Annual and Sustainability Report 2020

AVINOR

20,000,000
PASSENGERS
-63 PER CENT FROM 2019

428,303
DEPARTURES AND ARRIVALS
-36.7 PER CENT FROM 2019

2,858
PERMANENT EMPLOYEES
3,012 IN 2019

36,447
OVERFLIGHTS
-53.7 PER CENT FROM 2019

2020

92 PER CENT*

PUNCTUALITY

84 PER CENT IN 2019

* Avinor's target is 88 per cent average punctuality for all its airports.

Our results

Operating income

8 183

NOK MILLIONS

Operating expenses

6 333

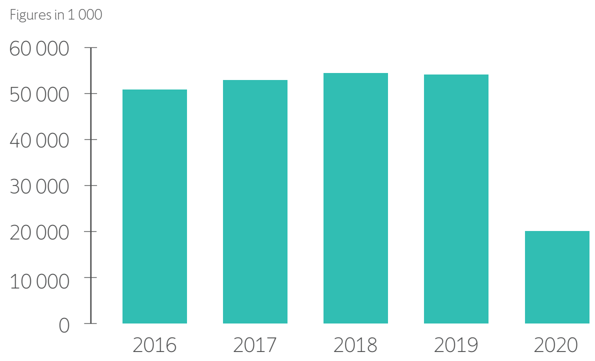
NOK MILLIONS

Profit/loss after tax

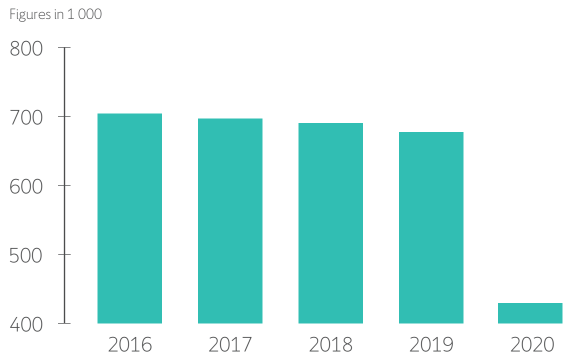
-724

NOK MILLIONS

NUMBER OF AIR PASSENGERS



NUMBER OF AIRCRAFT MOVEMENTS



NOK MILLIONS	2020	2019	2018	2017	2016
Operating income airport operations	3,658	10,357	10,303	10,162	9,675
Operating income air navigation services	1,460	2,100	2,107	2,085	1,991
Total group operating income	8,183	11,785	11,724	11,526	10,788
EBITDA Group [1)]	1,850	3,634	4,201	3,126	3,521
Profit/loss after tax	-724	702	1,170	499	1,029
Number of air passengers (figures shown in thousands)	20,000	54,099	54,387	52,885	50,803
Number of aircraft movements (figures shown in thousands)	428	677	690	697	704

1) The Group uses EBITDA as an alternative performance measure (APM). This calculation is directly reconciled in the profit and loss account. EBITDA is used because it is an approximate calculation of free cash flow from operations.

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Avinor's annual and sustainability report for 2020 is the Group's joint report on its operations, finances, and sustainability. This is the fifth time that the Group has chosen to present a combined report, previously published under the title of Annual and Corporate Social Responsibility Report. Work around sustainability is an integral element in Avinor's strategic planning and in the management of the Group. Avinor's work on sustainability is based on expectations set for its activities in the Avinor Articles of Association, guidelines issued by the government as a result of their direct ownership of the Group (known as Eierskapsmeldingen) and the Norwegian Accounting Act. Avinor takes the OECD's guidelines for responsible business as the basis for its sustainability efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption. Avinor reports on its sustainability work in accordance with the principles of the Global Reporting Initiative (Standards/Core).

About Avinor

Avinor's social obligations relate to owning, operating, and developing a national network of airports for the civilian aviation sector and a joint air navigation service for the civilian and military sectors.
Operations must be carried out in a safe, efficient, and sustainable manner and ensure good accessibility for all groups of travellers.

Avinor owns 45 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is leased to an external operator and Fagernes Airport is due to be sold in 2021. Avinor is usually self-financed through traffic revenues from airlines, revenues from commercial tenants, and direct sales to passengers. A smaller component of the Group's revenue stems from assignments for other organisations, such as the Norwegian Armed Forces. Airport operations are run as a single financial unit, whereby the large financially profitable airports finance the rest of the airport network. Commercial revenues accounted for around 54 per cent of operating revenues in 2019 (the last normal year of operations), while traffic revenues from airlines account for roughly 46 per cent. In 2020, loss of revenues as a result of the pandemic has necessitated the injection of capital from the Group's owner, the Norwegian Ministry of Transport and Communications.

Avinor Flysikring AS is a subsidiary of the Group. Air navigation services are funded through traffic revenues from the airlines for en-route navigation services, as well as revenue from the operation of tower and approach services from Avinor's airport operations. Avinor Flysikring AS (Avinor ANS) provides services including en-route navigation services, approach control services, and control tower services, as well as flight navigation services and services relating to technical operations. Air navigation services and airport operations are closely integrated and mutually dependent on each other in their fulfilment of Avinor's social obligations.

Avinor co-operates with the Norwegian Armed Forces at eleven airports, nine of which are Avinor airports (Oslo, Stavanger, Bergen, Trondheim, Bodø, Andøya, Harstad/Narvik, Bardufoss, Lakselv). In addition, Ørland airbase has only military traffic, and Rygge airport has only military activity and some general aviation. Co-operation with the Norwegian Armed Forces is expected to be extended to include several more airports in the future.

A total of 20 million passengers travelled to, from, or via Avinor's airports in 2020, which is a decrease of 63 per cent compared to the previous year.

Norway's primary airport, Oslo Airport, had 9 million passengers in 2020, which is a decrease of 68 per cent compared to 2019. Oslo Airport is the hub of Norwegian aviation and a transit airport for traffic between Norway and the rest of the world. The profit generated by Oslo Airport is crucial for the financing of the network of airports spread across Norway.

There were a total of 428,303 movements (take-offs and landings) at Avinor's airports in 2020, which is a decrease of 36.7 per cent compared with the year before.

The number of air transport movements in the period fell by 36 per cent compared with the corresponding period in 2019. Domestic air transport movements fell by 28 per cent, while international air transport movements fell by 62 per cent.

The changes in passenger numbers and air transport movements reflect the impact of the COVID-19 pandemic.

The number of overflights during 2020 totalled 36,447, a decrease of 53.7 per cent compared with 2019.

