Annual and CSR report 2016

THE YEAR 2016

50 800 000
PASSENGERS

704 000
DEPARTURES AND LANDINGS

3 074
EMPLOYEES

300 000
PATIENT FLIGHTS

87 PER CENT
PUNCTUALITY

Our performance

Operating income
airport operations

9 675

NOK MILLION

Operating income
air navigation services

1 991

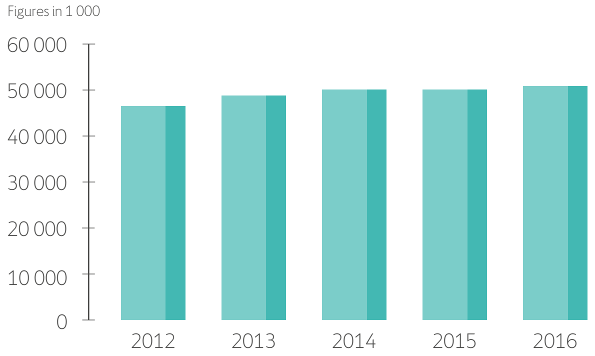
NOK MILLION

Profit after tax

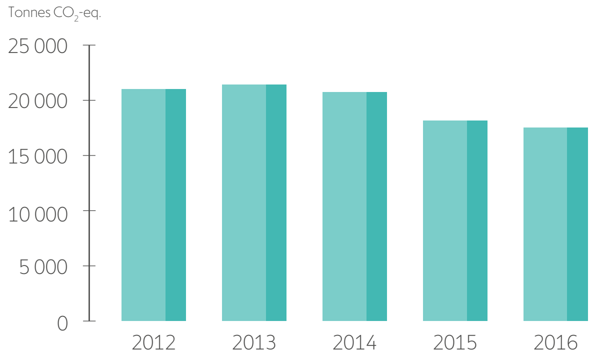
1 029

NOK MILLION

NUMBER OF AIR PASSENGERS



AVINOR'S OWN CONTROLLABLE GREENHOUSE GAS EMISSIONS



NOK MILLION	2016	2015	2014	2013	2012
Operating income airport operations	9 674.9	9 424.1	9 561.5	9 001.1	8 255.8
Operating income air navigation services	1 990.8	2 087.6	2 014.8	1 897.3	1 837.1
Total operating income group	10 788.1	11 989.4	10 671.0	9 977.6	9 152.1
EBITDA group	3 520.7	4 691.8	3 648.3	2 993.0	2 918.2
Profit after tax	1 028.6	2 449.0	1 398.7	890.9	854.7
Number of airline passengers (figures in 1 000)	50 803	50 025	50 107	48 799	46 511
Number of aircraft movements (figures in 1 000)	704	724	738	731	669

Content

Avinor's Annual and CSR Report 2016 is the group's collective report for operations, finance and CSR. This is the second time that the group presents a collective report. CRS is an integrated aspect of Avinor's strategic planning and the governance of the group; it is not a separate part of the enterprise. Prior to 2015, the work connected with environmental and social responsibility was presented in separate reports.

Avinor's corporate social responsibility work is based on the CSR expectations laid down in Avinor's articles of association and § 3-3c of the Norwegian Accounting Act. Avinor bases its CSR work on the OECD's guidelines for responsible business conduct, and joined the UN Global Compact in 2014. The work includes safeguarding of human rights, employee rights and social conditions, the external environment and anti-corruption measures. Avinor reports on CSR in accordance with the principles of the Global Reporting Initiative (G4/Core).

The report of the board of directors, the chapter on corporate governance, as well as the annual accounts and notes are subject to audits and officially part of the auditor's report.

About Avinor

Avinor is a wholly owned state limited company under the Ministry of Transport and Communications. Avinor is responsible for the 46 state-owned airports and air navigation services for civil and military aviation in Norway.

VISION

We create valuable relationships

MISSION

Avinor shall develop and operate a safe, efficient and sustainable aviation system throughout Norway

VALUES

- Open
- Accountable
- Dynamic
- Customer-focused

The air navigation services are organised in a separate company wholly owned by Avinor - Avinor Flysikring AS. Air navigation includes en route services, approach control services and tower control services, as well as maintenance and operation of the technical infrastructure for air navigation. Avinor Flysikring AS is responsible for air navigation in the Norwegian airspace and provides services to both civil and military aviation. This report also covers the air navigation services.

Avinor collaborates with the Armed Forces at eleven airports, nine of which are Avinor airports (Oslo, Stavanger, Bergen, Trondheim, Bodø, Andøya, Harstad/Narvik, Bardufoss and Lakselv). There is also Ørland air base, which is entirely a military base, and Rygge, which currently only has military operations and general aviation.

Avinor's strategic plan for 2014-2020 defines four overarching objectives for operations:

- SOCIETY
  Avinor shall help to strengthen the competitiveness of the country and the region, and at the same time take active responsibility for the environmental and social consequences of its operations
- CUSTOMER
  Avinor shall deliver excellent services with a high level of safety, operational stability and efficiency
- FINANCE
  Avinor shall secure a satisfactory return on invested capital, and safeguard the organisation's investment and financing capacity through a balanced capital structure
- PEOPLE, LEARNING AND DEVELOPMENT
  Avinor shall be a strong, cohesive and customer-focused group

Safety has the highest priority in Avinor. No serious aviation incidents occurred where Avinor was a contributory party in 2016. There was one aviation accident without personal injury where Avinor was a contributory party [1)].

Avinor's primary revenue sources are fees charged to airlines, as well as commercial revenue from the letting of space for shops, duty-free shops, cafés and restaurants and other services. Avinor also receives revenue from the letting of space for airport hotels and parking facilities. Avinor is self-funded. Airport operations are managed as a single entity, where financially profitable airports finance the financially unprofitable airports.

In 2016, a total of 50.8 million passengers travelled from Avinor's airports (scheduled, charter and offshore flights), an increase of 1.6 per cent over 2015. International traffic rose by 2.6 per cent compared with the previous year, while domestic traffic increased by 1.2 per cent.

Oslo Airport is the hub for Norwegian air traffic and a junction for traffic between Norway and other countries. This airport alone accounts for over half of all air traffic and over 70 per cent of international traffic passing through Avinor's airports. The profit generated by Oslo Airport is vital to the funding of the airport network across the country. At Oslo Airport, the number of passengers was 25.8 million, up 4.5 per cent compared with 2015.

A total of 28 of Avinor's airports saw a rise in the number of passengers during 2016, whereas 18 experienced a decrease. Traffic at Stavanger fell by 6.8 per cent. This was linked to the downturn in the oil and gas industry.

A total of 704,419 departures and landings took place at Avinor's airports in 2016, down 2.7 per cent from the previous year. In other words, the rise in the number of passengers in 2016 is linked to an increase in the number of passengers per aircraft, not an increase in the number of departures and landings.

The number of flights through Norwegian airspace increased by 7.8 per cent.

Shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the state's ownership and stipulates Avinor's financial framework. The Ministry also regulates aviation fees. The Ministry is the highest authority for Norwegian aviation and also lays down the Civil Aviation Authority's regulations for Avinor's operations. Avinor's head office is situated in Oslo.

OUR AIRPORTS

Avinor's airports vary greatly in terms of their size and traffic volume. Oslo Airport is by far the largest airport and handles more than half of all air traffic in Norway and 70 per cent of all international traffic. Stavanger, Bergen and Trondheim also handle significant international traffic. Other airports also have international traffic: Tromsø, Bodø, Harstad/Narvik, Molde, Ålesund, Haugesund, Kristiansand and Kristiansund.

Only Oslo Airport has two parallel runways. Stavanger Airport has a secondary runway which is used in certain wind conditions. Traffic forecasts indicate that a third runway will be required at Oslo Airport by around 2030. A second runway will probably also be necessary at Bergen Airport, Flesland by around 2040.

Oslo Airport has two parallel runways with respective lengths of 3 600 and 2 950 metres. The runways at the other major airports vary in length from 2 600 to around 3 000 metres, which enables them to be used by larger jet aircraft. 27 of Avinor's 46 airports are short-runway airports, with runways of between 800 and 1200 metres. These airports are used by smaller aircraft such as the Bombardier Dash 8, air ambulances and private aircraft. The 27 small airports are vital in sustaining settlement, business and industry in rural districts.

1) Collision between a helicopter and a car, with no injuries, but considerable material damage

A message from the CEO

Ready for new challenges!

Aviation connects the country — and links Norway to the world. A well-functioning aviation system is crucial for the development of Norwegian society. Both national and international forecasts show continued growth in air traffic in the years ahead. Reasons for this include increased global trade, tourism and a rapidly growing middle class in Asia, Latin America and Africa.

At many of our airports, growth has been significant in recent years. The country's main airport has become overcrowded during peak hours, and at Bergen Airport queues have sometimes stretched far outside the terminal during the morning rush hour. This development was expected and is in line with the analyses of future capacity needs we conduct on an annual basis. And finally, 27 April will see the official opening of the new Oslo Airport with a significantly increased capacity, while on 17 August we will open a new terminal in Bergen.

Public transport services to and from the airport in Bergen will also be dramatically improved, with direct connections to light rail from the new terminal. Oslo Airport already holds the European record in the use of public transport — over 70 per cent of our passengers use public transport to and from the airport. The new terminals in Oslo and Bergen also make use of universal design in all buildings and installations. Over time, all Avinor airports will be universally designed in accordance with applicable regulations.

An important part of Avinor's social mission is to ensure adequate capacity. Those who need to travel by air shall have the opportunity to do so in a safe, efficient and the most environmentally friendly manner. The major capacity expansion we are now conducting in Oslo and Bergen will contribute to ensuring we carry out our social mission. And in the years ahead we will face new challenges. We are expanding Stavanger and Tromsø, and we have been tasked with moving the airport in Bodø. A brand new airport is also being considered in Helgeland. At Oslo Airport we plan to increase the capacity of the non-Schengen area and in a few years there will be a requirement for a third runway. Efforts are under way to meet this demand and to ensure the necessary progress.

Given our significant tasks and challenges, Avinor has a constant need to modernise and streamline operations. The group is therefore carrying out a major programme to ensure we continue to be an effective, modern and competitive company that will meet future challenges. The programme is being conducted according to plan and by the end of 2018, the group's costs will have reduced by NOK 1.5 billion.

We are constantly working to improve the customer experience and aim to be one of Europe's top suppliers. We have increased the capacity of the security check area at all major airports, expanded the terminals and installed automated solutions for check-in, baggage handling, ticket verification and boarding. Furthermore, new catering facilities and commercial opportunities have been added at several airports, families with children benefit from specific services and we are introducing simplified and more customer-friendly solutions for parking.

Emissions of greenhouse gases are also a major challenge for aviation. Today, aviation accounts for about 2% of total global greenhouse gas emissions, and 5% in Norway, including international traffic. We take this very seriously, and Avinor is working closely with the airlines to reduce emissions. The development of more fuel-efficient aircraft, the introduction of jet biofuel and eventually electric aircraft for passenger traffic will help to alleviate these challenges. Avinor is, and will remain, a strong driving force in finding solutions that ensure that the industry develops and applies good solutions related to the environment and climate change.

An important part of Avinor's social mission is to ensure adequate capacity. Those who need to travel by air shall have the opportunity to do so in a safe, efficient and the most environmentally friendly manner.

Dag Falk-Petersen
CEO

Report of the Board of Directors 2016

- New terminal areas and associated underlying infrastructure at Oslo Airport and a new terminal at Bergen Airport according to schedule and within the approved cost framework
- Safe and stable operations despite high levels of construction activity
- The group's modernisation programme made good progress in 2016 and met its target by a wide margin
- Avinor Air Navigation Services won international competition for air traffic control and air navigation services at Sandefjord Airport, Torp
- Oslo Airport is the first international airport with regular supplies of jet biofuel for all airlines refuelling there
- Operating profit (EBIT) NOK 1 758 million
- Assumed responsibility for airport operations at Bodø Airport as a consequence of the new fighter plane base for the Norwegian Armed Forces at Ørland

MAIN EVENTS

(Last year's figures in parantheses)

Air traffic in 2016, measured as the number of passengers travelling through Avinor's airports, rose by 1.6 per cent. Oslo Airport increased by 4.5 per cent, while Stavanger Airport experienced a downturn of 6.8 per cent. Overall, traffic at other airports remained at the same level as in 2015. The downturn in the oil and gas industry has particularly affected domestic air traffic and offshore helicopter traffic in Western Norway. Air traffic is expected to increase in 2017. However, uncertainty relating to socio-economic developments may affect this picture.

The most recent travel habits survey indicated that more leisure trips than business trips were made on domestic air services for the first time. Tourists are increasingly travelling to Norway. Growth during the past two years primarily stems from foreign nationals travelling to Norway.

Safe and stable operations were maintained in 2016, despite high levels of construction activity combined with ongoing traffic management. Average punctuality and regularity during the last 12 months stood at 87 per cent and 99 per cent respectively. There was one aviation accident in 2016 where Avinor was a contributory party.

The group's operating income for 2016 amounted to NOK 10 788 million (NOK 11 989 million) and profit after tax totalled NOK 1 029 million (NOK 2 449 million). The 2015 result was positively affected by a non-recurring profit made on the sale of property.

Trial operation of the new terminal areas and associated underlying infrastructure at Oslo Airport began on 1 December 2016, with subsequent scheduled escalation of passenger volumes and aircraft movements at the new facilities. Outstanding construction works include completion of the link to the old terminal and commercial areas. Everything is now set for a complete and fully tested facility ready for official opening on 27 April 2017. The project will be completed on time and on budget.

The new terminal at Bergen Airport will open on 17 August 2017 as planned. The project's milestone plan shows that this objective is expected to be reached within budget.

The group's modernisation programme made good progress in 2016 and met its target of NOK 300 million in efficiency improvement and cost savings by a wide margin. The group is targeting total cost savings of NOK 600 million annually from 2018 compared to the Group's prior long term plan (baseline). Targeted accumulated savings for the period 2015 – 2018 are NOK 1.5 billion.

In order to strengthen future emergency preparedness, create attractive workplaces, make the operation more efficient and avoid new tower facility investments, Remote Services has been established as a unit under Avinor Air Navigation Services AS. Remote Services is mandated to develop, implement and commercialise remotely operated tower services. Kongsberg Defence & Aerospace is a partner and system supplier for the development project. A remotely operated tower centre is under construction in Bodø, with a targeted 15 towers in operation by the end of 2020. This is a ground-breaking air navigation service project that involves technical, economical and regulatory risk when it comes to progress. The project is on schedule with regards to the milestone plan.

As part of the restructuring of the Royal Norwegian Air Force, Avinor took over responsibility for the operation of Bodø Airport from the Armed Forces on 1 August 2016. In connection with this, Avinor has chosen an operating model where fire and rescue services, runway maintenance and electrical services are outsourced. This operating model will provide safe, stable and scalable operations that also cover the temporary and varying needs of the Norwegian Armed Forces until the F16 is phased out after 2020.

The issue of a new airport in Bodø will be presented in the first half of 2017 in connection with the National Transport Plan. The Norwegian Defence Estates Agency has assessed a collective state property strategy for the areas. The study shows a possible model for sharing of the funding between Avinor, assets from properties and an external funding source. On behalf of the Ministry of Transport and Communications, Avinor has carried out a further review of the prerequisites for establishing a new airport. The cost of a new airport is estimated at between NOK 4.5 and 5.0 billion (2016 values). Avinor's contribution to the financing is estimated at a level of NOK 1.5 billion. The government has declared that it will include a construction of a new airport in Bodø in the National Transport Plan for the period 2018-2029 with a public funding of NOK 2.2 billion.

During 2016, Oslo Airport consolidated its position as the biggest cargo market in the Nordic region. The Norwegian aquaculture industry is seeing strong growth in international markets in Asia, Africa and the US, with new cargo routes established by Emirates, Cargolux and AirBridge Cargo. An outline project has been developed for the establishment of an airfreight seafood centre, which will facilitate industrialised logistics and distribution for the Norwegian seafood industry.

In competition with international companies, Avinor Flysikring AS was chosen in September 2016 to supply air traffic control and air navigation services at Sandefjord Airport, Torp for the next five years. This contract demonstrates that Avinor Flysikring delivers good services at a competitive price. Moreover, an agreement has been reached with the Norwegian Armed Forces for the operation of air navigation services at Rygge military airport.

Avinor aims for sustainable jet biofuel to be used in Norwegian aviation. I January 2016, Avinor Oslo Airport, in collaboration with AirBP, SkyNRG, Lufthansa Group, KLM and SAS, became the first international airport with regular supplies of biofuel for all airlines refuelling there. In the fourth quarter of 2016, a new supply of biofuel was received from AltAir in California.

In connection with the efforts being made to reduce greenhouse gas emissions, Oslo, Trondheim, Bergen, Stavanger and Kristiansand airports renewed their international Airport Carbon Accreditation. Oslo and Trondheim are accredited at the highest level (Level 3+), while the other airports have Level 2 accreditation. Ambitious targets have been set for reducing greenhouse gas emissions by 2020. In connection with the environmental work, it has been decided that all of Avinor's airports are to be certified according to environmental standard ISO 14001.

Electric aircraft could be a viable alternative in domestic traffic in Norway, if the airlines and aircraft manufacturers decide to invest in the technology. Airbus's electric aircraft, the E-Fan, became the big attraction at the Zero Emission Conference in Oslo in November 2016. In 2018, Airbus will launch a new version of the electric aircraft which will be put into production for the private aviation market.

Ipsos' annual profile survey showed that Avinor's reputation had improved considerably. The group climbed 25 places from last year's survey and was ranked number 44 of 97 companies. The survey maps the overall impression of companies, environmental awareness, social responsibility, ethics, finance, advertising and information.

ABOUT AVINOR

Avinor AS is a state-owned limited company whose mission is to facilitate safe, environmentally-friendly and efficient aviation in all parts of Norway. The enterprise has a network of 46 airports and includes the subsidiary Avinor Flysikring AS that operates air navigation services in Norway. As of 31 December 2016, the enterprise's balance sheet total amounted to around NOK 41 million. The number of employees was 3074 (3157).

Shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry manages the state's ownership of Avinor, and stipulates the group's financial framework. The Ministry is also the highest authority for Norwegian aviation and lays down the Civil Aviation Authority's regulations for Avinor's operations.

Avinor's head office is situated in Oslo.

FINANCE - GROUP

The group's operating income for 2016 amounted to NOK 10 788 million (NOK 11 989 million), and profit after tax was NOK 1 029 million (NOK 2 449 million). Operating income in 2015 included a non-recurring profit made on the sale of property amounting to NOK 1 266 million.

Within airport operations, operating income increased year-on-year by 2.7 per cent during 2016, driven by an increase in traffic volumes and higher sales and rental income at Oslo Airport. Within air navigation services, the increase in traffic volume was more than offset by planned price reductions, with the result that total operating income fell by 4.6 per cent. Operating income from property decreased as a result of the sale of Radisson BLU Gardermoen during the fourth quarter of 2015.

Operating expenses in 2016 amounted to NOK 7 267 million (NOK 7 298 million), a year-on-year increase of 0.4 per cent. Operating expenses per passenger decreased by 1.9 per cent year-on-year in 2016.

In 2016, additional costs of maintaining sound operations and efficient traffic management alongside the expansion of Oslo

Airport amounted to NOK 356 million (NOK 248 million) (excluding depreciation and write-downs) and have been expensed; see Note 9 in the consolidated accounts.

Total depreciation, amortisation and write-down amounted to NOK 1 763 million in 2016 (NOK 1 459 million). The increase over the previous year was due to the completion and commissioning of several facilities previously under construction. Additional depreciation linked to the construction project at Oslo Airport amounted to NOK 82 million (NOK 61 million); see Note 9 in the consolidated accounts.

In 2016, the group's modernisation programme met the target for efficiency improvements and cost savings of NOK 300 million by a wide margin. The programme's targeted cost savings of NOK 600 million annually from 2018 compared to the Group's prior long term plan (baseline) remains the same. Despite large expansions in capacity and increased production, the number of full-time equivalents are reduced by 2.5 per cent in 2016.

EBITDA in 2016 was NOK 3 521 million (NOK 4 692 million), with an EBITDA margin of 32.6 per cent (39.1 per cent). Adjusted for a non-recurring profit on the sale of property during 2015, the group's EBITDA margin in 2016 strengthened by 0.7 percentage points compared with 2015.

Operating profit (EBIT) in 2016 amounted to NOK 1 758 million (NOK 3 233 million). The reduced operating profit can be explained by higher depreciation, additional expenses related to maintaining effective operations and traffic control during the expansion of Oslo Airport, reduced rental income following the sale of Radisson BLU Gardermoen, as well as reduced prices in the air navigation service. In addition, included in the operating profit in 2015 is a non-recurring profit of NOK 1 266 million as a result of the sale of Radisson BLU Gardermoen.

The group's net financial loss in 2016 was NOK 384 million (loss of NOK 329 million). The change in net financial result was due to interest expenses linked to higher borrowing and a reduction in the scope of recognised project-related interest expenses. Tax expenses are NOK 346 million.

As a result of investment payments exceeding the contribution from current operations, the group had a negative cash flow of NOK 2 622 million in 2016 (- NOK 1 726) before changes in liabilities. Avinor disbursed a dividend of NOK 500 million (NOK 500 million) to the Norwegian state in 2016.

Interest-bearing liabilities as at 31 December 2016 amounted to NOK 19 957 million, which represents an increase of NOK 1 467 million since 31 December 2015. The increase was primarily due to full utilisation in the second quarter of 2016 of the loan facility provided by the European Investment Bank (EIB) amounting to EUR 200 million. The loan was raised in NOK and amounts to approximately NOK 1.9 billion; it will run with instalments until 2028. In addition, a total of NOK 1 000 million was taken out as short-term certificate loans during the third and fourth quarters. In 2016, debt amounting to NOK 996 million was repaid.

On 2 February 2017, Avinor AS issued loans worth a total of EUR 500 million under the company's EMTN programme. The loan is secured in Norwegian kroner and will run with a fixed interest rate for ten years.

The group's total capital amounted to NOK 41.0 billion as at 31 December 2016 (NOK 38.8 billion), with an equity ratio of 36.4 per cent (38.2). The equity as defined in the Articles of Association expressed as a percentage of the sum of equity and net interest-bearing liabilities amounted to 43.4 per cent as at 31 December 2016 (45.3 per cent). Taking into account cash and cash equivalents, the ratio was 44.6 per cent (47.7 per cent).

Against the backdrop of developments in the interest markets and other factors, equity was down by NOK 415 million after tax as at 31 December 2016. This is mainly due to the negative effects of changes in actuarial assumptions used for estimating pension obligations. As of 31 December 2016, calculations of the group's pension obligations were based on a discount rate of 2.6 per cent and a long-term anticipated salary growth rate of 2.5 per cent.

As at 31 December 2016, the group's cash reserves amounted to NOK 5 749 million, split between NOK 949 million in bank deposits and NOK 4 800 million in unused bank overdrafts.

FINANCE - AVINOR AS

Avinor AS and Oslo Lufthavn AS merged financially on the 1st of January 2016.

In 2016, the parent company Avinor AS had an operating income of NOK 9 565 million (NOK 4 987 million). Profit after tax was NOK 905 million (NOK 92 million).

The parent company's balance sheet as of 31 December 2015 amounted to NOK 39 832 million (NOK 28 070 million with an equity-to-assets ratio of 41.1 per cent (30.5 per cent).

In 2016, Avinor AS had a cash flow prior to disbursed dividend and change in liabilities of - NOK 2 148 million (- NOK 1 892 million). Disbursed dividend amounted to NOK 500 million (NOK 500 million). Total interest-bearing debt as of 31 December 2016 amounted to NOK 18 819 million (NOK 13 969 million).

Allocation of the profit for the year

The Board of Directors proposes the following allocation of the profit for the year:

Dividend:	NOK 550 million
Transferred to other equity:	NOK 355.3 million

The financial statements have been prepared under the assumption that the company will continue as a going concern based on forecasts and the calculated present value of estimated future cash flow. For further details, see Note 13 in the accounts.

RISK

The group's operations focus on safe air traffic management using procedures and measures to minimise both the probability and consequences of accidents and serious incidents. Developments with regard to national and international regulatory issues may have financial consequences for the group.

Avinor safeguards national sector-policy objectives. The Norwegian state lays down guidelines for a number of factors including airport structure, emergency preparedness, aviation fees and public service obligations. The scope and organisation of sectoral policy guidelines can change over time.

The enterprise's recognised business assets are long-term in nature, and operations are largely governed by regulations and statutory provisions. Consequently, Avinor has a high share of fixed costs which vary only slightly according to traffic volume and capacity utilisation. The group's earnings and financial value are affected by changes in traffic volume.

The major airports are a central source of funding for the rest of the airport network in Norway. The airports' earnings are vulnerable to economic cycles and competition from airports outside Avinor's network.

Revenues from services and facilities for passengers are key to the group's financing. Changes in the framework conditions for the duty-free scheme in particular would have a major impact on the group's earnings and financial value.

Financial hedging instruments are used to mitigate risk linked to fluctuation of foreign interest rates, exchange rates and energy prices. The value of the hedging instruments changes according to prices in the market and might impact the annual results. When investing the group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The group's cash reserves are deposited in banks on negotiated terms.

There is disagreement between the Norwegian Armed Forces and Avinor with respect to allocation of costs at airports with joint operations. Avinor has reflected this in the accounts through provisions based on the best discretionary estimate.

As a result of the establishment of a new fighter plane base for the Norwegian Armed Forces at Ørland, Avinor was asked in 2014 to assume responsibility for airport operations at Bodø Airport by 01 August 2016. The takeover of operations was carried out on 01 August 2016, according to plan. However, ownership of real property and facilities was not transferred, and Avinor is awaiting clarification of terms from the Ministry of Defence and the Ministry of Transport and Communications. There are unresolved issues relating to the phasing out of the Norwegian Armed Forces activities in Bodø, and the planning of a potential new airport in the area is underway. The above mentioned circumstances give rise to financial uncertainty related to investments in buildings and facilities as well as future operation in Bodø.

In connection with the pension settlement in 2005, it was determined that public service pensions should be adjusted for an increase in life expectancy and be made subject to the new pension adjustment rules. However, there were no provisions for the coordination of public service pension benefits and new social security rules. Regulations for such coordination have therefore not been clarified and are thus not considered in the accounts. A new public occupational pension solution is being considered, but it has not been clarified what this solution would entail, when it would enter into force or what the transitional rules would be. A committee consisting of representatives of the administration and the employee organisations has been appointed to evaluate alternative pension schemes.

The airports have discharge permits which require risk assessments to identify possible sources of acute pollution which represent a risk of damage to the external environment. Avinor works continuously to reduce the risk of environmentally hazardous incidents, while past contamination is being mapped and cleaned up. Environmentally hazardous additives have been detected in fire extinguishing foam which has spread to the environment at the airports. Work is currently being conducted to clarify the scope of required measures. Risk assessments have been carried out on the potential harm to persons and the environment. The financial consequences depend on the scope of the required measures, as well as regulatory requirements and measures available. The Norwegian Environment Agency will require measures to be carried out at Evenes Airport, and they will probably issue a joint order for the preparation of action plans for the other airports. The order is likely to be issued in 2017.

CORPORATE GOVERNANCE IN AVINOR

Good corporate governance in Avinor shall ensure the highest possible value creation and reduce the enterprise's risk. The company's value base and code of conduct are fundamental for Avinor's corporate governance.

As the owner, the State focuses on state-owned companies adhering to the "Norwegian Code of Practice for Corporate Governance". The Board of Directors considers it important to follow the recommendations wherever relevant. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Avinor has issued bonds that are listed on the Oslo Stock Exchange and Luxembourg Stock Exchange. Oslo Stock Exchange has been selected as the group's home market. The group follows Oslo Stock Exchange's recommendations for corporate governance wherever relevant. Section 3-3b of the Accounting Act states that entities which are required to submit accounts and defined as issuers under Section 5-4 of the Securities Trading Act must explain their principles and practice regarding corporate governance either in their annual report or in documents which are referred to in the annual report. Section 3.10 of Oslo Stock Exchange's document entitled Obligasjonsreglene – opptakskrav og løpende forpliktelser ('The bond regulations - take-up requirements and ongoing obligations') states that borrowers must give an account of their principles and practice concerning corporate governance in a corresponding manner. The Accounting Act is available from www.lovdata.no. Oslo Stock Exchange's regulations can be found at www.oslobors.no.

For more details about the work of the board of directors and corporate governance within Avinor, please see the separate document entitled 'Corporate Governance in the Avinor Group'.

CORPORATE SOCIAL RESPONSIBILITY

Avinor's corporate social responsibility work is based on the CSR expectations laid down in Avinor's Articles of Association and section 3-3c of the Accounting Act. Avinor bases its CSR work on the OECD's guidelines for responsible business conduct, and joined the UN Global Compact in 2014. The work includes safeguarding of human rights, employee rights and social conditions, the external environment and anti-corruption measures. Avinor reports on CSR in accordance with the principles of the Global Reporting Initiative (G4/Core).

For more information about Avinor's CSR work, including climate, the environment, air safety, HSE, legal competency, anti-corruption and safe notification, see the chapter on corporate social responsibility.

RESEARCH AND DEVELOPMENT

Avinor takes part in numerous projects which contribute to optimising the use of Norwegian airspace. The work contributes to increased safety, better capacity, more efficient service deliveries and reduced environmental impact.

For more details about Avinor's research and development, please see the chapter on corporate social responsibility.

PERSONNEL AND ORGANISATION

The group had 3 074 (3 157) permanent employees at the end of the year. In total, work corresponding to 3 115 (3 327) full-time equivalents was carried out by permanent and temporary employees. The average age of all employee segments in the group was 46 (44.4). Women accounted for 22.1 per cent (24.1 per cent) of permanent employees. The board is not content with the low percentage of women in the group. Increasing the percentage of women employees is a goal of Avinor's, even though many professions within Avinor have a male majority. The group is actively working to recruit women, both in general and to these professions. The percentage of women in the board is 50 per cent and in the group management 25 per cent.

Emphasis is placed on ensuring that employees have equal opportunities in the group, irrespective of gender, age, functional ability, ethnicity or cultural background. Avinor has a central distribution and conducts systematised performance reviews to ensure a neutral salary and career development. Employee surveys confirm that employees believe they have equal opportunities. Commitment to the group is strong.

Avinor's strategy plan for 2014-2020 has a high restructuring tempo. The management and the trustees feel strongly about a constructive cooperation to further develop the business. Based on the Basic Agreement, the parties developed a model for continuous improvement. This will be continued and strengthened with training in Lean as a work method. The management development programme entitled Avinors Lederplattform (Avinor's Leader Platform) has a stronger focus on managing change and continuous improvement than was previously the case.

Absence due to illness was 4.7 per cent (4.6 per cent) in 2016. Active efforts have been made to reduce breaches of working hours provisions stipulated in the Norwegian Working Environment Act.

Avinor aims for there to be no injuries resulting in absence.

In 2016, there were 20 injuries among the Avinor group's own employees that resulted in absence. This area is monitored closely both with regard to own employees and other staff at the airports. Preventive HSE work is an important priority area, and measures are actively being carried out throughout the company.

For details of Avinor as an employer, see the chapter on corporate social responsibility.

OUTLOOK AND FRAMEWORK CONDITIONS

Mobility and efficient air transport are essential for social development and contribute to strengthening economic growth in both the regions and in Norway as a whole. Avinor's high level of activity and investment will be continued to ensure we fulfil our social mission of providing good regional, national, European and intercontinental air services.

Air traffic is expected to increase in 2017. However, uncertainty relating to socio-economic developments may affect this picture. Avinor will continue its efforts to improve the company's environmental performance and be a driving force for climate and environment work in the aviation industry.

As a supplier of air navigation services, we closely monitor the international deregulation of and competition-related developments within tower and approach services. Avinor's air navigation services will be a competitive and preferred supplier in a future competition-exposed market, and will make the necessary adjustments to meet this target.

The group has at present an extensive strategic sourcing process, and will facilitate the further development of efficient supplier markets. In addition, the group will facilitate innovation processes. In accordance with the group's modernisation programme, the effort to increase effectiveness and productivity will continue.

The Board would like to thank all employees and partners for their excellent efforts during 2016.

Oslo, 29 March 2017
The Board of Directors of Avinor AS

Ola Mørkved Rinnan *Chairman of the Board*	Ola H. Strand *Vice Chairman*	Tone M. Lindberg	Eli Skrøvset
Linda Bernander Silseth	Herlof Nilssen	Bjørn Tore Mikkelsen	Per Erik Nordsveen
Heidi Anette Sørum	Grete Ovnerud	Dag Falk-Petersen *CEO*	

Corporate Governance

The aim of the Norwegian Code of Practice for Corporate Governance is to ensure that companies that are listed on regulated markets in Norway practise corporate governance that clarifies the role of shareholders, the Board of Directors and the day-to-day management beyond what follows from legislation.

This statement has been prepared in accordance with the structure of the Norwegian Code of Practice for Corporate Governance of 30 October 2014, with the adjustments required because Avinor is a wholly state-owned limited company. In addition to the general provisions of the Norwegian Limited Liability Companies Act, special provisions apply to state-owned limited companies.

The basic premise for Avinor's operations is that safety is paramount and prioritised ahead of any other considerations. After this, the greatest emphasis is placed on providing efficient services to customers and society.

The Avinor group's vision is to create valuable relations. We want individuals, businesses and communities to value and derive clear and specific advantages from the products and services we deliver. Our behavioural values are open, accountable, dynamic and customer-oriented.

