally by studying and recording the real needs of direct access to important information, enables us to be environmentally friendly by significantly reducing paper use and helps us manage reports almost in real time, from 1 to 24 hours.



3.4 RESPONSIBLE PROCUREMENT PRACTICES

The main objective of the Procurement Department is to collaborate with reliable and approved suppliers. The vision and the values we represent as a company like credibility, solvency, transparency, must also be shared by the suppliers we work with. We conduct a survey for each potential supplier, regarding their solvency, quality and reliability. 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, either by keeping the suppliers on the list, or by ending the collaboration.

There is a distinction between central and technical supplies, due to the complexity of our activities and the compliance regulations in the technical arm of the aircraft that 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 PROCUREMENT DEPARTMENT



85%
DOMESTIC SUPPLIERS

€ 35 MILLION
EXPENDITURE ON
DOMESTIC SUPPLIERS / 2018

CENTRAL PROCUREMENT DEPARTMENT:

The selection criteria of the suppliers 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 quality terms.

Our established policy is to select a more expensive material, if it contributes positively to environmental protection rather than select one which can have negative impact. Such an example is the paper we use for boarding passes, baggage tags and Shop on Board magazine (approximately 100,000 copies per year). The coffee we offer our passengers on board is "fair trade" certified.

By offering Puro Fairtrade filter coffee on our flights, we contributed to the conservation of 119 acres of tropical forests for 2018, as the money from Puro's sale is returned to the market and the protection of tropical rainforest stocks in the countries where the coffee comes from.

Finally, the egg products that we buy and offer on our flights come from chickens that do not live in cages (cage-free). With this initiative, we support the global movement to improve animal welfare and to eliminate cages.

We support Greek suppliers aiming to their and Greek economy's sustainable development. For central supplies (equipment, furniture, catering and aircraft supplies, cleaning and cleaning companies, printed materials, promotional materials, clothing / stationery, stationery and consumables, products for sale on the aircraft and services), about 85% are domestic suppliers and 15% are foreign suppliers. In total for 2018, around € 35 million were spent on domestic suppliers.

TECHNICAL PROCUREMENT DEPARTMENT:

We cooperate 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.

Supplier Code of Conduct

We have developed a supplier code of conduct and ethics, which addresses the company's requirements vis-à-vis its suppliers, but also in the central and technical procurement departments.

The Code is based on the principles of the UN Global Compact, as well as on relevant international standards, including the Universal Declaration of Human Rights, the UN Guiding Principles on Businesses and Human Rights, Children's Rights and business principles, the basic contracts of the Business International Labor Organization (ILO), the OECD guidelines for multinational companies, as well as relevant environmental practices.

The code is available on the company website, www.aegean.com.

QUALITY MANAGEMENT SYSTEM

AEGEAN operates in full compliance with the regulatory requirements of the Hellenic Civil Aviation Authority (HCAA) directives, the European Aviation Safety Agency (EASA), the European Union's (EU) service 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 and internal portals. It is also being displayed in all buildings and 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.





MATERIAL TOPIC

3.5 SAFEGUARDING HUMAN RIGHTS IN OUR BUSINESS OPERATION

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 for 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 topic 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, to ensure safety at the highest level. Training is conducted with a view to ensure equal treatment for each passenger and prevent any racist behavior.

An integral 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. In the context of our contribution and effective cooperation with the airport and security authorities, we make our aircraft available for training of the security authorities in Greece and Cyprus. We conduct risk assessments for all our destinations, considering 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. In Athens and selected airports, we also use third-party security services to ensure an even higher degree of control. **In 2018, we prevented over 10,300 cases of passenger travel with travel documents of dubious authenticity to the destination they were attempting to reach.**

In 2018, like every year, training sessions were carried out on 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. Below is the relevant table on trainings:

TRAININGS, HUMAN RIGHTS & PASSENGER RIGHTS			
	Number of trainings	Hours of training	% of all AEGEAN & Olympic Air employees
Safety against illegal acts	199	2,056	54.3%
Quality Passenger Service	13	2,752	3.6%

COLLABORATION WITH THE AIRPORT AUTHORITIES



3.6 PROTECTION OF PERSONAL DATA

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 and transactions.

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.

Honorable distinctions for AEGEAN are:

A) Chairing the Steering Committee for the Representation of the European Airlines Companies in Europe on Fraud Prevention issues (European Airlines Fraud Prevention Group). AEGEAN has been a member of EAFPG since February 2010.

B) The participation in the Steering Committee of IATA Perseus.

The Fraud Prevention Department also includes FFprevention, which aims to make good use of the AEGEAN - Miles+Bonus reward program - and to prevent any informal action.



The group is in full compliance with the PCI-DSS (Payment Card Industry Data Security Standard). This standard is required by credit card companies and its specifications apply to all organizations that store, process or transmit card data.

The company is subject to continuous checks on the completeness, security and systemic integrity of its IT infrastructure to ensure full protection of the passengers' card data.

GDPR

European Regulation 679/2016 on the protection of individuals with regards to the processing of personal data and the free movement of such data

Under the European Regulation, the protection of individuals with regards to the processing of personal data is a fundamental right and every individual has the right to the protection of personal data concerning them. The principles and rules on the protection of individuals

regarding the processing of personal data should, irrespective of their nationality or place of residence, respect their fundamental rights and freedoms, and particularly their right to the protection of personal data. The Regulation sets new data and requirements against which the company must respond and comply.

In compliance with the Regulation, the company:

- Has appointed a Data Protection Officer with specific tasks.
- Has trained all employees to increase the awareness of the obligations and requirements of the European Regulation.
- Has recorded all data processing.
- Has implemented analysis of divergences regarding compliance issues with the articles of the Regulation.
- Has prioritized data processing according to their degree of risk.
- Has evaluated effects from possible data leakage, per data processing.
- Has taken several organizational and technical measures to ensure the company is adequately safeguarded against the risks that occur as a result of data processing.
- Has purchased a software platform for:
 - the effective monitoring of data bases related to personal data processing,
 - the monitoring the effectiveness of the technical measures taken,
 - the absolute compliance with the requirements of the European Regulation regarding the rights of the subjects.

In 2018, there have been no cases/complaints concerning breaches of personal data due to leaks or system hacks nor any cases of personal data leakage for which our company has been held accountable.

For 2019, the following are planned:

- Updating of Article 30 of the European Regulation regarding the recording of data processing.
- Linking all databases through which personal data processing is performed with the software platform.
- Carrying out additional training courses for employees.
- Monitoring the effectiveness of relevant technical measures and safety controls through audits.
- Commencement of compliance audits of partners/suppliers who process personal data on behalf of the company.