The 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 corporate governance of the Norwegian state, determines Avinor's financial framework, and regulates aviation fees. The ministry also lays down the Civil Aviation Authority's regulations that have consequences for Avinor's operations. Avinor's head office is located in Oslo.

AVINOR'S AIRPORTS

Avinor's airports vary by size and traffic volume. Oslo Airport is by far the largest and ordinarily accounts for more than half of Norway's air traffic and just over 70 per cent of the country's total international traffic. Bergen, Stavanger, and Trondheim also usually have a sizeable proportion of direct international traffic. Some other airports also have international traffic: Kristiansand, Ålesund, Tromsø, Bodø, Harstad/Narvik, and Molde, in addition to some international charter traffic at other airports. Haugesund Airport, which is leased to Lufthavndrift AS as of 2019, also usually has international traffic.

Oslo Airport is the only Norwegian airport to have two parallel runways. Stavanger Airport has a secondary runway used during certain wind conditions.

Oslo Airport's runways are 3600 metres long. At the other large airports, the runways are 2,600–3,000 metres long, which means they can be used by larger jet aircraft. 27 of Avinor's airports have short runways of between 800 and 1200 metres. These are used by smaller aircraft types such as the Bombardier Dash 8, air ambulances, and private aircraft. These airports are of huge importance in ensuring the habitation and economies of remote areas. Avinor operates a heliport on the island of Værøy.

VISION

We create valuable relationships

MISSION

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

VALUES

- Open
- Accountable
- Dynamic
- Customer-focused

Message from the CEO

2020: Aviation and Avinor have both been strongly affected by the crisis

The COVID-19 pandemic has had an impact on the entire world community, with huge numbers of infections and many fatalities. Norwegian, as well as international aviation, has experienced loss of traffic and revenues. Throughout the crisis, Norwegian aviation has continued to deliver services that are critical to society in a safe manner and has helped to manage the pandemic.

At the beginning of last year, most people had barely heard about a new virus that had appeared in China. It soon became apparent that this was a deadly virus that was spreading rapidly around the globe. Avinor was tracking developments in the pandemic as early as January and we implemented infection prevention measures across all our airports prior to the arrival of the virus in Norway. Avinor also established dialogue with health authorities at both a national and local level from an early stage and ensured that information was disseminated to all airports and passengers. On 26 February, Avinor formed its Corona Task Force and on 12 March the World Health Organization (WHO) declared COVID-19 to be a global pandemic. On the same day, Norway introduced the most restrictive measures ever seen in peacetime. The Ministry of Foreign Affairs advised against all travel abroad unless it was strictly necessary.

There was an immediate and drastic reduction in traffic. The vast majority of aircraft were parked and a comprehensive partnership involving health authorities, municipalities and the Norwegian Armed Forces was initiated at all airports in Norway in order to manage the infection situation. The impact was extensive. 13 days after shutdown in March, 3,700 employees from a variety of companies based at Oslo Airport were made temporarily redundant. In total, Avinor has made 743 staff temporarily redundant for spells of time during 2020.

20 million passengers travelled through Avinor's airports in 2020. This is a decrease of 63 per cent compared with 2019. The largest decrease was recorded at Oslo Airport which saw 9 million passengers in 2020 compared with 29 million in 2019. International traffic has been hardest hit. The number of air transport movements did not fall by the same proportion. This is partly due to the fact that the government opted to underwrite the costs of maintaining a large number of routes to guarantee the availability of transportation capacity throughout Norway. The decline in the freight market was limited, which was unique among European airports in 2020. Avinor has assisted by ensuring the air freighting of 12,000 cubic metres of personal protective equipment to Norway. This is the equivalent of 200 articulated lorries filled with equipment. Operations during 2020 have been characterised by a range of measures and reprioritisations as a result of the pandemic.

LOSS OF REVENUES

The loss of traffic caused a significant drop in revenues due to heavy falls in passenger numbers, as well as the Norwegian authorities largely opting to suspend fees due to Avinor for services provided to airlines. Avinor is usually self-financed based on commercial revenues and fees, but in this situation financial support in the form of an injection of capital was required in order to maintain the Group's liquidity and equity. The Group's owner, the Norwegian Ministry of Transport and Communications, provided support in 2020 amounting to approximately NOK 3.6 billion, and Avinor anticipates that it will remain dependent on support to a similar level throughout 2021. The precise amount will be determined by how quickly the pandemic improves and how quickly passengers resume travel. A key area is international traffic as this is where Avinor generates the highest revenues per passenger.

Avinor has actively adapted to the financial impact of the pandemic and has launched a cost-cutting programme titled "Profitable Avinor". Investments have been reduced by an order of NOK 1 billion, and the cost base in 2022 will be NOK 1 billion less than it was in 2019. This is equivalent to a reduction of almost 20 per cent.

INVESTMENTS FOR THE FUTURE

Although daily operations and dealing with the pandemic have been front and centre during 2020, Avinor has also reached key milestones in its strategic and future-oriented projects.

Remote towers

In October, Avinor opened the new centre for remote towers in Bodø. Tower operations at Røst, Vardø, Hasvik and Berlevåg have been transferred to the centre in Bodø. By 2023, 15 of Avinor's airports will be covered by the new technology. The aim during the next phase is to introduce the concept to a further 10 airports.

The goals around the introduction of remote towers are to provide better accessibility for airspace users, greater expertise in air traffic control services and to secure investments in long-term, viable technologies. In the long-term, the introduction of remote controlled technology services is expected to lead to a reduction in operating costs compared to those associated with traditional technologies, as well as reducing the need for investments and upgrades. Safe and stable operations are the prerequisites for change processes of this kind.

Electrification and sustainability

The Norwegian Ministry of Transport and Communications commissioned Avinor and the Norwegian Civil Aviation Authority to develop proposals for a programme for the introduction of electric aircraft. Just before shutdown in March, a report was submitted to the political authorities. One of the key messages in the report is that by 2030, the first regular domestic scheduled flights may be operated by electric aircraft. Furthermore, it recommends a package of incentives and measures, which will help achieve the proposed objective that by 2040, all domestic aviation in Norway will be operated by electric aircraft.

Seven months later on 6 October, Avinor launched a new report on sustainability and social benefit in aviation. For the first time, SAS, Widerøe, Norwegian, Avinor, the Norwegian Confederation of Trade Unions (LO) and the Federation of Norwegian Aviation Industries (NHO Luftfart) have worked together to set a common emissions target, and a roadmap to achieve the goal of Norwegian aviation being fossil-free by 2050. This means that from 2050, on scheduled flights in and from Norway, fossil fuels will not be used. Avinor considers it important to serve as an active proponent, alongside other actors in aviation, to facilitate a future-oriented industry and drive forward long-term solutions.