The group's code of conduct was most recently revised in the spring of 2012. The code of conduct applies to Board members, employees, contracted personnel and others who work for the group. The code provides basic rules for personal conduct and business practices and will help us make the right choices when we, as a company or individual employee, face ethical dilemmas. The code expresses the group's attitudes in interaction with customers, suppliers, colleagues and the wider community.

The code of conduct is available at www.avinor.no.

Avinor has joined the UN Global Compact. The group reports according to the principles in the Global Reporting Initiative (G4).

Avinor is a member of Transparency International Norway.

BUSINESS

Avinor is a group with activities in the transport sector in Norway. The parent company Avinor AS is wholly owned by the Norwegian state represented by the Ministry of Transport and Communications. The group's head office is in Oslo. The company's operations are described in the Articles of Association:

- The Company's social purpose is to own, operate and develop a nationwide network of airports for the civil sector and a combined air navigation service for the civil and military sectors
- The company's operations shall be carried out in a safe, efficient and environmentally-friendly manner and ensure good accessibility for all groups of travellers
- The activities of the Company may be operated by the Company itself, by wholly owned subsidiaries, by other companies which are owned by the Company in whole or in part or by companies with which the Company cooperates
- Insofar as possible, the Company shall be self-financing, through earnings generated by its main activities and other commercial activities associated with its airports. Within the Company, inter-company financing between the commercially profitable and unprofitable units shall be established.
- The company shall carry out the duties imposed by society as stipulated by the owner

The company's Articles of Association are available at www.avinor.no.

Avinor's mission is to carry out comprehensive operation of 46 airports as well as the air navigation services in Norway. Avinor's operations are responsible for and develop essential public services throughout the country, and shall be run with high priority on safety and environmental considerations. To meet the owner's expectations, strategic primary objectives have been set in economy and finance, society and the environment, air safety and HSE, customers and partners and personnel and organisation.

EQUITY AND DIVIDENDS

The Company's share capital is NOK 5 400 100 000, divided into 540 010 shares, each with a nominal value of NOK 10 000. The company's equity at any time shall be at least 40 per cent of the sum total of the company's recognised interest-bearing long-term loans and equity at any given time.

Avinor AS is a limited liability company owned by the State. Shareholders' rights are safeguarded by the responsible cabinet minister or his deputy at the general meeting. The general meeting is not bound by the distribution of dividends proposed by the Board of Directors. Dividends are declared each year. The Office of the Auditor General monitors the management of the Norwegian state's interests and can carry out any inspections that it deems necessary.

The Board of Directors does not have the authority to increase the share capital.

Equal treatment of shareholders and transactions with close associates

Avinor AS has one class of shares. The shares are not listed on a stock exchange and there are no transactions involving the shares.

Intra-group agreements are entered into in accordance with the arm's length principle on ordinary commercial terms. All such agreements are made in writing.

Transactions with close associates

The Board is not aware of any transactions during 2016 between the company and its shareholders, Board members, executive employees or close associates of these that may be characterised as not immaterial transactions.

Board members and executive employees are required to submit an annual statement concerning close associates.

Guidelines for Board members and executive employees

The group's code of conduct has a specific section on how to manage conflicts of interest. The code states that employees must never be involved in or attempt to influence a decision if they have a conflict of interest or questions could be raised about their impartiality. Group employees may take on second jobs or directorships in addition to their main employment in Avinor, as long as these do not conflict with the employee's duty of loyalty, impartiality or proper performance of duties.

The code of conduct also contains provisions on impartiality. If there is doubt as to whether the person concerned is impartial, the issue must be discussed with the immediate manager.

The state as shareholder

Avinor is wholly owned by the Norwegian state. The Ministry of Transport and Communications meets quarterly with the company. During these meetings, the company updates the owner about operations, financial developments, CSR performance and other issues considered relevant to the owner at that time. No decisions are made at these meetings, and the company does not receive any guidelines on how it should respond to individual issues.

Freely negotiable shares

There are no provisions in the Articles of Association that entail any limitations in the negotiability of the company's shares.

GENERAL MEETINGS

The Transport and Communications Minister constitutes the company's general meeting, and is the company's highest authority. In accordance with Section 20-5 of the Limited Liability Companies Act, the Ministry of Transport and Communications is responsible for calling the annual and extraordinary general meetings. The Ministry also determines how the meetings will be called. Notice of a general meeting must be issued at least one week in advance; see Sections 20-5 and 5-10 of the Limited Liability Companies Act.

The annual general meeting is held each year by the end of June. Pursuant to the Articles of Association, the annual general meeting shall approve the annual report and accounts, including distribution of dividends. It also approves the auditor's remuneration, establishes remuneration for the Board of Directors for the impending period, stipulates salaries and other remuneration to executive personnel, and appoints shareholder-elected members of the Board. In addition, it considers any other matters that must be dealt with by the general meeting, according to law or the Articles of Association.

The Board of Directors, CEO and auditor who audited the previous year's accounts are invited to the general meeting. The Chairman of the Board and CEO are obligated to attend the general meeting. The other Board members, the auditor and the Office of the Auditor General are entitled to attend the meeting.

The agenda is set by the Ministry of Transport and Communications.

The minutes from the general meeting are available to the public.

Nomination committee

The general meeting of Avinor AS consists of the Norwegian state represented by the Ministry of Transport and Communications. The general meeting has not appointed a Nomination Committee.

Corporate assembly, Board of Directors: composition and independence

Pursuant to the Articles of Association, two or three members of the Board of Directors and alternates shall be elected by and from the employees pursuant to the provisions of the Limited Liability Companies Act concerning the employees' right to representation on the company's Board. The company does not have a corporate assembly in accordance with an agreement with the employees. For such cases, the Articles of Association stipulate that the employees can elect an extra Board member and alternate.

The Corporate Democracy Committee has approved the corporate scheme whereby employees of Avinor AS and its subsidiaries may be elected to the Board of Directors. Representatives are elected by and from the employees every second year.

The Board consists of six shareholder-elected members and four representatives elected by and from the employees. The percentage of women on the Board is 50.

The Board Chairman is elected by the general meeting. All Board members are elected for two years.

The Ministry of Transport and Communications does not have its own Board members, but in accordance with the Norwegian state's principles of good corporate governance, all Board members are expected to seek to safeguard the common interests of the company and shareholders. The composition of the Board of Directors is such that, in aggregate, it can safeguard the owner's interests and the company's need for skills, capacity and diversity. Executive employees are not members of the group's Board of Directors, and they do not own shares in the company.

The owner has a meeting with each Board member once a year.

At the turn of the year 2016/2017, the Board consisted of:

- Chairman since 2010 Ola Mørkved Rinnan, 67
- Vice Chairman since 2012 Ola H. Strand, 59

- Board member since 2011 Eli Skrøvset, 51, CFO Eksportkreditt Norge
- Board member since 2013 Tone Merethe Lindberg, 44, self-employed
- Board member since 2015 Herlof Nilssen, 58, Managing Director Helse Vest RHF
- Board member since 2016 Linda Bernander Silseth, 54
- Empl.-elected Board member since 2011 Grete Ovnerud, 50
- Empl.-elected Board member since 2011 Heidi A. Sørum, 49
- Empl.-elected Board member since 2013 Per Erik Nordsveen, 39
- Empl.-elected Board member since 2015 Bjørn Tore Mikkelsen, 57

Mari Thjømøe, 54, was replaced by Linda Bernander Silseth at the 2016 Annual General Meeting. Thjømøe had been a Board member since 2014.

Information about each Board member is available at www.avinor.no.

Eight Board meetings were held in 2016. All Board members attended the meetings, with very few exceptions.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors follows the requirements stipulated for the management and supervision of the company pursuant to the Limited Liability Companies Act. Pursuant to the Articles of Association, the Board of Directors shall ensure that the company is socially responsible. The Board of Directors' duties are stipulated in separate rules of procedure. The rules are reviewed annually and updated in the event of changes to the relevant regulations or otherwise as required. The Board of Directors sets an annual agenda for its work, with particular focus on goals, strategy and implementation. The Board of Directors assesses its work and competence on an annual basis.

The rules of procedure contain a separate section on impartiality, stating that each Board member is individually responsible for raising issues concerning any conflict of interest, and must be absent from deliberations where the member has a conflict of interest. In case of doubt, the matter shall be submitted to the Chair of the Board. The minutes of the Board meetings shall reflect when one of the Board members is disqualified due to a conflict of interest.

New Board members are provided with relevant information on the company and the work of the Board. This information is also available through the electronic Board portal.

The CEO's responsibilities and duties are defined in instructions adopted by the Board. The instructions are reviewed and updated as required.

The Board has established an audit committee as a preparatory body to support the Board of Directors as they execute their responsibility for financial reporting, auditing, internal control and overall risk management. A unified Board has prepared a set of instructions for the committee's work. The instructions are reviewed annually and updated as required. The committee met on five occasions in 2016.

At the turn of the year 2016/2017 the committee consisted of:

- Eli Skrøvset (Chair)
- Herlof Nilssen
- Grete Ovnerud

The Board of Directors has established a remuneration committee as a preparatory body in matters relating to remuneration of executive employees in the company. The committee shall prepare guidelines for and cases concerning remuneration of executive employees, and continuously assess and monitor the group's policy in this area. A unified Board has prepared a set of instructions for the committee's work. The instructions are reviewed annually and updated as required. The committee met on five occasions in 2016.

At the turn of the year 2016/2017 the committee consisted of:

- Ola H. Strand (Chair)
- Herlof Nilssen
- Per Erik Nordsveen

The Board of Directors has established an HSE committee as a preparatory body in matters pertaining to HSE. The committee is responsible for assessing relevant aspects of the group's operations relating to HSE at an overall level. The committee shall support the Board in exercising its responsibility for internal control, the Board of Directors' report and annual report, and the overall HSE risk profile. A unified Board has prepared a set of instructions for the committee's work. The instructions are reviewed annually and updated as required. The committee met on three occasions in 2016.

At the turn of the year 2016/2017 the committee consisted of:

- Tone Merethe Lindberg (Chair)
- Linda B. Silseth
- Heidi Sørum
- Bjørn Tore Mikkelsen

RISK MANAGEMENT AND INTERNAL CONTROL

To ensure the holistic management of the company, a separate management system has been prepared, which consists of management documents, contingency plans, safety procedures and processes for the management and control of operations.

Annual risk assessments of the group's activities are performed, and measures to manage the risk situation are evaluated and implemented. The Board of Directors reviews the company's risk management and internal control on an annual basis.

Avinor has established an internal audit function as part of the group's internal control system. The group's internal audit function works in accordance with a mandate adopted by the Board and pursuant to standards laid down by the Institute for Internal Auditors.

The company's appointed auditor shall review the management's procedures annually.

Systems for internal control and risk management relating to the financial reporting process

Together with Avinor's organisation, management forums and reporting lines, our code of conduct and core values establish the foundation for a good internal control environment with respect to financial reporting.

Business and support processes that are essential to financial reporting have been identified. This includes processes related to investment projects, revenues, financial items, closing of accounts and IT systems that support these processes. Overall risk is managed and assessed centrally, while transaction management is subject to both centralised and decentralised controls. Considerable importance is attached to thorough documentation and assessment of important valuation items.

Control measures are carried out in the ongoing production of accounts and through continuous financial monitoring. Systems to evaluate/monitor the internal control of the financial reporting process are being developed and assessed on a continuous basis.

REMUNERATION OF THE BOARD OF DIRECTORS

The general meeting determines the remuneration of the Board and its sub-committees. Remuneration is not performance-based and no options are issued to Board members. Shareholder-elected Board members do not generally perform any special tasks for the company beyond their position on the Board. Their remuneration is stated in a note to the annual income statement.

Remuneration paid to the Board during 2016 amounted to a total of NOK 2 367 000 (including fees paid to alternates for employee-elected members for one meeting). The remuneration breaks down as follows: Board Chairman NOK 421 500, Vice Chairman NOK 255 000, other Board members NOK 210,000. Alternates receive NOK 11 000 (NOK 10 500, first six months of 2016) for every meeting they attend.

In 2016, members of the audit committee received remuneration totalling NOK 141 500, comprising NOK 64 500 to the Chairman and NOK 38 500 to the other two members.

In 2016, members of the remuneration committee received remuneration totalling NOK 21 250, comprising NOK 11 250 to the Chairman and NOK 5 000 to the other two members.

Members of the HSE committee received remuneration totalling NOK 26 250 in 2016, comprising NOK 11 250 to the Chairman and NOK 5 000 to the other members.

REMUNERATION OF EXECUTIVE EMPLOYEES

The Board of Directors appoints the CEO and stipulates the CEO's salary following preliminary consideration by the remuneration committee. The Board evaluates the CEO's work and salary terms annually following preliminary consideration by the remuneration committee.

The CEO recommends to and informs the remuneration committee regarding remuneration for executive employees who report to the CEO.

The Board of Directors has prepared a statement on determining salaries and other remuneration for executive employees. The statement is discussed at the annual general meeting.

Remuneration of executive personnel is described in Note 6 to the financial statements.

INFORMATION AND COMMUNICATION

Public information on the group is provided by the group's management. Each year the group prepares a financial calendar indicating the dates for the publication of financial information. This financial calendar is available on the company's website and the Oslo Stock Exchange's website. Financial information is published in the form of a stock exchange notice before it is made available at www.avinor.no.

The group presents a complete set of annual financial statements in conjunction with the Annual Report at the end of March. Accounting figures are reported quarterly.

In accordance with Article 10 of the Articles of Association, the Board of Directors is required to submit a plan concerning operations, including those of subsidiaries, to the Transport and Communications Minister every year. The contents of the plan shall include the following:

- A status description of the market and the company group, including developments within the company group since the submission of the previous plan.
- The key features of the activities of the company group for the forthcoming years, including major reorganisations, further development and the phasing out of existing activities and development of new ones.
- The company group's level of investment, significant investments and financing plans.
- An assessment of economic developments during the period of the plan.
- A report on measures and results concerning the company's social tasks, social duties and social responsibility.

The Board of Directors shall present to the Minister of Transport and Communications all significant changes to such plans that have previously been submitted.

TAKEOVER

Avinor AS is wholly owned by the state represented by the Ministry of Transport and Communications. Accordingly, this point in the code of practice is not relevant to the company.

AUDITOR

Avinor has an independent external auditor appointed by the general meeting based on a recommendation from the full Board of Directors. The auditor submits a plan for the auditing work to the Board of Directors annually. Each year the auditor prepares a letter to the Board of Directors (Management Letter), which summarises the audit of the company and the status of the company's internal control.

The auditor has a yearly meeting with the Board without the management being present. The auditor also has a yearly meeting with the Audit Committee without the management being present. The auditor is entitled to attend the company's general meeting.

The auditor's remuneration is broken down into auditing and other consulting services, and is specified in Note 8 to the financial statements. The general meeting shall approve the auditor's remuneration.

Corporate Social Responsibility

Stakeholder dialogue and Corporate Social Responsibility

CRS is an integrated aspect of Avinor's strategic planning and the governance of the group. Based on the dialogue with our stakeholders, we report on the following main focus areas within CSR: ensure good air traffic services for all of Norway, be a driving force within overcoming climate and environmental challenges, be a professional and fair employer and ensure responsible business conduct.

Avinor's operations affect virtually the whole country and the entire population, and emphasis is placed on establishing and maintaining good and systematic dialogue with our key stakeholders. Dialogue with those who are dependent on our services or otherwise affected by our operations is a decisive factor in establishing the priorities, which best serve our customers and the country.

STAKEHOLDER DIALOGUE

The list of key stakeholders has remained relatively stable over time, but the group management regularly reviews the stakeholder analysis and considers possible updates, including which topics should be given priority in the dialogue.

Safety and security, finance, capacity, reliability, service at airports, accessibility and universal design, as well as how the group tackles aviation's challenges relating to climate and the environment, are the pivotal themes in the follow-up of stakeholders.

Specific stakeholder analyses are carried out on individual projects and cases, e.g. in connection with major expansion projects, changes of approach and departure flight paths and the implementation of new rules and regulations.

Avinor's external stakeholders can be divided into the following main categories:

- Ministry of Transport and Communications and other ministries
- National, regional and local politicians/decision-makers
- Customers:
  - Airlines and helicopter companies
  - Passengers
- Regulatory aviation authorities and other supervisory authorities
- International aviation authorities
- Armed Forces
- Commercial partners at the airports
- Business and industry, centrally and in the regions
- Suppliers
- Environmental organisations and other voluntary organisations within e.g. health
- The media
- Alliance partners/international partners
- Domestic and international competing airports
- Airport neighbours
- Stakeholders at airports
- Municipal authorities and county councils

For the dialogue with the airlines, there are many formal and informal forums. At the highest level, a collaborative forum has been established which meets four to six times a year. In addition, special committees have been established at the major airports - AOC (Airline Operators Committee) which also meet regularly. Issues linked to climate and the environment, as well as traffic development and capacity at airports, are key topics in the dialogue with the airlines.

Passenger dialogue mainly takes place through customer surveys.

The dialogue at the highest political level primarily takes place via Avinor's owner, the Ministry of Transport and Communications, as well as via the Standing Committee on Transport and Communications, in consultation with the Ministry of Transport and Communications. The stakeholder dialogue at political level and public authority level largely takes place through regular meetings. The dialogue is organised under the auspices of the group's management and Board of Directors.

Extensive dialogue also takes place with political and administrative management locally - at municipal and county level. Avinor is working to strengthen and systematise this dialogue. Business policy committees are established in a number of municipalities and counties where Avinor is represented. Local, political stakeholders are also represented here. Once a year, a joint meeting is organised between the county authorities and Avinor's management.

Dialogue with Avinor's suppliers of goods and services takes place partly at formal meetings and partly through negotiations and contract follow-up. There is a particular focus on tender documentation, as well as templates and guidelines linked to processes and deliveries. Avinor's anti-corruption work, and work to make sure working conditions are in line with universal human rights and current regulations, are key aspects of the dialogue.

Internally within the group, the collaboration model between employee representatives and management is being further developed to ensure good working conditions, stable operations and cost-effectiveness throughout the group. Avinor employees are represented on Avinor's corporate Board, holding four of ten seats. There are also employee-elected Board members on Avinor Flysikring AS's Board of Directors.

FOUR MAIN FOCUS AREAS CONCERNING CSR

Based on our dialogue with stakeholders and the group's overarching strategy, Avinor has identified four CSR focus areas:

- Avinor will ensure good aviation services for the whole of Norway, and perform our role in society in a safe, efficient and environmentally-friendly manner
- Avinor will be a driving force in the work on climate and environmental challenges within aviation
- Avinor will be a good, professional employer
- Avinor shall ensure responsible business

Avinor's CSR work is based on the CSR-related expectations laid down in Avinor's Articles of Association and the Norwegian Accounting Act, and on the OECD's guidelines for responsible business conduct. Avinor joined the UN Global Compact in 2014. This report was prepared in accordance with the principles of the Global Reporting Initiative (G4/Core).

Avinor does not have dedicated staff for CSR. The Executive Vice President for communication and markets is responsible for the follow-up and reporting of Avinor's CSR work, and work on the respective topics is carried out in the line.

CSR targets and results in 2016

Avinor shall ensure good aviation services for the whole of Norway

TARGET	RESULTS
Punctuality: 88% within 15 min.	· 87%
Regularity: 98%	· 99%
All airports must be certified in accordance with the applicable regulations prepared by the EASA	· In May 2016, Avinor AS was certified as an airport operator for civil aviation · Kristiansund, Bodø and Svalbard airports received certificates in 2016; the rest in 2017
Air travel shall be accessible to all	· All our airports will be subject to a universal design survey by summer 2018 · Universal design in connection with new builds and alterations; ref. New terminal areas and associated underlying infrastructure at Oslo Airport and a new terminal at Bergen Airport
Avinor shall streamline, modernise and invest in increased capacity	· Modernisation programme on schedule · Oslo Airport and Bergen Airport on schedule · Major airport studies carried out: Lofoten, Mo i Rana, Hammerfest, Bodø · Partnership with the Kongsberg Group and Indra concerning the development of remotely-operated towers · Avinor Flysikring AS has the lowest unit prices in Europe. Attracts traffic to Norwegian airspace and helps to boost revenues · Avinor and Yeti Snow Technology AS (YETI) entered into a partnership concerning the development of a prototype for driverless snow-clearance. Ready for testing in 2018
Avinor shall work to improve the customer experience	· Simpler international – domestic transfer · Airport Service Quality (ASQ) survey: Satisfaction levels among our passengers have never been higher · Substantial capacity increases · Portal Norway concept established at the largest airports
Avinor shall prevent accidents and incidents and ensure good preparedness	· No serious aviation incidents occurred where Avinor was a contributory party; one aviation accident without injury · Established system for the registration of operational risks · Portal established for reporting of non-conformities by suppliers and commercial partners · Procedures introduced to ensure that drones do not represent a hazard to aviation

Avinor will be a driving force in the work on climate and environmental challenges within aviation

TARGET	RESULTS
By 2020, the company's own controllable greenhouse gas emissions will be halved compared with 2012	· Avinor's own, controllable greenhouse gas emissions from airport operations reduced by approx. 900 tonnes compared with 2015 · Framework agreement established for the purchase of biodiesel which fulfils the authority's sustainability requirements, and contains no palm oil · Transition to electric vehicles · Oslo, Trondheim, Kristiansand, Bergen and Stavanger airports accredited in the Airport Carbon Accreditation (ACA) scheme
Avinor shall contribute to reducing greenhouse gas emissions from surface access and aviation traffic	· Reduction in overall greenhouse gas emissions from all jet fuel sold for civil purposes in international and domestic traffic at Norwegian airports in 2016 · Permanent use of curved approaches to OSL resulted in a reduction in CO_2 emissions of 3200 tonnes · Jet biofuel is available to all airlines refuelling at Oslo Airport. · Oslo Airport has the highest proportion of public transport users in terms of surface access in Europe; over 70 per cent · Electric aircraft relevant to the aviation of the future
Certify the environmental management and operational environmental work in accordance with ISO 14001	· Certification audits carried out on the first group of airports in 2016
Avinor's overall energy consumption shall be reduced	· Avinor's overall energy consumption rose from 2015 to 2016. Due to high level of construction activity and larger building portfolio
Avinor shall achieve a source separation rate for waste of 60 per cent	· The source separation rate for the group in 2016 was 48 per cent; OSL 52 per cent
No violations of discharge permits	· More de-icing chemicals than permitted used at ten airports · Two violations of discharge permits in the watercourses around Oslo Airport · Two minor violations of discharge permits for groundwater at Oslo Airport · Six cases of ground pollution; three were old cases of PFAS pollution · PFOS: Treatment of groundwater at Oslo Airport is under way and showing good results

Avinor shall be a professional and attractive employer

TARGET	RESULTS
Create a common improvement culture across the group	· Skills survey carried out · Close and constructive partnership with the trade union representatives · 450 people completed Avinor's management development programme · 16 new apprenticeship places created; overall target for 2017 is 33
Absence due to illness 4.5 or less	· Absence due to illness in 2016: 4.7 per cent · One employee appointed as a health motivator at all regional airports
LTI rate 3.0	· LTI rate in 2016: 4.0 · LTI rate for the terminal extension project at OSL: 2.8 · LTI rate for the new terminal Flesland: 3.75
Reduce violations of working hours regulations	· Total reduction for the group from 2015 to 2016: 1 per cent
17 per cent reduction in violations of working hours regulations where an agreement concerning extended working hours has been established	· Increased by 12 per cent · New targets have been set for 2017; focus on continuous monitoring

Avinor shall ensure responsible business conduct

TARGET	RESULTS
Employees, suppliers and commercial partners shall be familiar with and follow Avinor's code of conduct	· All employees complete a course on Avinor's code of conduct · Anti-corruption programme with a focus on preventive and controlling activities established · Member of Transparency International Norway · Contractual conditions introduced which ensure that suppliers have a code of practice and take corporate social responsibility seriously · Whistleblowing committee set up · Received 113 enquiries during 2016; all were processed

Avinor shall ensure good aviation services for the whole of Norway

Avinor's role in society is to own, operate and develop a national network of airports for the civilian sector and a joint air navigation service for the civil and military sectors. The company's operations shall be carried out in a safe, efficient and environmentally friendly manner and ensure good accessibility for all groups of passengers.

In addition to this social mission, the Norwegian parliament has also assigned Avinor a number of other tasks that benefit society in general. Examples of this include air ambulance preparedness, training of air traffic controllers, the provision of assistance to the rescue services, meteorological services, facilitating general aviation and air sports, as well as assessments for and participation in the national civil protection work and emergency preparedness [1].

THE SOCIETAL BENEFITS OF AVIATION

Efficient air transport is essential for social development. In Norway great distances, challenging winter conditions and a dispersed population all combine to make air transport vital for settlement, business and industry.

Norway aims to make aviation accessible to all. Two thirds of the population can reach an airport within one hour. In Western

1) In 2016, Avinor analysed the costs relating to the tasks that are not directly linked to the social mission. The aim was to be able to take account of such costs in connection with competition and benchmarking. This is important for Avinor Flysikring AS in particular, given the competition for tower services, for example. Such costs are also of importance for airport operations.

Norway and Northern Norway, two thirds of inhabitants can reach an airport within 30 minutes.

Today, aviation is one of the prerequisites which enable Norway to maintain a decentralised industry and settlement structure. It is absolutely vital for the country's tourism, both to bring tourists to the gateway of Oslo Airport and to transport them to popular tourist destinations. Air transport is also a prerequisite for nationwide cultural and sports activities and a decentralised education system.

Moreover, aviation is important for transporting fresh seafood to an international market. This market is expanding and transport services are in great demand. Avinor is planning to expand cargo services, with a focus on facilitating the export of fresh produce. In 2016, plans were launched to build a large seafood centre at Oslo Airport, which could be ready by around 2020.

Aviation is an important part of the Norwegian health sector. In addition to ensuring high emergency preparedness, air transport is vital for efficient specialisation and production in the health sector. Around 30 000 medical transport flights take place each year. In addition, around 300 000 patients are transported on scheduled flights. Every year, approximately 150,000 passengers with reduced mobility make journeys aided by an assistant from the airports.

Around 30 000 people are directly employed by the Norwegian aviation industry. Including ripple effects such as aviation supplies, this figure is about 60 000 employees.

The oil and gas sector in Norway accounts for a high proportion of business travel by air in Norway, but there has been a considerable downturn in recent years. This is linked to reduced activity levels in this sector. A total of 499 242 offshore helicopter journeys were made in 2016, down almost 18 per cent from 2015.

STREAMLINING, MODERNISATION AND INVESTMENTS IN CAPACITY IMPROVEMENTS

Avinor is implementing a raft of measures to modernise and streamline the organisation and facilitate further growth in the aviation sector. This work continued in 2016.

Modernisation programme

A modernisation programme was initiated in 2014. The aims of this programme are to reduce annual operating costs, modernise operations and make them more efficient, highlight the significance of aviation and reduce the growth in operating expenses. These aims will be achieved through the use of new technology and automation, competitive tendering and better use of economies of scale in airport operations. The modernisation programme will reduce annual operating costs, from 2018, by NOK 600 million compared with the previously estimated costs for this year. The 2015 and 2016 cost saving targets of NOK 150 million and NOK 300 million respectively, were achieved by a wide margin. The target for 2017 is NOK 450 million, which will result in total cost savings of NOK 1.5 billion during the period 2015-2018.

Airport expansion

The work on the expansions of Oslo and Bergen airports remained on schedule during 2016 with regard to both costs and progress. A challenging expansion programme is being implemented, while at the same time ensuring safe and stable operation with as little negative impact on customers as possible. The new Oslo Airport opens in 2017, while the new terminal in Bergen is set to open in August.

Avinor and the other transport agencies have recommended that, when it considers the National Transport Plan for 2018-2029, the Norwegian Parliament gives its approval for the construction of a third runway at Oslo Airport when the need arises. There are two possible sites, one east and one west of the airport. The transport agencies are recommending the eastern option.

In spring 2015, Avinor prepared a new assessment of the airport structure in Norway. Avinor decided not to propose the closure of any airports over the next four years. This is subject to the condition that costs are reduced by NOK 100-150 million by 2019.

The Ministry of Transport and Communications has tasked Avinor with investigating the opportunities to establish a new regional airport in Lofoten. Avinor has carried out an assessment of the meteorological prerequisites for constructing an airport on Gimsøy. In November 2016, it was decided not to proceed with the Gimsøy option. Avinor will prepare a regional analysis for Lofoten/Ofoten and Vesterålen, which will be completed by 1 June 2018.

On behalf of the Ministry of Transport and Communications, Avinor has completed and submitted a feasibility project with a cost estimate and concession application for a possible new airport at Hauan in Mo i Rana. Whether or not the airport will be built will likely be decided in 2017 in connection with the 2018-2029 National Transport Plan. If the project is approved, Avinor assumes the company will receive funding for the construction, as detailed in Report No. 38 to the Storting - 2012/2013.

In the background document to the National Transport Plan 2014-2023, two potential locations for a new airport in Hammerfest were proposed: Grøtnes and Fuglenesdalen. Meteorological measurements are still being taken for Fuglenesdalen, but have been completed for Grøtnes. Avinor will work on measurements and findings at both sites, and a report will be completed by autumn 2017.

Avinor has also investigated costs and an implementation plan for a new airport in Bodø. It is estimated that a new airport, including runway system, navigation system and essential operating facilities for Avinor, would cost between NOK 4.5 and 5.0 billion. This estimate is subject to considerable uncertainty. Avinor recommends that the airport be relocated, provided that the group is reimbursed for additional costs amounting to between NOK 3.1 and 3.6 billion. The Norwegian Defence Estates Agency believes that it will be possible to cover between NOK 1.15 and 1.85 billion of this amount through land sales. A new airport at Bodø could be ready by 2024-2026.

The Norwegian government has decided to close Narvik Airport in 2017. The last flight from Narvik is scheduled to take place on 31 March.

As regards continued operations at Fagernes Airport, Leirin, the government has decided that Avinor will operate the airport for charter flights only until the end of 2018. Avinor will cease to own the airport from 1 January 2019.

Remotely-operated towers

In 2016, Avinor entered into an agreement with the Kongsberg Group and Indra concerning the development of technology for remotely-operated tower services. During the period 2017 to 2020, 15 of Avinor's airports are being converted to remotely-operated towers, controlled from a centre in Bodø (phase 1). Avinor expects this initiative to cut the cost of tower services at the 15 airports by 30-40 per cent, and thereby help to maintain a nationwide structure of airports, in line with Avinor's social mission.

Avinor and the Single European Sky

Airspace and airport capacity must be increased in order to handle future growth in traffic. The aims of establishing a single European airspace through the Single European Sky (SES), where the airspace is organised in functional blocks of airspace instead of along national borders, are to streamline traffic management, increase airspace capacity and improve aviation safety. Estonia, Finland, Latvia and Norway have therefore created the North European Functional Airspace Block (NEFAB) to underpin the requirements linked to the EU's plans relating to the Single European Sky (SES). This airspace blockworks closely with the Swedish-Danish airspace block, a partnership which resulted in the establishment of a so-called "Free Route Airspace" in November 2015. The initiative enables flights to be planned and executed along more direct routes, which in turn gives fuel savings for the airlines concerned, as well as reductions in greenhouse gas emissions.

An important factor relating to competition in the en route service is the unit price which can be offered to airlines. Avinor Flysikring AS has one of the lowest unit prices in Europe and has seen a 38 per cent reduction in its unit price in terms of nominal Norwegian kroner since 2009. This attracts traffic to Norwegian airspace and helps to boost revenues. Avinor Flysikring is looking at investments in the order of NOK 1 billion in new technology for the en route service. In addition to fulfilling authority requirements, the technology shift will lead to substantial improvements in efficiency and help to keep down the prices charged to the airlines.

Driverless vehicles

Like remotely-operated towers, driverless vehicles can make a major contribution to the work to streamline Avinor's operations. Since 2011, Avinor has had a vision of developing driverless vehicles, particularly in connection with the removal of snow from runways. Avinor and Yeti Snow Technology AS (YETI) formalised a partnership on 1 November 2016. The aim is to develop a prototype for testing in 2018. The pilot project is a partnership between Avinor and Innovation Norway.

ACCESSIBLE TO ALL

Universal design must be standard for air transport, and Avinor must ensure that everyone who needs to can plan and carry out their journey in an appropriate manner. Avinor is therefore working to fulfil the requirements for universal design, in close cooperation with organisations for people with disabilities. Great emphasis is placed on cooperating closely with national and regional user forums, which has given excellent results.

In accordance with the "Regulation on universal design of airports, and disabled people's rights in air transport" of 16 July 2013, Avinor is well under way in implementing a mapping process in cooperation with the Civil Aviation Authority, which will be completed in summer 2018. The mapping of universal design will facilitate planned and coordinated initiatives to ensure that universal design is adopted at all Avinor airports in accordance with applicable technical regulations.

Avinor is preparing further standards for terminal and operational buildings covering universal design and other characteristics, and establishing guidelines for the way in which Avinor will build in order to implement universal design.

Universal design will be implemented at airports in connection with new builds or alterations. In the first instance, this covers terminal buildings, as well as towers, with regard to the company's own employees. Avinor's project administration manual includes a checklist which will ensure that universal design is maintained in the initial phases of the construction process. The checklist is aimed at Avinor's own organisation, as well as architects and other partners.

The new terminal areas and associated underlying infrastructure at Oslo Airport and the new terminal at Bergen Airport will meet the requirements for universal design in all aspects of buildings and installations. However, Avinor's airports will continue to vary in terms of standard. For example, jetways between the terminal and the aircraft will not be an option at Avinor's smaller airports. Here, there will be electric stair climbers which are appropriate for the type of aircraft used at these airports.