3.7 ANTI-CORRUPTION

We fight 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 at our company.

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 on an annual basis. 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 public.

Management has adopted several measures and has invested in the security of the information systems as a means of adequately addressing and managing risk. Additional measures concern the prevention and monitoring of operations regarding transparency of transactions, the protection of capital and corporate assets, the security of transactions and the protection of personal data.

In 2018, there were no recorded incidents of corruption, bribery, abuse or fraud.



4.

Creating value for our people

THE MAIN INGREDIENT OF OUR COURSE IS OUR PEOPLE,
THEIR CREATIVITY AND THEIR DYNAMISM.

FOR THIS REASON, CONTINUOUS AND QUALITY
EDUCATION IS AT THE CORE OF OUR PHILOSOPHY.

4. CREATING VALUE FOR OUR PEOPLE

Our employees constitute the core pillar for the achievement of our corporate goals. We are constantly investing in recruitment, organizing Recruitment Open Days and maintain jobs by providing equal opportunities for education and development. We give our employees the opportunity to get acquainted with the areas where the company is active and provide them with the opportunity to join new working groups. Through specially formulated Assessment Centers, we recognize their dynamics and prepare their development. We create and strengthen communication channels making sure we are always close to our people.

On 31/12/2018 there were 2,815 employees in total, 194 more (7.4%) compared to 31/12/2017.

31.12.2018


2,815
TOTAL NUMBER
OF EMPLOYEES

EMPLOYEE BREAKDOWN PER GENDER



1,660
WOMEN
59%



1,155
MEN
41%

TOTAL NUMBER OF EMPLOYEES*	
31.12.2017	31.12.2018
2,621	2,815
INCREASE IN RELATION 31.12.2017 →	194 (+7,4%)

The relevant analysis of employees by division is presented below:

EMPLOYEE BREAKDOWN BY DIVISION	
DIVISION	EMPLOYEES
Administration	86
Information Systems Management (incl. Call Center)	220
Ground Operations	265
Flight Operations	1,524
Commercial	250
Finance	92
Technical Operations	378
Total	2,815

*Only personnel employed directly by AEGEAN and Olympic Air are included. Approximately 550 seasonal employees who cover for the increased operational needs of the period April – October are not included.

Out of 2,815 employees, 2,144 are employed on permanent work contracts, while 671 on temporary contracts. Out of the 2,144 permanent employees, 1,057 are men and 1,087 are women. Respectively, out of the 671 temporary employees, 98 are men and 573 women.

The relevant table is given below:

EMPLOYEE BREAKDOWN BY EMPLOYMENT CONTRACT & GENDER				EMPLOYEE BREAKDOWN BY EMPLOYMENT TYPE & GENDER			
Type of Contract	Men	Women	Total	Employment Type	Men	Women	Total
Permanent	1,057	1,087	2,144	Full-time	1,136	1,647	2,783
Temporary	98	573	671	Part-time/flexible	11	13	24
Total	1,155	1,660	2,815	Interns from Technological Institutions	8	0	8
				Total	1,155	1,660	2,815

Accordingly, 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 (95.73%), is employed in Greece, while the rest 4.27% in the remaining countries of our network.

Presented below is the relevant employee analysis, by country (31/12/2018):

EMPLOYEE BREAKDOWN BY COUNTRY, EMPLOYMENT CONTRACT & GENDER					
Country	Men Permanent Contract	Women Permanent Contract	Men Temporary Contract	Women Temporary Contract	Total
Egypt		1			1
Albania	1	1			2
Belgium	1				1
Bulgaria		1			1
France	4	3			7
Germany	8	6			14
Greece	1,004	1,028	97	566	2,695
Spain	1	3			4
Italy	3	6			9
Cyprus	32	30		6	68
England	2	5			7
Romania		1		1	2
Russia	1	2			3
Turkey		1			1
Total	1,057	1,087	98	573	2,815

TRAININGS

2,856 2018
3,537 2017

HOURS

46,351 2018
34,074 2017

In 2018 there were 133 external associates who worked as flight deck crews (contracted pilots). The 2,815 employees do not include the additional 550, approximately, seasonally contracted employees, who are hired for the period April to October due to increased operational requirements, increasing the total number of employees to 3,365. All work contracts (100%) fall under the E.G.S.S.E. (National General Collective Labor Agreement).

Total number of training sessions and training hours

In 2018 there was a significant increase in total training sessions compared to 2017, namely 36%.

In total for 2018, 2,856 training sessions, lasting 46,351 hours, were held within and outside the company. The fact that while the total number of courses has been reduced, teaching hours have increased, can be attributed to targeted training with an emphasis on qualitative upgrading of courses.

HUMAN RIGHTS IN THE WORKPLACE

Equal treatment, respect for human rights and diversity, the provision of equal opportunities to all employees, the right to collective bargaining and the abolition of child or forced labor are fundamental and non-negotiable principles of our company.

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.	Over 50 yrs.	Total
Men	206	781	168	1,155
Women	617	997	46	1,660
Total	823	1,778	214	2,815

DIRECTORS/MANAGERS BREAKDOWN BY GENDER AND AGE GROUP				
Gender	Up to 30 yrs.	30 to 50 yrs.	Over 50 yrs.	Total
Men		37	26	63
Women	1	33	12	46
Total	1	70	38	109

EMPLOYEE BREAKDOWN BY EMPLOYMENT TYPE, GENDER AND AGE GROUP					
Age Group	Men Permanent Contract	Women Permanent Contract	Men Temporary Contract	Women Temporary Contract	Total
Up to 30 yrs.	133	160	73	457	823
30 to 50 yrs.	757	882	24	115	1,778
Over 50 yrs.	167	45	1	1	214
Total	1,057	1,087	98	573	2,815

We support our employees by offering:

- Private Group Life and Health Insurance Scheme.
- Access to hospitals and diagnostic centers through direct collaborations.
- Continuous support for health, illness and accidents.
- Salary advance for emergencies or health issues.
- Transportation of employees to & from their work with buses.
- Public Transport card based upon specific criteria.
- Fitness center fully equipped and staffed by experienced personnel.
- Preferential prices for our products and services.
- Electronic Ticket Restaurant Card for certain categories of employees.
- Company's Blood Bank.
- Employees' Children's Christmas event and gifts.
- Possibility to participate in sports events and provision of necessary equipment.

**36TH ATHENS MARATHON.
PROUD FOR THE PARTICIPATION OF OUR PEOPLE**

AEGEAN and Olympic Air were at the side of the runners - among them many AEGEAN and Olympic Air employees - for yet another year.