Development projects A

number of major development projects have been scaled back and postponed, although some key projects have continued. The non-Schengen expansion at Oslo Airport, plans for a new Bodø Airport and the critical expansion of the terminal building at Tromsø Airport have all continued unchanged.

EXTRAORDINARY EFFORTS

We are looking forward to welcoming people back to our airports once passengers are able to travel wherever they wish. There is a lot about 2021 that remains different to normal, but the vaccination programme is in full swing and we are heading for the light at the end of the pandemic tunnel. There will be uncertainty related to how quickly "normal" patterns of travel will resume, as well as any impact from changes to travel/transport trends in various segments. There is a pent up demand to experience other cultures and climates, and to interact more in the international community.

2020 has reminded us that it is difficult to predict the future, and that new surprises and obstacles requiring adaptations can appear with little notice. Avinor has demonstrated an excellent ability to manage major changes, and we are ready for when extensive travel is once again permitted. Avinor looks forward to welcoming all its passengers back.

Across our airports, in the air traffic control services and throughout the organisation there have been extraordinary efforts on display amidst an unusual and unfamiliar situation. It has been a challenging year for Avinor employees and for our partners and customers. As the newly appointed CEO of Avinor, I want to express my heartfelt thanks to all our staff who have stepped up to the plate during a very demanding period. Avinor is a proud organisation with excellent pedigree, and during 2020 we have demonstrated a tremendous capacity for dealing with pressure. I look forward to leading efforts to continue this work, and to delivering on our commitments to society given their dependence on us.

> Although daily operations and dealing with the pandemic have been front and centre during 2020, Avinor has also reached key milestones.

Abraham Foss,
CEO

UN GLOBAL COMPACT
WE SUPPORT

Corporate Governance in the Avinor Group

STATEMENT ON CORPORATE GOVERNANCE

This statement has been prepared in accordance with the framework of the Norwegian Code of Practice for Corporate Governance, last updated on 17 October 2018, with the adjustments that are required due to the fact that Avinor is a wholly state-owned limited company. In addition to the general provisions of the 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 is prioritised ahead of any other considerations. After this, the greatest emphasis is on providing efficient services to customers and society.

BUSINESS

Avinor is a group of companies that operates in the Norwegian transport sector. 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 its Articles of Association.

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

Avinor is responsible for operating a unified system of 44 airports and the joint air navigation service for the Norwegian civilian and military aviation sector. The business is based on fulfilling and building on key social obligations in all parts of the country, and it must be operated with safety as a high priority and with an emphasis on environmental considerations. In order to meet the requirements of the Group's owner, a series of strategic key goals have been established across the areas of finance, customers and society, internal processes, and organisational development.

The Group's policy in the field of environment and corporate social responsibility outlines the overriding principles for environment and climate, as well as corporate social responsibility/sustainability within Avinor. The OECD's guidelines for responsible business shall serve as the basis for efforts relating to sustainability. Avinor is signed up to the Global Compact, which is the UN's global initiative for sustainability work in business and industry, and the Group reports on its sustainability efforts in accordance with the GRI, Global Reporting Initiative.

The purpose is to improve Avinor's own environmental performance, be a driving force in the environmental and climate-related efforts of the aviation industry, and be a leader in sustainability efforts in Norwegian aviation.

The Group's ethics guidelines were most recently revised in the spring of 2020. Furthermore the guidelines express the Group's attitudes in its interaction with customers, suppliers, colleagues, and the wider community. These ethics guidelines also apply to Avinor's employees and board members.

The ethics guidelines are available at www.avinor.no.

Avinor is a member of Transparency International Norway.

EQUITY AND DIVIDENDS

The company's share capital is NOK 5,400,100,000, divided into 540,010 shares, each with a par value of NOK 10,000. The company's equity must correspond to at least 40 per cent of the sum total of the company's recognised interest-bearing long-term loans (excluding lease obligations) and equity at any given time.

Avinor AS is a wholly state-owned limited company. The shareholders' rights are safeguarded by the responsible cabinet minister or their 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.

No authority has been granted to the Board to raise 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 pursuant to the arm's length principle on ordinary commercial terms and principles. All such agreements are made in writing.

Transactions with close associates

The Board is not aware of any transactions during 2020 between the company and its shareholders, Board members, executive employees, or their close associates that may be characterised as not immaterial transactions. Board members and senior executives maintain a constant overview of their and close associates' duties and roles outside the Avinor Group. The overview is checked randomly against publicly available information. Furthermore, the overview is subject to checks against the Group's supplier directory.

The state as shareholder

Avinor is wholly owned by the Norwegian state. The Ministry of Transport and Communications convenes quarterly meetings with the company. During these meetings, the company updates the owners about operations, financial developments, how matters of sustainability are addressed, and other conditions considered to be relevant to the owner at that time. No decisions are reached at these meetings, and the company does not receive any guidelines for how it must respond to individual issues.

FREELY NEGOTIABLE SHARES

There are no provisions in the Articles of Association which impose restrictions on the transferability of the company's shares.

GENERAL MEETING

The Minister of Transport and Communications 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 convenes both Annual and Extraordinary General Meetings. The Ministry of Transport and Communications also determines how the meetings will be convened. Notice of the meeting must be issued at least one week prior to the date of the Annual General Meeting; cf. the Limited Liability Companies Act Section 20-5, cf. Section 5-10.

The Annual General Meeting is held each year by the end of the month of June. In accordance with the Articles of Association, the Annual General Meeting must approve the annual report and financial statements, including the distribution of dividends. It also considers approval of the auditor's remuneration, determines the remuneration of the Board for the upcoming period, provides a declaration on the determination of salaries and other remuneration to senior executives, appoints shareholder-elected members of the Board, and considers any other matters that, according to law or the Articles of Association, must be dealt with by the General Meeting.

The members of the Board of Directors, the CEO, and the auditor who audited the previous year's financial statements are invited to the Annual General Meeting. The Chair of the Board and the CEO are obligated to attend the General Meeting. The other Board members, as well as 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 of 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 AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

The company does not have a corporate assembly as agreed with the employees.

The corporate democracy committee has approved a corporate scheme whereby employees of Avinor AS and its subsidiaries may be elected to the Board of Directors. Elections by and from among the employees take place every other year.

The Board of Directors consists of eight members. Five Board members are elected by the general meeting and three are elected by and from among the Group's employees.