WORKING TO IMPROVE THE CUSTOMER EXPERIENCE

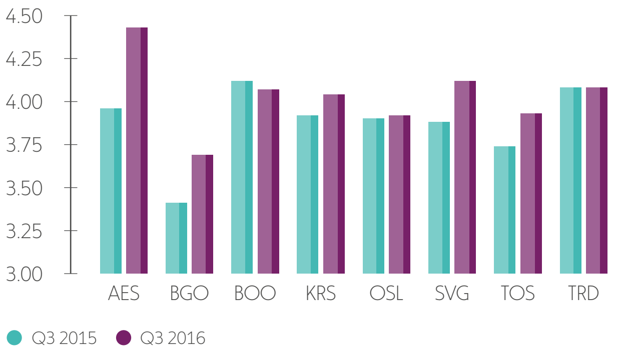
Avinor has developed a specific passenger strategy. Avinor's promise to passengers is to make their journey easier, regardless of what situations might arise at our airports. We have worked continually to improve the customer experience over the past couple of years and this is reflected in positive developments across the airport network. Avinor regularly measures customer satisfaction among passengers and takes part in the global Airport Service Quality (ASQ) survey, owned and conducted by the Airport Council International. According to this survey, satisfaction levels amongst our passengers have never been higher (see figure).

In 2016, we introduced a raft of measures to deliver even better passenger experiences.

The role of host has been a focal point during the past year, and we have set up a specific customer centre in Bodø. We will handle all

TREND IN PASSENGER SATISFACTION FROM 2015 TO 2016 – ASQ

Customer satisfaction score on a scale of 1-5, where 4 is considered "Very good"

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enquiries at this centre, including those submitted via social media. We have purchased "social customer care" tools to ensure that people who contact Avinor get both feedback and help fast.

All our airports now offer free drinking water for passengers.

Felix & Fiona

Avinor plays an active role in ensuring that families with children have a problem-free journey. Service options and facilities for families with children are visible and easy to find through the Felix & Fiona characters. During 2016, nursing room facilities were installed at all of our airports. Play areas and special activities for children were also provided. In partnership with the Norwegian Cancer Society, we have published our own version of their "sun protection" video, with Felix, Fiona and their dad in the main roles. This video was shown on Airport Express trains and on our own digital interfaces in summer 2016.

Portal Norway

To give passengers a warmer welcome to Norway and our airports, Avinor has worked with Innovation Norway to develop a modern, sensory concept with sound and images in the airports' arrival areas, called "Portal Norway". During 2016, we established Portal Norway in Tromsø, and a full version has also been integrated in international arrivals at Oslo Airport.

Simplified international – domestic transfer via Oslo Airport

Connecting Norway is a pilot scheme which will make it easier for passengers arriving from abroad to connect with flights in Norway. Previously, they had to collect their luggage, check in again and proceed through security. Now passengers on flights covered by the scheme may proceed directly to the domestic departure lounge. This scheme has now been operational for one year and was relocated to the new North Pier at Oslo Airport in December 2016. The scheme has been very positively received amongst both airlines and passengers. We are continually striving to improve the scheme in order to make travelling from abroad via Oslo Airport to the rest of Norway as easy as travelling via other European airports.

Avinor as a sponsor

Avinor's sponsorships shall predominately be aimed at local initiatives and activities for children and young people. Many airports sponsored activities for children and young people in local communities in 2016.

Avinor supports the Church City Mission in Oslo through the project entitled 'The neighbour partnership in Bjørvika'. The Church City Mission also organises special activities for children and young people, where Avinor's employees participate. Avinor's Christmas present went to the Church City Mission for their campaign entitled 'Make someone who is dreading Christmas happy'.

The environmental organisations Zero and Bellona receive financial support from Avinor and provide specialist support to Avinor in connection with the work to develop biofuel.

HIGH PUNCTUALITY AND REGULARITY

Overall, punctuality at Avinor's airports was close to 87 per cent in 2016, one per cent down from 2015. The Avinor group's target for punctuality, with departures within 15 minutes, is 88 per cent. Achieving this target depends on the interaction between the airport, airline and airport-related services. Meteorological conditions are another factor. The lower punctuality in 2016 particularly applies to Oslo Airport and was partly due to frequent thunderstorms and showers during the summer, resulting in a need to reduce traffic levels at certain times to take account of the lower capacity under such conditions. There were also cases of technical failure of radar equipment operated by both Oslo Airport and Avinor Flysikring. Snowfall, fog, freezing fog and Christmas traffic levels were the main causes of the lower punctuality in November and December.

Flight regularity is a measure of the percentage of scheduled departures that actually take place. Avinor's target is 98 per cent. In 2016, the overall regularity for all airports was close to 99 per cent. The result has remained more or less the same in recent years. Avinor's official statistics are based on the airlines' information about cancellations and changes in scheduled routes. In 2016, Avinor introduced the new ALTi traffic information system at all airports. With this system, cancellations reported on the actual day of the flight are reported as actual cancellations. Under the previous practice, flight operators could report a cancellation as a scheduled route change up until the day of the flight. This caused some uncertainty about the underlying statistical basis.

AVIATION SAFETY AND SECURITY

The regulatory requirements in the field of aviation safety follow from Norway's international obligations through the EEA and ICAO (the UN's International Civil Aviation Organisation). Based on these obligations, the Norwegian Civil Aviation Authority implements Norwegian provisions that Avinor is required to comply with. Avinor actively participates in international work, e.g. in the development of new aviation-related regulations in Europe, particularly airport regulations.

Within Avinor, safety has the highest priority, and the primary objective is to prevent accidents and incidents and ensure sound preparedness. Work is under way on a number of initiatives that have been identified to underpin this objective. Avinor's work relating to aviation safety forms an integral part of the quality assurance process within Avinor and is adapted to the management structure which has been established within the management system.

Comprehensive safety management

In recent years, Avinor has introduced a framework for comprehensive governance which includes systems for strategic governance, comprehensive risk management, a process-oriented management system and a system for handling non-conformities. Under requirements laid down in new EU regulations, Avinor must prepare and maintain an overview of hazards and risks. The process for operational risk management was mapped and approved a couple of years ago and, in 2016, Avinor purchased and developed the tool which is used to register operational risks. Outstanding tasks include the definition of roles in the registration process, some adaptation of the tool, the entry of hazards and risks which we have already identified, and visits to the airports for implementation.

A portal was implemented for the reporting of non-conformities by suppliers and commercial partners in 2016. The new reporting regulations require non-conformities to be classified according to risk, and work has begun to comply with this requirement.

Work is also under way to quality-assure the numerical basis from the source data and to develop dashboards as management information. This is a time-consuming task which involves many people, but the result will be data which can be extracted more easily using more automated processes. It will provide us with a more accurate and more standardised holistic picture from airport manager to group level.

Under new EU regulations, airport operators must have a strategic Central Safety Review Board. These requirements have been presented to what was previously called the Sentral Sikkerhetskomité (now the Central Safety Review Board), and discussions have been held concerning a new composition, group perspective, agenda and interface between this strategic committee and the more operational committees. The agenda has been tightened in accordance with the EU requirements.

Further implementation and improvements to the management system, including safety/security management and a focus on operational risk management and safety/security culture, will take place during 2017.

All incidents of a certain severity are followed up. A risk-based approach is followed within the field of safety/security management, with proactive indicators being established within safety/security, and reactive methods being used as sources for working proactively. The reporting culture within the group is good, and the reports concern potential or less serious circumstances which provide an opportunity for lessons to be learned and improvements to be implemented. The follow-up of irregularities is a high priority throughout the group.

Drones

As a result of the new regulations concerning the use of drones, Avinor needs to act consistently with regard to drone activity. A separate RPAS team (Remotely Piloted Aircraft System) has been set up to ensure this. Avinor Flysikring AS and Avinor AFIS have drawn up procedures for complying with the requirements laid down in the regulations. The aim of the procedures is to ensure that operations involving aircraft without a pilot onboard are handled safely and consistently in and around both non-controlled and controlled airports.

Moreover, Avinor has published maps and rules on its website concerning drone flying around Avinor's airports. These are rules for unmanned aircraft within the airport's traffic information and control zones. Traffic information and control zones have been established to protect the airspace around the airport and flights using the airport.

Accidents and serious aviation incidents

There was one aviation accident without any injuries in Norwegian aviation in 2016 where Avinor was a contributory party – a collision between a helicopter and a car. No serious aviation incidents occurred where Avinor was a contributory party.

ACCIDENTS AND SERIOUS AIRCRAFT INCIDENTS 2015-2016

	SERIOUS AVIATION INCIDENT	AVIATION ACCIDENT WITHOUT INJURIES	AVIATION ACCIDENT WITH INJURIES
2016	0	1	0
2015	2	0	0

Serious aviation incidents, aviation accidents without injuries and aviation accidents with injuries where Avinor was a contributory party. The term 'aviation accident' follows the definition in BSL A 1-3 (Civil Aviation Regulations).

Comprehensive audit programme in 2016

The group works systematically to maintain a good safety culture and a high level of aviation safety. As one of a number of instruments to be used, regular audits are carried out both on the units and within specific disciplines to verify that the group is complying with all relevant laws and regulations.

Suppliers are audited regularly to ensure that deliveries are of the correct quality in relation to applicable agreements. The frequency of such audits depends on the criticality of the delivery. Suppliers who provide traditional airport services are therefore monitored closely through audits. This ensures that the services are provided within the framework of Avinor's certificates.

An audit programme is established for periods of one year at a time and approved by the CEO. Any findings from the audits are entered as a non-conformity in the non-conformity management system and followed up by the person who is defined as the risk owner. Findings that are registered by external parties are followed up by a designated contact person at Avinor through Avinor's tool for non-conformity management.

Extensive audit resources were utilised during 2016 in relation to the civilian takeover of Bodø Airport and the outsourcing of ground services (surface maintenance services, fire and rescue service and electrical engineering service), in connection with both prior audits and ordinary audits. A total of six audits (internal and external) were conducted in connection with the civilian takeover of Bodø Airport during 2016.

Avinor is working towards certification in accordance with ISO 14001 (environmental certification requirement). In connection with this, an external certification audit was conducted in December 2016. With regard to the implementation of environmental management at the airports and as preparation for the external certification audit, 19 implementation audits were carried out within the external environment in 2016. These audits were carried out in the form of both remote audits and on-site internal audits.

With the exception of implementation audits relating to the external environment, a total of 29 internal audits and 17 audits of external parties (suppliers and other stakeholders at the airports) were carried out under the direction of Avinor AS and Oslo lufthavn AS during 2016. Oslo lufthavn AS was also merged with Avinor AS with effect from 1 January 2016.

Findings from audits primarily come under the category of "Management and follow-up'. Within this category, the trends reveal that most findings lie within the following areas: 1. Management

systems and documentation, 2. Follow-up of daily operations, and 3. Skills management.

Within Avinor Flysikring AS, nine audits and two (external) supplier audits were conducted in accordance with the audit programme. In addition, DNV GL carried out an audit in connection with the ISO 9001 certificate, and the Civil Aviation Authority conducted six supervisory audits on Avinor Flysikring AS. No findings with a high level of risk were identified. Some findings were linked to:

- The system for the management of printed documents
- Familiarity with underlying safety documents
- Local regulations: references to expired overarching documentation were encountered within governance/group-wide procedures

Security control

The threat situation has developed further in relation to previous years. According to the Norwegian Police Security Service (PST), Islamic extremists pose the biggest threat as regards acts of terrorism. No information has come to light which suggests that Norway is particularly exposed to this threat, but Norway has been described as a legitimate target by those responsible for terrorist threats. Avinor works continually to develop appropriate security measures and collaborates with the police and others to facilitate rapid and appropriate responses to any incidents.

In 2016, Avinor built further on previous investments, and all airports have now installed equipment to detect explosive particles and analyse liquids. At Oslo Airport, security scanners have been purchased following testing in previous years in order to further improve security and reduce the burden that security control represent for passengers. Great emphasis is placed on reducing the risk of discrimination and safeguarding the personal integrity of passengers. To reduce the occurrence of discrimination, Avinor mainly uses technical solutions which do not allow the operator to manually select passengers for additional checks. At the same time, Avinor is investing in equipment which will reduce contact between security personnel and passengers, to reduce the risk of discriminating action during airport security. One of Avinor's aims is to always have both male and female security officers present. Cubicles or screening possibilities are also available to maintain personal integrity during checks.

Avinor achieved good quality-related results concerning security in 2016. The trend from 2015 of a reduction in the number and severity of non-conformities continued. The introduction of new elements in the regulations entailed a certain amount of work with regard to compliance during the implementation period, but overall the implementation process was very successful. Close, open and productive partnerships with both suppliers and public authorities have contributed to marked improvements within certain areas where there were previously challenges.

Human trafficking

Avinor does not have its own systems for reporting human trafficking. Such cases are entered in the criminal case system and handled by relevant authorities such as the police and customs authorities. These are present at Avinor's largest airports, which have given feedback on the success of the collaboration. Avinor encourages all employees to report any dubious situations where human trafficking is suspected.

Civil protection and crisis preparedness

Avinor has maintained a strong focus on a high level of security/safety and sufficient preparedness for dealing with accidents and incidents. In order to contribute to good management practice, Avinor has established a joint communication platform to increase the degree of integration in the crisis management work with the Ministry, the supervisory authority and other stakeholders who participate in the work relating to threats and crisis management.

Revitalisation of the Totalforsvaret (Total Defence) concept has entailed a stronger focus on which services Avinor is expected to provide. The work to ensure that Avinor meets these expectations has begun and will continue in the future. Avinor has also placed a particular focus on meeting expectations relating to the new Security Act and the screening of infrastructure and information systems.

Certification of Avinor's airports

In May 2016, Avinor AS was certified as an airport operator for civil aviation in accordance with common European regulations, prepared by the European Aviation Safety Agency (EASA). The CEO is the Accountable Manager.

During 2016, Kristiansund Airport, Bodø Airport and Svalbard lufthavn AS all received a design certificate verifying that the airport fulfils the design requirements laid down in the common European regulations. Avinor has submitted an application for design certificates for 37 airports, including Oslo Airport, and will submit an application for the remaining airports in spring 2017. All airports which operate civil aviation must have a design certificate by the end of 2017.

In connection with the certification process, a number of changes have been implemented, both in the way in which Avinor operates its airports and in the design of the airports.

Projects, research and development

Avinor Flysikring AS is carrying out a number of projects which will contribute to optimising the use of Norwegian airspace. The aim of these projects is better safety, greater capacity, more efficient service deliveries and reduced environmental impact. Through the NORWAM project, investments are being made in new technology which will ensure full surveillance coverage of Norwegian airspace and result in the phasing out of old technology. This will reduce the company's costs with regard to both investments and operation of the new systems. In addition, a surveillance corridor will be established from the mainland to Svalbard, which will provide customers with a more efficient service.

Furthermore, the Air Traffic Management system (NATCON) underwent a major upgrade, which has made it possible to establish a Free Route Airspace concept in partnership with our neighbouring countries. The introduction of Free Route Airspace means that airlines can fly more direct routes than was previously the case, and thereby reduce their fuel costs. The project has attracted considerable attention internationally and has also received an award from the European Commission.

The existing ATM system (NATCON) must be replaced within a five-year period in order to satisfy future requirements. Avinor Flysikring AS has decided to do this in partnership with other international service providers in order to minimise investment costs. The new ATM is scheduled to become operational in Southern Norway in 2020 and in Northern Norway in 2022.

Avinor will be a driving force in the work on climate and environmental challenges within aviation

Avinor shall focus on long-term goals linked to the three biggest environmental challenges associated with airport operation: climate, noise and water and land pollution.

The environmental work being carried out within the group will be further strengthened during 2016. Over a period of several years, Avinor has been working on a comprehensive environmental pledge which covers both improvements to environmental management and work on the individual environmental disciplines, both centrally and locally at the airports. Avinor has decided to certify its environmental management and operational environmental work in accordance with the ISO 14001:2015 standard. Oslo Airport was certified as early as 2014.

GREENHOUSE GAS EMISSIONS

Avinor's climate goals: By 2020, the company's own controllable greenhouse gas emissions will be halved compared with 2012. Avinor shall contribute to reducing greenhouse gas emissions from surface access and aviation traffic.

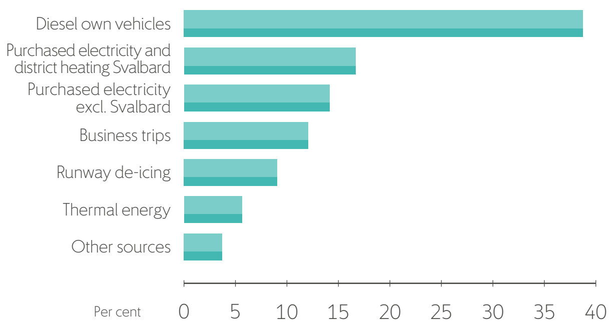
Greenhouse gas emissions from airport operations

The largest greenhouse gas emission sources at airports are aircraft taking-offs and landings, followed by surface access (i.e. greenhouse gas emissions from transport to and from airports). Avinor's own greenhouse gas emissions are linked to operation of the airports and are relatively small compared with greenhouse gas emissions from aircraft and surface access. The largest emissions from Avinor's operations are generated by fuel consumption by Avinor's own vehicles, followed by energy consumption (including electricity, district heating and other thermal energy) and business travel by aeroplane and car. Other emission sources included in Avinor's own emissions are chemicals for the de-icing of runways and fire-fighting exercise areas.

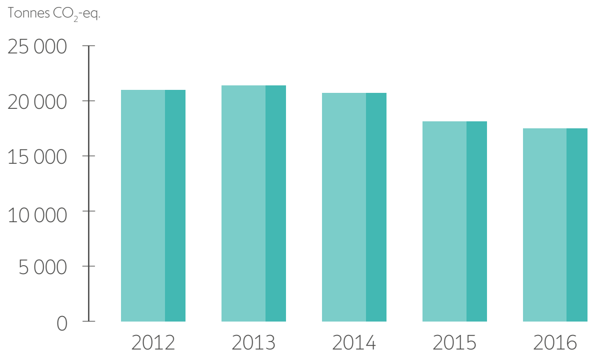
Avinor prepares a greenhouse gas inventory pursuant to "The Greenhouse Gas Protocol", and purchases emission allowances to compensate for the group's own emissions.

In 2016, Avinor's own, controllable greenhouse gas emissions from airport operations totalled 17 500 tonnes CO_2 equivalents, a reduction of 900 tonnes compared with 2015. In line with our goal to halve our own controllable greenhouse gas emissions by 2020 compared with 2012, we recorded a reduction of almost 20 per cent in 2016 compared with 2012. This reduction was mainly due to a general reduction in greenhouse gas emissions from Norwegian production, import/export of electrical power, rather than a reduction in Avinor's energy consumption. Emissions from Avinor's operations largely depend on weather conditions during the winter season, due to the need for snow clearance, heating and consumption of de-icing chemicals. Fuel consumption has been reduced in the period 2012–2016,

SOURCES OF AVINOR'S OWN CONTROLLABLE GREENHOUSE GAS EMISSION



AVINOR'S OWN CONTROLLABLE GREENHOUSE GAS EMISSIONS



and large scale phasing-in of second generation biodiesel started at Oslo Airport in 2016. Use of electric and hydrogen cars as well as the phasing-in of biodiesel has reduced Avinor's greenhouse gas emissions by about 250 tonnes CO_2 equivalents in 2016.

Airport Carbon Accreditation (ACA) is an industry scheme through which airport operators can gain accreditation. The aim of the scheme is to reduce greenhouse gas emissions from airports around the world. In 2016, there were no fewer than 156 airports in the scheme, with the result that 31 per cent of global passenger traffic travelled via ACA-accredited airports. Within Avinor, Oslo Airport, Trondheim Airport and Kristiansand Airport have been accredited since the foundation of ACA in 2009. Bergen Airport and Stavanger Airport have participated since the beginning of 2014. Airports participating in the scheme must set binding targets for reductions in emissions, prepare greenhouse gas inventories and adopt action plans.

In 2016, Avinor established a framework agreement for the purchase of second generation biofuel. This biofuel meets the criteria for sustainability [2)] and does not contain palm oil. In the long term, biofuel will significantly reduce emissions from vehicles. In 2015, Oslo Airport began testing biodiesel on heavy goods vehicles. Following the success of the testing with no operational problems, the test was expanded in 2016. In 2016, Trondheim Airport also started phasing in the use of biodiesel for selected vehicles. Bergen Airport purchased a specific tank for biodiesel in 2016, and will phase in the use of biodiesel in 2017.

In connection with the procurement of vehicles, there is also a focus on always carrying out an assessment to determine whether fossil fuel-powered vehicles can be replaced with electric vehicles. Thirteen new administrative vehicles were purchased for Avinor in 2016, five of which were electric and five hybrid. Oslo Airport now has 17 electric cars and a hydrogen car, and therefore has Avinor's largest fleet of zero-emissions vehicles.

Greenhouse gas emissions from aviation traffic

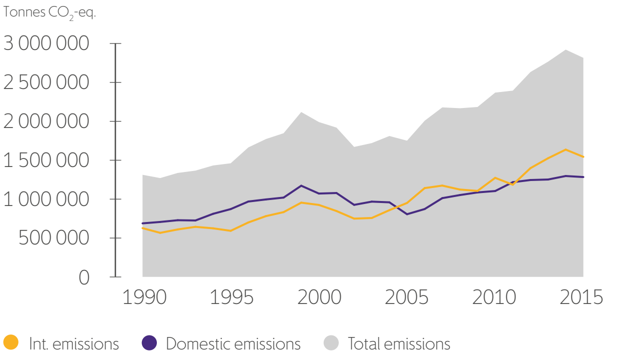
Since 2007, Avinor has worked with the airlines and the Federation of Norwegian Aviation Industries to facilitate reductions in greenhouse gas emissions. Two reports [3)] have been published which outline emission-reducing measures and compare their effects with anticipated traffic developments. According to the forecasts, greenhouse gas emissions from domestic air traffic could be less in 2025 than in 2007, despite substantial traffic growth. Emissions from international air traffic will probably increase due to significant traffic growth. However, this could be offset by the use of biofuels.

The most important emissions-reducing measures are associated with fleet replacements, improving airspace efficiency biofuel and electric aircrafts.

According to Statistics Norway (SSB), greenhouse gas emissions from domestic civil aviation accounted for 2.4 per cent of overall domestic emissions in 2015 (last official figures) (1.28 of 53.9 million tonnes). It is these emissions which are covered by the Kyoto

2) http://www.miljodirektoratet.no/Documents/publikasjoner/M10/M10.pdf
3) See https://avinor.no/konsern/miljo-og-samfunn/rapporter/ A third report will be published in spring 2017

GHG EMISSIONS FROM NORWEGIAN AVIATION 1990-2015



Protocol and reported in Statistics Norway's figures on greenhouse gas emissions from Norwegian territory. This is the same in all countries. In 2015, greenhouse gas emissions from international air traffic, meaning from Norwegian airports to the first destination abroad, totalled 1.54 million tonnes CO_2 equivalent. These emissions are reported annually by the Norwegian Environment Agency to the United Nations Framework Convention on Climate Change (UNFCCC). Total greenhouse gas emissions from all jet fuel sold at Norwegian airports for civilian purposes in 2015 corresponded to around 5 per cent of Norway's total emissions, in the order of 2.8 million tonnes CO_2 equivalent – a reduction compared with 2014. According to IATA [4)], total carbon emissions from global aviation amounted to 781 million tonnes, or approximately 2 per cent of global greenhouse gas emissions (36 billion tonnes) in 2015 (last official figure). In addition, there is the impact caused by the fact that some emissions occur at high altitudes, which increases the environmental impact somewhat. CICERO estimates an additional factor of between 0.8 and 2.5, with a model mean of 1.8. Domestic traffic in Norway only flies at these altitudes to a limited extent [5)].

The airlines are continuing the work on energy efficiency and fleet renewal

SAS and Norwegian continually renew their fleets and exclusively operate the latest generation of aircraft. More fuel-efficient engines, better aerodynamics, reduced weight and more seats mean that the new Boeing 737 aircraft, for example, has about 30 per cent lower fuel consumption and greenhouse gas emissions per seat kilometre than the previous generation of aircraft. In 2016, A320 NEO and Boeing 737-Max aircraft started to be introduced. This will result in a further reduction of around 15 per cent per seat kilometre.

More efficient airspace

More efficient airspace along with optimisation of landings and take-offs are important measures where Avinor has considerable opportunity to make an impact. Better navigation technology allows more precise and flexible approach and departure procedures. In 2016, there were 13,700 curved approaches to Oslo Airport as a result of the revised noise regulations. This corresponds to a limited reduction in fuel consumption of 1000 tonnes, which is equivalent to a reduction in CO_2 emissions of 3200 tonnes. Procedures for curved approaches have also been implemented at Haugesund Airport and at Harstad/Narvik Airport, and will gradually be introduced at other airports.

In November 2015, Free Route Airspace was introduced. This is a new airspace organisation system in Norway, Finland, Latvia and Estonia, which means that the airlines can plan their flights between airports in the optimal manner, without depending on predefined routes. This means that aircraft can carry less fuel, which will reduce costs, weight and greenhouse gas emissions.

Jet biofuel

Biofuel was certified for use in civil aviation in 2009. Since then, thousands of scheduled civilian flights have taken place using biofuel, and there has been a rapid development in the various technologies for production of biofuels. Both the aviation industry and the UN's aviation organisation, ICAO, consider phase-in of biofuel a very important measure to reduce greenhouse gas emissions from aviation.

Norway's first flights using biofuels were conducted in November 2014. In January 2016, Avinor Oslo Airport, in collaboration with AirBP, SkyNRG, Lufthansa Group, KLM and SAS, became the first international airport with regular supplies of biofuel for all airlines refuelling there. In the fourth quarter, a new supply of biofuel was received from AltAir in California. It is the first time in the history that biofuel has been distributed together with fossil fuels from the central tanking facility, which has reduced costs significantly.

Avinor has allocated up to NOK 100 million over a ten-year period (2013-2022) for measures and projects that will contribute to the phase-in of jet biofuels in Norwegian aviation. Along with the airlines and the Federation of Norwegian Aviation Industries, Avinor has explored opportunities to establish large-scale production of biofuels for aviation, based on biomass from Norwegian forests. The conclusion is that this can be realised from 2020-2025. Avinor has cooperated with many stakeholders with regard to the production of jet biofuel for aviation in Norway. In addition, Avinor supports several research projects related to this, in cooperation with SINTEF and others.

Large-scale Norwegian production of biofuel for aviation and heavy road transport may be essential to reach Norway's climate goals. However, this depends on long-term and predictable framework conditions. Jet biofuel can also be imported from abroad.

Electric aircrafts

Electric aircrafts could be a viable alternative in domestic traffic in Norway, if the airlines and aircraft manufacturers decide to invest in the technology. Airbus's electric aircraft, the E-Fan, became the big attraction at the Zero Emission Conference in Oslo in November 2016. Airbus believes that electric aircraft will be used in passenger traffic within few years, and this might become a good alternative at Norwegian airports. In 2018, Airbus will launch a new version of the electric aircraft which will be put into production for the private aviation market. Norsk Luftsportforbund and Avinor are currently in discussions with Airbus with the aim of having one or two examples of this aircraft based in Norway to further increase the level of interest in zero emissions aviation.

Avinor believes a larger project should be carried out to assess the potential use of all-electric aircrafts or hybrid aircrafts in commercial aviation. Together with other players, Avinor will consider possibilities and challenges, with an aim of introducing this type of aircraft on domestic routes in Norway within 10-15 years. Avinor and the NLF will contact relevant airlines and industrial players and invite them to take part in the project.

4) http://aviationbenefits.org/media/149668/abbb2016_full_a4_web.pdf
5) Lund, Marianne T, Borgar Aamaas, Terje Berntsen and Jan S. Fuglestvedt (2016): 'Luftfart og klima - En oppdatert oversikt over status for forskning på klimaeffekter av utslipp fra fly', CICERO Report 2016:5.

Surface access

To improve passenger services, reduce greenhouse gas emissions and improve local air quality, Avinor aims to be a driving force and facilitator in ensuring that as much of the surface access to airports as possible takes place by public transport. Challenges relating to ground transport are linked to both the transport network and types of transport. The residential pattern in the airport impact area also means that it is not possible to provide everyone with fully satisfactory public transport services.

Avinor's airports consistently have a high proportion of public transport users. Oslo Airport is the highest-placed in Europe, with more than 70 per cent of passengers using public transport. The percentage has increased in recent years, and the aim is to improve it even further.

A group of passengers that represent large environmental challenge are those who drive to the airport to drop off or collect passengers, and then drive home again (so-called 'kiss & fly'). Avinor is encouraging especially this group to use public transport.

Most policy instruments to increase the share of public transport are outside the scope of Avinor's responsibilities, and require cooperation between a number of players. Avinor's main contribution is to facilitate infrastructure at the airports, and provide information about services to passengers. At group level, Avinor cooperates actively with the main airport bus operators in Norway, focusing on the four major airports. The purpose of the cooperation is to find strategies to increase the bus companies' market shares at the expense of private cars. Avinor also aims to use this knowledge to facilitate increased use of public transport at the smaller airports.

SHARE OF PUBLIC TRANSPORT AT NORWAY'S FOUR LARGETS AIRPORTS

	PUBLIC TRANSPORT SHARE					
AIRPORT	2009	2014	2015	2016	TARGET 2020	TAXI 2016
Oslo	64	66	71	70	70	4
Stavanger	14	17	18	19	30	24
Bergen	27	34	42	38	50	18
Trondheim	42	45	52	54	50	9

Source: Reisevaneundersøkelsene (RVU)

Oslo, Bergen and Trondheim have witnessed very positive trends in the public transport share in surface access in recent years. Based on these developments, Avinor will further raise the level of ambition towards 2030. For Oslo Airport, the target for 2030 has already been set to 75 per cent.

Taxes and quotas

Norway is one of the few countries in the world to introduce a CO_2 tax on domestic flights. In 2016, this tax amounts to NOK 1.10 per litre of jet fuel, or NOK 431 per tonne CO_2 (+ 10 per cent VAT). According to international agreements, CO_2 taxes are not to be applied to international traffic.

Since 2012, civil aviation has been encompassed by the European Emissions Trading Scheme, a cap and trade system, in line with the industry and energy sectors. The EU's aim is for emissions in sectors subject to quota obligations to be 43 per cent lower in 2030 than in 2005. The original intention was for all flights within and to/from EU/EEA countries to be covered by the scheme. However, for the period 2013-2016, it has been decided that only flights within the EU/EEA will be covered, pending the introduction of potential global market-based measures organised by ICAO. The EU is now considering how this should be taken forward.

The airlines must apply for and be awarded a certain number of free quotas based on their production in 2010, and must reduce their emissions or purchase quotas for exceeding emissions. The quota price[6] has varied between NOK 235 per tonne CO_2 in July 2008 and NOK 21 per tonne CO_2 in April 2013. As of February 2016, quotas are being sold for around NOK 55 per tonne. The EU is expected to reduce the number of available quotas in the period leading up to 2030, to achieve its objectives. This will increase the quota price and, in the longer term, result in higher costs for Norwegian aviation. This means that an overall assessment of the aviation industry's emission reductions must take into account goal achievement in the quota trading scheme, phase-in of sustainable biofuel and the impact of emissions-reducing measures in the aircraft fleet.

On 1 June 2016, an air passenger tax was introduced on all departing flights from Norwegian airports. In 2017, this is set to NOK 82 per passenger.

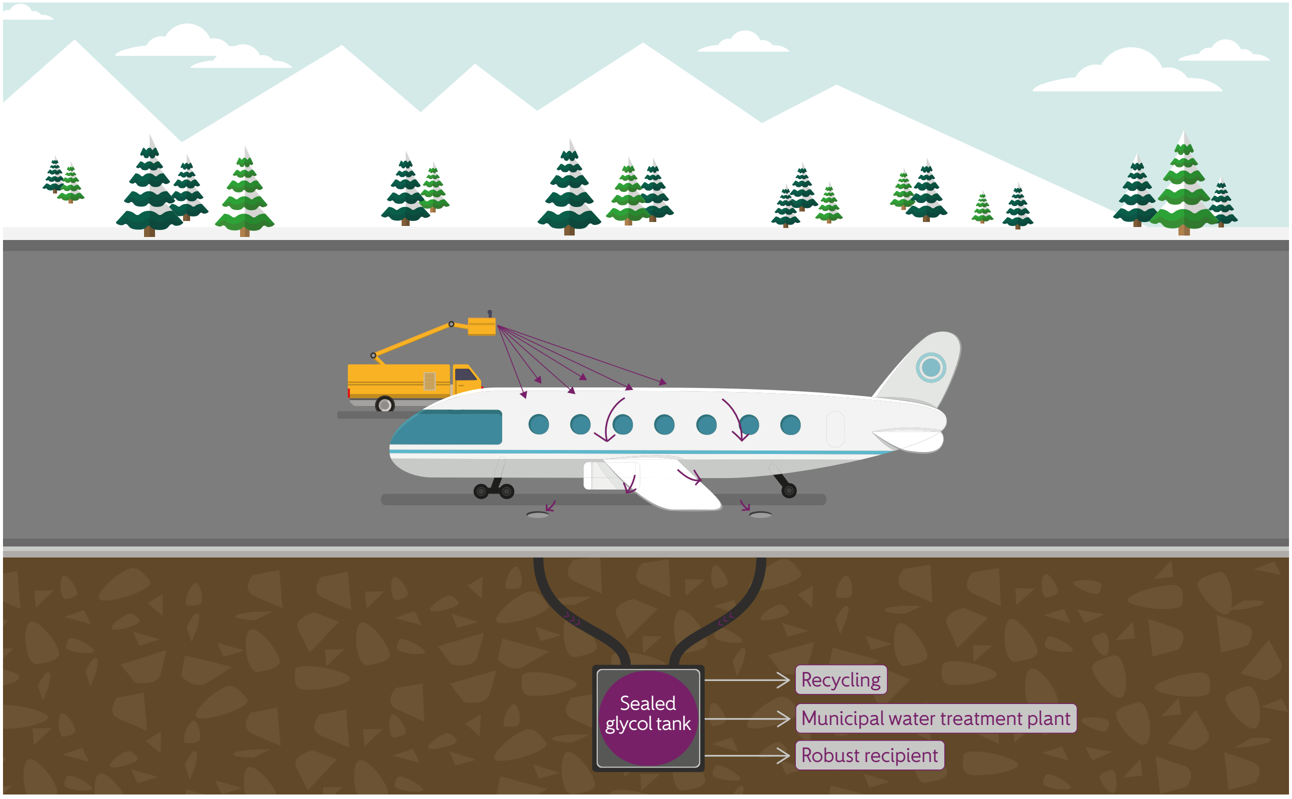
The UN's International Civil Aviation Organisation (ICAO) has adopted carbon-neutral growth from 2020 as a sector target for international aviation. At the General Meeting in October 2016, it was agreed to introduce a quota system for greenhouse gas emissions for international aviation, which combined with other initiatives will contribute to achievement of the target. The first phase of the mechanism lasting six years from 2021 will be voluntary for the states. To date, a total of 66 states, including Norway, have voluntarily signed up to take part in this phase. The air traffic between these states represents more than 86 per cent of the international air traffic.