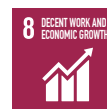
The 36th "Athens Marathon. The Authentic" was held on November 11, 2018 with the participation of more than 55,000 runners. The presence of AEGEAN, the event's great sponsor, was once again multifaceted and dynamic. Among the runners were 322 AEGEAN and Olympic Air employees from all departments of the company, with 31 of them participating in the 42 km route.

**AEGEAN FOOTBALL CLUB**

AEGEAN is close to the football interests of its employees, supporting the Aegean Football Club, which already has completed 19 years of participation and has received significant distinctions both in Greece and abroad. In 2018, the team won the 1st place in the Lufthansa 7X7 - LFT Cup Tournament, which is held annually with the participation of airlines and companies from other sectors working with Lufthansa.

AEGEAN SKI & SNOWBOARD TEAM

AEGEAN participates in the "World Airlines Ski Championship" (WASC), a world championship of winter sports that is addressed solely to airline employees with the Aegean Ski & Snowboard Team. The company supports the effort of the 15-member team, which is selected based on previous racing experience and technical skills, by providing the uniform and covering the cost of participation.



MATERIAL TOPIC

4.1 OCCUPATIONAL HEALTH & SAFETY

AEGEAN's Management documents its uncompromising commitment to protect and safeguard the Health and Safety of the company employees 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 extends to the adoption of best practices, to the constant improvement of our performance in this area and to training and awareness-raising actions regarding Health and Safety.

The Policy:

- 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 communicated to all stakeholders and is available to the public.

The term Occupational Health & Safety refers to all circumstances and factors affecting the physical and mental condition of employees, including all possible activities to protect employees and prevent 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 mitigate occupational hazards for employees and the public. 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:

- Study and implementation of appropriate protective measures, in aircraft maintenance areas.
- Continuous evaluation of 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 2018, 29 occupational accidents took place, none of which was fatal. Out of the 29 accidents, 22 occurred in the workplace and 7 during commuting to work.

Health and Safety Indicators*	TOTAL		MEN		WOMEN	
	2018	2017	2018	2017	2018	2017
IR (Injury Rate)**	1.08	1.22	0.09	0.54	1.76	1.67
LDR (Lost Day Rate)**	12.1	24.8	1.4	13.5	19.3	32.4
AR (Absentee Rate)****	0.0038	0.0036	0.0006	0.0008	0.0032	0.0028
ODR (Occupational Diseases Rate)	0.00	0.00	0.00	0.00	0.00	0.00

The information has been compiled in accordance with the requirements of GRI 403: Occupational Health and Safety 2016, for the development of which, internationally recognized tools and methodologies have been used.

* Indicators only refer to employees directly employed by AEGEAN and Olympic Air.

** 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 (see page 38), AEGEAN, in the context of human resources development, offers training solutions with positive impact at every level of the airline supply chain. We continue to invest in developing the skills and capabilities of our people, focusing on employees' involvement in the corporate thinking.

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 the objective to cater to the needs to the in-house training of AEGEAN's personnel.

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 follows the corporate culture.

Functional Training:

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, learning skills and the increase of self-understanding.

Refresher Training:

It is a process aiming to provide opportunities to employees, as well as 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 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 their working skills.

Alliances training:

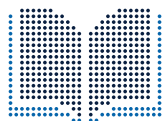
Star Alliance, the largest airline alliance, offers educational programs designed to provide our employees the necessary knowledge for offering a truly global airline alliance experience to our passengers. Our employees attend a series of (e-learning) training modules which have been developed to improve both their knowledge and the services offered to our customers.

Outsourced training:

We choose to outsource training programs in cases when we cannot cover the needs internally. Our selection of the suitable external training provider depends on 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 2018:

2018



49

TRAINING SESSIONS

875

TOTAL TRAINING
HOURS

226

PARTICIPANTS



5.

Creating value for the society

WE ARE CONSTANTLY TRYING TO SUPPORT
ALL REGIONS ACROSS GREECE AND SERVE
MILLIONS OF INTERNATIONAL VISITORS
IN THE BEST POSSIBLE WAY.

5.1 LOCAL COMMUNITIES DEVELOPMENT & CONTRIBUTION TO THE GREEK TOURISM PRODUCT

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:

- The promotion of local suppliers and producers and use of their products in our aircraft,
- The synergies with the institutions to promote cities and regions,
- The sustainable development of cities through the provision of safe and affordable transport systems for more people.

THIS IS ATHENS & PARTNERS

The Athenian City Council, SETE, AEGEAN and AIA are joining forces in a partnership by creating, in November 2018, “**This is Athens & Partners**”. This is unprecedented project for the Greek reality aiming at the gradual introduction of Athens as a top European destination for visitors, residents, professionals and investors.

Through a **comprehensive, three-year development plan of € 15 million**, “This is Athens & Partners” partnership will undertake the coordination and implementation of actions both for the development and upgrading of the Athens destination and for the effective promotion of the city in the major tourist foreign markets.

In this context, significant benefits for Athens are expected to come from exchanging, mobilizing and activating knowledge and resources from stakeholders in both the public and private sectors. This will reinforce private investment and traffic in Athens, **thus contributing to stimulating economic activity and creating new jobs.**

The development plan is included in the Memorandum of Understanding and Cooperation signed by “This is Athens & Partners” and is divided into three pillars:

1st Axis: Destination Development with investments to upgrade public space and design products and services for the international and domestic audience.

2nd Axis: Presentation and promotion of Destination Marketing with the formation and communication of the identity of Athens.

3rd Axis: Destination Management with the coordination of stakeholders to create a unique visitor experience.

This is Athens & Partners is launching a call for participation in all the creative forces of the city with the aim of expanding the partnership and hence boosting its development footprint in the city's economy.

SYNERGIES WITH REGIONS

Our main goal is to promote synergies that promote the destination and help to strengthen local societies and economies. From this point of view, in 2018, we have made synergies with the Central Macedonia Region to promote Thessaloniki as an ideal city break destination targeted at the German market and the South Aegean Region targeting the markets of England, Germany, France, Italy and Spain.

Our communication was based on the promotion of messages via our digital channels, but also within the aircraft, through the entertainment program shown on the screens, as well as the new AEGEAN Stream in-flight training platform.