The Chair of the Board is elected by the General Meeting. All Board members are elected for a term of 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 2020/2021, the Board of Directors consisted of:

- Chair of the Board since 2018 – Anne Carine Tanum
- Vice-Chair of the Board since 2012 – Ola H. Strand
- Board member since 2011 – Eli Skrøvset
- Board member since 2015 – Herlof Nilssen
- Board member since 2016 – Linda Bernander Silseth
- Employee-elected Board member since 2011 – Heidi A. Sørum
- Employee-elected Board member since 2015 – Bjørn Tore Mikkelsen
- Employee-elected Board member since 2017 – Olav Aadal

Information on the individual Board members is available at www.avinor.no.

14 board meetings were held in 2020. The meetings were fully attended, with only a 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 Norwegian Limited Liability Companies Act. In accordance with the Articles of Association, the Board of Directors must ensure that the company is socially responsible. The Board of Directors' tasks are stipulated in separate directives. These directives are reviewed annually and updated in the event of changes to the relevant regulations or otherwise as required. The Board of Directors sets out an annual agenda for its work, with a special focus on goals, strategies, and their implementation. The Board of Directors assesses its work and competence on an annual basis.

The rules of procedure contain a separate section on impartiality in which it is stated that the individual board member him/herself is responsible for informing the Board as to the circumstances of a conflict of interest, and must refrain from participating in deliberations or decisions where the member has a conflict of interest. In case of doubt, the matter must 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 in a particular case.

The CEO's responsibilities and duties are defined in directives laid down by the Board of Directors. These directives are reviewed and updated as required.

The Board has established an *Audit and Risk Management Committee* as a preparatory and advisory body for the Board of Directors with respect to its responsibility for financial reporting, auditing, internal control, risk management, and issues relating to financial governance, planning and project management. Five committee meetings were held in 2020.

At the turn of the year 2020/2021, the committee consisted of:

- Eli Skrøvset (Chair)
- Herlof Nilssen
- Heidi Sørum

The Board of Directors has established an *HR, remuneration, and HSE committee* to act as a preparatory subcommittee in matters relating to remuneration of executive employees of the company and HSE. The committee must prepare guidelines for and cases concerning the remuneration of executive employees, as well as assessing and monitoring the Group's policy in this area on an ongoing basis. The committee also supports the Board of Directors in its responsibility for internal controls in terms of pay, remuneration and HSE work, and the overall HSE risk situation. Four committee meetings were held in 2020.

At the turn of the year 2020/2021, the committee consisted of:

- Anne Carine Tanum (Chair)
- Linda Bernander Silseth
- Bjørn Tore Mikkelsen

RISK MANAGEMENT AND INTERNAL CONTROL

In order to ensure the cohesive management of the company, a separate management system has been established, which consists of management documents, contingency plans, safety procedures, and processes for the management and control of operations.

An annual risk assessment of the Group's activities is conducted, 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.

As part of the Group's internal control system Avinor has established an internal audit function. 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 (IAA). The Group Audit helps the organisation achieve its goals through the use of a systematic and structured method to evaluate and improve the effectiveness and appropriateness of the organisation's processes for risk management, internal audits and governance.

The internal audit must provide targeted and structured feedback in relation to Avinor's compliance with established policies, Group standards, procedures and established measures in critical business areas. Furthermore, the internal audit must provide advice that contributes to improvements in Avinor's governance and audit processes, as well as helping to increase value generation within the Group.

The internal audit function within Avinor is wholly outsourced and handled by an external audit firm. The internal audit function reports on a functional basis to the Board via the Chair of the Audit and Risk Management Committee, and is functionally independent of the management and audit functions within the Group. In administrative terms, the internal audit function reports to the Executive Vice President for Strategy and Corporate Governance.

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

Avinor's ethics guidelines and core values establish the foundation for a good internal control environment with respect to financial reporting together with the company's organisation, management fora, and reporting lines.

Business and support processes that are essential to financial reporting have been identified. These include processes related to investment projects, revenues, financial items, closing of financial statements, 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 the thorough documentation and assessment of important valuation items.

Control measures are carried out in the ongoing production of financial statements and through continuous financial monitoring. Systems for the evaluation/monitoring of the internal control related to the financial reporting process is under development and assessed on a continuous basis.

REMUNERATION OF THE BOARD OF DIRECTORS

The General Meeting and its subcommittee determines the remuneration of the Board of Directors. Remuneration is not based on performance and no options are issued to board members. Shareholder-elected Board members generally do not perform any special tasks for the company beyond their position on the Board of Directors. Remuneration of the Board members is specified in a note to the annual financial statements.

Remuneration to the Board members amounted to NOK 2,095,000 in 2020. The remuneration is broken down as follows: The Chair of the Board received NOK 456,000, the Vice-Chair NOK 277,000, and other Board members NOK 227,000.

Members of the Audit and Risk Management Committee received remuneration totalling NOK 152,000 in 2020, comprising NOK 70,000 to the Chair and NOK 41,000 to the other two members.

Members of the HR, Remuneration and HSE Committee received remuneration totalling NOK 77,000 in 2020, comprising NOK 35,000 to the Chair and NOK 21,000 to the other two members.

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 publication of financial information. This financial calendar is available on the company's website and the Oslo Børs website. Financial information is published in the form of a stock exchange notice before it is made available on www.avinor.no.

The Group presents a complete set of annual financial statements in conjunction with the Annual Report of the Board of Directors and the Annual Report in the month of April. Accounting figures are reported quarterly.

In accordance with the Articles of Association, the Board of Directors shall each year submit a plan for the operations of the Group, including subsidiaries, to the Transport and Communications Minister. The contents of the plan must include the following:

- Description of the status of the market and the Group, including the development of the Group since the last plan was published.
- The highlights of the Group's operations for the coming years, including any major restructuring, development, and discontinuation of existing operations, or the development of new operations.
- The Group's investment level, important investments, and financing plans.
- Assessments of the financial development during the plan period.
- Report on measures and results of the company's role in society, social obligations, and corporate social responsibility.

The Board of Directors shall submit any major changes to plans that have previously been submitted to the Transport and Communications Minister.

TAKE-OVERS

Avinor AS is wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. Accordingly this point in the Code of Practice is not regarded as relevant to the company.

AUDITOR

Avinor has an independent external auditor appointed by the General Meeting based on a recommendation from the Board of Directors as a whole. 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) summarising the audit of the company and the status of the company's internal control.