Aviation infrastructure is self-financing. Financing operation and investments in Avinor's airport network is covered by airport taxes and airport commerce, while air navigation operation and investment is covered by air navigation taxes. The airport taxes represent payment for services used by airlines and passengers in Avinor's airport network, a principle that is anchored in the global Chicago convention. The air navigation taxes represent payment for services provided by Avinor Flysikring to the airlines, in the airspace it is

CLIMATE ADAPTATION

As a result of substantial historical greenhouse gas emissions, the global mean temperature will continue to rise even if emissions are drastically cut in the future. This will result in global climate changes. In Norway, we can expect a warmer, wilder and wetter climate, but with considerable regional and local variations. The forecasts produced by climate models indicate that the climate could change substantially from around 2040 onwards. The climate of the future must therefore be taken into account in infrastructure projects which are currently under way.

6) Page 46 of Prop 1 LS 2015-2016: Skatter, avgifter og toll 2016



Several of Avinor's airports have implemented collection systems with a sealed tank for de-icing chemicals.

Since 2001, Avinor, the Norwegian Public Roads Administration, the Norwegian Coastal Administration and the National Rail Administration (now the Norwegian Railway Directorate) have been assessing the impact of climate change on their own operations through their work on the National Transport Plan (NTP). In addition, Avinor has carried out its own risk and vulnerability analyses.

A raft of measures has been introduced to reduce climate vulnerability, including the establishment of new dimensioning criteria for critical infrastructures. Avinor will continue this work.

Avinor is a partner of a centre for research based innovation run by SINTEF, called Klima2050, and through this carries out pilot projects relating to issues such as the better treatment of run-off from runways, and maintenance regimes, including the climate adaptation of existing buildings. Work is also under way on climate adaptation through the ICAO and Airport Council International (ACI).

WATER AND LAND

Avinor's environmental objectives for water and land during the period 2016–2020: No further ground pollution or deterioration in the aquatic environment will occur in or around the airports.

Many different needs must be met in connection with the operation of airports, and many of the activities entail the use of chemicals with potential discharges. It is an important aspect of Avinor's corporate social responsibility at all times to reduce the use of chemicals, identify the most environmentally-friendly alternatives, and monitor the impact of airport operations on the surrounding environment.

All of Avinor's airports have their own discharge permits which, among other things, regulate the quantities of de-icing chemicals and chemicals for fire-fighting exercises that can be used.

De-icing chemicals are used to ensure there is no snow or ice on aircraft prior to take-off, and to ensure safe landing conditions by ensuring there is sufficient friction on runways and taxiways. Such de-icing chemicals are not toxic, but they do consume oxygen when they degrade. This can have an adverse effect on the environment if the tolerance threshold and natural degradation capacity of the water body are exceeded.

In order to ensure satisfactory preparedness for accidents and incidents, fire-fighting exercises must be carried out routinely. Such exercises must be conducted at airports with approved fire-fighting exercise areas, and a variety of petroleum products must be used to ensure that the exercises are realistic. The fire-fighting exercises are therefore linked to systems for the collection of run-off, which includes oil separators, to protect the natural environment as much as possible.

Avinor has drawn up a specific procedure for environmental monitoring, enabling the documentation of discharges, tolerance thresholds and any impact on the surrounding environment. Such monitoring programmes can also be used to implement appropriate measures if non-conformities are identified. As part of Avinor's modernisation programme, training on sampling techniques was provided at certain airports during 2016. This training will better enable the personnel at these airports to follow up discharges into the natural environment and impacts on recipients.

In recent winters, Avinor's overall consumption of de-icing chemicals has increased. This primarily concerns aircraft de-icing

Samples in connection with environmental monitoring at Kirkenes airport.

chemicals and is largely due to more challenging weather conditions. Aircraft de-icing chemicals are particularly used when precipitation occurs during the winter, in order to prevent the formation of ice on aircraft. In 2016, there were instances of exceeding the maximum permitted usage of de-icing liquid at ten of Avinor's airports.

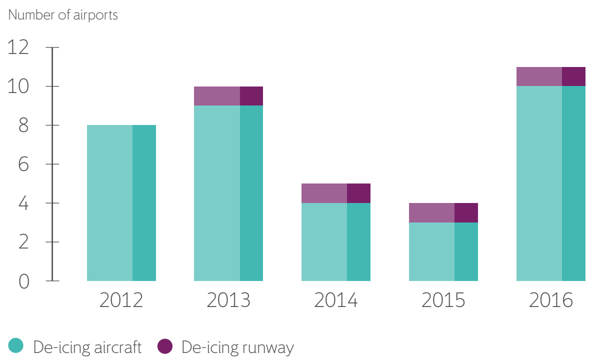
In addition, during the 2015-2016 winter season, two breaches of the discharge permit in the watercourses around Oslo Airport were demonstrated, while in 2016, there were a total of two minor breaches of the discharge permit for groundwater. These breaches are being followed up and have led to Avinor developing practical solutions, not just to reduce chemical usage, but also to promote better control in order to prevent the dispersal of chemicals following application. A collection system and sealed tanks have also been installed at a number of airports. These tanks are connected to the municipal wastewater network and transport the chemicals in the water to more robust recipients, typically fjords with a higher degradation capacity.

For many years, Oslo Airport has focused on evaluating the long-term effects of de-icing chemicals on soil and groundwater as a result of their use on runways and taxiways. The availability of oxygen has limited degradation capacity in the most critical areas. As a result of this, 65 wells have been drilled to enable air to be injected into the ground and groundwater. The project was already producing positive results in 2016 in the form of the accelerated degradation of chemicals.

During 2016, Avinor was issued with new discharge permits for Leknes and Ålesund, and applications were submitted for new discharge permits for the airports at Ørsta-Volda, Kirkenes and Mosjøen.

Six cases of ground pollution were recorded in 2016. However, three of these were old cases involving PFAS pollutants (see below).

NUMBER OF AIRPORTS WITH OPERATIONAL BREACH OF CONDITIONS FOR AIRCRAFT AND RUNWAY DE-ICING



PFAS

Until 2011, Avinor used various types of polyfluorinated alkyl substances (PFAS) in foam for fire-fighting purposes in its fire-fighting exercise areas. The best known compound, PFOS, was phased out in 2001. As more evidence has come to light over the years indicating that many of the PFAS compounds are toxic and persistent (i.e. they do not degrade), Avinor has switched to using fluorine-free fire-fighting foam. However, many years of using fire-fighting foam containing fluorine have resulted in ground pollution in many of Avinor's fire-fighting exercise areas. These pollutants are still contributing to the run-off of PFAS to the surrounding environment.

Avinor monitors PFAS pollutants at its airports on an ongoing basis, and sampling for PFAS analysis forms part of many of the annual environmental monitoring programmes.

Following extensive water, soil and biota sampling, as well as risk assessments linked to PFOS, reports from 18 airports were completed in 2016. Action plans have also been drawn up for PFOS-polluted ground at Harstad/Narvik Airport and Kristiansand Airport, following the issuing of orders by the Norwegian Environment Agency. An action plan for the fire-fighting exercise areas adjacent to Svalbard Airport is under preparation after the Governor of Svalbard issued Avinor, Longyearbyen Community Council and Store Norske Spitsbergen Kullkompani with a joint order to draw up an action plan for PFAS pollutants.

At Oslo Airport, the treating of PFOS contaminated ground and spill water by the fire team has achieved good results. During the year, soil has been cleaned at many locations to remove large quantities of PFOS. The initiative is being closely monitored in order to document the effect.

Avinor is in close discussions with the Norwegian Environment Agency concerning these cases and has adopted a cost-benefit perspective in connection with evaluations of possible measures.

AIRCRAFT AND HELICOPTER NOISE

Avinor's environmental objectives for noise for the period 2016-2020: The number of residents exposed to outdoor noise levels from aircraft and helicopters exceeding Lden 60 dB and Lnight 55 dB, shall not increase during the period.

About two per cent of the Norwegian population live in a location where average outdoor aircraft noise exceeds Lden 50 dBA . This mainly includes people who are exposed to noise from fighter aircraft, as well as people who live in exposed areas near the largest civil airports in Norway and airports with considerable offshore helicopter traffic. The number of people exposed to aircraft noise has remained relatively stable since 1999, in spite of a significant increase in traffic. This is because newer aircraft engines produce less noise.

Aircraft and helicopter noise is one of Avinor's most important environmental focus areas due to the importance for the airports' local communities. Avinor will work actively to limit noise levels from civil aircraft and helicopter traffic for residents in areas close to the airports. Regular noise surveys will be carried out at all airports and the flight paths used at the major airports will be monitored.

Airport noise maps, which describe a noise picture with long-term predictability, are the most important tools for preventing increased aircraft noise exposure in residential areas. The municipalities are obliged to use these maps in their area planning. Aircraft noise exposure depends on the aircraft type, traffic volume, runway use, route choice, and how the traffic is distributed throughout the day. Apart from noise mappings, Avinor's most important tools are traffic management and adjustment of approach and departure procedures.

In May 2016, revised noise regulations issued by the Civil Aviation Authority took effect for Oslo Airport. Among other things, these new regulations regulate runway use and the areas which can be overflown in the vicinity of the airport. The regulations allow for permanent use of curved approaches, where the routes run between densely populated areas. Furthermore, the regulations indicate an adjusted departure corridor for departures from the airport's northeastern corner. Compliance with the new departure corridors exceeds 95 per cent. This adjustment will make it possible to maintain the departure capacity at the airport, whilst preventing aircraft from flying over the most densely populated areas.

The introduction of the Sikorsky S92 helicopter for offshore transport has resulted in a significant increase in aircraft noise at certain airports. More recent aircraft noise surveys show that helicopter traffic contributes somewhat toward increasing the scope of the red aircraft noise zone, in which the construction of schools, day-care centres, housing and holiday cottages is generally prohibited. The helicopter traffic is of particular significance for the scope of the yellow aircraft noise zone in which construction is permitted, but only if measures are implemented to reduce noise. In 2012, Avinor took the initiative to establish a national helicopter noise

7) Lden = an A-weighted equivalent noise level for day-evening-night with a 5 dB/10 dB supplement for evening-night. The Lden level is calculated as the average noise load over the course of one year. Lnight = an A-weighted equivalent level for an 8-hour night period from 23:00 to 07:00 hours.

committee consisting of representatives from Avinor, oil companies and helicopter operators, as well as administrative management in affected municipalities. The committee coordinates initiatives which aim to reduce noise levels.

At Bergen and Stavanger airports, where a system was established in 2014 for registering radar data from air traffic, work has been ongoing in 2015 to establish approach and departure procedures to reduce the number of people exposed to noise from offshore helicopter traffic. Preliminary adjustments, based on the route registration system, have been well received by the airports' neighbours.

ENERGY

Avinor's environmental strategy for the period 2016-2020: Introduce energy management and energy monitoring within the organisation, reduce purchased electricity, implement energy-economising initiatives, reduce the overall consumption of energy and phase out fossil energy sources.

The energy which supplies Avinor's building portfolio and infrastructure is primarily derived from purchased electricity. Some airports are connected to a district heating network. In addition, some airports use inhouse-generated energy from seawater heat exchangers, geothermal heat and solar energy. The energy is primarily used for heating, cooling, lighting, runway systems and other technical equipment.

No specific target for reducing energy consumption has been set in the environmental strategy, but it is stated that purchased electricity must be reduced and that overall energy consumption must be minimised. Avinor's overall energy consumption rose from 2015 to 2016. Some of this increase is due to an increase in construction activity and a rise in the number of square metres of building space.

Implementing energy-related measures without knowing where the savings can be made is difficult. It is therefore important to regularly conduct energy surveys of buildings and installations in order to identify appropriate measures. Enova has a support scheme where the amount of NOK 1 is paid per square metre of building which is mapped for energy measures. In 2016, Oslo Airport took advantage of this scheme and surveyed the entire terminal building (140 400 sq. m.). The aim of the project was to identify measures which resulted in a reduction of at least 10 per cent, but ultimately identified potential reductions of no less than 29 per cent. The measures concerned covered everything from better heat recycling in ventilation systems, the replacement of lighting systems with LED lighting, optimised control of the baggage handling system, and better control of snow-melting systems (ground heating).

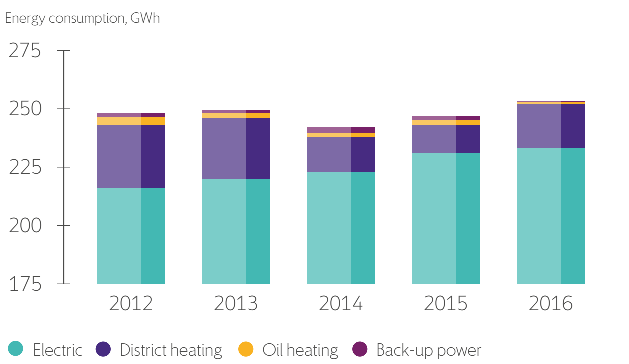
At the remaining airports, a number of minor energy-economising initiatives were performed during 2016, including switching to LED lighting, upgrading of heating and ventilation systems and a greater degree of demand-based control. The work to introduce energy management and energy monitoring systems has been continued, and a total of 20 airports are now covered by the system. By the end of 2017, all of Avinor's airports will have introduced energy management and energy monitoring systems. Work is also under way to identify good solutions to eliminate the consumption of fossil energy sources for heating buildings.

At Svalbard Airport, a solar power system was installed in 2016. There are plans to expand the facility in 2017, as the power output of the system was greater than expected due to reflection. Stavanger Airport also began a pilot project involving the use of solar panels in collaboration with Lyse energi in the summer of 2016. One of the aims of this project is to prepare the airport for an expansion of the charging capacity for electric cars and buses. In addition, solar-powered charging of electric lawnmowers is also planned.

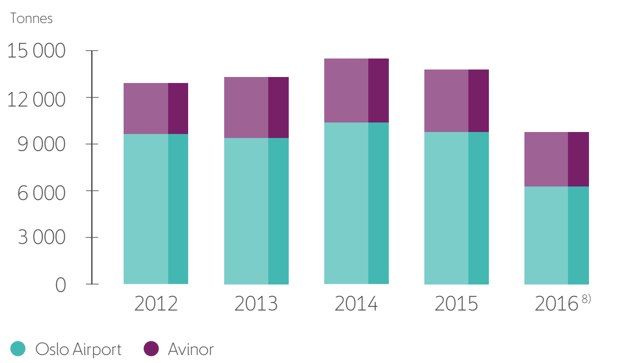
WASTE

Airport operations generate waste from public areas, including security checks, cafés and restaurants, shops and waiting areas, but waste is also generated from aircraft cleaning, workshops, garages, offices and, not least, construction projects. Avinor is working systematically on waste separation and hazardous waste management. Avinor delivered a total of 9 745 tonnes of waste in 2016. Oslo Airport, excluding external stakeholders at the airport, delivered 64 per cent of this, a total of 6 272 tonnes. The source separation rate was 48 per cent. For Oslo Airport, the source separation rate was 52 per cent. A total of 295 tonnes of hazardous waste was delivered in 2016. Of this, Oslo Airport delivered 213 tonnes. From 2016, the waste figures have been adjusted in accordance with the definition in NS9431 Klassifikasjon av avfall (Waste classification). For 2016,

AVINOR'S ENERGY CONSUMPTION ACCORDING TO SOURCE

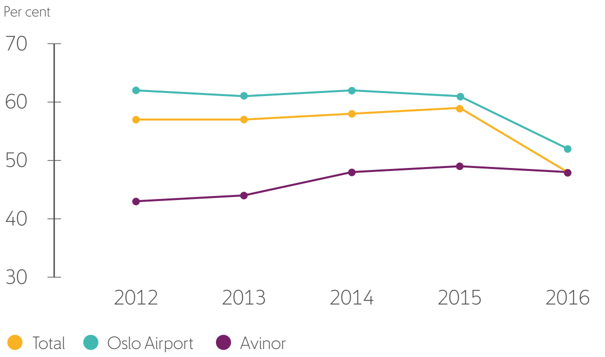


TOTAL AMOUNT OF WASTE



8) Waste data from 2016 is not directly comparable with earlier years, as the scope is different. OSL only includes numbers from OSL, not from other companies operating at LH.

SEPARATION RATE, WASTE



the figures for Oslo Airport only include Avinor Oslo Airport and exclude other stakeholders at the airport. The figures are therefore not directly comparable with previous years. In the future, Avinor will aim to maintain the current waste separation level, while at the same time reducing the total waste volume. Avinor will continue to work with professional partners to ensure safe and optimal waste management. This entails the provision of assistance to develop local waste management plans, suitable for the airports' needs and the recipients' facilities, as well as the safe and appropriate handling of hazardous waste.

BIODIVERSITY

Many of Avinor's airports are situated in or close to areas that have a high natural biodiversity. These include protected areas, rare habitat types, threatened species, salmon rivers and salmon fjords. Avinor aims to have a good overview of natural assets on its properties and in areas that could be affected by airport operations. During the period 2008-2013, Avinor conducted biodiversity surveys at all its airports. A report from these surveys has been prepared for each airport, with descriptions and management advice. The reports are available to the public on Avinor's website. The results in the reports are followed up and used for operations and projects. The results are also used for environmental risk assessments, environmental monitoring programmes and in the planning of development and construction activities, among other things.

In 2016, many of the reports on biodiversity at the airports were updated, and processes and procedures were developed within the management system in order to safeguard the environment in connection with operations. A particular focus was placed on implementing requirements to prevent and limit the spreading of non-indigenous, harmful species with a high ecological risk.

ENVIRONMENTALLY SOUND PROCUREMENT

Avinor spends considerable sums of money on products and services. In 2016, Avinor's procurements amounted to a total of NOK 8 719 million, of which 4 539 million related to investments primarily for major construction projects such as terminal expansions and runway extensions, while NOK 4 181 million was spent on purchases for the group's operations. Avinor has an ambitious environmental strategy with group-wide targets within certain prioritised areas: water and soil, climate and noise. In order to succeed, it is vital that environmental considerations are integrated into everyday operations, in connection with the procurement of products and services, and in the planning and delivery of projects. Procurement is one of the key instruments for realising the strategy.

Avinor has the opportunity to point suppliers from multiple sectors in a more environmentally-friendly direction, and environmental requirements in procurement are an important part of Avinor's environmental policy. Standardised requirements for environmental management systems are integrated into the templates which are used in connection with all procurement within the group where relevant. Environmental considerations are also accorded emphasis in the award criteria for procurements considered important for the external environment.

Avinor has centralised the procurement function with the aim of strengthening it professionally, and establishing clear interfaces with respect to other disciplines, including the environment. The environmental department works closely with the central procurement departments by providing assistance in connection with specific procurements, as well as general advice concerning environmental considerations in connection with procurement. Avinor's project management system is intended to safeguard the natural environment during construction and engineering projects. As regards the implementation of major building and construction projects, Avinor will prepare an environmental follow-up plan which will safeguard considerations for the external environment during the planning and construction phases, and guarantee that environmental considerations are taken into account in the choice of solutions.

AIR QUALITY

Air quality in and around the airport area is affected by local and regional emissions, as well as by weather conditions and the local terrain. Emissions from airport operations have the greatest impact on ambient air quality locally at the airport, with aircraft and vehicles being the largest contributors. Outside the airport area, emissions from road traffic have the greatest impact.

In 2001, NILU (Norwegian Institute for Air Research) conducted a large scale mapping of the local air quality as requested by Oslo Airport. Calculations were made and measurements were taken at different locations around the airport. NILU's report concluded that the air quality at and around the airport is considerably better than in urban areas. In 2015, it was decided that this report should be updated and the results are now ready. The report considers four separate points: mapping of the air quality around Oslo Airport, odor problems that sometimes arise, whether or not discolouration of houses around Oslo Airport is a result of aircraft emissions and whether or not the surface tension of nearby ponds is reduced due to aircraft emissions. The report shows that the concentration of nitrous oxides is far below the dangerous threshold and there is no reason to suspect that it leads to health concerns. Even though the smell of jet fuel is present, the concentrations of this is so small that it is of no actual health concern. Furthermore, there is no indication that discolouration of homes around Oslo Airport is a result of aircraft emissions. The research was conducted at Avinor's busiest airport. There are no indications that there should be significantly different results at any other airports run by Avinor.

ENVIRONMENTAL CERTIFICATION

Environmental requirements, expectations and targets will be met through good environmental management. Around half of the airports have now implemented new environmental management and the remaining airports will complete this process during 2017. Avinor has decided to certify its environmental management and operational environmental work in accordance with the ISO 14001:2015 standard. Certification audits were carried out on the first group of airports at the end of 2016, and the phasing-in of further airports for inclusion under the joint certificate is expected in 2017 and 2018. Oslo Airport has been certified since 2014.

GRØNT PUNKT

Avinor is a controlling member of a recycling scheme for packaging through Grønt Punkt Norge. We require our Norwegian suppliers to be a member of a packaging recycling scheme.

Key figures for climate and environment 2012-2016

GREENHOUSE GAS EMISSIONS

		2016	2015	2014	2013	2012
Avinor controls	tonnes CO_2 eqv.	17 500	18 406	20 728	21 397	20 992
Avinor controls/passenger	g CO_2 eqv./passenger	344	368	414	443	453

ENERGY

		2016	2015	2014	2013	2012
Electric power	GWh	234	231	223	220	216
District heating	GWh	22	12	15	26	27
Oil heating	GWh	2.8	2.8	1.7	2.0	3.3
Back-up power	GWh	0.9	1.7	2.3	1.5	1.8
Total	GWh	260	248	242	250	248

VEHICLES – FUEL AND OTHER SOURCES OF ENERGY

		2016	2015	2014	2013	2012
Diesel	litres	2 464 308	2 669 237	2 625 548	2 796 158	2 773 281
Petrol	litres	60 805	65 619	76 255	80 404	86 672
Biodiesel	litres	81 767	9 280	-	-	-
Electric car	km	138 765	85 134	-	-	-
Hydrogen car	km	43 666	16 773	-	-	-

WASTE

		2016 [1)]	2015	2014	2013	2012
Sorted waste	tonnes	4 687	7 999	8 407	7 246	7 370
Mixed waste	tonnes	5 058	5 793	6 087	5 466	5 560
Total amount of waste	tonnes	9 745	13 792	14 494	12 712	12 930
Waste separation rate	%	48	59	58	57	57
Hazardous waste	tonnes	285	385	515	-	-

FIRE AND ACCIDENT CHEMICALS

		2016	2015	2014	2013	2012
Jet fuel - A1/Paraffin	litres	68 470	72 225	72 965	85 788	100 952
Diesel/Petrol	litres	767	3 333	5 656	4 597	2 478
Propane	kg	2 028	3 837	2 662	2 850	3 324
AFFF	litres	23 886	27 356	20 785	27 668	36 209
Drill foam	litres	1 762	1 610	-	360	-
Extinguishing powder	kg	19 973	23 719	17 247	20 825	19 274
Technical spirits	litres	1 545	1 156	721	1 426	869
Kindling	kg	6 744	5 397	2 427	1 728	1 272

DE-ICING CHEMICALS

		2016	2015	2014	2013	2012
De-icing of aircraft						
100 % glycol	litres	2 747 997	2 412 346	2 287 775	2 120 801	2 353 921
De-icing of runways						
Formate (liquid) [2]	litres	3 541 433	3 552 317	2 591 111	2 946 325	2 470 872
Formate (solid) [2]	kg	465 030	443 850	210 275	229 203	264 303
Environmental impact as COD [3]	tonnes O_2	567 343	563 887	385 208	435 739	382 003

NUMBER OF AIRCRAFT INCIDENTS (LH) WITH BREACHES OF CONDITIONS FOR DE-ICING OF AIRCRAFT AND RUNWAYS

		2016	2015	2014	2013	2012
De-icing of aircraft [4]	number	10 [5]	3	4	9	8
De-icing of runways [4]	number	1	1	1	1	0

Some of the key figures from earlier years may have been corrected due to quality checks of recorded data, as well as due to adjusment of annual emission factor.

1) Waste data from 2016 is not directly comparable with earlier years, as the scope is different. OSL only includes numbers from OSL, not from other companies operating at LH.
2) Given as amount of product, not concentrate.
3) COD = Chemical oxygen demand. This is the amount of oxygen required to break down the chemical substance used.
4) At OSL the breach is due to either aircraft or runway de-icing (recipient based permit).
5) One airport has been given a permit with increased limits, two airports have applied for increased limits and two airports have applications currently being processed.

Avinor shall be a professional and attractive employer

Avinor's vision is to create valuable relationships. This is reflected in a value platform that sets clear requirements for employee conduct in the workplace and when dealing with customers, business associates and others who are affected by our operations.

The 2016 employee survey showed that seven out of ten employees are highly or very highly committed to their job:

- Avinor offers a good working environment
- Job satisfaction is high
- Four out of five people consider Avinor to be an attractive workplace

REORGANISATION

In 2016, Avinor carried out a reorganisation process as a result of the group's modernisation programme. Many employees were affected by the reorganisation and downsizing within their own part of the organisation. It was very important for Avinor to carry out the reorganisation in a professional and ordered manner. Trade union representatives and safety delegates were important partners in the implementation of the change process. In order to safeguard employees during the reorganisation period as much as possible, trade union representatives and safety delegates underwent training in reorganisation processes and communication. Avinor has fulfilled its need to downsize through voluntary agreements and natural wastage without any compulsory redundancies.

COLLABORATION

Avinor employs a high number of trade union members, and the collective agreement coverage is 100 per cent for the group's companies, with each having its own collective agreement. Trade union representatives are therefore important partners in the effort to realise the group's objectives. In 2016, Avinor enjoyed close and constructive cooperation with trade union representatives, as regards both ongoing cases and more comprehensive change processes. The group nevertheless aims to further develop the collaborative model between trade union representatives and management in order to secure good working conditions, stable operations and cost-effectiveness throughout the group.

Avinor's employees hold four out of ten seats on Avinor's Board. Representatives are also elected by and from among the employees, to the Board of Avinor Flysikring AS.

CONTINUOUS IMPROVEMENT AND LEAN

Oslo Airport has worked systematically on LEAN for over two years with extremely good results. Elements from LEAN have also been used at other Avinor airports as part of the improvement work. Avinor now wishes to coordinate the initiatives on a group-wide basis. Continuous improvement is a strategic initiative area for Avinor, with the aim of creating a common improvement culture across the group. In connection with this, Avinor will formulate a specific framework, a business system, for use throughout the entire organisation. Elements from LEAN will be included in this framework.

SKILLS DEVELOPMENT

Employees with the right skills are essential for Avinor to succeed. As part of the group's modernisation programme, an extensive survey of skills in certain parts of the organisation was carried out in 2016. Work has begun on strategic skills management, and will be continued in 2017. At the same time, work is ongoing to certify Avinor's airports in accordance with environmental standards and new regulatory requirements. A particular focus will be placed on operative units and the group's safety management.

Good leadership is fundamental for Avinor's operations and employee conditions. The group has a holistic approach to management development. The programme, Avinors lederplattform, forms the basis for good leadership within Avinor. A total of 450 managers, key personnel, safety delegates and trade union representatives completed the programme during the period 2013-2016. This work is being strengthened and supplemented through the development of effective teams of leaders. Training is also provided concerning practical, operational leadership as and when necessary.

The focus on projects as a working form is supported by Avinor's project school. The project school makes it possible for employees to acquire formal supplementary training in project management and methodology.

In recent years, the group has established firm ties with academia, and is involved in several ongoing research collaborations. Avinor also contributes expertise to several universities and university colleges in Norway through guest lectures. In addition, Avinor conducts workshops with students where we work together to solve specific challenges in Avinor's project portfolio. Avinor has a special summer internship programme, and facilitates work on bachelor's or master's theses in cooperation with the group.

Avinor created 16 new apprenticeship places in 2016 (Oslo Airport, Stavanger, Trondheim, Bergen and Kristiansand), in addition to the five that were created during the previous year. The group aims to increase the number of apprenticeships and traineeships, and intends to increase the total number of places available in 2017 to 33. Specific resources have been allocated to boost the work relating to the apprenticeship scheme.

INCLUSION AND GENDER EQUALITY

Emphasis is placed on ensuring that employees have equal opportunities in the group, irrespective of gender, age, functional ability, ethnicity or cultural background. Avinor conducts systematised performance reviews to ensure a neutral salary and career development. Employee surveys confirm that employees believe they have equal opportunities, irrespective of gender. Commitment to the group is strong.

Avinor is a male-dominated company which strives to achieve a more equal gender balance. In 2016, the group carried out a reorganisation and downsizing process, and, in practice, there was a freeze on new recruitment. The group has thus had less opportunity than normal to create a more equal gender balance through recruitment of new employees.

Women accounted for 22.1 per cent of permanent employees. The number of women in management positions corresponds with the percentage of women in the company, with 17.9 in the entire group, 25 per cent in the group's management and 50 per cent in the board.

Over-representation of men in many occupational groups within Avinor is a challenge. The potential for increasing the percentage of women will vary according to the different professions. The target is 25 per cent women by the end of 2020. With the current turnover, this means that 39 per cent of all vacant positions must be filled by women in the next five year period. An increased percentage of women is therefore a key performance indicator (KPI) for all profit centres. Avinor's recruitment policy includes concrete guidelines for ensuring objective assessment of qualifications in job interviews. Avinor's career development programme, which is starting up in 2017, will focus on opportunities for women and women in management. A systematic and continuous approach to management development will also contribute to women choosing this as a career path.

BREACHES OF WORKING HOURS PROVISIONS

It is important to Avinor to ensure full compliance with the working hours provisions stipulated in the Norwegian Working Environment Act. The group continuously follows up how working hours are spent. Training of managers and shift organisers has been conducted in vulnerable units.

This trend has stagnated after many years of a decline in the number of breaches of working hours provisions. The total reduction for the group from 2015 to 2016 was 1 per cent. This will be afforded more attention in 2017, with the aim of bringing about a further reduction. New targets have been set for 2017, and the focus on continuous monitoring will be increased.

The use of overtime within the group overall fell by 0.4 per cent during 2016.

HEALTH, SAFETY AND ENVIRONMENT (HSE)

Avinor attaches great importance to ensuring that its strategic and overarching plans for health, safety and the environment comply with laws and regulations and that they are adhered to and followed up throughout the group. HSE is a management responsibility and must be integrated into the working day for the whole line. The group's action plans are founded on the regulations relating to systematic health, environmental and safety activities in enterprises, the Working Environment Act with associated HSE regulations, as well as the group's strategic plan, comprising, e.g.:

- HSE risk profile and health-promoting work
- Systematic HSE work
- The injury picture

As the principal undertaking, the Avinor group is responsible for coordinating the HSE work with all parties who are tenants or who are contracted to perform work on behalf of the group. Avinor is also a construction client in a number of contexts. This entails ensuring due consideration for health, safety and the working environment at construction sites.

It is important for the group to raise the organisation's awareness of the importance of reporting undesirable incidents as well as injuries. This means undesirable incidents relating to passengers, other players as well as the group's own employees. As an infrastructure owner, it is essential that Avinor is aware of such incidents so that we can implement mitigating measures.

In 2016, there were 20 injuries among the Avinor group's own employees that resulted in absence. Avinor AS recorded 19 injuries and Avinor Flysikring AS 1 injury. The group's LTI rate (number of injuries resulting in absence per million hours worked) for 2016 was 4.0, compared with 3.3 in 2015. The target is 3 or less. The increase in the LTI rate can largely be explained as the result of a comprehensive quality assurance process concerning the data in the non-conformity system. This provides a better basis for implementing preventive measures which have the desired effect.

Since project start-up, the LTI rate for the T2 project at Oslo Airport has been 2.8. For T3 at Bergen Airport, the rate is 3.75. Close monitoring, an ongoing focus on HSE and the systematic performance of safe job analyses are described as the reasons behind the relatively low LTI rate in the expansion projects.

In 2016, the Avinor group began work to monitor injuries to employees and other stakeholders and passengers. In 2016, a total of 135 injuries were reported amongst these groups, most involving fall injuries amongst passengers.

Experience from 2016 indicates that preventive HSE work has been successful, and this is highlighted within the group. In 2016, an improved overview of injury categories and causes was established. This provides a better basis for reporting, analysis, the transfer of experience, and generally better learning loops.