MATERIAL TOPIC



5.2 WE CONTRIBUTE TO THE SUPPORT OF VULNERABLE SOCIAL GROUPS & 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 supporting, together with our passengers, the SOS Children's Villages GREECE.**

Until December 2018, a total of 579,727 passengers responded to our call, contributing a total of € 1,165,124. Together with the corresponding financial support added by AEGEAN, a total amount of € 2,284,827 has been collected. This amount has contributed to the construction of the SOS Infant Hostel in Marousi, the construction of a home in the Children's Village of SOS Thrace, Alexandroupolis, the construction of a house in the innovative SOS Children's Village in Heraklion, Crete, as well as the enhancement and coverage of the functional needs of all SOS Children's Village programs throughout Greece.

2008 - 2018

€ 2,284,827



CONTRIBUTION TO THE SOS CHILDREN'S VILLAGES GREECE

- **We cooperate with NGOs to offer various basic necessity items and services to vulnerable social groups.**

FOOD

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. Based on the data and the calculation method of "We Can", in 2018 we offered 151 servings.



MEDICINES

Drugs derived from the first aid kits of the aircraft are donated to the "Ark of the World" and to the Social Welfare Office.



KIBOTOS
TOY KOSMOY

CLOTHING

Baggage items are donated to NGOs (RETO and DESMO). In total, in 2018 we donated 242 unsolicited luggage.

OTHER ITEMS

Through our cooperation with DESMOS, we have been able to support Solidarity Now, the Humanitarian Initiative "Bridges", the 2nd Special Disaster Response Team, the Network for Children's Rights, the Ecumenical Refugee Program, the Pammakaristos Hospital and the Greek Council for Refugees.

The donation of items in 2018 is:

- **65 baby carriages (unclaimed luggage).**
- **45 influenza vaccines.**

FREE TRANSPORTATION

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

- **SOS Children's Villages GREECE**
- **ELEPAP (Hellenic Society for the Protection and Rehabilitation of Disabled Persons)**
- **Make a Wish Greece**
- **Smile of the Child**
- **Medicines Du Monde**
- **Doctors without Borders**
- **The Ark of the World**
- **Lifeline Hellas**
- **AMKE «The people's trust»**
- **Lifeguard Hellas**
- **The Greek Rescue Team**
- **Hellenic Police's Cybercrime Division**
- **The «Best Virtual Business» Pan-Hellenic Competition through the Youth Entrepreneurship Association / Junior Achievement Greece.**

**MILE DONATION THROUGH THE MILES+BONUS LOYALTY PROGRAM**

In 2017, the miles donation service was implemented electronically via www.aegeanair.com and the AEGEAN app.

The service is open to all members of the Miles+Bonus program who wish to support the work of three non-profit organizations whose main action is childcare:

- **Ark of the World**
- **SOS Children's Villages Greece**
- **Together for Children**

Through Miles+Bonus they can contribute directly and clearly by donating award miles from their personal account. At the end of each calendar year, AEGEAN monetizes the total amount of award miles that has been collected for each organization to support their actions and contribute to their effort.

The award miles can be donated to the aforementioned organizations in sets of 1,000 with no additional cost. Miles+Bonus members can donate, should they wish, 50,000 award miles within a period of 12 months. They simply sign up to their account and through the "Donate miles to NGOs" section follow the miles donation process.

Miles +Bonus

2018	Miles donated by members	Value of the Program Miles & Bonus
ARC OF THE WORLD	540,000	€ 2,160
SOS CHILDREN'S VILLAGES GREECE	1,350,000	€ 5,400
TOGETHER FOR CHILDREN	513,000	€ 2,052
TOTAL	2,403,000	€ 9,612



KIBOTOS
TOY KOΣMOY



PILOT TRAINING SCHOLARSHIP PROGRAM

AEGEAN, in the context of the commitments made in 2018, implements a large program of 100 scholarships for the training of candidate pilots who want to acquire their Integrated Commercial Pilot License with MCC.

The program, the value of which exceeds € 7 million, offers 100 pilots the opportunity to complete their full training and develop the necessary qualifications for pursuing their profession as part of AEGEAN's personnel, according to the company's needs.

Through this initiative, AEGEAN wants to help young people who dream of becoming pilots, to make their dream come true by covering more than 50% of the tuition. A rather important contribution, if one considers that the total of studying for each prospective pilot, including aircraft type training, exceeds € 75,000.

The scholarship program involves full-time studies lasting from 14 to 17 months, exclusively at Greek Global Aviation academy in Athens and Egnatia Aviation based in Kavala. Candidates will have the opportunity to receive theoretical and flight training on aircraft and flight simulators for the acquisition of the professional civil aviation pilot license. The first group of candidates started their training in October 2018.

The first 30 candidates joined the academies' curriculum in October 2018, while the remaining candidates will join in 2019.

WE SUPPORT YOUNG PEOPLE, AND STAND BY THE GENERATION OF TOMORROW. «Supporting the youth» Program.

It is addressed to all newly admitted students who attend higher academic institutions away from home and come from families with limited income. For each academic year, 100 newly enrolled students from destinations with liner routes and 150 newcomers from the rest of Greece are selected, with a total of 250 students per year, who are entitled to 8 free (one-way) flights per year to return more frequently to their loved ones.

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 burdened family budget, especially for families from destinations of public service routes.

2013 - 2018

STUDENT SUPPORT PROGRAM "SUPPORTING THE YOUTH"



1,500
STUDENTS

To date, a total of 1,500 students from the 6 academic years of the program (2013/14, 2014/15, 2015/16, 2016/17, 2017/18 and 2018/19) receive free tickets for the duration of their studies by AEGEAN and Olympic Air.

REGULARLY 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).
- At the same time, we support all TEDx events in Greece.

WE ACTIVELY PARTICIPATE IN THE PROVISION OF TRAINING FOR YOUNG PEOPLE:

We cooperate with educational bodies to bolster the students' academic qualifications and help them gain working experience.

We take part in career days to inform and guide new graduates and attract talent.

ACADEMIC INSTITUTIONS VISITS

Throughout the year, education visits are taking place from school children and students from universities and the Hellenic Air Force Academy. These visits provide them with a unique experience to better understand the opportunities and challenges faced by the modern aviation environment. These specific visits offer the participants the opportunity to attend simulation seminars showing the procedures on the ground, as well as during a flight simulation.

The visit is concluded with a tour on our technical base, accompanied by an experienced maintenance employee, who offers valuable insight and explains the procedures for aircraft maintenance.

“GET INTO” PROGRAM

AEGEAN collaborated with the Prince's Trust International charity and the Bodossakis Foundation as part of the “Get Into” program. With this collaboration, the company offered the opportunity to young people aged 18-30 to acquire the necessary education and training and gave them the skills to carry out their first business steps.