The auditor has an annual meeting with the Board of Directors without managerial presence. The auditor also has an annual meeting with the audit committee without managerial presence. 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 it is specified in note 7 to the financial statements. The General Meeting must approve the auditor's remuneration.


D,E,F
BØLGEN & MOI

Annual Report of the Board of Directors 2020

HIGHLIGHTS OF 2020

(Last year's figures in parentheses)

A total of 20 million passengers travelled to, from, or via Avinor's airports in 2020. Air traffic through Avinor's airports in 2020 measured by passenger numbers fell by 62 per cent compared to the corresponding period in 2019.

The number of air transport movements in the period fell by 36 per cent compared with the corresponding period in 2019. Domestic air transport movements fell by 28 per cent, while international air transport movements fell by 62 per cent. The changes in passenger numbers and air transport movements reflect the impact of the COVID-19 pandemic.

The COVID-19 pandemic is an international crisis that has placed the entire aviation industry into an unprecedented situation.

Through 2020, a raft of measures has been implemented to limit the spread of the COVID-19 within the population. These measures include restrictions on travel. The measures have resulted in strict quarantine rules. Norway's borders have effectively been closed to all non-Norwegian citizens without a residence permit throughout 2020. The Group Management's expectations and forecasts for when air traffic may return to 2019 levels are based on scenario analyses in which the earliest date for normalisation (best case) is deemed to be 2023–2024, and the base case underpinning the Group's write-down assessments is 2025. International traffic in particular is expected to be worst affected. Throughout the pandemic, the airlines have adjusted their route networks and made staff redundant on a temporary as well as permanent basis.

The government suspended some of Avinor's airport fees from 13 March to 31 October 2020 in order to alleviate the financial pressure on the airlines. The total loss of revenue amounts to around NOK 7 billion for the 2020 financial year. The government has announced that it will extend the opportunity to publicly purchase routes and will maintain financial support measures for airlines launched during 2020 in relation to COVID-19.

Despite this, stakeholders in the Norwegian aviation market are in a very precarious financial situation. If these stakeholders are forced to make significant reductions in their operations or to cease business altogether, this will have an impact on the offering in the Norwegian market. Avinor is monitoring developments in this regard on an ongoing basis.

The Group's profits and solvency in 2020 have been greatly affected by the pandemic. Avinor maintains constant dialogue with its owner in respect of measures to bolster the Group's equity and liquidity. During 2020, Avinor received a grant of NOK 3,600 million, which has been recognised as a state grant in full in 2020.
For the first six months of 2021, the Norwegian government has proposed a further grant to Avinor of up to NOK 2,750 million.
The Norwegian Ministry of Transport and Communications is monitoring the situation at Avinor closely in order to review the size and timings of further financial support for Avinor even beyond the first six months of 2021. Avinor continues to work on increasing efficiencies in its operations in order to ensure the Group's financial solvency in the longer term. For a while to come, Avinor will depend on operational funding from the state. Consequently, the Norwegian Ministry of Transport and Communications is making strict demands in terms of increased efficiency in order to ensure the Group's long-term financial solvency. A cost-cutting programme has therefore been initiated to reduce costs and investments. The programme examines the opportunities for standardisation, rationalisation, remote operations, automation, and alternative operating models.

State subsidies are key to making Avinor more financially robust. However the long-term ripple effect of the virus outbreak means that the pandemic is considered an impairment indicator for the Group's cash-generating units, airport operations, and air navigation service. At the same time, credit risk is increasing markedly among several of Avinor's customers. Reference is made to notes 11 and 14 in the financial statements that address the calculation of the recoverable amount and provision for losses on receivables. As at the end of 2020, a total of 128 Group employees were fully or partly redundant on a temporary basis. Investments for theyear have been scaled back to NOK 1 billion compared to the original plan.

Avinor will continue to assess its investment portfolio based on its current financial situation.

Abraham Foss took on the role of CEO on 15 February 2021. He succeeded Dag Falk-Petersen, who retired.

ABOUT AVINOR

Avinor AS is a state-owned limited liability company with the task of facilitating safe, sustainable, and efficient aviation across Norway. The business has a network of 44 airports, which includes Værøy Heliport, Haugesund Airport (which is leased). The business also provides air navigation services throughout Norway, which are provided through Avinor's wholly owned subsidiary Avinor ANS.

As at 31 December 2020, the company's balance sheet amounted to around NOK 49.7 billion. Permanent employees totalled 2,858 (3,012).

The 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 ownership of the Norwegian state and determines Avinor's financial framework. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and lays down the Norwegian Civil Aviation Authority's regulations that have consequences for Avinor's operations.

Avinor's head office is located in Oslo.

ECONOMY AND FINANCES – GROUP

The Group's operating income in 2020 was NOK 8,183 million (NOK 11,785 million), and the profit after tax was NOK -724 million (NOK 702 million). As a result of the COVID-19 pandemic, Avinor received a total of NOK 3,600 million in operating support from the government, which is included in the Group's operating income.

Year-on-year operating income within airport operations fell by 64.7 per cent in 2020. Total operating income from air navigation services fell by 30.5 per cent due to reduced traffic volumes.

Operating expenses totalled NOK 6,333 million in 2020 (NOK 8151 million), which equivalent to a year-on-year reduction of 22.4 per cent. This decrease was due to, among other things, provisions for estimated clean-up costs related to environmental contaminants at Avinor's firefighting exercise areas during 2019. Excluding these provisions, expenses fell by 13.1 per cent. Total depreciation, amortisation, and write-downs for 2020 amounted to NOK 2,199 million (NOK 2,172 million). Operating profit (EBIT) for 2020 amounted to NOK -349 million (NOK 1,463 million). The reduced operating profit is primarily due to a reduction in operating revenues.

The Group's net financial costs in 2020 amounted to NOK -576 million (NOK -563 million). This change in financial costs was due to the increased interest costs as a result of increases in interest-bearing liabilities.

The Group's cash flow in 2020 was NOK -1,028 million (NOK 292 million) before changes for liabilities. Interest-bearing liabilities as at 31 December 2020 amounted to NOK 25,734 million, which is an increase of NOK 6,190 million since 31 December 2019. The Group's equity as at 31 December 2020 totalled NOK 49.7 billion (NOK 44.2 billion) with an equity ratio of 26.6 (34.6) per cent. Equity as a percentage of the sum of equity and interest-bearing liabilities pursuant to the definition in the Articles of Association was 40.6 (45.9) per cent as at 31 December 2020.