The safety delegate service

Avinor is split into safety areas, with one responsible safety delegate per area. All airports have at least one safety delegate and many have more. Working environment committees have been established at central level, divisional level and locally. The committees are composed of safety delegates and representatives of the employees and management. The occupational health service, the chemicals committee and the Tripartite Committee for the Prevention of Alcohol and Drug Problems in the Workplace (AKAN) also form part of Avinor's safety service.

Systematic work to reduce absence due to illness

Avinor's work on absence due to illness is systematic and particularly aimed at employees who work shifts, in operative positions with physical and health requirements. Avinor has participated in a multi-year research project (FARVE) on the effect of various measures. This work has led to a sharp decrease in the number of cases of unlawful sick leave and is being continued in the form of initiatives aimed at preventing ill health.

Each of the 42 regional airports has appointed an employee as health motivator, responsible for disseminating knowledge and promoting exercise and a healthy lifestyle. To motivate all employees into taking part in physical activity, Avinor has also entered into a partnership with Norges Bedriftsidrettsforbund - Aktiv Bedrift. Avinor works systematically to prevent the harmful effects of substance abuse, through internal regulations, skills development and raising awareness. Employees who want to change their alcohol consumption habits can also get help via Balance. Balance is an online health-promoting programme that can assess a person's alcohol habits, and then follow up for up to one year for those who want to make a positive change.

The group aims for an absence due to illness rate of 4.5 per cent, or lower. In 2016, absence due to illness was 4.7 per cent.

KEY FIGURES REGARDING AVINOR EMPLOYEES

	2016	2015	2014
No. of permanent employees as of 31 Dec.	3 074	3 157	3 214
Temporary full-time equivalents [9]	200	153	155
Average age of permanent employees	46.0	44.4	45.4
Total turnover [10]	4.9%	2.2%	2.8%
Percentage of women [11]	22.1%	24.1%	23.6%
Percentage of women in management	17.9%	21.5%	21.4%
Percentage women, group management	25.0%	18.0%	17.0%
Percentage women, group Board	50.0%	50.0%	50.0%
Absence due to illness	4.7%	4.6%	4.5%
LTI rate [12]	4.0	3.3	4.2
Avinor, an attractive company (scale 1-5)	4.0	4.1	4.1

AGE DISTRIBUTION	BOARD OF DIRECTORS	GROUP MANAGEMENT	PERMANENT EMPLOYEES	TURNOVER
<30	0.0%	0.0%	5.5%	0.0%
30-50	20.0%	25.0%	51.3%	4.4%
50<	80.0%	75.0%	43.2%	6.2%

9) Including air traffic control trainees
10) Including all reasons for the termination of employment except for severance agreements
11) Percentage of women, permanent and temporary employees
12) Number of occupational accidents resulting in absence per 1,000,000 hours worked


AVINOR

Avinor shall ensure responsible business conduct

Avinor works systematically to prevent all forms of corruption, discrimination, environmental crime and harassment. The group has established a code of conduct which binds management, employees, suppliers and business partners.

ACTIVE USE OF CODE OF CONDUCT

The group's Board has established a code of conduct which applies to the Board and all employees. All employees must have completed a course on Avinor's code of conduct, which prohibits corruption, bribes and anti-competitive behaviour in violation of competition rules, among other things. In 2016, we developed further ethical dilemmas and rolled out a new e-learning course which focuses on corruption, environmental crime and sexual harassment. The course is mandatory for all employees and contractors.

ZERO TOLERANCE TOWARDS CORRUPTION

Avinor has a policy of zero tolerance towards corruption. An anti-corruption programme has been developed with a focus on preventive and controlling activities. Initiatives are established based on a risk assessment of the area concerned. Control documents have been developed linked to the work, and there is an ongoing focus on the further development of the anti-corruption programme. Avinor is a member of Transparency International Norway. As a member, Avinor contributes to the joint effort to promote transparency, integrity and responsibility within society in order to prevent corruption and misconduct, both nationally and internationally. Moreover, we have undertaken to practise zero tolerance as regards all forms of corruption within Avinor and to establish appropriate measures to combat corruption. Avinor interprets zero tolerance as indicating that we will do what can reasonably be expected of our organisation to prevent corruption. If we identify instances of corruption within our organisation, we will implement measures to follow up the matter appropriately.

IMPARTIALITY

Members of the group Board and management submit annual self-declarations on related parties, with information about any transactions between these parties. An external auditor conducts annual surveys of formal relations between Avinor's group management, the Board and suppliers. Any relationships will be documented and reviewed with the person in question. The latter analysis generally confirms information that emerges through the self-declarations.

MEASURES AGAINST ANTI-COMPETITIVE CONDUCT

Avinor is covered by the regulations regarding public procurement. Group-wide guidelines have been established which supplement the regulations to ensure competition in connection with the establishment of individual contracts.

FOLLOW-UP OF SUPPLIERS

In 2015, terms and conditions were introduced which will ensure that Avinor's suppliers have a code of conduct and are committed to fulfilling their corporate social responsibilities. The requirements collectively stipulate Avinor's principles as regards human rights, labour standards, HSE, the environment and prohibited business practices. These requirements are aimed at suppliers, and a list is maintained of all the group's suppliers that have signed an agreement concerning prudent business conduct. The provisions of the agreement provide an opportunity to audit the supplier. Any material breach of an agreement on prudent business conduct entitles Avinor to terminate all applicable agreements with the supplier, if censurable matters are not addressed in a satisfactory manner. The main supplier undertakes to ensure that the agreement and associated principles are reflected in their agreements with any subcontractors.

Requirements towards new suppliers

Suppliers wishing to take part in competitive tendering processes for contracts with Avinor must undertake to follow our principles concerning responsible supplier conduct. For example, we require international human rights to be respected and our suppliers not to be involved in any breaches of such rights. Suppliers must also ensure that their employees' salaries satisfy applicable requirements concerning minimum salaries, that working hours comply with applicable national law, that employees are able to take sufficient rest and that employment agreements are established in writing in a language that the employee understands.

Follow-up of existing suppliers

Avinor's agreement concerning responsible supplier conduct gives us the right to audit a contractual party's follow-up and compliance with all aspects of the contract.

RESPONSIBLE PROCESSING OF PERSONAL DATA

Avinor has appointed a data protection official whose responsibilities include assisting people registered with the company (e.g. in customer registers) and the company's own employees with issues relating to Avinor's treatment of personal data. The data protection official shall also identify violations of the Personal Data Act and report them to management, and act as a contact for enquiries from the Norwegian Data Protection Authority. Avinor has established a personal data protection policy and prepared a privacy statement. Avinor also provides information about the use of cookies on our website. We have entered into data processing agreements with subcontractors who process personal data on our behalf. Avinor has not received any complaints regarding how it protects against breaches of customers' privacy.

WHISTLEBLOWING AND OTHER MEASURES TO ENSURE COMPLIANCE WITH LEGISLATION AND GUIDELINES

Compliance function

Avinor's compliance function is responsible for follow-up to ensure that the group complies with external and internal regulations linked to corruption, irregularities and the code of conduct. In addition, the function must define Avinor's responsibilities to prevent labour market crime, impose requirements, propose relevant measures, assess how Avinor follows up its responsibilities and establish adequate sanctions in the event of non-compliance.

Avinor has implemented a number of development projects in recent years. There have been a number of incidents relating to price fixing and corruption in the Norwegian building and construction sector. Avinor's risk exposure for corruption and irregularities has consequently increased as a result of these investment programmes. Avinor is represented throughout Norway and has a wide control range. This also contributes to a higher risk of corruption and irregularities. Various control and preventive measures have been established, which together will reduce the group's risk of contributing to and being exposed to corruption and irregularities.

Whistleblowing

Avinor has established a committee to process reports of questionable matters in all parts of the organisation. Cases involving failures in safety routines, bullying and harassment, inappropriate procedures and working conditions in breach of the Working Environment Act, as well as corruption and other financial misconduct can be reported. Whistleblowers can choose to remain anonymous. This committee has established procedures to ensure the proper processing of reports. The committee has also prepared procedures and technical solutions which allow external stakeholders to report questionable matters at Avinor. Processing of these reports shall follow the same procedure as for reports from group employees. Avinor holds a licence from the Norwegian Data Protection Authority for processing personal information disclosed through the whistleblowing process. The committee received 113 enquiries in 2016. All enquiries have been concluded. No evidence has been found to indicate that there were reprehensible circumstances in any of the cases concerned.

Overview of indicators

This report has been prepared in accordance with the Global Reporting Initiative's (GRI) reporting standard G4/ Core. Avinor's annual accounts (company accounts and consolidated financial statements) for 2016 have been audited by Ernst & Young AS. The auditor's report is available on pages 120-123.

A detailed description of the different indicators is available on GRI's website.

Standard report

STRATEGY AND ANALYSIS

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-1	Introduction	p. 8

THE ORGANISATION

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-3	Name	Avinor as
G4-4	Product	p. 6-7
G4-5	Head office	Oslo
G4-6	Presence	Avinor only has operations in Norway
G4-7	Ownership	p. 7
G4-8	Markets	p. 7
G4-9	Size	p. 4, 12
G4-10	Employees	p. 48
G4-11	Collective agreements	p. 46
G4-12	Supplier chain	p. 42
G4-13	Changes	No significant changes
G4-14	Precautionary	p. 34
G4-15	Support for CSR initiatives	p. 21, 50
G4-16	Special int. org.	Range: Sector council transport and communications National programme for supplier development: Partner

PRIORITISATION

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-17	Overview, company	p. 12 This report relates to activities managed by the group in connection with airport operations and aviation safety, but not activities in other subsidiaries.
G4-18	Define report content	p. 20-21
G4-19	Prioritisation	p. 20-21
G4-20	Scope internal	All topics considered material are relevant for all of Avinor's operations.
G4-21	Scope external	Avinor is committed to reducing greenhouse gas emissions from aviation in cooperation with the airlines and the Federation of Norwegian Aviation Industries. Avinor also helps facilitate an increase in the number of passengers who use public transport to travel to and from the airport.
G4-22	Amended reporting	-
G4-23	Changed measuring methods	-

STAKEHOLDER DIALOGUE

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-24	List of stakeholders	p. 21
G4-25	Selection basis	p. 21
G4-26	Description of dialogue	p. 21
G4-27	Topics	p. 21

ABOUT THE REPORT

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-28	Applies to	2016
G4-29	Previous report	2015
G4-30	Interval	Annual
G4-31	Contact	post@avinor.no
G4-32	Type of GRI-report	G4/Core p. 5
G4-33	Audit	p. 120-123

CORPORATE GOVERNANCE

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-34	Corporate governance	p. 16-19

CODE OF CONDUCT

STANDARD REPORT	INDICATOR-KEY WORD	PAGE NUMBER OR WEB ADDRESS
G4-56	Code of conduct	p. 50 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier

Results

CATEGORY: FINANCE

FINANCIAL RESULTS

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 11-15 (Board report) p. 16-19 (Corporate governance)			
G4-EC1	Financial results	p. 62-69 (Accounts) p. 70-116 (Notes to the acc.)			

INDIRECT FINANCIAL IMPACT

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 26-28			
G4-EC7	Investments-infrastructure	p. 26-28			
G4-EC8	Indirect financial impact	p. 26-28			

CATEGORY: ENVIRONMENT

ENERGY

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 34, 41			
G4-EN3	Energy consumption	p. 41, 44			
G4-EN6	Energy saving measures	p. 41			

BIODIVERSITY

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 34, 42			
G4-EN11	Property adjacent to areas with high biodiversity value	p. 42			
G4-EN12	Impact of biodiversity	p. 38-39, 42 Detailed information on Avinor's website			
G4-EN13	Improvement - habitat	p. 38-39, 42 Detailed information on Avinor's website			

EMISSIONS

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ styringssystem	p. 34-37			
AO5	Air quality	p. 43			
G4-EN15	Direct GHG emissions	p. 34-35, 44			
G4-EN16	Indirect GHG emissions	p.35-37, 44			
G4-EN19	Reduction GHG emissions	p.34			

DISCHARGES AND WASTE

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 34, 38-39			
G4-EN23	Waste	p. 34, 41-42, 44			
G4-EN24	Accidental spills	p. 38-39, 45			
G4-AO6	De-icing fluid	p. 38-39, 45			

COMPLIANCE WITH LEGISLATION

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 34			
G4-EN29	Fines/sanctions	No fines etc.			

NOISE

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 39-40			
AO7	Noice	p. 39-40			

FOLLOW-UP OF SUPPLIERS/THE ENVIRONMENT

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 42			
G4-EN32	Screening suppliers	p. 42			

CATEGORY: FACTORS RELATING TO SOCIETY

SUB-CATEGORY: WORKING CONDITIONS AND WORKING ENVIRONMENT

HSE

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 46-48			
G4-LA5	HSE organisation	p. 48			
G4-LA6	Absence due to illness/LTI	p. 48			
G4-LA7	Particularly exposed employee groups	p. 48			

EXPERTISE DEVELOPMENT

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 47			
G4-LA9	Who is offered training?	p. 47		Not reported on hourly level per empl. category and gender	No available information

DIVERSITY

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 47			
G4-LA12	Diversity, Board, management, employees	p. 48			

FOLLOW-UP OF SUPPLIERS/WORKING CONDITIONS

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 50			
G4-LA14	Suppliers screened	p. 50			
G4-LA15	Follow-up of existing suppliers	p. 50			

WHISTLEBLOWING CHANNELS

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 51			
G4-LA16	Complaints	p. 51			

SUB-CATEGORY: HUMAN RIGHTS

NON-DISCRIMINATION

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 28, 33, 47 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier			
G4-HR3	Cases of discrimination	None			

FOLLOW-UP OF SUPPLIERS/HUMAN RIGHTS

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 50			
G4-HR10	Suppliers screened	p. 50			
G4-HR11	Follow-up of existing suppliers	p. 50			

SUBCATEGORY: SOCIETY

ANTI-CORRUPTION

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 50			
G4-SO4	Anti-corruption training	p. 50			
G4-SO5	Cases of corruption	None			

MEASURES AGAINST COMPETITION-INHIBITING CONDUCT

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 50			
G4-SO7	Cases, regulatory violations	None			

COMPLIANCE WITH LEGISLATION

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 50-51			
G4-SO8	Fines, sanctions	None			

SUBCATEGORY: PRODUCT RESPONSIBILITY

SAFETY

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 30-31			
G4-PR1	Product safety mapping	p. 30-31			
G4-PR2	Regulatory violations	p. 30-31			

ETTERLEVELSE AV LOVGIVNING PRODUKTSIKKERHET

GRI INDICATOR	INDICATOR INDEX	PAGE NUMBER OR WEB ADDRESS	ANY DEVIATION FROM GRI INFORMATION REQ.	REASON FOR DEVIATION	EXPLAINATION FOR DEVIATION
G4-DMA	Policy/ management syst.	p. 30-31			
G4-PR9	Fines, sanctions	None			

The Group Management

DAG FALK-PETERSEN
CEO

ANDERS KIRSEBOM
Managing Director
Avinor Flysikring AS

ØYVIND HASAAS
Managing Director
Oslo Airport

ASLAK SVERDRUP
Managing Director
Bergen Airport

LEIF ANKER LORENTZEN
Managing Director
Stavanger Airport

LASSE BARDAL
Managing Director
Trondheim Airport

MARGRETHE SNEKKERBAKKEN
EVP
Regional airports division

PETTER JOHANNESSEN
EVP
Economy, Finance and IT

JON SJØLANDER
EVP
Strategy and Development

EGIL THOMPSON
EVP
Communications and Marketing

MARI HERMANSEN
EVP
HR, Legal and Business Support

STINE RAMSTAD WESTBY
EVP
Operations and Infrastructure

The Board of Directors

OLA MØRKVED RINNAN
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CEO Eidsiva Energi AS

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Vice Chairman
Consultant

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Board member

TONE MERETHE LINDBERG
Board member
Consultant

HERLOF NILSSEN
Board member
Managing Director
Helse Vest RHF

ELI SKRØVSET
Board member
CFO, Eksportkreditt, Norge

PER ERIK NORDSVEEN
Board member, employee rep.
Airport officer,
Tromsø Airport

BJØRN TORE MIKKELSEN
Board member, employee rep.
Team leader,
Kirkenes Airport

HEIDI ANETTE SØRUM
Board member, employee rep.
Traffic planner, main safety delegate, Oslo Airport

GRETE OVNERUD
Board member, employee rep.
Air traffic controller, Norway ATCC, Sector Group ACC West

Financial statements and notes

INCOME STATEMENT

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2015	2016		NOTE	2016	2015
		Operating income			
2 278.1	4 150.2	Traffic income	4, 5	5 143.0	5 248.0
1 997.9	5 257.4	Sales and rental income	4, 5	5 636.8	5 463.6
711.3	157.6	Other operating income	4, 5	8.2	11.5
0.0	0.0	Other income	4, 5	0.0	1 266.3
4 987.3	9 565.2	Total operating income		10 788.0	11 989.4
		Operating expenses			
187.7	350.3	Raw materials and conTotalables used	4	394.3	272.1
1 554.1	1 990.8	Employee benefits expense	4, 6, 9	3 326.1	3 466.6
2 611.2	4 082.4	Other operating expenses	4, 8, 9	3 565.8	3 516.0
16.2	-19.7	Other expenses	4, 10	-18.9	42.9
4 369.2	6 403.8	Total operating expenses		7 267.3	7 297.6
618.1	3 161.4	EBITDA		3 520.7	4 691.8
708.2	1 633.7	Depreciation, amortisation and impairment charges	9, 13	1 762.9	1 459.3
-90.1	1 527.7	Operating profit/(loss)		1 757.8	3 232.5
643.7	114.0	Finance income	11	36.2	39.8
421.8	425.3	Finance costs	11	419.8	368.4
221.9	-311.3	Net finance costs		-383.6	-328.6
131.8	1 216.4	Profit before income tax		1 374.2	2 903.9
40.2	311.1	Income tax expense	12	345.6	454.9
91.6	905.3	Profit for the year		1 028.6	2 449.0
		Attributable to:			
91.6	905.3	Owners of the parent		1 028.6	2 449.0

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

OTHER COMPREHENSIVE INCOME

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2015	2016		NOTE	2016	2015
91.6	905.3	Profit for the year		1 028.6	2 449.0
		Other comprehensive income			
		Items that will not be reclassified to profit or loss			
489.0	-324.5	Actuarial gains/(losses) on post employment benefit obligations	16	-548.5	1 040.9
-132.0	81.1	Tax effect	12	137.1	-281.0
-5.3	-51.2	Change in tax rate, effect deferred tax assets/-liabilities		-62.7	0.5
351.7	-294.6	Total items that will not be reclassified to profit or loss, net of tax		-474.1	760.4
		Items that may be subsequently reclassified to profit or loss			
-2.4	38.3	Cash flow hedges	14	66.9	24.6
0.6	-9.6	Tax effect	12	-16.9	-6.6
-1.8	28.7	Total items that may be subsequently reclassified to profit or loss, net of tax		50.0	18.0
349.9	-265.9	Other comprehensive income for the year, net of tax		-424.1	778.4
441.5	639.4	Total comprehensive income for the year		604.5	3 227.4
		Attributable to:			
441.5	639.4	Owners of the parent		604.5	3 227.4

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

BALANCE SHEET

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2015	31.12.2016		NOTE	31.12.2016	31.12.2015
		ASSETS			
		Non-current Assets			
		Intangible assets			
1 204.7	1 172.2	Deferred tax assets	12	1 358.7	1 508.9
41.7	39.9	Other intangible assets	13	108.8	117.2
0.0	0.0	Assets under construction, intangible	13	122.0	0.0
1 246.4	1 212.1	Total intangible assets		1 589.5	1 626.1
		Property, plant and equipment			
11 237.3	27 827.7	Property, plant and equipment	13	29 501.8	22 507.1
3 343.0	6 250.9	Assets under construction	13	6 595.1	10 615.2
14 580.3	34 078.6	Total property, plant and equipment		36 096.9	33 122.3
		Financial assets			
1 523.0	1 086.9	Investments in subsidiaries	19	0.0	0.0
7 571.3	140.0	Loans to group companies	23	0.0	0.0
635.0	504.0	Derivative financial instruments	14	504.0	636.2
124.2	390.6	Other financial assets	14	390.7	306.0
9 853.5	2 121.5	Total financial assets		894.7	942.2
25 680.2	37 412.2	Total non-current assets		38 581.1	35 690.6
		Current Assets			
24.4	12.6	Inventories		22.6	24.4
730.6	1 468.4	Trade and other receivables	14	1 483.4	1 378.4
4.5	1.0	Derivative financial instruments	14	1.0	24.9
1 630.3	938.1	Cash and cash equivalents	14	949.1	1 666.7
2 389.8	2 420.1	Total current assets		2 456.1	3 094.4
28 070.0	39 832.3	Total assets		41 037.2	38 785.0

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

BALANCE SHEET

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2015	31.12.2016		NOTE	31.12.2016	31.12.2015
		EQUITY AND LIABILITIES			
		Equity			
		Restricted equity			
5 400.1	5 400.1	Share capital	20	5 400.1	5 400.1
5 400.1	5 400.1	Total restricted equity		5 400.1	5 400.1
		Retained earnings			
3 171.7	7 717.7	Other equity	15	9 536.5	9 432.0
3 171.7	7 717.7	Total retained earnings		9 536.5	9 432.0
8 571.8	13 117.8	Total equity		14 936.6	14 832.1
		Provisions and liabilities			
		Provisions			
1 085.3	1 651.7	Retirement benefit obligations	16	2 588.2	1 947.4
100.6	158.4	Other provisions	17	167.4	181.2
1 185.9	1 810.1	Total provisions		2 755.6	2 128.6
		Non-current liabilities			
0.0	2 527.3	State loan	14	2 527.3	2 971.7
7.4	14.7	Derivative financial instruments	14	50.7	88.2
13 095.6	14 413.8	Other non-current liabilities	14	15 009.5	14 123.8
13 103.0	16 955.8	Total non-current liabilities		17 587.5	17 183.7
		Current liabilities			
400.0	1 400.0	Commercial papers	14	1 400.0	400.0
230.1	620.5	Trade payables		685.4	441.1
1.0	65.5	Tax payable	12	136.6	335.9
86.2	102.4	Public duties payable		211.0	246.6
22.7	0.9	Derivative financial instruments	14	2.8	50.3
473.0	967.6	First annual instalment on long-term liabilities	14	1 019.8	994.2
3 996.3	4 791.7	Other current liabilities	17, 18	2 301.9	2 172.5
5 209.3	7 948.6	Total current liabilities		5 757.5	4 640.6
19 498.2	26 714.5	Total liabilities		26 100.6	23 952.9
28 070.0	39 832.3	Total equity and liabilities		41 037.2	38 785.0

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

Oslo, 29 March 2017
Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman

Ola H. Strand
Vice-chairman

Tone M. Lindberg

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Per Erik Nordsveen

Heidi Anette Sørum

Grete Ovnerud

Dag Falk-Petersen
CEO

STATEMENTS OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR AS			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQITY
Balance at 1 January 2015	5 400.1	-490.5	3 816.5	**8 726.1**
Profit for the year			91.6	**91.6**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		357.0		**357.0**
Cash flow hedge		-1.8		**-1.8**
Change in tax rate, effect deferred tax assets/-liabilities		-5.3		**-5.3**
Total comprehensive income for the year	0.0	349.9	91.6	**441.5**
Other				
Change in tax rate, effect deferred tax assets/-liabilities			-95.8	**-95.8**
Total others	0.0	0.0	-95.8	**-95.8**
Transactions with owners:				
Demerger	-289.0		-2.3	**-291.3**
Non-cash share capital contribution	289.0		2.3	**291.3**
Dividends relating to 2014			-500.0	**-500.0**
Total transactions with owners	0.0	0.0	-500.0	**-500.0**
Balance at 1 January 2016	5 400.1	-140.6	3 312.3	**8 571.8**
Profit for the year			905.3	**905.3**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-243.4		**-243.4**
Cash flow hedge		28.7		**28.7**
Change in tax rate, effect deferred tax assets/-liabilities		-1.7	-49.5	**-51.2**
Total comprehensive income for the year	0.0	-216.4	855.8	**639.4**
Transactions with owners:				
Merger		25.2	4 381.4	**4 406.6**
Demerger	-45.8		-58.5	**-104.3**
Non-cash share capital contribution	45.8		58.5	**104.3**
Dividends relating to 2015			-500.0	**-500.0**
Total transactions with owners	0.0	25.2	3 881.4	**3 906.6**
Balance at 31 December 2016	5 400.1	-331.8	8 049.5	**13 117.8**

STATEMENTS OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR GROUP			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQITY
Balance at 1 January 2015	5 400.1	-774.8	7 597.2	**12 222.6**
Profit for the year			2 449.0	**2 449.0**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		759.9		**759.9**
Cash flow hedge		18.0		**18.0**
Change in tax rate, effect deferred tax assets/-liabilities		0.5		**0.5**
Total comprehensive income for the year	0.0	778.4	2 449.0	**3 227.4**
Other				
Change in tax rate, effect deferred tax assets/-liabilities			-117.9	**-117.9**
Total others	0.0	0.0	-117.9	**-117.9**
Transactions with owners:				
Dividends relating to 2014			-500.0	**-500.0**
Total transactions with owners	0.0	0.0	-500.0	**-500.0**
Balance at 1 January 2016	5 400.1	3.6	9 428.3	**14 832.1**
Profit for the year			1 028.6	**1 028.6**
Actuarial gain/(loss) on post employment benefit obligation - net of tax		-411.4		**-411.4**
Cash flow hedge		50.0		**50.0**
Change in tax rate, effect deferred tax assets/-liabilities		-4.6	-58.1	**-62.7**
Total comprehensive income for the year	0.0	-366.0	970.5	**604.5**
Transactions with owners:				
Dividends relating to 2015			-500.0	**-500.0**
Total transactions with owners	0.0	0.0	-500.0	**-500.0**
Balance at 31 December 2016	5 400.1	-362.4	9 898.8	**14 936.6**

For specification of other reserves, see note 15.
The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2015	2016		NOTE	2016	2015
		Cash flow from operating activities			
1 732.8	3 012.7	Cash generated from operations [1)]		3 401.4	3 495.9
14.4	35.9	Interest received		36.2	19.0
-0.7	-276.5	Income tax paid		-337.2	-280.1
1 746.5	2 772.1	Net cash generated from operating activities		3 100.4	3 234.8
		Cash flow from investing activities			
-2 114.4	-4 267.4	Investments in property, plant and equipment (PPE)	13	-4 497.3	-5 165.7
15.3	16.0	Proceeds from sale of PPE, including assets under construction		20.1	1 382.8
-1 600.0	0.0	Group loans		0.0	0.0
227.6	-37.3	Group interests		0.0	0.0
346.3	50.7	Net group contribution/dividend		0.0	1.7
-51.0	-57.0	Change in other investments		-83.5	-47.9
-3 176.2	-4 295.0	Net cash used in investing activities		-4 560.7	-3 829.1
		Cash flow from financing activities			
3 529.7	1 899.9	Proceeds from borrowings	14	1 899.9	3 609.7
-8.4	-943.3	Repayment of borrowings	14	-995.5	-749.0
-400.0	1 000.0	Net proceeds/repayment of short term borrowings (commercial papers)	14	1 000.0	-400.0
-449.0	-619.4	Interest paid		-655.2	-618.8
-12.9	-6.5	Other borrowing charges		-6.5	-12.9
-500.0	-500.0	Dividends paid to owner		-500.0	-500.0
2 159.4	830.7	Net cash generated/used in financing activities		742.7	1 329.0
729.7	-692.2	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		-717.6	734.7
900.6	1 630.3	Cash, cash equivalents and bank overdrafts at beginning of year	14	1 666.7	932.0
1 630.3	938.1	Cash, cash equivalents and bank overdrafts at end of year		949.1	1 666.7

STATEMENT OF CASH FLOWS

All amounts in MNOK

1) CASH GENERATED FROM OPERATIONS

AVINOR AS			AVINOR GROUP	
2015	2016		2016	2015
131.8	1 216.4	Profit before income tax	1 374.2	2 903.9
708.2	1 633.7	Depreciation	1 762.9	1 459.3
-3.4	-12.7	(Profit)/loss on disposals of non-current assets	-12.6	-1 270.0
10.0	-28.0	Changes in value and other losses/(gains) - net (unrealised)	-34.9	17.8
-221.9	311.3	Net finance costs	383.6	328.6
-166.3	83.1	Change in inventories, trade receivables and trade payables	123.9	-186.2
50.5	-51.3	Difference between post employment benefit expense and amount paid/received	92.4	156.5
166.1	-259.0	Change in other working capital items	-288.1	86.0
1 057.8	119.2	Change in group receivables and payables	0.0	0.0
1 732.8	3 012.7	Cash generated from operations	3 401.4	3 495.9
		In the cash flow statement, proceeds from sale of PPE comprise:		
11.9	3.3	Net book amount	7.5	112.8
3.4	12.7	Profit/(loss) on disposals of PPE	12.6	1 270.0
15.3	16.0	Proceeds from disposal of PPE	20.1	1 382.8

The notes (note 1 to 24) are an intergral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

Avinor AS and its subsidiaries (together 'the group') own, manage and develop aviation infrastructure and systems by facilitating safe and efficient aviation. The group also renders services within the same areas together with other activities that add to the group's main business,including commercial development.

The Avinor group's headquarters are located in Oslo, Dronning Eufemias gate 6.

NOTE 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and in each note to the financial statement. These policies have been consistently applied to all the years presented, unless otherwise stated.

The accounting policies set out below do also apply to the preparation of the financial statements of Avinor AS.

BASIS OF PREPERATION

The consolidated financial statements of Avinor AS and Avinor Group have been prepared in accordance with International Financial Reporting Standards as adopted by the EU.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets and financial liabilities (including derivative instruments) recognised partly at fair value through profit or loss and partly (cash flow hedges) in other comprehensive income.

The consolidated financial statements encompasses Avinor AS and all entities over which Avinor AS has control.

The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

As at 31 December 2016 all subsidiaries are wholly owned.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Shares in subsidiaries are recognised at cost at the acquisition date and are classified as a long-term investment. The shares are assessed whether there is any indication that their carrying amount exceeds the amount to be recovered through use or sale.

The whole of Avinor group's operations are defined as two cash-generating unit (CGU), one air navigation service unit and one airport operation unit including property development and hotels.

For the airport operation unit, the group's economic model is based on the assumption that there is full cross-subsidisation between profitable and unprofitable airports as well as all areas of operations (overall system). The group has a distinct expressed objective to develop, within the overall system, commercial activities in order to provide capital for unprofitable activities (social considerations/responsibilities) and reduce the level of traffic charges. Due to this the group assess that a solution where the group's operations, exclusive of the Air Navigation Services, are evaluated as a whole, presents a true and fair view of the operations.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires managment to exercise its judgement in the process of applying the group's accounting policies. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in particular.

The company's most significant accounting estimates and judgements are related to the following items, specified further in each individual note:

- Deferred taxes
- Estimated impairment of property, plant and equipment
- Depreciation of property, plant and equipment
- Net pension obligation

Changes in accounting policy and disclosure

New and amended standards adopted by the group

There are no relevant amendments or new standards adopted by the group for the first time for the financial year beginning on or after 1 January 2016.

New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2017, and have not been applied in preparing these consolidated financial statement.

Avinor has chosen not to early implement any of these standards.

IFRS 9 'Financial instruments' replaces IAS 39 and addresses the classification, measurement and recognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

IFRS 9 require financial assets to be classified into three measurement categories: amortised cost, fair value through other comprehensive income and fair value through profit and loss. The determination is made at initial recognition.The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch.

The new hedging rules align hedge accounting more closely with the group's risk management practice.

As a general rule it will be easier to apply hedge accounting going forward as the standard introduces a more principles - based approach. The new standard also introduces expanded disclosure requirements and changes in presentation.

The group has assessed the new rules to have little effect on the group's own hedging arrangements.

IFRS 9 will be effective from 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers' deals with revenue recognition and replaces all existing IFRS revenue requirements. The core principle of IFRS 15 is that revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard applies with a few exceptions to all revenue contracts with customers and provides a model for the recognition and measurement of sales of some non-financial assets (e.g., disposals of property, plant and equipment).

The group's income consists mainly of:

- Traffic income in the form of airport- and air navigation charges.
- Rental income

In addition, there are to some extent, some volume of parking and sales operations directly to the consumer.

This includes air navigations services connected to airports not owned by the group (incl. the airports owned by the military).

During 2017 all types of income will be rewieved and assessed against the new standard.

Based on the group's preliminary assessment the new standard will not have any major impact on the group's and the mother company's operating income.

The standard is effective for annual periods beginning on or after 1 January 2017.

IFRS 16 'Leases' replaces IAS 17.

IFRS 16 addresses the principles of recognition, measurement, presentation and disclosure of lease agreements for both parties in the agreement, the customer (lessee) and the offerer (lessor). The new standard demands that the lessee recognise assets and obligations for the majority of lease agreements, which is a material change from todays rules.

The group's preliminary assessment is that IFRS 16 will mainly have an impact on the following lease agreements, which exists at year-end 2016:

- Rental agreement HQ Oslo
  Estimated impact 1 January 2019 on balance sheet 75 MNOK
- Rental agreement Bodø airport
  A legal assessment will be carried out to determine the rent. The rent is therefore not known.
- Lease agreement bussing Oslo airport.
  The present contract expires in 2018.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard is yet not approved by the EU.

There are no other IFRSs or IFRIC interpretation that are not yet effective that would be expected to have a material impact on the group.

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction, except transactions from En Route income which are translated using a fixed exchange rate.

Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary assets and liabilities measured at historical cost denominated in foreign currencies are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities measured at fair value denominated in foreign currencies are translated using the exchange rate at the balance sheet date.