After participating to an Open Day, personal interviews and training on soft & hard skills, 12 young people were selected to start their professional career at the Aegean Call Center.

WE SHOW IN EVERY WAY OUR CULTURAL HERITAGE AND THE GREEK TOURIST PRODUCT

We participate in initiatives in Greece and abroad, aiming at the dissemination of the values born in our country, taking advantage of our potential for the promotion of Hellenic Culture.

In flight

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



- 7 of our aircraft are specially painted to display the sites:

www.discovergreece.com

www.visitgreece.gr

www.visitacropolismuseum.gr



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.**

In 2018, we were an Official Airline to the National Men's and Women's Basketball Teams.

In 2018, we were the Grand Sponsor for SEGAS for the Authentic Athens Marathon, the Half-Marathon, and Run Greece.

**WE ALSO SUPPORT:**

- Special Olympics.
- Local sports teams (Kolossos BC, Kretan Kings, and Women Volleyball Team of Thira).
- Golf in Greece as a lever for tourism development.

Since 2006 AEGEAN has been organizing in Greece the “AEGEAN Airlines ProAm” International Golf Tournament with the participation of professional and amateur players from more than 20 countries. At the same time, it supports the Hellenic Golf Federation, the Hellenic Professional Players Association (Greek PGA).



6.

Creating value for the environment

FOR AEGEAN AIRLINES RESPECT
TO THE ENVIRONMENT CONSTITUTES
A NON-NEGOTIABLE PRIORITY.

6. CREATING VALUE FOR THE ENVIRONMENT

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.

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 ISO14001:2015, thus providing complete and full transparency in terms of the environmental care and protection provided.



6.1 ENERGY CONSUMPTION & GREENHOUSE GAS EMISSIONS

The aviation industry plays an important role regarding greenhouse gas emissions, as it accounts for 2% of global CO₂ emissions.

At AEGEAN and Olympic Air, we recognize the importance of our responsibility to reduce air pollutants.

Our efforts are governed by this simple equation:



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.

Flight Procedures

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 IN CO₂ EMISSIONS PER MONTH

350	800	50	40	450	15
TONNES CO ₂	TONNES CO ₂	TONNES CO ₂	TONNES CO ₂	TONNES CO ₂	TONNES CO ₂
FUEL SAVINGS	NEW SOFTWARE	NEW LIGHTER TROLLEYS	REQUIRED WATER QUANTITY	NEW AIRCRAFT SEATS	ELECTRONIC DOCUMENTS



GREENHOUSE GAS EMISSIONS	2018	2017
Fuel efficiency, Passengers (kg/100 pkm)	3.78	3.66
Fuel efficiency, Passengers (lt/100 pkm)	4.78	4.63
Block Hours	187,205	153,740
Fuel consumption (t)	404,294	318,241
Carbon dioxide (CO ₂) emissions (t)*	1,273,526	1,002,459
Intensity of carbon dioxide emissions, Passengers (kg/100 pkm)	8.87	8.67
Methane (CH ₄) emissions (t)	13.2	11.5
Nitrogen oxides (NO _x) emissions (t)	4,351.1	3,922.4
Intensity of nitrogen oxides emissions, Passengers (g/100 pkm)	30.4	29.7
Carbon monoxide (CO) emissions (t)	2,694.9	2,439.1
Sulfur dioxide (SO ₂) emissions (t)	402.6	362.8
Intensity of sulfur dioxide emissions, Passengers (g/100 pkm)	2.82	2.75
Nitrous oxide (N ₂ O) emissions (t) (N ₂ O) (t)	34.6	31.2
Intensity of nitrous oxide emissions, Passengers (g/100 pkm)	0.24	0.24

Data was calculated according to the IPCC Guidelines and the Tier 1 Methodology and includes all flights (international and domestic) of AEGEAN and its subsidiary Olympic Air for the year 2018.

Since 2010, carbon dioxide emissions are submitted to the European Emissions Trading Scheme where they are controlled by an independent accredited body.

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. At the same time, LED light bulbs are used in buildings to reduce electricity consumption.

	2018	2017
ELECTRICAL ENERGY CONSUMPTION (GJ)		
AIA Buildings (57, 53)	10,218	10,422
NATURAL GAS CONSUMPTION (GJ)*		
AIA Buildings (57)	4,970	5,355
WATER CONSUMPTION (LIT)		
AIA Buildings (57, 53)	6,070	5,852

*Source for conversion to joules: 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 (we are one of a few companies that separate four kinds of materials) 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 composting program in cooperation with AIA, while the final product is used as a fertilizer at AIA's premises. 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. Finally, the Human Resources Department has substituted the paper pay slips with electronic ones, saving 120,000 paper slips per year, while since 2015 we replaced the one-use plastic cups we use during our in-flight service with paper ones. In this context, in 2019 the replacement of plastic cups we are using in our offices will be also completed, thusly saving 4,929 plastic cups per year.

	2018	2017
IN-FLIGHT RECYCLING (T)*		
Paper	17.3	14.6
Plastic	4.3	3.1
Aluminum	0.61	0.23
Glass	18.9	10.7
RECYCLING OF SOLID WASTE, AT AIA (T)		
Paper	30.2	36.2
Plastic	3.3	1.8
Organic	2.3	0.01
Wood	8.0	0.98
Metal	5.8	0.5
PROPER MANAGEMENT OF HAZARDOUS WASTE (T)		
At the Athens technical base	68.8	87.6

*Any fluctuations on in-flight recycling are largely due to our passenger preferences.



6.4 BIODIVERSITY

Our company supports the work of many environmental protection bodies in every possible way. Of importance is the company's work during the transportation of injured wild animals for treatment, thusly helping their rehabilitation. From 2014 to 2018 we responded to a total of 13 animal transport requests (3 of which during 2018):

- Black vultures, which were found injured in Alexandroupolis and released at Dadia National Park in Evros, in cooperation with ANIMA.
- Kri-kri, which had to be hastily carried from Chania to Athens.
- Sea turtles, which were found in Zakynthos, Skiathos, Karpathos and Leros.
- A retired and three-legged dog who after 10 years on the road was adopted and moved from Thessaloniki to Athens to her new home.
- Giannoula, a two-year-old disabled sheep, was transferred from Heraklion through Athens to the Netherlands to live in a special farm that hosts animals like her. The process was not simple as Giannoula is not considered a companion animal, but is under "carcass" legislation, so there is no provision for transportation while it is alive. Carriage by vehicle or by car was also not possible. Therefore, a special wooden box was built according to IATA specifications and with special licenses from the Ministry of Rural Development and the Veterinary Service of Crete and Giannoula was finally able to travel.