In light of developments in interest rate markets and other factors, equity was credited by NOK 1,368 million after tax as at 31 December 2020 through expanded profits. Much of this is due to negative estimate deviations in the calculation of pension obligations. In addition, there was a decrease in the value of interest rate derivatives as a result of changes in the interest rate market. As at 31 December 2020, a discount rate of 1.7 per cent and a long-term expected wage growth of 2.25 per cent were applied when calculating the Group's pension obligations.

As at 31 December 2020, the Group's cash reserves amounted to NOK 10,618 million, distributed between NOK 6,018 million in bank deposits and NOK 4,600 million in unutilised drawing rights.

The annual financial statements have been prepared under the assumption that the company will continue as a going concern on the basis of forecasts and the calculated present value of estimated future cash flow. See note 11 to the annual financial statements for further details.

ECONOMY AND FINANCES – AVINOR AS

In 2020, the Parent Company – Avinor AS – had an operating income of NOK 7,365 million (NOK 10,481 million) and the profit after tax was NOK -468 million (NOK 666 million).

The Parent Company's balance sheet as at 31 December 2020 amounted to NOK 48,261 million (NOK 42,043 million) with an equity ratio of 27.3 per cent (34.5 per cent).

In 2020, Avinor AS had a cash flow before the payment of dividends and changes in liabilities of NOK -1,128 million (NOK 867 million). Interest-bearing liabilities as at 31 December 2020 amounted to NOK 25,798 million (NOK 19,614 million).

RISKS

Risks pertaining to air traffic volumes
Avinor's traffic income is affected by changes to route networks, passenger numbers, and other factors outside of the Group's control. No special contracts have been established with the airlines that use Avinor's airports, and so airlines have no obligation to maintain set traffic volume levels. The COVID-19 pandemic will affect route networks going forwards.

Three airlines account for a substantial proportion of traffic volumes at Avinor's airports. Significant decisions, financial difficulties, bankruptcies, or the loss of landing rights in relation to these airlines could have a significant financial impact on Avinor.

Avinor has a high proportion of fixed costs that vary to a limited extent with changes in traffic volumes and capacity utilisation. Consequently, the Group's earnings and financial value are affected by changes in traffic volume.

Earnings from commercial offerings to passengers at the airports are very important to the Group's funding. Changes in traffic volumes will have a direct impact on the size of these revenues.

The COVID-19 pandemic and the uncertainty surrounding its duration and long-term impact will affect the group's income and the value of its assets.

Risks pertaining to investment activities
The Group has an ongoing investment programme for infrastructure maintenance and adaptation. The inherent project risk, changes in the economic situation, and political guidelines may affect the financial basis for these investments and subsequently the Group's financial position.

There are technical, economic, and regulatory risks associated with development projects.

Credit risk
The Group is exposed to credit risk in relation to airlines and related activities. The Group deems that the risk of these parties being unable to meet their obligations is increasing as a result of the impact of the pandemic on aviation. If airlines are unable to meet their obligations, this could have a significant impact on the Group's business, financial position, and operating profit.

The Group has guidelines in place to minimise losses.
The Group has not furnished any third-party obligations.

Financial risk

Foreign exchange risk
The Group is exposed to risk with respect to the value of the Norwegian krone against other currencies through income, expenses, and financing in foreign currencies, with exposure to the euro being of the greatest importance. Revenues from en-route navigation services are in euros, while some of the Group's purchasing contracts are concluded in foreign currencies.

Additionally, the Group's financing is exposed to currency risks since a significant proportion of the Group's long-term financing is in euros.

The Group's total currency risk is partially reduced through both the Group's income and expenses being subject to the same currency risks, as well as through currency hedging of parts of the Group's long-term liabilities.

Interest rate risk
The Group is exposed to interest rate risk through its financing activities.

Liquidity and financing risk
Avinor is dependent on the external financing of development plans and projects in order to meet its financial obligations by their due date as well as to refinance existing debt. There is uncertainty regarding the availability and pricing of capital markets. There have been no challenges in this regard as yet.

Hedging
Financial hedging instruments are used to curtail risk related to changes in interest, exchange rates, and energy prices. The value of hedging instruments changes in line with prices in the market and may affect profits to the extent that hedging accounting is not applied. When investing the Group's surplus cash, emphasis is given to the issuer's solidity and the liquidity of the investment. The Group's liquid assets are deposited in a bank on negotiated terms.

Regulatory risks
The Group's operations focus on safe air traffic management, with procedures and measures to minimise the risks 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 sectoral policy objectives.
The Norwegian state sets guidelines for a number of conditions, including airport structure, emergency preparedness, aviation fees, and corporate social responsibility. The scope and organisation of sectoral policy guidelines may change over time.

New airport in Bodø
Avinor is currently studying the construction of a new airport in Bodø on behalf of the Norwegian Ministry of Transport and Communications with the aim of releasing more space for urban development. Design work is ongoing and aims to establish the scope and costs. Its implementation is dependent on the funding being put in place. The National Transport Plan for 2019–2029 proposes financing of the development based on the state, Avinor, and the local authorities sharing the costs.

Pensions
Historically, Avinor's employees have been members in the public-sector pension scheme, which is a defined-benefit scheme. The scheme was finally closed on 1 January 2020 and around 45 per cent of employees were transferred to a new private defined-contribution scheme on this date. New employees are enrolled in the new private scheme.

The public-sector pension scheme changed on 1 January 2020 for those born after 1962. The new scheme bears more resemblance to a private defined-contribution scheme. The transition to the new schemes means that those who have been transferred to the new scheme and those who are still members of the public-sector scheme and who were born after 1962 have been granted a set entitlement based on the rules of the old scheme. There is a financial and regulatory risk associated with the size of the defined-benefit pension obligations.

It is assumed that Avinor's employees follow public-sector rules in terms of special age limits and pensions. The Norwegian parliament passed a new law on public-sector occupational pension schemes on 21 June 2020. The law does not contain provisions for special rules for those born from 1963 onwards with a special age limit. It is intended that the accrual rules that apply from 2020 shall apply to those with a special age limit who were born in 1963 or later. This means that accruals in the current scheme relating to the special age limit were closed at the end of 2020 without any new rules being put in place. Consequently, there is a risk associated with the calculation of special age obligations.

Environmental conditions

Aviation affects the environment both locally and globally. The local environmental impact from aviation is primarily related to aircraft noise, local air quality, and water and ground contamination. The global impact is primarily related to greenhouse gas emissions from aviation, primarily from aircraft.

Greenhouse gas emissions from aviation could affect the reputation of the industry as well as general conditions and fees for the industry both nationally and internationally. This could impact air travel in the future. Reduced traffic volumes, increased costs, and a deterioration in the industry's profitability could in turn have a negative impact on Avinor's financial performance.