Foreign exchange gains and losses are recognised in the income statement. The functional currency of the group companies is NOK.

Foreign exchange gains and losses that relate to receivables, liabilities, cash and cash equivalents are considered to be operational and have been classified as changes in value and other losses/(gains) - net, presented within 'other expenses'.

NOTE 3 Financial risk factors

The group's activities exposes it to a variety of financial risks: Market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall rsik management programme seeks to minimise the volatility of the group's financial performance. The group uses derivative financial instruments in addition to borrowings with fixed interest rates to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments, and investment of excess liquidity.

For details about financial assets and liabilities including hedging, see note 14.

MARKET RISK

(i) Foreign exchange risk

The group and Avinor AS are exposed to foreign exchange risk with respect to the value of NOK against currencies caused by income and expenses in foreign currency. The group uses forward contracts to reduce the foreign exchange risk in cash flow nominated in foreign currency. The group and Avinor AS are primarily exposed to foreign exchange risk with respect to EUR.

The group's income from en route charges is exposed to foreign exchange risk. For Avinor the risk is connected to the transfer of the revenue to Norway. The period from the determination of the exchange rate to the actual payment is about three months.

Revenue in foreign currency is sold forward to the extent that it is not hedged by cash outflow in the same currency. The group also has foreign exchange risk connected to contractual payments in foreign currency. As a fundamental principle, hedging of transaction risk for contracts in foreign exchange is carried through for contract exceeding the value of MNOK 2. Normally, forward contracts entered into do not have terms exceeding three years. Foreign exchange rate derivatives do not normally qualify for hedge accounting.

Avinor AS has as part of the hedging of larger aquisitions, entered into forward foreign exchange contracts in connection with the development of the airpirt terminals. These are contracts in EUR for the payment of luggage handling systems, navigation equipment, vehicles and others.

The group has issued bond loans denominated in EUR. The loans is hedged by a combined interest rate and forward foreign exchange contract in which Avinor receives coupon payment and principle amount in EUR and pay a predetermined amount in NOKat the same point in time.

As the foreign exchange risk in overall is assessed to be limited, the group has not estimated any sensitivities. For the notional principal amount of the outstanding foreign exchange contracts, see note 14.

(ii) Interest rate risk

The group are exposed to interest rate risk through its financial activities (see note 14). Parts of the borrowings are issued at variable rates, which means that the group is influenced by the changes in the interest rates.

The objective of the group's interest rate management is to keep the volatility of future interest costs within acceptable limits. Group policy is to interest rate hedge all long-term loans till at least 60 per cent of total debt at all time is hedged for at least 12 months.

The group manages its effective interest exposure risk by using various interest rate swaps.

At 31 December 2016 approximately all interest rate swaps are adopted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the group has 81 per cent of its long-term borrowings at a fixed rate of interest for at least 12 months.

At 31 December 2016 the group had interest rate swaps at a face value of MNOK 5,680 (2015: MNOK 5,932), where the group receives a variable rate and pays a fixed rate of 3.24 per cent of face value. The interest rate swaps are used to hedge against volatility in the P&L reportings as a result of changes in the interest levels.

All interest swaps are made as a hedge against financial risk caused by cash flow interest rate risk. All interest swaps are carried at their fair value in the balance sheet.

The following table presents the group's sensitivity to a defined interest rate shift as at 31 December. The simulation take into consideration all interest rate derivatives.

AVINOR AS	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT (MNOK)	IMPACT ON EQUITY (MNOK)
2016	+50	0.0	-16.5
	-50	0.0	16.5
2015	+50	0.8	-25.1
	-50	-0.8	25.1

AVINOR GROUP	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT (MNOK)	IMPACT ON EQUITY (MNOK)
2016	+50	0.0	-7.7
	-50	0.0	7.7
2015	+50	0.8	-11.7
	-50	-0.8	11.7

Based on the financial instruments at 31 December 2016 , the simulation shows that if the interest rate had been 0.5 per cent higher, pretax profit for the year would have been MNOK 0.0 lower (2015: MNOK 0,8).

The average yield on financial instruments were as follows:

	2016 (%)	2015 (%)
Overdraft	IA	IA
State Loan	1,79	2,16
Debenture Loan	3,52	3,35
Bank Loan	3,62	3,91

The figures include interest hedging derivatives.

At 31 December 2016 Avinor AS had total borrowings amounting to MNOK 19,288.2 (2015: MNOK 13,681.5) in addition to a overdraft of MNOK 0.0 (2015: MNOK 0.0).

(iii) Power price risk

The group is a consumer of electrical power. Avinor AS has entered into financial power contracts via Nasdaq OMX to hedge parts of it's power consumption.

At 31 December 2016 approximately 84 per cent of 2017's estimated consumption is covered by such contracts. The group does not apply hedge accounting to these contracts. Power purchases are made in EUR.

The fair value of power contracts is estimated at MNOK -0.7 (2015: MNOK – 43.3) based on the exchange rate at year-end.

Sensitivity analysis of electrical power contracts at 31 December (impact on pre-tax profit (MNOK) as a consequense of a 20% increase in power price):

AVINOR AS	MARKET VALUE 31 DECEMBER	IMPACT ON PRE-TAX PROFIT
2016	-0.7	21.2
2015	-22.7	8.9

AVINOR GROUP	MARKET VALUE 31 DECEMBER	IMPACT ON PRE-TAX PROFIT
2016	-0.7	21.2
2015	-43.3	17.3

CREDIT RISK

The group's credit risks are mainly connected to airlines and air traffic-related industries.

The grouphas credit risks attached to three main customers. The group assesses the risk that customers cannot fulfil their obligations as moderate.

The group has guidelines to limit exposure to possible losses.

The group has not made any third-party guarantees.

Maximum risk exposure is illustrated by the carried amount of the financial assets, including derivatives in the balance sheet. Since the opposite party in derivatives trading is normally banks and the power trade exchange, the credit risk connected to derivatives is assessed as small. The group's assessment is that the group's maximum credit exposure is illustrated by the carried amounts of trade receivables and other short-term assets (see note 14). The group does not have any material overdue trade receivables (see note 14).

The group's main bank connexion has external credit rating A-1 (short term) and A+ (long term) (Standard & Poors).

Creditworthiness in trade receivables and intra-group accounts in detail

Credit risk in non-due financial instruments which have not been written down, may be evaluated by external sources (if available) or based on previous negative credit records.

Classification of historical information (unimpaired trade receivables):

Group 1 – new customers/related parties (in the last six months)
Group 2 – existing customers/related parties (for more than six months) with no history of default
Group 3 – existing customers/related parties (for more than six months) with a history of default. All amounts have been paid in full after the default.

All intra-groups accounts and the major part part of customer receivables are classified in group 2. No financial assets have been renegotiated during the last financial year. No part of the loans to related parties is overdue or impaired.

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations when they are due. The group strategy is to meet the risk by having sufficient funds available at anytime to be able to fulfil the financial obligations when they are due, both under normal or extraordinary circumstances, without risking unacceptable losses. The group shall have a liquidity reserve sufficient, at anytime, to maintain business for at least twelve months without raising new loans. Unused credit facilities are described in note 14.

The table below analyses the maturity structure of the group's financial obligations, based on contracual undisconted cash-flow. In the case where the opposite party may demand an earlier payment, the amount is presented in the earliest period the payment may be demanded. If payment may be demanded on request, the obligations are included in the first column (less than 1 month):

AVINOR AS	REMAINING PERIOD LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2016						
State, bond and bank borrowings 1)	9.1	106.9	865.4	10 165.6	10 060.0	**21 207.0**
Other commitments	1.7	3.3	14.9	158.6	0.0	**178.5**
Trade payables	415.7	204.8	0.0	0.0	0.0	**620.5**
Other current liabilities	311.9	153.6	0.0	0.0	0.0	**465.5**
Total	738.4	468.6	880.3	10 324.2	10 060.0	**22 471.5**
31 December 2015						
State, bond and bank borrowings 1)	13.8	490.3	832.4	3 570.1	12 800.5	**17 707.1**
Other commitments	1.5	3.0	13.6	99.9	0.5	**118.5**
Trade payables	154.2	75.9	0.0	0.0	0.0	**230.1**
Other current liabilities	355.6	175.1	0.0	0.0	0.0	**530.7**
Total	525.0	744.4	846.0	3 670.0	12 801.0	**18 586.4**

1) Derivatives included

AVINOR GROUP	REMAINING PERIOD LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 3 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
31 December 2016						
State, bond and bank borrowings 1)	46.3	208.9	959.8	10 590.7	10 588.2	**22 393.9**
Other commitments	2.7	5.5	24.7	167.3	0.0	**200.2**
Trade payables	459.2	226.2	0.0	0.0	0.0	**685.4**
Other current liabilities	320.6	157.9	0.0	0.0	0.0	**478.5**
Total	828.8	598.5	984.5	10 758.0	10 588.2	**23 758.0**
31 December 2015						
State, bond and bank borrowings 1)	26.5	501.4	1 452.1	5 972.0	14 890.1	**22 842.1**
Other commitments	3.0	6.0	27.4	179.7	0.5	**216.6**
Trade payables	295.5	145.6	0.0	0.0	0.0	**441.1**
Other current liabilities	374.6	184.5	0.0	0.0	0.0	**559.1**
Total	699.6	837.5	1 479.5	6 151.7	14 890.6	**24 058.9**

1) Derivatives included

See note 14 for information about long - term loans.

In addition to refinancing of the borrowings described above, the group will, the next few years, require financing of new infrastructure in the form of capacity expansion measures. The gross financing requirement includes refinancing of existing borrowings as described above, building of new terminals at Gardermoen and at Flesland and other plenned investment activities.

OTHER INFORMATION

The fair value of derivatives designated as hedging instruments is presented as a current asset/short-term debt or financial asset/long-term debt depending upon the maturity date of the corresponding hedged item.

The interest swaps have terms between 0.5 and 8.0 years.

CAPITAL STRUCTURE AND EQUITY

The main objective of the group's management of capital structure is to ensure that the group's main business objectives are reached within sound financial limits.

The paramount financial objectives (sound financial limits) are the following:

1. Equity ratio: 40 per cent (according to article 11 of the company's Articles of Association)
2. Net asset value shall minimum be equal to the carried value of equity

The group manages its capital structure and makes necessary adjustments based on a continuing evaluation of the existing economic business climate and the outlook in the short- and medium-term.

Article 11 of the company's Articles of Association lays down the following financial limitation: Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's long-term interest-bearing debt plus equity.

Existing borrowings have covenants regarding amount of equity.

There are no equity requirement for the bonds.

The loan agreements with EIB and NIB requires equity of minimum 30 per cent of equity pluss net interest-bearing debt.

AVINOR AS	2016	2015
Interest-bearing debt	18 819.0	13 333.6
Equity	13 117.8	8 571.8
Total equity and interest-bearing debt	31 936.8	21 905.4
Gearing ratio	58.9 %	60.9 %
Equity ratio	41.1 %	39.1 %
Net debt to equity ratio	42.3 %	42.3 %

AVINOR GROUP	2016	2015
Interest-bearing debt	19 504.6	17 935.4
Equity	14 936.6	14 832.1
Total equity and interest-bearing debt	34 441.2	32 767.5
Gearing ratio	56.6 %	54.7 %
Equity ratio	43.4 %	45.3 %
Net debt to equity ratio	44.6 %	47.7 %

FAIR VALUE ESTIMATION

The fair value of foreign exchange forward contracts and financial power forward contracts is based on market value at the balance sheet date. The fair value of all interest rate swaps is confirmed by the financial institutions which are the company's opposite party in the financial contracts entered into.

The carrying amount of cash and bank overdrafts is approximately equal to the fair value of these instruments as they fall due in a short period of time. Similarly, the carrying amount of receivables and payables is approximately equal to fair value as they are entered into under "normal" conditions.

The fair value of long-term debt is based on quoted market prices or on the interest rates for debt with corresponding terms and similar credit margin. The fair value of commercial papers equals principal amount as at 31 December 2016.

Below is a comparison of the carrying amounts and fair values of Avinor AS and the group's interest-bearing debt.

	2016		2015	
AVINOR AS	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt:				
State loan	2 971.7	2 999.6	0.0	0.0
Bonds	8 674.7	9 214.1	9 256.2	9 839.0
Bank borrowings	6 241.8	6 879.2	4 025.3	4 699.9
Commercial papers	1 400.0	1 400.0	400.0	400.0

	2016		2015	
AVINOR GROUP	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt:				
State loan	2 971.7	2 999.6	3 416.1	3 482.2
Bonds	8 674.7	9 214.1	9 256.2	9 839.0
Bank borrowings	6 889.7	7 579.0	5 130.4	5 936.2
Commercial papers	1 400.0	1 400.0	400.0	400.0

The table below shows financial instruments at fair value by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the group's assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2016:

AVINOR GROUP	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	1.0	0.0	1.0
Interest rate contracts	0.0	0.0	0.0	0.0
Derivatives used for hedging				
Foreign exchange contracts	0.0	0.0	0.0	0.0
Interest rate contracts	0.0	504.0	0.0	504.0
Total assets	0.0	505.0	0.0	505.0
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	0.0	0.8	0.0	0.8
Power contracts	0.7	0.0	0.0	0.7
Interest rate contracts	0.0	0.0	0.0	0.0
Bonds	0.0	1 436.8	0.0	1 436.8
Derivatives used for hedging				
Interest rate contracts	0.0	52.0	0.0	52.0
Total liabilities	0.7	1 489.6	0.0	1 490.3
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	2 999.6	0.0	2 999.6
Bonds	0.0	9 214.2	0.0	9 214.2
Bank borrowings	0.0	7 579.0	0.0	7 579.0
Commercial papers	0.0	1 400.0	0.0	1 400.0
Total	0.0	21 192.8	0.0	21 192.8

There were no transfers between levels during the year.

The following table presents the group's assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2015:

AVINOR GROUP	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	14.6	0.0	14.6
Interest rate contracts	0.0	0.0	0.0	0.0
Derivatives used for hedging				
Foreign exchange contracts	0.0	11.3	0.0	11.3
Interest rate contracts	0.0	635.0	0.0	635.0
Total assets	0.0	660.9	0.0	660.9
Liabilities				
Financial liabilities at fair value through profit or loss				
Foreign exchange contracts	0.0	7.0	0.0	7.0
Power contracts	43.3	0.0	0.0	43.3
Interest rate contracts	0.0	7.4	0.0	7.4
Bonds	0.0	1 382.8	0.0	1 382.8
Derivatives used for hedging				
Interest rate contracts	0.0	80.7	0.0	80.7
Total liabilities	43.3	1 477.9	0.0	1 521.2
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	3 482.2	0.0	3 482.2
Bonds	0.0	9 839.0	0.0	9 839.0
Bank borrowings	0.0	5 936.2	0.0	5 936.2
Commercial papers	0.0	400.0	0.0	400.0
Total	0.0	19 657.4	0.0	19 657.4

There were no transfers between levels during the year.

Interest-bearing debt in level 2
The fair value estimation is collected from the groups treasury system and checked against fair value estimates from the main bank connecion. The fair value of the interest-bearing debt is estimated based on the difference between the coupon/fixed rate of interest on the interest-bearing debt compared with 3 months NIBOR and implicit funding spread from the market.

NOTE 4 Segment information

All amounts in MNOK

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group management.

The Avinor group operates 46 airports in Norway including Oslo Airport Gardermoen. Operations also include air traffic control towers, control centres and technical infrastructure for aircraft navigation. The operating segments are determined based on the reports used by the group management to evaluate presentations and profitability at a strategic level. The segment information shows the operating profit/(loss) distributed according to the internal organising of the group.

For management purpose the group is organised in one air navigation service unit and one airport operation unit according to the group's cash generating units. To better the evaluation of the airport operation unit, the management has choosen to present the airports in Oslo, Bergen, Stavanger, Trondheim and the rest inn addition to property development and hotels separately.

The segment information provided to the group management for the reportable segments for the year ended 31 December 2016 is as follows:

AVINOR GROUP AS AT 31 DECEMBER 2016:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 955.1	537.2	413.3	361.6	892.0	4 159.2
Sales and rental income	3 364.0	541.2	450.9	320.0	620.6	5 296.7
Inter-segment income	67.2	16.1	47.0	31.3	57.4	219.0
Total income	5 386.3	1 094.5	911.1	712.8	1 570.0	9 674.8
Employee benefits expense	519.6	121.6	100.5	87.5	784.3	1 613.6
Depreciation and amortisation	864.1	125.2	104.7	93.5	393.0	1 580.5
Other operating expenses	1 736.1	247.2	165.9	129.0	911.7	3 189.9
Inter-segment expenses	352.1	140.7	145.4	112.5	565.5	1 316.3
Total expenses	3 472.0	634.8	516.5	422.5	2 654.5	7 700.2
Operating profit/(loss)	1 914.3	459.7	394.7	290.4	-1 084.5	1 974.6
Assets	16 487.6	2 017.6	1 616.4	1 775.2	6 021.9	27 918.7

AVINOR GROUP AS AT 31 DECEMBER 2016 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 159.2	984.7	-	-0.8		5 143.0
Sales and rental income	5 296.7	201.5	106.0	40.9		5 645.0
Inter-segment income	219.0	804.6	40.5	641.5	-1 705.7	0.0
Total income	9 674.8	1 990.8	146.5	681.6	-1 705.7	10 788.0
Employee benefits expense	1 613.6	1 319.7	0.0	392.8		3 326.1
Depreciation and amortisation	1 580.5	81.8	37.0	63.6		1 762.9
Other operating expenses	3 189.9	355.7	5.6	390.0		3 941.2
Inter-segment expenses	1 316.3	103.7	22.8	263.0	-1 705.7	0.0
Total expenses	7 700.2	1 861.0	65.5	1 109.3	-1 705.7	9 030.2
Operating profit/(loss)	1 974.6	129.9	81.0	-427.7	0.0	1 757.8
Assets	27 918.7	673.8	863.0	155.1		29 610.6

The segment information provided to the group management for the reportable segments for the year ended 31 December 2015 is as follows:

AVINOR GROUP AS AT 31 DECEMBER 2015:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	1 946.9	557.6	455.9	359.8	903.1	4 223.3
Sales and rental income	3 052.6	600.6	473.2	306.7	615.7	5 048.8
Inter-segment income	42.3	13.3	45.9	29.1	21.4	152.0
Total income	5 041.8	1 171.5	975.0	695.6	1 540.2	9 424.1
Employee benefits expense	542.6	128.4	103.9	93.7	849.3	1 717.9
Depreciation and amortisation	604.0	83.8	100.3	90.1	413.6	1 291.8
Other operating expenses	1 404.1	280.9	192.4	127.5	958.1	2 962.9
Inter-segment expenses	327.8	144.2	147.8	114.4	557.2	1 291.4
Total expenses	2 878.5	637.4	544.3	425.6	2 778.2	7 264.0
Operating profit/(loss)	2 163.2	534.1	430.7	270.0	-1 238.1	2 160.1
Assets	8 695.8	1 761.4	1 791.7	1 974.6	6 730.0	20 953.5

AVINOR GROUP AS AT 31 DECEMBER 2015 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	4 223.3	1 024.8	0.0	-0.2		5 248.0
Sales and rental income	5 048.8	220.5	1 459.1	13.0		6 741.4
Inter-segment income	152.0	842.2	50.6	701.7	-1 746.4	0.0
Total income	9 424.1	2 087.4	1 509.7	714.5	-1 746.4	11 989.4
Employee benefits expense	1 717.9	1 369.5	0.0	379.1		3 466.6
Depreciation and amortisation	1 291.8	73.6	38.3	55.6		1 459.3
Other operating expenses	2 962.9	395.8	10.7	461.6		3 830.9
Inter-segment expenses	1 291.4	109.1	45.5	300.4	-1 746.4	0.0
Total expenses	7 264.0	1 948.0	94.4	1 196.7	-1 746.4	8 756.8
Operating profit/(loss)	2 160.1	139.4	1 415.3	-482.2	0.0	3 232.5
Assets	20 953.5	622.1	857.7	191.0		22 624.3

Non-current liabilities comprise state loan, bonds and bank borrowings Avinor AS and separate financing of hotels and car parks. Debt is not used by the group management as a control parameter at the segment level. The financing of the group and financial risk management is carried out by a central treasury department (group treasury) in accordance with guidelines approved by the board of directors, see note 3. Sales between segments are carried out at arm's length. The revenue from external parties reported to group management is measured in a manner consistent with that in the income statement.

Revenue of approximately 2.4 billions, 1.6 billions and 1.4 billions, total 5.4 billions (2015: NOK 2.5 billions, 1.7 billions and 1.4 billions, total 5.5 billions) and 52 per cent (2015: 52 per cent) of total operating income are derived from three main customers. Revenue from the first customer is attributable to Oslo Airport, Bergen Airport, Stavanger Airport and Trondheim Airport. Revenue from the two other customers are attributable to all segments.

NOTE 5 Operating income and other income

All amounts in MNOK

Revenue comprises the fair value of the consideration received or receivables for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group. Revenue is recognised as follows (most of the group's revenues consist of civil aviation fees and rent from property leases):

Sale of traffic and real estate services

Revenue from traffic services is recognised in the period the services are provided.
Revenue from property leases with fixed lease payment is recognised in the period the services are provided, using a straight-line basis over the term of the contract. Revenue from property leases with revenue-based lease payments is recognised when it is earned. Revenue from sale of real estate property is recognised when the risk and control of the object is transferred to the buyer, normally at the time of disposal.

Sale of goods

Revenue from sale of goods are recognised in the period the goods is delivered.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Traffic income				
Takeoff charges	1 147.3	677.0	1 149.7	1 179.4
Terminal charges	1 301.3	659.5	1 304.2	1 304.5
En route charges	0.0	0.0	984.7	1 023.6
Security charges	1 154.0	634.6	1 156.8	1 155.5
Terminal navigation charges	547.6	307.0	547.6	585.0
Total	4 150.2	2 278.1	5 143.0	5 248.0
Sales and rental income				
Duty free	2 552.0	844.3	2 552.0	2 512.0
Parking	868.8	455.0	868.8	868.4
Other	1 836.6	698.6	2 216.0	2 083.2
Total	5 257.4	1 997.9	5 636.8	5 463.6
Other operating income				
Intercompany services	150.4	700.7	0.0	0.0
Other	7.2	10.6	8.2	11.5
Total	157.6	711.3	8.2	11.5
Other income				
Profit on disposals of real estate property	0.0	0.0	0.0	1 266.3
Total	0.0	0.0	0.0	1 266.3
Total operating income	9 565.2	4 987.3	10 788.0	11 989.4

Sales and rental income from duty free and parking are mainly rental income.
Profit on disposals of real estate property is from the sale of Hotell Vestre AS og Hotell Vestre Tomteselskap AS.

NOTE 6 Salaries and personnel costs, number of employees, remunerations

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Salaries and personnel costs				
Salaries	1 468.5	1 127.6	2 456.6	2 523.0
Payroll tax	213.4	165.2	363.5	370.6
Pension costs	239.5	216.2	387.3	463.8
Other personnel costs	69.4	45.1	118.7	109.1
Total	1 990.8	1 554.1	3 326.1	3 466.5
Reduction of total salaries and personnel costs:				
Salaries and personnel costs recognised in the balance sheet	78.2	83.5	138.4	125.8
Average number of man-years employed	2 012	1 701	3 115	3 327

Group management:

The group management consists of the group CEO and the managing director of each division and the largest subsidiary in addition to the managing directors of each corporate staff.

2016

AMOUNT IN NOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen	0	2 661 688	25 029	721 816	**3 408 533**
Øyvind Hasaas	0	2 026 203	18 223	623 381	**2 667 808**
Aslak Sverdrup	0	1 619 179	26 244	243 446	**1 888 870**
Leif Anker Lorentzen	0	1 619 129	13 923	284 640	**1 917 692**
Lasse Bardal	0	1 676 121	14 199	319 115	**2 009 435**
Mari Hermansen	0	1 667 835	26 508	414 218	**2 108 561**
Petter Johannessen	0	1 778 461	8 686	450 384	**2 237 531**
Anders Kirsebom	0	1 998 914	22 589	366 216	**2 387 719**
Jon Sjølander	0	1 805 188	17 002	373 450	**2 195 640**
Margrethe Snekkerbakken	0	1 841 481	17 007	436 001	**2 294 489**
Egil Thompson	0	1 685 238	27 106	405 696	**2 118 040**
Stine Ramstad Westby (from 15.03.2016)	0	1 518 042	18 992	285 276	**1 822 310**
Total	0	21 897 480	235 509	4 923 641	**27 056 629**
Board					
Ola Mørkved Rinnan	421 500	0	0	0	**421 500**
Ola H. Strand	260 500	0	0	0	**260 500**
Mari Thjømøe (until 29.06.2016)	122 500	0	0	0	**122 500**
Tone Merethe Lindberg	221 250	0	0	0	**221 250**
Herlof Nilssen	234 500	0	0	0	**234 500**
Linda Bernander Silseth (from 29.06.2016)	109 000	0	0	0	**109 000**
Eli Skrøvset	274 500	0	0	0	**274 500**
Per Erik Nordsveen	212 500	772 703	5 967	98 166	**1 089 336**
Grete Ovnerud	248 500	923 463	5 516	276 506	**1 453 985**
Heidi Anette Sørum	215 000	864 731	10 359	142 521	**1 232 611**
Bjørn Tore Mikkelsen	215 000	939 823	10 359	273 785	**1 438 967**
Total	2 534 750	3 500 719	32 201	790 978	**6 858 648**

2015

AMOUNT IN NOK	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen	0	2 546 579	104 449	728 279	3 379 307
Øyvind Hasaas	0	1 888 977	18 149	622 747	2 529 873
Aslak Sverdrup	0	1 576 516	12 843	276 850	1 866 208
Leif Anker Lorentzen	0	1 578 253	13 423	321 610	1 913 286
Lasse Bardal	0	1 638 559	13 691	351 959	2 004 209
Mari Hermansen	0	1 617 931	25 191	459 403	2 102 525
Petter Johannessen	0	1 718 590	32 499	483 512	2 234 602
Anders Kirsebom	0	1 974 309	20 306	400 680	2 395 295
Jon Sjølander	0	1 747 915	21 975	399 218	2 169 109
Margrethe Snekkerbakken	0	1 814 421	17 147	447 894	2 279 463
Egil Thompson	0	1 651 830	39 852	461 433	2 153 115
Total	0	19 753 878	319 527	4 953 586	25 026 992
Board					
Ola Mørkved Rinnan	409 750	0	0	0	409 750
Ola H. Strand	258 500	920	0	0	259 420
Mari Thjømøe	225 500	0	0	0	225 500
Tone Merethe Lindberg	215 000	920	495	0	216 415
Dag Hårstad (until 02.06.2015)	119 000	0	510	0	119 510
Herlof Nilssen (from 02.06.2015)	108 500	0	0	0	108 500
Eli Skrøvset	266 500	0	0	0	266 500
Per Erik Nordsveen	209 000	750 639	5 692	86 449	1 051 780
Grete Ovnerud	241 500	1 022 266	5 214	264 774	1 533 754
Heidi Anette Sørum	209 000	700 857	10 044	113 315	1 033 216
Olav Aadal (until 02.06.2015)	121 500	1 413 511	5 214	226 639	1 766 864
Bjørn Tore Mikkelsen (from 02.06.2015)	106 000	916 964	10 487	282 840	1 316 291
Total	2 489 750	4 806 077	37 656	974 017	8 307 500

On termination or changes in conditions of employment or board appointment no obligations exist to give the group management or the board any distinct compensation, beyond what is stated in note 7. Nor are there any arrangements concerning bonuses, profit sharing or share-based payments. No loans or guarantees have been given to the members of the group management or the board. None of the members of the group management have received any remunerations or economic benefits from other companies in the group, other than shown in the table above. There is no additional remuneration to executives for special services other than normal operations, see note 7.

NOTE 7 Declaration on the determination of salaries and other remuneration for the CEO and other executive employees

THE BOARD OF DIRECTORS' DECLARATION ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION FOR THE CEO AND OTHER EXECUTIVE EMPLOYEES OF THE AVINOR GROUP - 2016

According to article 8 of the company's articles of association, the Board of Directors shall prepare a declaration concerning the determination of salaries and other remuneration for the senior management. This declaration shall be included as a note in the annual accounts. The declaration shall contain the contents specified in section 6-16a of the Public Limited Companies Act, and shall in addition give an account of how the 'Government's policy for the remuneration of leading personnel in state-owned enterprises and companies' is followed up in the company's wholly owned subsidiaries. The declaration shall be handled at the company's ordinary general meeting. Reference is made to section 5-6 third paragraph of the Public Limited Companies Act and the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies, as set out by the Ministry of Industry and Fisheries, effective as from 13.2.2015.

1. Employees covered by the declaration

This declaration covers executive employees of the Group; Avinor AS and the wholly owned subsidiaries Avinor Flysikring AS and Svalbard Lufthavn AS. Oslo Lufthavn AS merged with Avinor AS at 11 January 2016. Managing Director of Oslo Lufthavn AS now holds the title of Airport Director Oslo Airport Gardermoen and is a member of the executive management team of Avinor AS. Svalbard Lufthavn demerged from Avinor AS and was established as a separate limited company with effect as from 1 June 2016. The Managing director is covered by this declaration. At 1 January 2017 , the Group's executive management team comprised the following employees, who are covered by this declaration:

Avinor AS:

- Dag Falk-Petersen, CEO
- Petter Johannessen, CFO
- Mari Hermansen, Executive Vice President HR, Legal and Procurement
- Egil Thompson, Executive Vice President Communications, Brand and Public Relations
- Jon Sjølander, Executive Vice President Strategy
- Margrethe Snekkerbakken, Executive Vice President Regional and Local Airports Division
- Øyvind Hasaas, Airport Director Oslo Airport Gardermoen
- Lasse Bardal, Airport Director Trondheim Airport Værnes
- Leif A. Lorentzen, Airport Director Stavanger Airport Sola
- Aslak Sverdrup, Airport Director Bergen Airport Flesland
- Stine R. Westby, Executive Vice President Operations and Infrastructure

Avinor Flysikring AS:

- Anders Kirsebom, Managing Director
- Jan-Gunnar Pedersen, Director Business Area En-Route
- Snorre Andresen, Director Business Area Tower and Approach Services
- Ellen Lystad, Acting Director System Operations
- Håkan Olsson, Acting Director Development and Projects
- Tor-Øivind Skogseth, Assistent Managing Director and Director Customers and Public Relations
- Jan Østby, Director Remote Services
- Marisa Luisa Ruiz Retamar, Director HR and Competence
- Kresten Lyngstad, CFO
- Anne-Kr. Aagaard Chavez, Director Safety and Quality
- Geir Ove Heir, Director Remote Tower Center

Svalbard Lufthavn AS:

- Morten Ulsnes, Managing Director

2. Declaration's validity

The declaration applies for the coming financial year, ref. article 8 of the articles of association and section 6-16a (2) of the Public Limited Companies Act. The Group's Board of Directors will use the principles described in this declaration as the basis for determining the remuneration of the CEO and in its assessment and monitoring of the CEO's determination of remuneration of executive employees.

3. The main principles of the Group's executive employee remuneration policy

Avinor's executive remuneration policy has to comply with the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies (as set out by the Ministry of Industry and Fisheries, effective as from 13.2.2015). Executive remuneration in the Group should comprise a competitive but not leading salary when compared to similar companies.

3.1 Salary

The main element of the Group's remuneration packages must be a fixed basic salary.

3.2 Directors' remuneration

No remuneration is paid for board appointments in other companies in the Avinor Group.

3.3 Benefits in kind

Executive employees shall receive the benefits in kind that are common for comparable positions. These may include a car allowance, free newspapers/magazines, free phone, laptop, printer and free broadband service.

In the CEO's agreement, a car allowance may be replaced with a company car within the framework set by the Board.

3.4 Performance pay

A performance pay scheme may be established for executive employees based on individual targets. There must be a clear correlation between performance pay targets and the Group's targets. Any scheme will be structured in accordance with the guidelines specified in the owner's statement.

4. Options and share programmes

No options or similar schemes will be established in the company. No share programme involving share-based remuneration will be established in the company.

5. Pension plans

Executive employees shall participate in the Group's general pension plan. The basis for calculating pension entitlements shall not exceed 12G (where G = National Insurance Scheme's basic amount). The terms shall be similar to the terms that apply for other company employees. The age limit is 70 years. For executive employees, members of the Group's executive management and Managing Director of Avinor Flysikring AS the age limit is 67 years. In the Agreement with the Group,s executive management and Managing Director of Avinor Flysikring AS concluded before the guidelines from 15.2.2015, a defined-contribution retirement pension scheme for salaries exceeding 12G have been established, inclusive a disability pension scheme.

Retirement pensions are contribution-based for salaries exeeding 12G with different rates dependent on age and are administered through the company's operating budget until further notice. Current personnel are divided into four age groups. The pension basis for contributions is the agreed fixed salary, and payment will commence once the retirement age has been reached in accordance with the individual agreement. Payment of the supplementary pension is executed by Avinor's payroll department monthly once the age limit of 67 is reached. A condition of payment is that the employee has resigned from their position in the company. If the employee retires from the Group before reaching their pensionable age, the severance agreement is to include a date for when payment of the pension is to start.

The following contribution plan applies:

For senior executives aged 60 and over:
- 30 % av pensionable income from 12G to 18G and
- 25 % av pensionable income over 18G

For senior executives aged 55 to 60:
- 25 % av pensionable income from 12G to 18G and
- 20 % av pensionable income over 18G

For senior executives aged 50 to 55:
- 20 % av pensionable income from 12G to 18G and
- 15 % av pensionable income over 18G

For senior executives aged up to 50:
- 15 % av pensionable income from 12G to 18G and
- 10 % av pensionable income over 18G

When moving up to a new rate following a birthday, this takes effect from the first date of the month following the birthday.