ABOUT THE REPORT

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 2018 and, more specifically, the fiscal year 01/01/2018 - 31/12/2018, to facilitate investors and other stakeholders.

The company’s previous sustainable development report, was published in July 2018 for the year 2017.

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

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

The GRI Content Index can be found on page 88.

CONTACTS FOR QUESTIONS FOR THIS REPORT

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- Efthymia Karaindrou, Environmental Health & Safety Manager, at +30 210-3550387 or by email at karaindrou.efthymia@aegeanair.com.

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.



Appendices

MOST SIGNIFICANT IMPACTS AND TOPIC BOUNDARIES

Material Topics	Most significant impacts In relation to the UN Sustainable Development Goals	Boundaries Entities inside or outside the Group that may cause or be connected with impacts
Economic Performance & Network Development		* AEGEAN
		* AEGEAN * State / Regulatory Authorities
		* AEGEAN * Aviation Community * State / Regulatory Authorities
Flight Safety, Training & Operational Readiness		* AEGEAN * Aviation Community
		* AEGEAN * State / Regulatory Authorities
Quality Product & Passenger Care		* AEGEAN * Aviation Community
Safeguarding Human Rights in our Business Operation		* AEGEAN * Suppliers / Associates * Aviation Community
		* AEGEAN * Suppliers / Associates * Aviation Community
Occupational Health & Safety		* AEGEAN * Aviation Community

Material Topics	Most significant impacts In relation to the UN Sustainable Development Goals	Boundaries Entities inside or outside the Group that may cause or be connected with impacts
Local Communities Development & Contribution to the Improvement of the Greek 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 Standard Disclosures 2016	102-1	Name of the organization	13
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	102-3	Location of headquarters	13
	102-4	Location of operations	13
	102-5	Ownership and legal form	13
	102-6	Markets served	13, 30-31
	102-7	Scale of the organization	4, 32, 42, 44-47, 60
	102-8	Information on employees and other workers	61
	102-9	Supply Chain	52-53
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	102-11	Precautionary approach	78-81
	102-12	External Initiatives	26-28
	102-13	Membership of associations	16-18
	102-14	Statement from senior decision-maker	6-7
	102-16	Values, principles, standards, and norms of behavior	12
	102-18	Governance structure	14-15
	102-40	List of stakeholder groups	24
	102-41	Collective bargaining agreements	62
	102-42	Identifying and selecting stakeholders	24
	102-43	Approach to stakeholder engagement	24-25, 48-49
	102-44	Key topics and concerns raised	24-25
	102-45	Entities included in the consolidated financial statements	30, Annual report 2018, page 34*
	102-46	Defining report content and topic Boundaries	26-28
	102-47	List of material topics	26
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	102-53	Contact point for questions regarding the report	84
	102-54	Claims for reporting in accordance with the GRI Standards	84
	102-55	GRI content index	88-90
	102-56	External Assurance	84
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its Boundary	30-37, 86-87
	103-2	The management approach and its components	30-37
	103-3	Evaluation of the management approach	30-37

GRI Standard	Disclosure	Page number or reference	Omission
Material Topics			
Economic Performance & Network Development			
GRI 201:	201-1	Direct economic value generated and distributed	33
Economic Performance 2016			
-		AEGEAN's own indicator: Increasing extroversion and growth dynamics	30-34
Quality Product & Passenger Care			
GRI 103:	103-1	Explanation of the material topic and its Boundary	44-51, 86-87
Management Approach 2016	103-2	The management approach and its components	44-51
	103-3	Evaluation of the management approach	44-51
GRI 417:	417-3	Incidents of non-compliance concerning marketing communications	48
Marketing and Labeling 2016			
Flight Safety, Training & Operational Readiness			
GRI 103:	103-1	Explanation of the material topic and its Boundary	38-43, 86-87
Management Approach 2016	103-2	The management approach and its components	38-43
	103-3	Evaluation of the management approach	38-43
GRI 416:	416-2	Incidents of non-compliance concerning marketing communications	39
Customer Health & Safety 2016			
Safeguarding Human Rights in our Business Operation			
GRI 103:	103-1	Explanation of the material topic and its Boundary	54, 86-87
Management Approach 2016	103-2	The management approach and its components	54
	103-3	Evaluation of the management approach	54
GRI 412:	412-2	Employee training on human rights policies or procedures	54
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Management Approach 2016	103-2	The management approach and its components	65
	103-3	Evaluation of the management approach	65

GRI Standard	Disclosure	Page number or reference	Omission
Material Topics			
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GRI 403: Occupational Health and Safety 2016	403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities.	65	
Local Communities Development & Contribution to the Improvement of the Greek Product			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	70, 86-87	
	103-2 The management approach and its components	70	
	103-3 Evaluation of the management approach	70	
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	70	
Energy Consumption & Greenhouse Gas Emissions			
GRI 103: Management Approach 2016	103-1 Explanation of the material topic and its Boundary	79-80, 86-87	
	103-2 The management approach and its components	79-80	
	103-3 Evaluation of the management approach	79-80	
GRI 302: Energy 2016	302-1 Energy consumption with the organization	80	Fuel consumption in buildings is only disclosed for the Athens station. Petroleum consumption and fuel consumption of the corporate fleet are not disclosed. Electricity consumption for the company's facilities is not disclosed except for the Athens station. Aircraft fuels are not counted in Joules or multiples. For this reason, the total consumption in Joules or multiples is not disclosed. Reason for omission: Information not available. We are considering collecting the necessary information for the next Report.
	302-3 Energy Intensity	80	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	80	The emissions of fuels in the buildings (natural gas, oil) and fuel of the corporate fleet are not disclosed. The total emissions in tons of CO ₂ equivalent are not disclosed, but the amount of emissions for each gas separately. Reason for omission: Information not available. We are considering collecting the necessary information for the next Report.
	305-4 GHG emissions intensity	80	

INDEX OF TERMS AND ABBREVIATIONS

A

Air Operator's Certificate (AOC) = An Air Operator Certificate is the authorization granted by national civil aviation authorities that allow a company to engage in commercial activities. (Source: <https://www.casa.gov.au/standard-page/what-aoc>)

B

Biodiversity = Variability between living organisms from land, marine and other ecosystems. Biodiversity includes variability in genes, species and ecosystems. (Source: Intergovernmental Panel on Climate Change, Climate Change 2014, Synthesis Report)