The airports have discharge permits that require risk assessments of acute pollution that represents a risk of damage to the external environment. Work on reducing the risk of incidents that harm the environment has continued, at the same time as existing pollution is being surveyed and cleaned up. Environmentally hazardous additives (PFAS) in fire-extinguishing foam which have dispersed into the environment around the airport have been detected. Future clean-up costs are dependent on regulatory requirements. The Norwegian Environment Agency has issued an order for measures at some airports and an overall order for the remaining airports. Accordingly, Avinor has compiled the results from completed PFAS surveys and drawn up a series of prioritised measures.

EFSA, the European Food Safety Authority, has issued new stricter limits on PFAS related to human health. The Norwegian authorities (the Norwegian Food Safety Authority and the Norwegian Environment Agency) and the Norwegian Institute of Public Health are now considering the impact of this on the ongoing management of PFAS contaminants in Norway. There is a risk that the Norwegian Environment Agency will impose stricter clean-up requirements at Avinor's airports and that more pollution will need to be addressed than has previously been indicated.

CORPORATE GOVERNANCE IN AVINOR

Good corporate governance in Avinor aims to ensure that the maximum possible value is created and business risk is curtailed. The company's core values and ethics guidelines are a basic premise for corporate governance in Avinor.

As the owner, the state focuses on ensuring that state-owned companies adhere to the Norwegian Code of Practice for Corporate Governance. The Board attaches importance to following this recommendation regarding the Group's corporate governance wherever relevant. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Avinor has issued bonds that are listed on Oslo Børs and Luxembourg Børs. Oslo Børs has been chosen as the Group's home market. The Group follows the recommendations of Oslo Børs with respect to corporate governance wherever relevant. Section 3-3b of the Norwegian Accounting Act stipulates that companies under a statutory accounting obligation which issue securities in accordance with Section 5-4 of the Securities Trading Act must provide a report on their policies and practices for corporate governance either in their annual report or in a document referred to in their annual report. Point 3.10 in Oslo Børs' document entitled "Bond regulations – entry requirements and ongoing obligations" states that the borrower must provide an account of its policies and practices relating to corporate governance in a similar manner. The Norwegian Accounting Act is available at www.lovdata.no. Oslo Børs' regulations are available at www.oslobors.no.

For more details about corporate governance in Avinor, please refer to the chapter "Corporate governance".

SUSTAINABILITY

Avinor's sustainability efforts are based on the expectations set forth with regard to corporate social responsibility in Avinor's Articles of Association, the Norwegian Accounting Act, and the state's ownership report (St. Meld. 8 2020–2020). Avinor takes the OECD's guidelines for responsible business as the basis for its sustainability efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption. Most of the UN's Sustainable Development Goals (SDGs) are in line with Avinor's goals for its sustainability and corporate social responsibility. In particular, this applies to SDG 9 on innovation and infrastructure, and SDG 13 to stop climate change.

For more information about Avinor's work with sustainability, including climate, environment, flight safety, HSE, impartiality, anti-corruption, and safe notification, please refer to the chapter on sustainability. Cf. Section 3-3c of the Norwegian Accounting Act.

RESEARCH AND DEVELOPMENT

Avinor is implementing several projects to help optimise the use of Norwegian airspace and airports. This work helps to improve safety, increase capacity, streamline service delivery, and reduce environmental impact.

For more information on Avinor's research and development work, please refer to the chapter on sustainability.

PERSONNEL AND ORGANISATION

There were 2,858 permanent employees in the Group at the end of the year. The average age of employees in the Group is 47.2 years old. The proportion of women in the workforce is 21.8 per cent (including both permanent and temporary employees). The number of women in executive positions is representative of the total number of women in the Group. The percentage of women employees is monitored closely. Avinor's recruitment policy contains clear guidelines that promote a gender balance, from the design of recruitment adverts to the interview and selection process.

In March 2020, the Group Management adopted an equality and diversity action plan. Avinor wants the diversity of its employees to better reflect that of its customers. Emphasis is placed on ensuring that employees have equal opportunities in the Group, irrespective of their gender, age, disability, ethnicity, or cultural background. Avinor conducts systematised performance reviews that ensure neutral salary and career development. Employee surveys confirm that employees enjoy equal opportunities. Commitment within the Group is high.

Avinor is keen to ensure an Inclusive Labour Market and strives to prevent exclusion from the labour market. This is especially relevant for employees who no longer meet physical or medical requirements due to illness or other conditions.

The situation around COVID-19 has resulted in the need to cut costs to a far greater extent than previously planned. A Group-wide cost-cutting programme titled "Profitable Avinor" has been initiated, with the aim of cutting NOK 1 billion from the actual cost base for 2019. This is resulting in cost cutting across all areas of the Group, limitations to investment activity and reductions in staffing. As a result of the decrease in activity and loss of work, Avinor was obliged for the first time ever to make use of temporary redundancies, which continue to be used into 2021. In 2020, Avinor maintained close co-operation with employee representatives with respect to ongoing administrative procedures as well as to more extensive change processes. Decreases in traffic and resultant loss of revenues, as well as making staff temporarily redundant, have been central themes in the ongoing dialogue.

As a safety organisation, Avinor is dependent on having the right expertise in place and a good overview of its skills available in-house at any given time. In 2020, extensive work was carried out to ensure that skills management is incorporated as part of the company's ERP system, which oversees core processes across the business. In the long term, this will also ensure better oversight of critical skills and deliver cost savings. In 2020, Avinor initiated comprehensive training on Office 365, with a particular focus on the interaction and productivity tool Teams. As a result of the pandemic, skills relating to digital interaction have been significantly elevated across all areas of the company during 2020. The leadership development programme, Avinor's Leaders' Platform, has continued with a focus on keeping up motivation and ensuring that a good working environment is in place during a time of change and adjustment. Special measures have also been aimed at guiding the management of employees made temporarily redundant and those personnel working from home.

Sickness absences in 2020 were 4.7 per cent, showing a decrease from 2019. The Group has worked actively to reduce breaches of the working time regulations in the Working Environment Act. In the Group overall, there was a significant fall in the number of breaches of working hours provisions in 2020 when compared with 2019.

Avinor has established strong, systematic HSE measures, and works actively to ensure that a fully sound working environment is in place by a number of means, including the active prevention of personal injury. Avinor must be a professional and attractive employer. For more information on Avinor as an employer, please refer to the chapter on sustainability.