The employer has the full right to manage their pension scheme for salaries exceeding 12G. Executive employees appointed after 13.2.15 are only entitled to be a member of the Group's general pension plan.

Annual disability pension amounts to (100 per cent disability) 38.4 per cent of salaries between 12G and 27G. The full annual disability pension presupposes that insured at retirement will get a time period of at least 20 years. If the length of services is less, the disability pension will be reduced proportionally.

6. Termination and severance pay

There is a three-month notice period applicable to both parties calculated from the first day of the month after notice is given. Notice shall be given in writing.

The CEO and Managing Directors of subsidiaries have waived their employment protection under the Norwegian Working Environment Act. For these people severance pay equivalent to 12 months' fixed salary may be agreed, including the salary of any notice period. Severance pay is calculated on the basis of the employee's regular monthly salary at the time of termination. No holiday pay is accrued on the basis of the severance pay beyond the salary during the notice period.

The severance package, for those employed after 01.01.2015, will be reduced by a proportional amount calculated on the basis of the new annual income in the event of appointment to a new position or if an income is received from an enterprise of which the employee concerned is an active owner.

The employee is only entitled to severance pay in excess of their salary during the notice period if they accept the termination, leave at the request of the employer, and do not submit any claim in relation to the rules of the Norwegian Working Environment Act with regard to protection against dismissal, etc.

Severance pay may be withheld if there are ground for dismissal, or if irregularities or omissions are found during the period in which severance pay is to be given, which may result in liability for damages or the employees being prosecuted for violation of the law.

The CEO has concluded such an agreement dated 14 January 2011. A notice period of three months and a severance payment of 12 months have been agreed, which become payable upon termination by the Company. The agreement contains provisions for the deduction of income from a new employer, and ceases if the employee is entitled to a disability benefit or retirement pension under the agreement. The CEO is not entitled to pay after termination of employment if the employment is terminated due to circumstances which may result in grounds for dismissal. For other executive employees, an advanced agreement for severance pay with finally determined compensation at retirement, can not be entered into. Instead, an advance agreement with a reasonable severance pay may be agreed on, effective only if the employee is not contesting dismissal. These agreements apply correspondingly to the agreements applicable to the CEO and Managing Directors of subsidiaries.

In the agreements with executive employees in the Group, concluded before the new guidelines, severance pay is agreed on.

7. Executive remuneration policy and implementation of the guidelines in the preceding year

The salary policy for executive employees in 2016 has been conducted in accordance with the above guidelines and the guidelines discussed at the Annual General Meeting on 29 June 2016. This applies both to Avinor AS, Avinor Flysikring AS and Svalbard Lufthavn AS.

In connection with the wage settlement, the CEO's fixed salary was adjusted by 2.4 per cent. The basic salary of other senior personnel in Avinor AS was adjusted in average by 2.4 per cent. The base salary of the Managing Director of Avinor Flysikring AS was adjusted by 2.4 per cent. Other senior personnel in Avinor Flysikring AS was adjusted in average 2.4 per cent. The wage settlement is based on evaluation of performance.

The managing director of Svalbard Lufthavn AS was given a wage rise of NOK 60 000 with effect from the 1st of June when he became the managing director of the company. Excluding this rise, his adjustment for 2016 would have been 2.3 per cent.

The total cost of the contribution-based pension scheme for salary exceeding 12G for senior personnel before 13 February 2015 was NOK 2,177,705 in 2016.

The scheme is administered by Avinor through day-to-day operations. The premium is not taxable and dutiable. The scheme is closed for new senior personnel after 13 February 2015.

The individual's total pension cost is stated in the notes to the financial statements.

The Board's declaration concerning the determination of salaries and other remuneration was published for the first time in the 2011 financial year. Executive remuneration packages are reviewed by the Board on an annual basis. Executive remunera-tion agreements entered into before this point in time shall not be negatively affected by this declaration.

The remuneration and other benefits received by executive employees in 2016 are provided in note 6 of the annual financial statement for 2016.

NOTE 8 Other expenses

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Other operating expenses				
Rent - buildings/land	73.5	112.8	57.8	56.5
Management/maintenance - buildings	600.1	221.2	642.6	542.4
Repairs, maintenance operational materials	373.6	234.5	413.1	405.2
Control/security/guard services	971.6	578.0	975.0	957.1
Meteorological services	3.1	0.0	41.9	35.9
Consulting services	235.2	151.7	261.8	305.2
Other external services	565.9	365.4	591.8	595.6
Other operating expenses	1 259.4	947.6	581.8	618.1
Total	4 082.4	2 611.2	3 565.8	3 516.0

For accounting policies concerning operating leases, see note 13.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Auditor's fees				
Auditor's fee - fixed charge (VAT not included):				
Statutory audit fee	0.6	0.4	1.0	1.0
Other auditors's fees charged to profit and loss (VAT not included):				
Extended financial audit services	0.1	0.4	0.2	0.5
Other attestation assignments	0.6	0.5	0.8	0.6
Tax advisory services	0.2	0.0	0.2	0.0
Accounting assistance including IFRS	0.0	0.0	0.0	0.0
Total	0.9	0.9	1.2	1.1

NOTE 9 Impact on earnings – Terminal 2 project

All amounts in MNOK

As a result of the development of Gardermoen (Terminal 2 project) the income statement includes charges for extra costs related to the maintenance of normal operations during the construction period, as well as costs related to the scrapping of assets, including higher depreciation as a result of a re-assessed economic life. Part of the charges for extra costs is based on estimates that are continually updated.

SPECIFICATION	2016	2015
Employee benefits expense		
Payroll and other personnel expenses for operating personnel	40.1	52.2
Total	40.1	52.2
Depreciation, amortisation and impairment charges		
Higher depreciation as the result of scrapping portions of the terminal	80.6	60.5
Total	80.6	60.5
Other operating expenses		
Operational coordination	86.6	55.7
Security	38.2	13.4
More bussing	15.2	15.3
Consulting services	2.0	0.7
Staff/support	44.6	9.4
Demolishing expenses existing plant	53.7	-0.7
Additional contract costs related to maintenance of normal operations during the construction period	67.6	98.2
Other	7.9	3.2
Total	315.8	195.2
Total	436.5	307.9

NOTE 10 Other expenses

All amounts in MNOK

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at Nasdaq OMX. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivatives that do not qualify for hedge accounting are, depending on whether the derivative is related to operating or financing activities, recognised in the income statement within 'changes in value and other losses/gains - net' or within 'finance cost'.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2016	2015	2016	2015
Other expenses				
Changes in value and other losses/gains - net	-19.7	16.2	-18.9	42.9
Total	-19.7	16.2	-18.9	42.9
Changes in value and other losses/gains - net:				
Changes in value - unrealised (note 14)	-28.0	10.0	-34.9	17.6
Changes in value - realised energy contracts	7.6	8.7	8.0	35.7
Foreign currency translation gains/losses	0.7	-2.5	8.0	-10.3
Total	-19.7	16.2	-18.9	42.9

NOTE 11 Finance income and costs

All amounts in MNOK

Dividend income

Dividend income is recognised when the right to receive payment is established.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2016	2015	2016	2015
Finance income				
Interest income on short-term bank deposits	35.4	27.0	35.8	31.7
Interest income on loans to group companies	3.0	257.5	0.0	0.0
Group contributions and dividends received	75.2	352.8	0.0	1.7
Gains on financial instruments (note 19)	0.4	6.4	0.4	6.4
Total	114.0	643.7	36.2	39.8
Finance costs				
Interest expense on bank borrowings	567.2	441.8	601.0	594.8
Interest expense on loans from group companies	40.6	28.9	0.0	0.0
Interest expense on others	34.5	10.0	34.7	19.5
Other borrowing expenses	25.7	24.9	26.8	25.5
Borrowing costs capitalised (note 17)	-235.3	-76.5	-235.3	-274.8
Net fair value gains/losses on bank borrowings including derivatives	0.0	0.0	0.0	0.0
Fair value loss on financial instruments (note 19)				
- interest rate swaps: cash flow hedges, transfer from equity	-7.4	-7.3	-7.4	3.4
- interest rate swaps: fair value hedges	0.0	0.0	0.0	0.0
Total	425.3	421.8	419.8	368.4
Finance income/(costs) - net	-311.3	221.9	-383.6	-328.6

NOTE 12 Income tax expense and deferred income tax

All amounts in MNOK

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is setteled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised. Deferred income tax assets are assessed against future taxable income and are evaluated separately.

Net deferred tax asset

The group has significant temporary differences between the carrying amounts of assets and liabilities and its tax base. This has resulted in a significant deferred tax asset. An analysis made of the group's tax position shows that it is probable that this asset may be utilised by the group.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Income tax expense				
Current tax on profit for the year	65.5	0.9	136.6	334.5
Current tax on adjustments in respect of prior years	0.0	0.0	-0.2	2.6
Current tax on group contributions	0.0	1.6	0.0	0.0
Deferred tax, adjustments prior years	2.1	0.0	3.5	-3.0
Deferred tax on origination and reversal of temporary differences	245.9	42.3	212.2	117.1
Change in tax rate, effect deferred tax assets/-liabilities	-2.4	-4.6	-6.5	3.6
Total	311.1	40.2	345.6	454.9
Effective tax rate reconciliation				
25 (27)% of profit before tax	304.1	35.6	342.5	784.1
Effect of adjustments prior years	2.1	0.0	1.7	-0.5
Change in tax rate, effect deferred tax assets/-liabilities	-2.4	-4.6	-6.5	3.6
Dividends received	0.0	0.0	0.0	-0.4
Permanent differences 25 (27)%	7.3	0.3	7.9	-340.9
Permanent differences 25 (27)% Spitzbergen	0.0	9.0	0.0	9.0
Income tax expense	311.1	40.2	345.6	454.9
Effective tax rate	25.6	30.5	25.2	15.7

The Norwegian Directorate of Taxes, has in an advanced ruling decided that a compensation from Avinor AS to a subsidiary at Spitzbergen for the purchase of airport operation services will be tax deductible in Norway.

A subsidiary was established 1 June 2016. An agreement on purchases at arm's length was entered into to create a financial foundation for the subsidiary's operations at Spitzbergen. This will also make it possible to utilize previously unrecognized tax losses at Spitzbergen.

AVINOR AS:
SPECIFICATION DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2016	MERGER/ DEMERGER	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2016	AT 1 JANUARY 2017
Receivables	0.2	0.0	-0.2	0.0	0.0	0.0
Group contributions (receivables)	-98.8	80.0	18.8	0.0	0.0	0.0
Non-current assets	-692.4	-168.6	142.9	0.0	-718.1	-689.4
Borrowings	-171.6	0.0	45.4	0.0	-126.2	-121.2
Provisions	-120.8	-17.8	61.3	0.0	-77.3	-74.3
Pension benefits	-271.3	-73.3	12.8	-81.1	-412.9	-396.4
Group contributions (payables)	1.5	0.0	0.0	-1.5	0.0	0.0
Profit and loss account	-3.8	-6.3	1.3	0.0	-8.8	-8.5
Derivative financial instruments	152.2	-5.1	-36.4	11.6	122.3	117.4
Deferred tax asset(-)/liability (net)	-1 204.7	-191.1	245.9	-71.0	-1 221.0	-1 172.2
Change in tax rate, deferred tax asset reduction	96.3					48.8
Presented as:						
Equity reduction	95.7					0.0
Other comprehensive income expense	5.3					51.2
Profit and loss expense	-4.6					-2.4

	AT 1 JANUARY 2015	DEMERGER	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2015
Receivables	-0.1	0.0	0.4	0.0	0.3
Group contributions (receivables)	-95.2	0.0	-11.5	0.0	-106.6
Non-current assets	-834.3	1.0	85.5	0.0	-747.8
Borrowings	-55.0	0.0	-130.3	0.0	-185.3
Provisions	-112.9	0.0	-17.8	0.0	-130.6
Pension benefits	-411.6	0.0	-13.7	132.1	-293.2
Group contributions (payables)	1.8	0.0	0.0	-0.1	1.6
Profit and loss account	-4.2	0.0	0.0	0.0	-4.1
Derivative financial instruments	35.7	0.0	129.6	-0.6	164.6
Deferred tax asset(-)/liability (net)	-1 475.8	1.0	42.3	131.4	-1 301.0

	2016	2015
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 215.4	-1 139.3
Deferred tax asset to be recovered within 12 months	-74.3	-219.4
	-1 289.6	-1 358.7
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	117.4	152.4
Deferred tax liability to be recovered within 12 months	0.0	1.5
	117.5	154.0
Deferred tax asset(-)/liability (net)	-1 172.2	-1 204.7

AVINOR GROUP:
SPECIFICATION DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2016	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2016	AT 1 JANUARY 2017
Receivables	0.1	-0.2	0.0	-0.1	-0.1
Non-current assets	-817.8	154.1	0.0	-662.2	-635.8
Borrowings	-171.6	45.4	0.0	-126.2	-121.2
Provisions	-153.4	69.1	0.0	-84.3	-80.9
Pension benefits	-486.2	-23.0	-137.1	-646.3	-620.5
Profit and loss account	-10.5	1.5	0.0	-9.0	-8.6
Derivative financial instruments	130.6	-34.7	16.9	112.8	108.3
Deferred tax asset(-)/liability (net)	-1 508.9	212.2	-120.2	-1 416.9	-1 358.7
Change in tax rate, deferred tax asset reduction	121.0				56.3
Presented as:					
Equity reduction	117.9				0.0
Other comprehensive income expense	-0.5				62.7
Profit and loss expense	3.6				-6.5

	AT 1 JANUARY 2015	DISPOSALS	CHARGED/ CREDITED TO THE INCOME STATEMENT	CHARGED/ CREDITED TO OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2015
Receivables	-0.3	0.0	0.4	0.0	0.1
Non-current assets	-1 065.3	6.4	175.1	0.0	-883.8
Borrowings	-55.0	0.0	-130.3	0.0	-185.3
Provisions	-147.5	0.0	-18.1	0.0	-165.6
Pension benefits	-764.6	0.0	-42.2	280.9	-525.8
Profit and loss account	-12.5	0.0	1.7	0.0	-10.8
Derivative financial instruments	7.0	0.0	127.5	6.7	141.2
Deferred tax asset(-)/liability (net)	-2 038.1	6.4	114.1	287.6	-1 630.0

	2016	2015
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 453.2	-1 559.0
Deferred tax asset to be recovered within 12 months	-81.1	-153.6
	-1 534.3	-1 712.6
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	175.6	203.7
Deferred tax liability to be recovered within 12 months	0.0	0.0
	175.6	203.7
Deferred tax asset(-)/liability (net)	-1 358.7	-1 508.9

NOTE 13 Intangible assets, property, plant and equipment

All amounts in MNOK

INTANGIBLE ASSETS

Separately acquired intangible assets are shown at historical cost. Intangible assets acquired in a business combination are recognised at fair value at the acquisition date. Intangible assets are carried at cost less accumulated depreciation and amortisation.

Internally generated intangible assets, with the exception of development costs that are recognised as intangible assets, are recogised as an expense as incurred. Development costs are recognised as an intangible asset when all the criterias in IAS 38 are met.

The useful life of an intangible asset is either finite or indefinite. Intangible assets with finite useful life are amortised using the straight-line method to allocate the cost over their estimated useful lives. Method of amortisation and estimated useful life is reviewed at least at the end of each reporting period. Changes in method and/or estimated useful life is accounted for as changes in estimates.

Computer software

Costs associated with purchasing new computer software are recognised as an intangible asset, unless it is a part of the acquisition of hardware. Amortisation is calculated using the straight-line method to allocate the cost over their estimated useful life, normally 5 years. Cost associated with maintaining computer software programs or maintaining future usage of computer software programs are expensed unless the changes enchance the future usage of the program.

AIR TRAFFIC MANAGEMENT SYSTEMS, AIRSPACE ORGANIZATION

	AVINOR AS	AVINOR GROUP
At 1 January 2015		
Cost	0.0	155.7
Accumulated amortisation and impairment	0.0	-140.0
Net book amount	0.0	15.7
Year ended 31 December 2015		
Opening net book amount	0.0	15.7
Additions	77.8	143.9
Disposals	0.0	0.0
Amortisation charge	-36.1	-42.4
Closing net book amount	41.7	117.2
At 31 December 2015		
Cost	77.8	299.6
Accumulated amortisation and impairment	-36.1	-182.4
Net book amount	41.7	117.2
Year ended 31 December 2016		
Opening net book amount	41.7	117.2
Additions	2.7	4.1
Disposals	0.0	0.0
Amortisation charge	-4.4	-12.5
Closing net book amount	39.9	108.8
At 31 December 2016		
Cost	80.5	303.8
Accumulated amortisation and impairment	-40.5	-194.9
Net book value	39.9	108.8
Estimated useful life	10 years	10 years
Method of depreciation	Straight-line	Straight-line

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Each material component of an asset is evaluated separately for the object of depreciation. The materiality is assessed from the cost of a component in relation to the cost of the whole asset. Land and housing are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10 - 50 years
Infrastructure	5 - 40 years
Runways and other related assets	15 - 50 years
Vehicles	10 - 20 years
Other non-current assets	5 - 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

LEASES

The group as a lessee

Finance leases:
Leases where the group has substantially all the risks and rewards of ownership are classified as finance leases. Leases with contingent rents are expensed.

Operating leases:
Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

The group as a lessor

Operating leases:
The group presents rental assets as non-current assets in the balance sheet. Rental income is recognised in income on a straight-line basis over the period of the lease.

GOVERNMENT GRANTS

A government grant is recognised at fair value when there is reasonable assurance that the group will comply with the conditions attached to it, and that the grant will be received. Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants related to assets are presented in the statement of financial position by deducting the grant to arrive at the carrying amount of the asset.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the income statement. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

For the purpose of assessing impairment the whole group is defined as two cash generating units (CGU's), see note 2. The assessment requires a great degree of professional judgement. Among other things, an assessment has to be made of how long a period of time the impairment may last and the difference between the fair value and the carrying amount, in addition to the financial position and expected development in the market, including operating and financing cash flows.

AVINOR AS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2015							
Cost	801.4	4 359.5	5 465.2	799.4	2 121.8	636.6	**14 183.9**
Accumulated depreciation	-1.0	-1 388.1	-1 069.8	-312.0	-1 278.7	-290.8	**-4 340.4**
Net book amount	800.4	2 971.4	4 395.4	487.4	843.1	345.8	**9 843.6**
Year ended 31 December 2015							
Opening net book amount	800.4	2 971.4	4 395.4	487.4	843.1	345.8	**9 843.5**
Additions	298.5	832.9	577.6	60.8	213.9	94.6	**2 078.3**
Disposals	-0.9	-5.4	-0.9	-1.1	-4.1	0.0	**-12.4**
Depreciation charge	-0.7	-197.8	-207.2	-41.8	-196.3	-28.2	**-672.0**
Closing net book amount	1 097.3	3 601.1	4 764.9	505.3	856.6	412.2	**11 237.3**
At 31 December 2015							
Cost	1 099.0	5 183.3	6 041.3	855.0	2 278.6	727.9	**16 185.1**
Accumulated depreciation	-1.7	-1 582.2	-1 276.4	-349.7	-1 422.1	-315.7	**-4 947.8**
Net book amount	1 097.3	3 601.1	4 764.9	505.3	856.5	412.2	**11 237.3**
Year ended 31 December 2016							
Opening net book amount	1 097.3	3 601.1	4 764.9	505.3	856.5	412.2	**11 237.3**
Additions	77.2	10 419.4	4 231.3	289.1	1 721.2	1 484.8	**18 223.0**
Disposals	0.0	-1.4	0.0	-1.1	-0.8	0.0	**-3.3**
Depreciation charge	0.0	-684.4	-378.8	-59.4	-356.0	-150.7	**-1 629.3**
Closing net book amount	1 174.5	13 334.7	8 617.4	733.9	2 220.9	1 746.3	**27 827.7**
At 31 December 2016							
Cost	1 176.2	19 141.0	12 246.7	1 319.3	6 065.7	3 017.1	**42 966.0**
Accumulated depreciation	-1.7	-5 806.3	-3 629.3	-585.4	-3 844.8	-1 270.8	**-15 138.3**
Net book amount	1 174.5	13 334.7	8 617.4	733.9	2 220.9	1 746.3	**27 827.7**

AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2015							
Cost	1 440.7	12 768.5	10 255.7	1 213.2	5 645.7	1 890.8	**33 214.6**
Accumulated depreciation	-1.3	-4 473.2	-2 451.0	-533.0	-3 908.5	-806.7	**-12 173.7**
Net book amount	1 439.4	8 295.3	7 804.7	680.2	1 737.2	1 084.1	**21 040.9**
Year ended 31 December 2015							
Opening net book amount	1 439.4	8 295.3	7 804.7	680.2	1 737.2	1 084.1	**21 040.9**
Additions	298.5	1 192.7	836.8	79.4	363.4	308.9	**3 079.7**
Disposals	-2.8	-173.5	-0.9	-1.4	-4.5	-13.5	**-196.6**
Depreciation charge	-0.8	-580.9	-337.8	-62.7	-365.3	-69.4	**-1 416.9**
Closing net book amount	1 734.3	8 733.6	8 302.8	695.5	1 730.8	1 310.1	**22 507.1**
At 31 December 2015							
Cost	1 735.5	13 708.9	11 090.9	1 283.9	5 949.7	2 177.4	**35 946.3**
Accumulated depreciation	-1.2	-4 975.3	-2 788.1	-588.4	-4 218.9	-867.3	**-13 439.2**
Net book amount	1 734.3	8 733.6	8 302.8	695.5	1 730.8	1 310.1	**22 507.1**
Year ended 31 December 2016							
Opening net book amount	1 734.3	8 733.6	8 302.8	695.5	1 730.8	1 310.1	**22 507.1**
Additions	102.9	5 980.8	662.2	136.4	1 390.9	479.4	**8 752.6**
Disposals	0.0	-2.1	-0.1	-1.1	-4.2	0.0	**-7.5**
Depreciation charge	0.0	-725.6	-381.9	-63.2	-428.2	-151.5	**-1 750.4**
Closing net book amount	1 837.2	13 986.7	8 583.0	767.6	2 689.3	1 638.0	**29 501.8**
At 31 December 2016							
Cost	1 838.4	19 633.8	11 752.6	1 401.6	7 283.5	2 656.9	**44 566.8**
Accumulated depreciation	-1.2	-5 647.1	-3 169.6	-634.0	-4 594.2	-1 018.9	**-15 065.0**
Net book amount	1 837.2	13 986.7	8 583.0	767.6	2 689.3	1 638.0	**29 501.8**
Estimated useful life		10 - 50 years	15 - 50 years	10 - 20 years	5 - 15 years	5 - 40 years	
Method of depreciation	NA	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

ASSETS UNDER CONSTRUCTION

	AVINOR AS	AVINOR GROUP
At 1 January 2015		
Cost	3 074.0	7 913.6
Accumulated depreciation	0.0	0.0
Net book amount	3 074.0	7 913.6
Year ended 31 December 2015		
Opening net book amount	3 074.0	7 913.6
Additions	2 091.2	5 421.3
Reclassification	-1 822.2	-2 719.7
Closing net book amount	3 343.0	10 615.2
At 31 December 2015		
Cost	3 343.0	10 615.2
Accumulated depreciation	0.0	0.0
Net book amount	3 343.0	10 615.2
Year ended 31 December 2016		
Opening net book amount	3 343.0	10 615.2
Merger/demerger	6 915.4	0.0
Additions	4 610.1	4 854.7
Reclassification	-8 617.6	-8 752.8
Closing net book amount	6 250.9	6 717.1
At 31 December 2016		
Cost	6 250.9	6 717.1
Accumulated depreciation	0.0	0.0
Net book amount	6 250.9	6 717.1
Classified as intangible	0.0	122.0

Borrowing costs
Property plant and equipment includes borrowing costs when the construction period of major asset is longer than one year. Capitalised borrowing costs amounted to MNOK 235.3 in 2016 and MNOK 274.8 in 2015.

The average capitalisation rate for 2016 was 3.49 per cent (2015: 3.93 per cent).

Security
Under Avinor AS's Articles of Association, assets from basic operations cannot be pledged as security.

Basis for the measurement of recoverable amount
Due to the materiality of the group's assets and a future high investment level, impairment tests are carried out regularly.

The whole of Avinor group's operations have been defined as two cash-generating units (CGU's), see basic principles note 2.

An impairment loss is recognised if the recoverable amount of the group's assets is less than its carrying amount. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. The group estimates both fair value and value in use based on the present value of future cash flows. Value in use is the present value of future cash flows derived from existing assets (without improving or enhancing the performance of these assets).

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK. The future cash flow is then discounted based on an weighted average discount rate relevant for the group's type of operations. The rate of return is based on 10-year Norwegian government securities adjusted for the group's business risk. The expense related to the debt ratio part of the weighted average rate of return is based on the average market rate for the group. In the present value estimate for 2016 the discount rate is 6.8 per cent before tax.

As at 31 December 2016 the measurement of recoverable amount for the whole group is estimated based on fair value less cost to sell. Fair value is estimated based on future cash flows from operations, including future capacity increasing activities such as OSL Terminal 2 and expansion of the terminals at Flesland, Sola and Værnes.

The valuation is based on several assumptions. The main assumptions used in the estimation of recoverable amount are (2015 figures in brackets):

	2017	2018	2019	2020	2021	2022
Passenger growth	2.9 (3.4)	3.1 (3.1)	3.3 (3.0)	3.2 (2.6)	2.2 (2.2)	2.4 (2.1)
Consumer price index	2.2 (2.1)	2.1 (1.6)	2.0 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)

	2023	2024	2025	2026	2027	2028 - 2032
Passenger growth	2.1 (2.0)	2.1 (2.0)	2.1 (1.9)	2.0 (1.9)	2.0 (1.9)	1.7-2.0 (1.6 -1.9)
Consumer price index	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)	1.5 (1.5)

There is close correlation between GDP (Norwegian mainland) and passenger growth.
The estimates are based on real growth in expenses.

The estimates include expected investments based on the group's long-term investment plan, including existing public regulations.

The expected value of operations past fifteen years is determined as a terminal value. The terminal value is based on the assumption of a constant growth of 0.0 per cent and an estimated normalised investment level.

As at 31 December 2016 there are no indications that the recoverable amount is less than the carrying amount.

NOTE 14 Finansielle eiendeler og forpliktelser

All amounts in MNOK

FINANCIAL ASSETS

Classification

The group classifies its financial assets in the following categories: At fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are derivatives with a positive fair value. Assets in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, excepts for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' in the balance sheet.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Thereafter they are carried at amortised cost. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment loss is recognised when the loss is material and assumed to last for a longer period of time. Do not apply to financial assets at fair value through profit and loss.

DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVIES

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The group designates certain derivatives as either:

(a) Hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge)

(b) Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of hedging derivatives is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

The group normally defines derivatives related to borrowings as hedging derivatives and as designated and qualified for hedge accounting.

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy, forward energy contracts are purchased at Nasdaq OMX. None of these derivatives qualify for hedge accounting.

Changes in the fair value of derivatives that do not qualify for hedge accounting are, depending on whether the derivative is related to operating or financing activities, recognised in the income statement within 'changes in value and other losses/ gains - net' or within 'finance cost'.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group only applies fair value hedge accounting for hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'changes in value and other losses/(gains) - net'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised in the income statement within 'net finance costs'.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

FINANCIAL LIABILITIES

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and other financial liabilities. The classification depends on the purpose for which the financial liabilities were incurred. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are derivatives with a negative fair value. Derivatives are initially recognised at fair value. Subsequent changes in fair value are recorded in the income statement. Assets in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

Other financial liabilities

Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Other financial liabilities are recognised intially at fair value and subsequently measured at amortised cost using the effective interest method. They are included in current liabilities, unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. These are classified as non-current liabilities.

Policies used for susequent measurement of derivative financial instruments in the balance sheet:

AVINOR AS

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2016				
Assets as per balance sheet				
Loans and receivables to group companies	371.5			**371.5**
Derivative financial instruments		1.0	504.0	**505.0**
Other financial assets	390.6			**390.6**
Trade receivables	798.0			**798.0**
Other receivables	409.4			**409.4**
Cash and cash equivalents	938.1			**938.1**
Total	2 907.6	1.0	504.0	**3 412.6**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 527.3	**2 527.3**
Loans and payables to group companies			2 753.3	**2 753.3**
Derivative financial instruments	1.3	14.3		**15.6**
Other long-term liabilities			14 477.3	**14 477.3**
Trade payables and other liabilities			3 390.1	**3 390.1**
Total	1.3	14.3	23 148.0	**23 163.6**

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2015				
Assets as per balance sheet				
Loans and receivables to group companies	7 711.5			**7 711.5**
Derivative financial instruments		4.5	635.0	**639.5**
Other financial assets	124.2			**124.2**
Trade receivables	519.7			**519.7**
Other receivables	34.5			**34.5**
Cash and cash equivalents	1 630.3			**1 630.3**
Total	10 020.2	4.5	635.0	**10 659.7**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
Loans and payables to group companies			2 778.1	**2 778.1**
Derivative financial instruments	30.1			**30.1**
Other long-term liabilities			13 095.6	**13 095.6**
Trade payables and other liabilities			1 633.8	**1 633.8**
Total	30.1	0.0	17 507.5	**17 537.6**

AVINOR GROUP

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2016				
Assets as per balance sheet				
Derivative financial instruments		1.0	504.0	**505.0**
Other financial assets	390.7			**390.7**
Trade receivables	1 009.5			**1 009.5**
Other receivables	420.7			**420.7**
Cash and cash equivalents	949.1			**949.1**
Total	2 770.0	1.0	504.0	**3 275.0**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 527.3	**2 527.3**
Derivative financial instruments	1.5	52.0		**53.5**
Other long-term liabilities			15 073.0	**15 073.0**
Trade payables and other liabilities			3 520.2	**3 520.2**
Total	1.5	52.0	21 120.5	**21 174.0**

	LOANS AND RECEIVABLES	ASSETS AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
31 December 2015				
Assets as per balance sheet				
Derivative financial instruments		14.7	646.4	**661.1**
Other financial assets	306.0			**306.0**
Trade receivables	1 075.3			**1 075.3**
Other receivables	249.9			**249.9**
Cash and cash equivalents	1 666.7			**1 666.7**
Total	3 297.9	14.7	646.4	**3 959.0**

	LIABILITIES AT FAIR VALUE THROUGH THE PROFIT AND LOSS	DERIVATIVES USED FOR HEDGING	OTHER FINANCIAL LIABILITIES	TOTAL
Liabilities as per balance sheet				
State loan			2 971.7	**2 971.7**
Derivative financial instruments	57.7	80.8		**138.5**
Other long-term liabilities			14 123.8	**14 123.8**
Trade payables and other liabilities			2 394.4	**2 394.4**
Total	57.7	80.8	19 489.9	**19 628.4**

For information about the credit quality of financial assets - see note 3.

DERIVATE FINANCIAL INSTRUMENTS

	AVINOR AS			AVINOR GROUP		
	2016	2015	MOVEMENT	2016	2015	MOVEMENT
Assets						
Interest rate swaps	504.0	635.0	-131.0	504.0	635.0	-131.0
Forward foreign exchange contracts	1.0	4.5	-3.5	1.0	26.0	-25.0
Forward energy contracts	0.0	0.0	0.0	0.0	0.0	0.0
	505.0	639.5	-134.5	505.0	661.0	-156.0
Liabilities						
Interest rate swaps	14.3	7.4	6.9	52.0	88.2	-36.2
Forward foreign exchange contracts	0.6	0.0	0.6	0.8	7.0	-6.2
Forward energy contracts	0.7	22.7	-22.0	0.7	43.3	-42.6
	15.6	30.1	-14.5	53.5	138.5	-85.0
Net movement			-120.0			-71.0
Details of net movement:						
Merger			-13.5			0.0
Changes in value and other losses/(gains) - net (note 10)			28.0			34.9
Forward foreign exchange contracts - recognised in other comprehensive income			-10.1			-11.1
Interest rate swaps - recognised in finance costs (note 11)			7.4			7.4
Interest rate swaps - recognised in other comprehensive income			48.4			78.0
Interests rate swaps - changes in value			-180.5			-180.5
Interest rate swaps - termination value			0.3			0.3

All interest rate swaps, with the exception of one fair value hedge, are designated as cash flow hedges.

Forward foreign exchange and energy contracts are not defined as hedge accounting and are classified as a current asset and/or liability.

Interest rate swaps are defined as hedge accounting instruments and the fair value of the hedging instrument is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. The ineffective portion of the hedge is recognised in the income statement.

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2016 was MNOK 198 (2015: MNOK 399).

The notional principal amount of the outstanding forward energy contracts at 31 December 2016 was MNOK 107 (2015: MNOK 130).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2016 were MNOK 5,680 (2015: MNOK 5,932). At 31 December 2016, the fixed interest rates vary from 1.69% to 5.96% (2015: 1.69% to 5.96%). The main floating rate is NIBOR and fixed interest rate is Euro.

Gains and losses recognised in the hedging reserve in other comprehensive income (note 15) on interest rate swap contracts as of 31 December 2016 will be continuously released to the income statement until the repayment of the bank borrowings.

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the balance sheet.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Other financial assets				
Other non-current receivables	390.6	124.2	390.7	306.0
Total	390.6	124.2	390.7	306.0

Other non-current receivables are non-derivative financial assets with fixed payments that are not quoted in an active market. Fair value of other financial assets are substantially identical with book value.