Block Hours = Time from the moment the aircraft door closes at departure of a revenue flight until the moment the aircraft door opens at the arrival gate following its landing. Block hours are the industry standard measure of aircraft utilization. (Source: http://web.mit.edu/airlinedata/www/Res_Glossary.html)

Business continuity = «Business continuity» is defined as the uninterrupted operational function. The term is used to reflect the need to ensure the continuity of business activity under any circumstances, especially in periods where exceptional events cause major technical and other problems that threaten to interrupt and / or suddenly interrupt business operations. (Source: <https://www.bankofgreece.gr/Pages/el/PaymentsSystems/BusinessContinuity.aspx>)

Business Lounge = All AEGEAN Business Class passengers, holders of the «Miles+Bonus» Gold card and the Star Alliance Gold card of the member airlines, are welcome to enjoy the special amenities of the Lounges. Each lounge offers drinks, meals, charging stations, as well as free high speed internet access, and daily newspapers and magazines. (Source: <https://el.aegeanair.com/taksidepste/sto-aerodromio/lounges-info/>)

C

Carbon dioxide (CO₂) = Carbon dioxide is a colorless gas formed during the burning of any carbon-containing material and is an important greenhouse gas. (Source: OECD)

Carbon footprint = The Carbon Footprint calculates the total greenhouse gas emissions that are directly or indirectly caused by an individual, organization, event or product. (Source: <http://www.desfa.gr/safety-environment-quality/environment/carbon-footprint>)

Civil Aviation Authority (CAA) = The Hellenic Civil Aviation Authority (CAA) is a Civil Service under the Ministry for Infrastructure, Transport and Networks, directed by its Governor and Deputy Governors. Its mission is the organization, development and control of the country's air transport infrastructure, as well as the study and laying of proposals to the Minister of Infrastructure, Transport and Networks concerning the overall policy formulation in air transport. (Source: <http://www.ypa.gr/profile/mission/>)

Composting = The aerobic degradation of biodegradable waste under controlled conditions and its reconstitution into black brick (soil in which raw organic materials have decomposed, such as leaves, tree nuts, livestock manure) through the action of micro- and macro-organisms. (Source: European Commission, Success stories on composting and separate collection)

E

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) = An economic measure defined as revenue minus the cost of the products sold and their sales, general and administrative expenses. In other words, operating and non-operating profits before deducting interest and income taxes. Depreciation costs are not included in the cost. (Source: Nasdaq)

Earnings Before Taxes (EBT) = Financial Indicator. Earnings before tax or pre-tax earnings is the last subtotal that appears in the income statement before the penultimate row of the net income item. (Source: Corporate Finance Institute)

Equity ratio = Index of treasury shares and re-profits in weighted assets.

European Aviation Safety Agency (EASA) = The European Aviation Safety Agency ensures the safety and environmental protection of the air transport sector in Europe. (Source: https://europa.eu/european-union/about-eu/agencies/easa_el)

European Emission Trading Scheme = The EETS is the EU's key tool for reducing greenhouse gas emissions in a cost-effective way, which is still the largest carbon market, and operates in the 28 EU countries as well as in Iceland, Liechtenstein and Norway. The EETS sets a ceiling on CO₂ emissions that can be emitted by industry and power stations. (Source: <http://www.ypeka.gr/Default.aspx?tabid=456&language=el-GR>)

F

FSC Paper = Paper certified based on the principles of the Forest Stewardship Council, which ensures that the product comes from a forest and supply chain that manages responsibly. (Source: <https://ic.fsc.org/en/what-is-fsc-certification>)

Flight range = The largest possible distance an airplane can travel without needing refueling. (Source: <https://www.grc.nasa.gov/WWW/K-12/airplane/range.html>)

Flight simulator = A flight simulator is a system that, through movement and vibration, simulates the operation of the aircraft. It can be used for training and capability checks. (Source: https://www.easa.europa.eu/sites/default/files/dfu/206904_EASA_EHEST_HE_10.pdf)

Fuel efficiency = Fuel efficiency is defined as the utilization percentage of reducing gas (CO and H₂) and their conversion to CO₂ and water vapor (H₂). (Source: <https://www.sciencedirect.com/topics/engineering/fuel-efficiency>)

G

Global Reporting Initiative (GRI) = GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI's core product are the Sustainability Reporting Standards which are made available as a free public good. (Source: <https://www.globalreporting.org>)

Greenhouse gases = Greenhouse gases are the atmospheric gases responsible for causing global warming and climate change. The major GHGs are carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Less prevalent - but very powerful - greenhouse gases are hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphur hexafluoride (SF₆). (Source: <https://unfccc.int/index.php/process-and-meetings/the-convention/glossary-of-climate-change-acronyms-and-terms>)

H

Hedging = Financial and operational compensation strategies serve aviation managers as a tool to tackle high and volatile fuel prices. (Source: <https://www.sciencedirect.com/science/article/pii/S1057521914000301>)

I

IATA = The International Air Transport Association (IATA) is the airline trade association for airlines worldwide, representing approximately 290 airlines or 82% of total air traffic. (Source: <https://www.iata.org>)

ICAO = The International Civil Aviation Organization (ICAO) is a UN specialized agency, established by States in 1944 to manage the administration and governance of the Convention on International Civil Aviation (Chicago Convention). (Source: <https://www.icao.int>)

IOSA = The IATA Operational Safety Audit (IOSA) Program is an internationally recognized and accepted evaluation system designed to assess the operational management and control systems of an airline. (Source: <https://www.iata.org/whatwedo/safety/audit/iosa/Pages/index.aspx>)

IPCC Guidelines = The Intergovernmental Panel on Climate Change publishes guidelines summarizing key greenhouse gas inventory approaches and provides guidance on how to use them. (Source: https://www.ipcc-nggip.iges.or.jp/support/Primer_2006GLs.pdf)

ISAGO = IATA's Safety Audit for Ground Operations (ISAGO) has been built upon a «backbone» of audit standards applicable to all ground handling companies worldwide, coupled with a uniform set of standards relevant for the specific activities of any ground handler. (Source: <https://www.iata.org/whatwedo/safety/audit/isago/Pages/index.aspx>)

ISO 10002 = The international standard 10002 of the International Standardization Organization gives guidelines for the process of complaints handling related to products and services within an organization, including planning, design, development, operation, maintenance and improvement. (Source: <https://www.iso.org/standard/71580.html>)

ISO 14001:2015 = This standard lays down requirements for an environmental management system that allows an organization to develop and implement a policy and targets that take into account the legal requirements and other requirements to which the organization subscribes and information on important environmental aspects. It applies to those environmental aspects that the organization recognizes as those it can control and those that it can affect. (Source: <https://www.iso.org/standard/31807.html>)

ISO 9001:2015 = This standard defines the requirements for a quality management system that should be applied when an organization has to demonstrate its ability to consistently deliver products and services that meet legal, regulatory and customer requirements and aims to enhance customer satisfaction, including procedures for improving the system and ensuring compliance with the customer and the applicable regulatory requirements. (Source: http://www.elot.gr/1280_ELL_HTML.aspx)

J

Jet = a kind of engine that sucks air in at the front to mix with the fuel and then shoots a blast of heated air and gases out the back through the nozzle. This blast pushes the engine forward. (Source: <https://www.nasa.gov/audience/forstudents/k-4/dictionary/Jet.html>)

L

Load factor = Load factor for a single flight can also be calculated by dividing the number of passengers by the number of seats. (Source: http://web.mit.edu/airlinedata/www/Res_Glossary.html)

Loyalty program = Aegean offers the Miles + Bonus reward program, which provides additional privileges and services to passengers traveling frequently with the company. (Source: <https://el.aegeanair.com/milesandbonus/about-the-program/>)

N

National General Collective Labor Agreement (NGCC) = The National General Collective Labor Agreement (NGCC) is signed by the General Confederation of Greek Workers (E.G.S.S.E) and employers' organizations and sets minimum wage, salary and wage conditions in the private sector. (Source: <https://www.kepea.gr/article.php?cat=15>)

O

OHSAS 18001:2007 = The Occupational Health and Safety Management Certification is an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace. (Source: <https://www.certificationeurope.com/certification/ohsas-18001-occupational-health-and-safety-management/>)

Organization for Economic Co-operation and Development (OECD) = The Organization for Economic Co-operation and Development (OECD) is an international organization that works to build better policies for better lives. Our goal is to shape policies that foster prosperity, equality, opportunity and well-being for all. (Source: <https://www.oecd.org/about/>)

P

PCI-DSS (Payment Card Industry Data Security Standard) = Standards for data security of payment card holders around the world. (Source: https://de.pcisecuritystandards.org/about_us/)

Persons with disabilities = Persons with disabilities include those who have long-term physical, mental, intellectual or sensory impairments which in interaction with various barriers may hinder their full and effective participation in society on an equal basis with others. (Source: <https://www.un.org/development/desa/disabilities/convention-on-the-rights-of-persons-with-disabilities.html>)

Pollutant = A pollutant is a substance that is present in concentrations that may harm organisms (humans, plants and animals) or exceed an environmental quality standard. (Source: <https://stats.oecd.org/glossary/detail.asp?ID=2073>)

R

Remote line routes = Regular lines to which public service obligations have been imposed by the Hellenic Republic pursuant to Articles 16, 17 and 18 of Regulation (EC) No 1008/2008 and any decisions of the Minister of Infrastructure, Transport and Networks which have been taken over by the subsidiary of AEGEAN AIRLINES, OLYMPIC AIR, following a competitive tendering procedure for a specified period of time, operating scheduled flights in the context of the provision of public service and in particular the following services:

- | | | |
|------------------------|---------------------|------------------------------|
| 1. Athens - Skiathos, | 6. Athens - Ikaria, | 11. Athens - Sitia, |
| 2. Athens - Zakynthos, | 7. Athens - Leros, | 12. Thessaloniki - Chios, |
| 3. Athens - Paros, | 8. Athens - Skyros, | 13. Thessaloniki - Samos, |
| 4. Athens - Kythira, | 9. Athens - Naxos, | 14. Thessaloniki - Kalamata, |
| 5. Athens - Karpathos, | 10. Athens - Milos, | 15. Rhodes - Kastelorizo. |

Revenue Passenger Kilometer (RPKs) = Passenger who pays a ticket and moves one kilometer. It is the most common measure of demand for air travel. (Source: ATA Airline Handbook)

S

Security Management System = A security management system is a set of defined processes throughout the organization that provide effective decision-making, taking into account the risks associated with the day-to-day business of a business. (Source: <https://www.easa.europa.eu/easa-and-you/safety-management/safety-management-system-sms>)

Sharklets = Airbus has launched its new «Sharklet» large wingtip devices, specially designed to enhance the eco-efficiency and payload-range performance of the A320 Family. (Source: <https://www.airbus.com/newsroom/press-releases/en/2009/11/airbus-launches-sharklet-large-wingtip-devices-for-a320-family-with-commitment-from-air-new-zealand.html>)

Skytrax = Skytrax was established in 1989 and is based in London, United Kingdom. Skytrax consists of specialist Research and Quality Advisors to the air transport industry, advising airlines and airports around the world on quality improvement and quality leadership issues. (Source: skytraxratings.com)

Star Alliance = Star Alliance Services GmbH was created in 1997 to manage the Star Alliance network on behalf of its members. Five airlines created Star Alliance as the first global aviation alliance back in 1997. (Source: staralliance.com)

Sustainable Development Goals (SDGs) = The 193 Member States of the United Nations adopted in 2015 a plan to achieve a better future for all, by designing a path for the next 15 years to eradicate extreme poverty, combat inequality and injustice and protect our planet, through the adoption of 17 Sustainable Development Goals. (Source: <https://www.csrhellas.net/network/sdgs/>)

Sustainable development = Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. (Source: <http://www.un-documents.net/ocf-02.htm#1>)

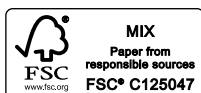
T

Turboprop = The turboprop engine uses a gas turbine core to turn a propeller. The core is very similar to a basic turbojet except that instead of expanding all the hot exhaust through the nozzle to produce thrust, most of the energy of the exhaust is used to turn the turbine. The system includes the drive shaft, is connected to a gear box and the propeller. (Source: <https://www.grc.nasa.gov/www/k-12/airplane/aturbp.html>)

U

UN = The United Nations was founded on October 24, 1945 and now numbers 193 member states. The main goals of the Organization include the maintenance of international peace and security, development, as well as cooperation between nations to resolve international crises and to promote the protection of human rights. (Source: <https://www.mfa.gr/exoteriki-politiki/i-ellada-stous-diethneis-organismous/ohe.html>)

UN Global Compact = The UN Global Compact calls on businesses to align their operations and strategies with 10 universally accepted principles in the areas of human rights, working conditions, the environment and the fight against corruption. (Source: <https://www.csrhellas.net/network/global-compact/gc-mia-pagosmia-protovoulia/>)



A STAR ALLIANCE MEMBER 

ΕΠΙΧΕΙΡΗΣΙΑΚΟ ΣΧΕΔΙΟ