TRADE RECEIVABLES, OTHER SHORT TERM RECEIVABLES

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Trade receivables	799,7	520,2	1 011,6	1 076,3
Less: Provision for impairment of trade receivables	-1,7	-0,6	-2,1	-1,0
Trade receivables - net	798,0	519,7	1 009,5	1 075,3
Receivables written off during the year	0,3	5,6	0,3	5,6

The fair value of trade receivables is approximately equal to the carrying amount.
Loss on trade receivables is classified as other operating expense in the income statement.

MOVEMENT IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES:

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
At 1 January	0.6	0.9	1.0	1.7
This years provisions for receivables impairment	1.7	5.3	2.1	4.9
Receivables written off during the year as uncollectible	-0.3	-5.6	-0.3	-5.6
Unused amounts reversed	-0.3	0.0	-0.7	0.0
At 31 December	1.7	0.6	2.1	1.0

Credit risk and foreign exchange risk are described in note 3.

AT 31 DECEMBER THE AGING OF THE COMPANY'S RECEIVABLES WAS AS FOLLOWS:

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2016	799.7	641.5	129.0	6.8	7.4	15.0
2015	520.2	454.9	45.3	4.0	1.2	14.8

AT 31 DECEMBER THE AGING OF THE GROUP'S RECEIVABLES WAS AS FOLLOWS:

	TOTAL	NOT DUE	<30 D	30-60D	60-90D	>90D
2016	1 011.5	847.1	130.9	6.8	7.4	19.3
2015	1 076.3	922.9	76.5	15.3	21.2	40.4

SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Trade receivables	798.0	519.7	1 009.5	1 075.3
Intra-group accounts	231.5	140.2	0.0	0.0
Accrued income	235.2	30.4	235.5	105.5
Prepaid expenses	29.7	36.2	53.2	53.2
Other short-term assets	174.0	4.1	185.2	144.4
Total	1 468.4	730.6	1 483.4	1 378.4

Fair value of trade and other receivables is approximately equal to the carrying amount.

THE CARRYING AMOUNT OF TRADE AND OTHER RECEIVABLES IN FOREIGN CURRENCY IS:

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Euro	0.0	1.2	86.3	91.5
Total	0.0	1.2	86.3	91.5

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and bank overdrafts.

CASH AND CASH EQUIVALENTS

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Cash and bank at hand	938.1	1 630.3	949.1	1 666.7
Short-term bank deposits	0.0	0.0	0.0	0.0
Total	938.1	1 630.3	949.1	1 666.7

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

Cash and cash equivalents	938.1	1 630.3	949.1	1 666.7
Bank overdrafts	0.0	0.0	0.0	0.0
Total	938.1	1 630.3	949.1	1 666.7

Avinor AS has a credit facility of MNOK 4,000 and a overdraft limit of MNOK 800 in a bank.

Group bank account system:

The Avinor bank accounts are organised as a group bank account system. Avinor AS is the formal holder of the bank account. The bank accounts of all subsidiaries are therefore formally receivables from Avinor AS, and these companies are jointly responsible for the withdrawals that the Avinor group has made.

BORROWINGS

Borrowings are recognised initially at fair value. Borrowings are subsequently carried at amortised cost using the effective interest method, except for borrowings hedged with a derivative fair value hedge, which is also carried at fair value in subsequent periods. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Non-current borrowings				
State loan	2 527.3	0.0	2 527.3	2 971.7
Bonds	8 674.6	8 856.1	8 674.6	8 856.1
Bank borrowings	5 734.5	3 961.7	6 330.3	4 989.9
Others	4.6	277.8	4.6	277.8
Total long-term	16 941.0	13 095.6	17 536.8	17 095.5
Current borrowings				
Commercial papers	1 400.0	400.0	1 400.0	400.0
First year instalment on long-term debt	967.6	473.0	1 019.8	994.2
Total current	2 367.6	873.0	2 419.8	1 394.2

INFORMATION ABOUT STATE LOAN AND BANK BORROWINGS	CURRENCY	EFFECTIVE INTEREST RATE
State loan	NOK	1.79 %
Bonds, inclusive commercial papers	NOK/EUR	3.52 %
Bank borrowings	NOK	3.62 %

The figures include interest hedging derivatives.
The effective interest rate is calculated as a weighted average depending the relative size of the borrowings.
See note 3 for a description of interest risk.

INSTALMENT PROFILE	2018	2019	2020	2021	2022	THEREAFTER	TOTAL
State loan	444.4	444.4	444.4	444.4	444.4	305.3	2 527.3
Bonds	0.0	700.0	450.0	2 725.9	0.0	4 798.7	8 674.6
Bank borrowings	179.4	239.4	510.4	510.4	510.4	4 380.3	6 330.3
Other	4.6	0.0	0.0	0.0	0.0	0.0	4.6

State loan

The loan is divided into six equal debentures with different interest terms. Debentures one to five have interest rates equal to the interest rate used by the State when lending to public sector enterprises (average interest rate on five-year government bonds in the period October-September) plus 30 basis points. The interest on one of the debentures is renewed each year. The interest on the last debenture is set at three, six or twelve months NIBOR plus 20 basis points. The interest is payable in arrears at 31 December. The loan had originally a payment period of 20 years starting 2002. The term of the loan has subsequently been extended so that the final maturity date is in 2024. The first instalment was paid 30 June 2002.

Bonds

The loans, as at 31 December 2016, are as follows:

- Face value MNOK 450, maturity date 8 May 2020, interest rate 3.75 per cent
- Face value MNOK 2,000, maturity date 8 May 2028, interest rate 4.45 per cent
- Face value MEUR 300, maturity date 20 March 2021, interest rate 1.75 per cent
- Face value MNOK 700, maturity date 30 October 2019, interest rate 3 months NIBOR pluss 0.37 per cent
- Face value MEUR 300, maturity date 29 April 2025, interest rate 1.00 per cent

Bank borrowings

Bank borrowings, as at 31 December 2016, are as follows:

- Loan of NOK 1.5 billion from the Nordic Investment Bank (NIB). The loan, disbursed in December 2011, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1525.3 from the European Investment Bank (EIB). The loan, disbursed in June 2012, has a term of 16 years and is irredeemable for 4.5 years.
- Loan of NOK 1.0 billion from the Nordic Investment Bank (NIB). The loan, disbursed in November 2015, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1899.9 from the European Investment Bank (EIB). The loan, disbursed in April 2016, has a term of 12 years and is irredeemable for 3 years.

In addition there are bank borrowings in the subsidiaries operating within real estate.
Flesland Eiendom AS, Værnes Eiendom AS, Sola Hotel Eiendom AS, Hotell Østre AS and Flyporten AS have issued a negative pledge clause. According to its Articles of Association the company is not allowed to pledge assets connected to the core business of the group as security.

Drawing rights

The group has an unused bank credit facility of MNOK 4,000 at a floating interest rate, expiring in 2020. The group can requeste a prolonged term, this require acceptance from all participating banks. The group also has an unused bank overdraft limit of MNOK 800 at a floating interest rate.

Commercial papers

Avinor AS has in 2016 raised several loans in commercial papers, amounting to MNOK 1,400 as at 31 December 2016.

NOTE 15 Other reserves

All amounts in MNOK

AVINOR AS

	PENSIONS	HEDGES	TOTAL
At 1 January 2015	-454.8	-35.8	**-490.6**
Actuarial gains/(losses) on pensions	489.0		**489.0**
Tax effect	-132.0		**-132.0**
Fair value change cash flow hedge		-2.4	**-2.4**
Tax effect		0.6	**0.6**
Change in tax rate, effect deferred tax assets/-liabilities	-4.4	-0.9	**-5.3**
At 31 December 2015	-102.2	-38.5	**-140.6**
Merger/demerger	27.0	-1.8	**25.2**
Actuarial gains/(losses) on pensions	-324.5		**-324.5**
Tax effect	81.1		**81.1**
Fair value change cash flow hedge		38.3	**38.3**
Tax effect		-9.6	**-9.6**
Change in tax rate, effect deferred tax assets/-liabilities	-1.6	-0.1	**-1.7**
At 31 December 2016	-320.2	-11.7	**-331.8**

AVINOR GROUP

	PENSIONS	HEDGES	TOTAL
At 1 January 2015	-668.4	-106.2	-774.8
Actuarial gains/(losses) on pensions	1 040.9		1 040.9
Tax effect	-281.0		-281.0
Fair value change cash flow hedge		24.6	24.6
Tax effect		-6.6	-6.6
Change in tax rate, effect deferred tax assets/-liabilities	0.5	0.0	0.5
At 31 December 2015	92.0	-88.2	3.6
Actuarial gains/(losses) on pensions	-548.5		-548.5
Tax effect	137.1		137.1
Fair value change cash flow hedge		66.9	66.9
Tax effect		-16.9	-16.9
Change in tax rate, effect deferred tax assets/-liabilities	-4.4	-0.2	-4.6
At 31 December 2016	-323.8	-38.4	-362.4

NOTE 16 Pension obligation

All amounts in MNOK

The pension schemes are generally funded through payments to Statens Pensjonskasse (the Norwegian Public Service Pension Fund, SPK), determined by periodic actuarial calculations. The group has a defined benefit plan. A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and compensation.

The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds (or long-term treasury bonds) that are denomonated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Changes in assumptions, basic data and the benefits of the pension plan which have as an effect an accounting loss or gain will be set off against equity through other comprehensive income in the period they occur.

A change in the benefits which refers to previous periods of earning implies a change in the pension plan which is a cost related to previous periods of earning. A negative cost occurs when the benefits are changed in such a way that the present value of the projected benefits are reduced.

The pension scheme is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Administration of the allocated fund (fictitious fund) is simulated as if the funds were placed in long-term government bonds. The pension scheme is not movable in the same way as private pensions schemes and it is assumed that the pension scheme will be continued in SPK. In the simulation it is assumed that the bonds are held to maturity. The pension fund is therefore estimated at nominal value plus the return on the fund.

Net pension obligation

The value of net pension obligations is determined on an actuarial basis using a number of assumptions. These include, among others, the discount rate, future salary increases, regulation of pensions and demographic assumptions about disability and mortality experience. The assumptions are based on verifiable market prices and the historical development in the company and in the rest of society. Changes in the assumptions will have material effect on the estimated pension obligation-/cost.

Changes in the the National Insurance Scheme are implemented from 1 January 2011. However, the coordination regulations connected to SPK have not been established for persons born in 1954 and thereafter. The regulations will be implemented in the accounts as soon as they are established.

Defined benefit plan

The group is required by law to have a pension plan. The pension plan of the group satisfies these requirements.

The pension plan encompasses pension benefits in accordance with the act relating to the Norwegian Public Service Fund (SPK). The benefits are retirement pension, disability pension and dependent pension. In addition, the calculations do include a contractual pension right, which is a tariff-regulated early retirement scheme from 62 years of age.

The benefits are coordinated with the National Insurance Scheme and any previous membership periods with service pensions fund within the public sector. The pensions have a guaranteed level of gross payment independent of the National Insurance Scheme. About 52 per cent of the employees have an ordinary retirement age of 62 or 65 years.

Actuarial loss in 2016 (MNOK 548.5 for the group and MNOK 324.5 for the parent) were mainly caused by changes in financial assumptions and the change from a static to a dynamic tariff K2013.

The tariff K2013 have been used for calculating life and mortality expectancy, while the tariff K1963 multiplied by 200% have been used for determination of disability risk.

	LIFE EXPECTANCY		MORTALITY EXPECTANCY		DISABILITY EXPECTANCY	
AGE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
20	81	85	0.02 %	0.01 %	0.11 %	0.17 %
40	82	86	0.06 %	0.03 %	0.26 %	0.52 %
60	84	87	0.43 %	0.29 %	1.41 %	2.40 %
80	89	91	4.30 %	2.95 %	IA	IA

The amounts recognised in the income statement are as follows:

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Current service cost	199.0	176.9	328.0	387.5
Interest cost	129.1	95.8	198.7	184.9
Return on plan assets	-99.2	-68.3	-155.9	-134.0
Contribution from the employees	-27.4	-20.7	-44.9	-45.1
Administration fee	4.7	3.6	7.8	8.0
Payroll tax, employers contribution	33.3	29.0	53.6	62.5
Total pension cost (Note 6)	239.5	216.2	387.3	463.8

Pension obligation and plan assets:

AVINOR AS

	FUNDED	UNFUNDED	2016 TOTAL	FUNDED	UNFUNDED	2015 TOTAL
Pension obligations and plan assets:						
Change in gross pension obligation:						
Obligation at 1 January	3 806.9	14.1	3 821.0	4 072.9	11.4	4 084.3
Current service cost	201.4	2.4	203.8	177.9	2.7	180.6
Interest cost	129.1	0.0	129.1	95.8	0.0	95.8
Merger/demerger	936.4	7.7	944.1	0.0	0.0	0.0
Actuarial losses/(gains)	245.0	0.0	245.0	-411.4	0.0	-411.4
Benefits paid	-160.5	0.0	-160.5	-128.2	0.0	-128.2
Gross pension obligation at 31 December	5 158.3	24.2	5 182.5	3 806.9	14.1	3 821.0
Change in pension funds:						
Fair value at 1 January	2 865.7	0.0	2 865.7	2 747.5	0.0	2 747.5
Expected return on plan assets	99.2	0.0	99.2	68.3	0.0	68.3
Merger/demerger	698.1	0.0	698.1	0.0	0.0	0.0
Employer contributions	257.1	0.0	257.1	161.0	0.0	161.0
Actuarial (losses)/gains	-87.7	0.0	-87.7	-74.6	0.0	-74.6
Actuarial (losses)/gains - addition of plan assets	0.0	0.0	0.0	91.7	0.0	91.7
Gains on realisation of assets	56.0	0.0	56.0	0.0	0.0	0.0
Benefits paid	-160.5	0.0	-160.5	-128.2	0.0	-128.2
Fair value of plan assets at 31 December	3 727.9	0.0	3 727.9	2 865.7	0.0	2 865.7
Net pension obligation	1 430.4	24.2	1 454.5	941.2	14.1	955.3
Payroll tax, employers contribution	196.2	1.1	197.3	130.0	0.0	130.0
Net pension obligation recognised in the balance sheet at 31 December	1 626.6	25.3	1 651.8	1 071.2	14.1	1 085.3
Actual return on plan assets last year	72.2		72.2	85.8		85.8
Expected employer contribution next year	263.3		263.3	255.4		255.4
Expected payment of benefits next year	-162.9		-162.9	-150.1		-150.1

AVINOR GROUP

	FUNDED	UNFUNDED	2016 TOTAL	FUNDED	UNFUNDED	2015 TOTAL
Pension obligations and plan assets:						
Change in gross pension obligation:						
Obligation at 1 January	7 368.2	23.1	7 391.3	7 804.7	19.5	7 824.2
Current service cost	333.7	2.5	336.2	392.7	3.3	396.0
Interest cost	198.9	0.0	198.9	184.9	0.0	184.9
Aquisition	8.4	0.0	8.4	0.0	0.0	0.0
Actuarial losses/(gains)	468.4	0.0	468.4	-853.5	0.3	-853.2
Benefits paid	-182.1	0.0	-182.1	-160.6	0.0	-160.6
Gross pension obligation at 31 December	8 195.5	25.6	8 221.1	7 368.2	23.1	7 391.3
Change in pension funds:						
Fair value at 1 January	5 675.8	0.0	5 675.8	5 341.6	0.0	5 341.6
Expected return on plan assets	155.9	0.0	155.9	134.0	0.0	134.0
Employer contributions	291.4	0.0	291.4	302.4	0.0	302.4
Aquisition	8.1	0.0	8.1	0.0	0.0	0.0
Actuarial (losses)/gains	-61.6	0.0	-61.6	-112.3	0.0	-112.3
Actuarial (losses)/gains - addition of plan assets	0.0	0.0	0.0	170.7	0.0	170.7
Gains on realisation of assets	56.0	0.0	56.0	0.0	0.0	0.0
Benefits paid	-182.1	0.0	-182.1	-160.6	0.0	-160.6
Fair value of plan assets at 31 December	5 943.5	0.0	5 943.5	5 675.8	0.0	5 675.8
Net pension obligation	2 251.9	25.6	2 277.5	1 692.4	23.1	1 715.5
Payroll tax, employers contribution.	310.7	0.0	310.7	231.9	0.0	231.9
Net pension obligation recognised in the balance sheet at 31 December	2 562.6	25.6	2 588.2	1 924.3	23.1	1 947.4
Actual return on plan assets last year	106.4		106.4	123.9		123.9
Expected employer/employee contribution next year	384.2		384.2	263.8		263.8
Expected payment of benefits next year	-184.4		-184.4	-163.0		-163.0

Movement in the defined benefit obligation over the year:

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Obligation at 1 January	955.3	1 336.8	1 715.5	2 482.5
Pension cost charged to the income statement	233.4	208.0	379.0	446.4
Employer/employee contribution	-261.7	-164.5	-299.2	-310.4
Administration fee	4.7	3.6	7.8	8.0
Merger/demerger	246.1	0.0	0.0	0.0
Actuarial (gains)/losses recognised in other comprehensive income	332.7	-428.5	530.4	-911.0
Gains on realisation of assets	-56.0	0.0	-56.0	0.0
Liability in the balance sheet at 31 December	1 454.5	955.3	2 277.5	1 715.5
Actuarial (gains)/losses on post-employment benefit obligations				
Actuarial (gains)/losses	332.7	-428.5	530.4	-911.0
Payroll tax on actuarial (gains)/losses	-56.0	0.0	-56.0	0.0
Effect change in payroll tax rate	47.8	-60.4	74.1	-129.9
Total actuarial (gains)/losses on post-employment benefit obligations	324.5	-488.9	548.5	-1 040.9

The calculation of pension cost and net pension obligation are made on the basis of a set of assumptions.

The determination of the discount rate to be used is made on the basis of Norwegian covered bond interest rates. The pension obligation's weighted average duration is 24 years. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are made on the basis of historical observations for the group.

	2016	2015
Discount rate	2.60 %	2.70 %
Future salary increases	2.50 %	2.50 %
Future pension increases	1.50 %	1.75 %
Early retirement scheme	15.00 %	15.00 %
Average turnover rate (under 50 years of age)	3.00 %	3.00 %
Average turnover rate (over 50 years of age)	0.20 %	0.20 %

Plan assets

The determination of premium levels and the calculation of provisions for pension obligations are based on ordinary actuarial principles. Five per cent of the plan assets of Avinor Flysikring AS at yearend 2016 have been simulated invested in The Government Pension Fund Global.

PENSION OBLIGATION - SENSITIVITIES

	2016		2015	
CHANGE IN PENSION OBLIGATION AS A RESULT OF ONE PERCENTAGE POINT CHANGES IN WEIGHTED FINANCIAL ASSUMPTIONS	+ 1	- 1	+ 1	- 1
Discount rate	-1 361	1 814	-1 188	1 564
Future salary increase	702	-802	640	-735
Pension regulation	750	-843		

NOTE 17 Provisions for other liabilities and charges

All amounts in MNOK

PROVISIONS

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. When the effect is material, provisions are determined by discounting expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

SEVERANCE PAY

Until 31 December 2005 all employees given notice were entitled to severance pay. The obligation is recognised in the financial statement at present value of the defined benefits at the balance sheet date.

AVINOR AS

	SEVERANCE PAY	EARLY RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2015	7.3	0.0	105.2	0.2	**112.7**
Additional provision 2015	0.0	16.6	0.0	0.0	**16.6**
Reversed 2015	-0.2	0.0	0.0	0.0	**-0.2**
Used in 2015	-1.8	0.0	-8.7	-0.2	**-10.7**
At 1 January 2016	5.3	16.6	96.6	0.0	**118.5**
Merger/demerger	0.0	1.4	68.2	0.0	**69.6**
Additional provision 2016	0.4	30.0	0.0	0.0	**30.4**
Reversed 2016	0.0	-1.4	0.0	0.0	**-1.4**
Used in 2016	-1.8	-28.4	-8.5	0.0	**-38.7**
At 31 December 2016	3.9	18.2	156.3	0.0	**178.5**

AVINOR GROUP

	SEVERANCE PAY	EARLY RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2015	7.3	15.1	205.3	0.2	**227.9**
Additional provision 2015	0.0	37.0	0.0	0.0	**37.0**
Reversed 2015	-0.2	0.0	0.0	0.0	**-0.2**
Used in 2015	-1.8	-7.6	-38.4	-0.2	**-48.1**
At 1 January 2016	5.3	44.4	166.9	0.0	**216.6**
Additional provision 2016	0.4	38.5	0.0	1.2	**40.1**
Reversed 2016	0.0	-1.4	0.0	0.0	**-1.4**
Used in 2016	-1.8	-43.8	-8.5	-1.0	**-55.1**
At 31 December 2016	3.9	37.7	158.4	0.2	**200.2**

The short-term part of provisions for other liabilities and charges are included in other short term liability. See note 3.

Severance pay
On 4 December 2003, the board of directors approved a substantial restructuring of the group, called Take-off-05.

One of the consequences of this decision was a substantial cut in the workforce. Part of the cut was carried out by use of redundancy pay.

According to the terms laid down for the establishment of the company, the employees of Avinor AS were entitled to redundancy pay until 31 December 2005. Redundancy pay is covered by the company. The period of time for the right to redundancy pay depends on age and seniority at time of resignation. The provision for redundancy pay is based on expectations about the redundancy pay period based on the above-mentioned rules.

Early retirement pay air navigation management
The group has entered into individual early retirement pay agreements covering 72 per cent of normal wages in the period 60-62 years. After this period the individuals will be covered by ordinary pension plans.

Early retirement pay others
This include optional retirement pay in accordance with the group's adjustmentpolicy.

Environmental pollution
A provison is made for surveys and identification, in addition to costs related to the clean-up of polluted ground (see note 21).

NOTE 18 Other short-term liabilities

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Holiday allowance	**170.4**	135.1	**291.7**	296.2
Advance from customers	**113.7**	135.9	**136.4**	180.9
Wages and social security	**55.7**	46.7	**101.6**	118.4
Accruals	**1 233.1**	369.8	**1 293.7**	1 017.9
Intra-group liability	**2 753.3**	2 778.1	**0.0**	0.0
Other short-term liability	**465.5**	530.7	**478.5**	559.1
Total	**4 791.7**	3 996.3	**2 301.9**	2 172.5

NOTE 19 Subsidiaries

All amounts in MNOK

The consolidated financial statement of the group includes the following subsidiaries:

DIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.16	PROFIT/ LOSS 2016
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	115.5	**11.6**
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	367.2	702.4	**106.5**
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	608.5	1 026.3	**13.7**
Oslo Lufthavn Tele & Data AS	Norway	Ullensaker	Trade	100 %	6.9	10.2	**3.5**
Total					1 086.9	1 854.4	**135.3**

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.16	PROFIT/ LOSS 2016
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	71.8	96.2	**6.2**
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	123.0	89.7	**-0.1**
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	69.9	86.6	**4.4**
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	18.3	**0.3**
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	204.3	**25.2**
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	72.4	**9.9**
Total					522.2	567.5	**45.9**

Oslo Lufthavn AS merged with Avinor AS, as from 1 January 2016. Svalbard Lufthavn AS demerged from Avinor AS, as from 1 June 2016.

The shares in Flesland Eiendom AS, Værnes Eiendom AS, Sola Hotel Eiendom AS og Hell Eiendom AS were transferred from Avinor AS to Avinor Utvikling AS, as from June 2016.

Avinors Parkeringsanlegg AS merged with Avinor AS, as from 31 December 2016. At the same time, Hotell Østre Tomteselskap merged with Hotell Østre AS and Flyporten Tomteselskap AS merged with Flyporten AS.

NOTE 20 Share capital, shareholder information, dividend and results

All amounts in MNOK

SHARE CAPITAL AND PREMIUM RESERVE

Ordinary shares are classified as equity.

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

	NUMBER OF SHARES	FACE VALUE	SHARE-CAPITAL
Ordinary shares	540 010	0.01	5 400.1
Total	540 010	0.01	5 400.1

The company has paid the following dividend on ordinary shares:

	2016	2015
NOK 925.9 per share in 2014		500.0
NOK 925.9 per share in 2015	500.0	
Total	500.0	500.0

Proposed dividend for approval in the general assembly (Not presented as a liability at 31 December):

	2016	2015
NOK 925.9 per share		500.0
NOK 1018.5 per share	550.0	
Total	550.0	500.0

All shares are owned by the Norwegian State, represented by the Ministry of Transport and Communication.

NOTE 21 Contingencies

Norwegian Defence

A cooperation agreement exists between Norwegian Defence and Avinor with corresponding local agreements concerning sharing responsibilities and expenses for airports where both parties have activities.

Based on a mandate from the Ministry of Transportation and the Ministry of Defence a new agreement has been entered into. The agreement was approved by the government in February 2011, with effect from 1 January 2010. The agreement establishes principles for the basis of allocation of investment- and operational expenses between the parties. The practical implementation of the agreement, including calculation of the cash-flow between the parties, has not been completed. There is therefore uncertainty attached to the economic consequences as from 2010.

The involved parties have been in contact regarding the local agreements, without reaching an understanding. The Norwegian Defence has formally broken the negotiations and issued points of claim for settlement.

The external environment

Environmentally hazardous additives in fire extinguishing foam which have spread to the natural environment have been detected at several airports. Risk assessments have been conducted into the potential harm to persons and the external environment from these pollutants. Work is currently being conducted to clarify the scope of the measures that will need to be implemented. The economic consequences of this depend on the extent of the localities that require measures to be implemented, as well as the authorities' requirements and the measures available.

Air stations owned by the Defence

The Storting has resolved that Bodø's main air station, shall be closed down, while Evenes will be the advanced base for fighter planes in the north. The government have decided that Evenes shall not be established as an advanced base before 2020. Bodø airport shall function as an advanced base after the close-down of Bodø main air station. This will be an intermediate solution until the new fighter planes are operational and have replaced the existing planes.

Avinor have taken over the responsibility of the operation of Bodø airport from 1 August 2016. The takeover will have financial consequences for Avinor with regard to future investments in property, plant and equipment and running operating expenses. The cost picture could also be influenced by a prospective construction of a new airport in Bodø, which may be proposed in the new National Transport Plan. The plan will be presented during spring 2017.

The Storting has resolved on 15 November 2016 that the military activities on Andøya air station shall be closed down of when the P-3 Orion surveillance planes have been phased out and a new main air base for surveillance/advanced base for fighter planes shall be established at Harstad/Narvik airport, Evenes.

This will involve changes in the operational responsibilities at Andøya and at Bardufoss.

NOTE 22 Commitments

All amounts in MNOK

The parent company and the group have contracted for capital expenditure not yet incurred at the end of the reporting period as follows:

	AVINOR AS		AVINOR GROUP	
	2016	2015	2016	2015
Property, plant and equipment	522.5	929.1	672.4	2 131.7
Total	522.5	929.1	672.4	2 131.7

NOTE 23 Related-party transactions

All amounts in MNOK

The Ministry of Transport and Communication

As the sole owner of Avinor AS the Norwegian State represented by the Ministry of Transport and Communication (SD) is a related party.

SD has the principal authority regarding the structure of the airport network and the traffic charges. Any closing down of an airport or other material changes in the airport structure shall be presented to SD. The final decision is made by the Storting. The charges regulation which decides the setting of air traffic charges shall be sanctioned by SD.

Group companies

Outstanding accounts between companies in the group:

AVINOR AS AT 31 DECEMBER 2016

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	AVINOR UTVIKLING AS	OSLO LUFTHAVN TELE & DATA AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	140.0	0.0	0.0	0.0	0.0	0.0
Intra-group receivables	6.5	196.1	0.0	4.3	0.3	0.3
Total	6.5	196.1	0.0	4.3	0.3	0.3
Other short-term intra-group liability	30.9	755.2	1 510.7	0.0	74.4	55.4
Total	30.9	755.2	1 510.7	0.0	74.4	55.4

AVINOR AS AT 31 DECEMBER 2016 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	0.0	0.0	0.0	0.0	140.0
Intra-group receivables	0.2	0.0	17.5	6.3	231.5
Total	0.2	0.0	17.5	6.3	371.5
Other short-term intra-group liability	76.0	16.7	183.7	50.3	2 753.3
Total	76.0	16.7	183.7	50.3	2 753.3

AVINOR AS AT 31 DECEMBER 2015

	AVINOR FLYSIKRING AS	OSLO LUFTHAVN AS	AVINORS PARKERINGS-SELSKAP AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS
Loans to group companies	0.0	7 571.3	0.0	0.0	0.0	0.0	0.0
Intra-group receivables	95.6	25.1	25.4	0.3	0.2	0.2	0.2
Total	95.6	7 596.4	25.4	0.3	0.2	0.2	0.2
Other short-term intra-group liability	574.1	147.9	120.4	80.6	55.8	81.2	16.7
Total	574.1	147.9	120.4	80.6	55.8	81.2	16.7

AVINOR AS AT 31 DECEMBER 2015 CONT.

	AVINOR UTVIKLING AS	HOTELL ØSTRE AS	FLYPORTEN AS	HOTELL ØSTRE TOMTE-SELSKAP AS	FLYPORTEN TOMTE-SELSKAP AS	OSLO LUFTHAVN TELE & DATA AS	TOTAL
Loans to group companies	0	0.0	0.0	0.0	0.0	0.0	**7 571.3**
Intra-group receivables	-8.5	0.0	1.7	0.0	0.0	0.0	**140.2**
Total	-8.5	0.0	1.7	0.0	0.0	0.0	**7 711.5**
Other short-term intra-group liability	1488.2	23.5	8.2	146.2	35.3	0.0	**2 778.1**
Total	1 488.2	23.5	8.2	146.2	35.3	0.0	**2 778.1**

NOTE 24 Events after the reporting period

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2016 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole. We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 29 March 2017
Board of Directors of Avinor AS

Ola Mørkved Rinnan
Chairman

Ola H. Strand
Vice-chairman

Tone M. Lindberg

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Per Erik Nordsveen

Heidi Anette Sørum

Grete Ovnerud

Dag Falk-Petersen
CEO

Building a better working world

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Avinor AS, which comprise the financial statements for the parent company and the Group. The financial statements for the parent company and the Group comprise the balance sheet as at 31 December 2016, the statements of comprehensive income, income statement, the statements of cash flows and changes in equity for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of Avinor AS have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2016 and their financial performance for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's *responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Pensions

The parent company and the group have significant retirement benefit obligations in the balance sheets. As of December 31, 2016 the parent company and the group have a gross pension obligation of NOK 5 183 millions and NOK 8 221 millions, respectively. The valuation of the pension obligations requires significant level of judgement and technical expertise, including the use of actuarial experts for calculating the obligations. Small changes in a number of the key assumptions used to value the obligations, including salary increases, inflation, discount rate and mortality can have a material impact on the calculation of the obligations. Consequently, pension is a key audit matter.

Building a better working world

Our audit of the parent company's and the Group's accounting for pensions include assessments of key assumptions used in the calculation of the obligations, test procedures of the input and assessment of the external experts used for calculation of the obligations.

In particular we:

- Agreed that assumptions on inflation rate, discount rate and mortality are based on external and publicly available data from acknowledged organizations
- Compared the assumptions for salary increases against the company's historical trend and expected future outlook
- Evaluated changes in the population used when calculating the obligation
- Assessed the competence and objectivity of the Group's external actuary
- Verified that the accounting is in accordance with the applicable framework for financial reporting (IAS 19)

We refer to note 16 in the financial statement for additional information.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board and CEO (management) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and in the statements on corporate governance and corporate social responsibility

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on corporate governance and corporate social responsibility, and the going concern assumption, and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than* Audits *or Reviews of Historical Financial Information*, it is our opinion that management have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 29 March 2017
ERNST & YOUNG AS

Jan Wellum Svensen
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

MORE ABOUT AVINOR

Quarterly reports and annual reports

Avinor publishes reports annually and quarterly. The quarterly reports present key figures and accounts, as well as a brief statement on finances. Avinor's quarterly and annual reports are available via Avinor's website.

The Article 10 plan

Article 10 of Avinor's Articles of Association states that the Board must prepare a report each year on the company's overall activities, including plans for the future, for the Ministry of Transport and Communications. This document is available to the public and is called the Article 10 plan. At least every four years – once every parliamentary term – Avinor's Article 10 plan forms the basis for a report on Avinor's operations to Norway's parliament, the Storting.

Avinor's contribution to the National Transport Plan

The Norwegian National Transport Plan (NTP) presents the Norwegian government's transport policy. It forms the basis of comprehensive political assessments, efficient use of policy instruments and strengthened interaction between the various modes of transport. Aviation infrastructure is also addressed in the report. About a year before the NTP is presented to the Norwegian Parliament, Avinor and the transport agencies jointly present their underlying document to the government. The NTP is considered by the Standing Committee on Transport and Communications, which presents its recommendations to the Norwegian Parliament. This is available from www.ntp.dep.no.

Photo:
Bjørn Erik Larsen, Espen Gees, Espen Solli, Even Stangeby, Tommy Normann, Øyvind Markussen, Jarle Nyttingnes, Gaute Bruvik/Avinor

David Charles Peacock/Norwegian, Thomas Brun/NTB, Jannecke Sanne Normann

Avinor is responsible for the 46 state-owned airports and air navigation services for civilian and military aviation in Norway. This network links Norway together - and links Norway to the world.

Avinor is a driving force in environmental work in aviation and a driving force to reduce the combined greenhouse gas emissions from Norwegian aviation. The company has a leading role in the work on developing and delivering biofuel for aircraft.

Every year Avinor contributes to safe and efficient travel for around 50 million airline passengers. Around half travel to and from Oslo Airport.

More than 3,000 employees are responsible for planning, developing and operating airports and air navigation services. Avinor is funded by aviation fees and commercial sales at the airports.

Design and production: Artbox AS

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