OUTLOOK AND GENERAL CONDITIONS

Mobility and efficient air transport are essential for social development, as well as for the growth of the Norwegian travel industry and businesses. Avinor is upgrading and developing its airport network to facilitate good regional, national, and international air services. Furthermore, aviation depends on innovation and technological advances in order to reduce harmful greenhouse gas emissions. Alongside the airlines, the Civil Aviation Authority, and other stakeholders in Norwegian aviation, Avinor has been an active contributor for several years in international efforts relating to the climate and is at the forefront of paving the way for sustainable aviation in the future.

The COVID-19 pandemic is an international crisis that has placed the entire aviation industry into an unprecedented situation. The primary focus at Avinor has been to manage the crisis, as well as to set clear short-term and long-term goals for the organisation.

Consequently, there is an emphasis on providing continuity and ensuring that operations continue throughout the coronavirus pandemic. It has been necessary to adapt operations in light of traffic volumes in order to reduce costs. In addition, this has been a key initiative in efforts to minimise our employees' exposure to the virus as well as to ensure a pool of reserve personnel who can cover for those who fall ill or must enter self-isolation.

At the same time, Avinor initiated a programme to safeguard good solutions for the future of Norwegian aviation. The programme will safeguard Avinor's social obligation and the airport structure, as well as seek to find more effective solutions. The programme will be an umbrella for a number of changes and restructuring measures over the coming years. The objective is a profitable, self-financed Avinor once the effects of the COVID-19 pandemic have passed, and to continue to deliver safe and stable operations. These measures are designed to ensure the continued operation of the Group and ensure the implementation of current and planned high-priority investment projects.

The company's profits and solvency are greatly affected by the coronavirus pandemic. Consequently, there will be a need to bolster equity and liquidity beyond what has already been done in 2020. Avinor has maintained constant dialogue with its owner in respect of measures to bolster the Group's equity and liquidity.

The Board would like to thank all the employees and partners for their efforts in 2020. The Board would this year like to offer particular thanks to Dag Falk-Petersen for his impressive efforts and great results over the past ten years. We look forward to building upon these solid foundations to meet new, future challenges in Norwegian aviation.

Oslo, 9 April 2021
Board of Directors of Avinor AS

Anne Carine Tanum
Chairman

Ola H. Strand
Vice-Chairman

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

Sustainable value creation

Avinor's obligation to society involves the Group facilitating further development and forecast growth in air traffic. However, this must not conflict with national climate targets and international climate commitments.

Avinor has long been aware of the challenges that the Group faces when seeking to reconcile growth and the climate in a sustainable value creation process. Aviation will contribute to the development and transformation of Norwegian society and business as a whole. Furthermore, the industry depends on innovation and technological advances in order to meet its own targets for reduced emissions and expected traffic growth.

The European Commission's European Green Deal provides clear political guidance and also expects a high level of environmental and climate awareness in the aviation sector. The move from an emphasis on the one-sided importance of aviation for economic growth and competitiveness in Europe towards also focusing on sustainability and the climate is a clear shift.

Aviation is fundamental to Norway's development. Thus, for several years, Avinor has been an active contributor in national and international efforts relating to the climate alongside the airlines, the Civil Aviation Authority, and other stakeholders in aviation. The electrification of aviation and increased use of sustainable jet biofuels are key elements in these efforts.

In the autumn of 2020, the industry united – with support from the Norwegian Confederation of Trade Unions – in order to present a clear goal for Norwegian aviation to be fossil-free by 2050.

In addition, Avinor has contributed to efforts to draft the Airport Council International's (ACI) sustainability strategy. Work on this strategy was completed in 2019. It includes specific guidance and recommendations for airports on how they can help achieve the industry's climate targets for carbon-neutral growth.

ASSESSMENT OF KEY FACTORS

The assessment of key factors involves assessing which tasks are important and prioritising them. It is essential that efforts are prioritised that will have the most impact for society and the company, taking into consideration Avinor's social obligation.

Avinor primarily assesses key factors in connection with the review of the Group's strategic plans. This work involves the owner, Board, executive management, and employees, as well as Avinor's primary stakeholders. The Group's strategic plan for 2020–2021 is characterised by clear priorities that are assessed more frequently than before in order to ensure necessary adjustments in line with the consequences of the pandemic, as well as more general developments. The primary objectives of Avinor's corporate strategy for the period are:

- Social development: Sustainable growth of Norway and its regions
- Business development: Valuable experiences for passengers and visitors
- Development of operations: A competitive company
- Organisational development: A secure, change-capable business culture

Avinor's goals and the measures it takes are reflected in the Group's corporate governance, which sets out these goals and measures, and are systematically followed up by the executive management and the Board.

DIALOGUE WITH STAKEHOLDERS

Effective dialogue with those who depend on Avinor's services or who, in various ways, are affected by our operations is essential for Avinor to prioritise those things that best serve our stakeholders and society.

Dialogue meetings are held regularly in order to understand and identify which factors that create value are most important to Avinor's stakeholders. In addition, major analyses of stakeholders or key factors are undertaken, most recently in connection with efforts related to the Group's strategic plan for 2018–2023. Furthermore, market and customer analyses are regularly carried out.

Avinor's most important stakeholders are its main customers – airlines and their passengers, politicians, airport partners, local and central businesses, the Norwegian Armed Forces, research environments, and special interest groups.

Dialogue at the political level takes place primarily through Avinor's owner, the Ministry of Transport and Communications, in the Norwegian parliament, and through the Transport and Communications Committee in consultation with the Ministry of Transport and Communications. Stakeholder dialogue at the political and government levels takes place primarily by way of fixed meetings, under the auspices of the Board and executive management. In addition there is extensive dialogue with the political and administrative management at the local, municipal, and county levels. Avinor is working continuously to reinforce this dialogue.

Business policy committees have been established in a number of municipalities and counties where Avinor is represented. Local political stakeholders are also represented here. The primary focus is capacity and route development, as well as how Avinor can help to support the development of local and regional commerce.

There are a number of formal and informal fora for dialogue with airlines. A co-operation forum that meets four to six times a year has been established as the highest level forum. This is where Avinor's executive management meets with the management of the airlines. A separate committee – the AOC (Airline Operators Committee) – that also meets regularly has been established at the largest airports. Climate and environment issues, fees, and traffic development, and airport capacity are all key topics in Avinor's dialogue with airlines.

Dialogue with passengers takes place by way of regular customer surveys and meetings with stakeholder organisations. Passengers are especially concerned about punctuality and regularity, airport services, parking, and ground transport. In 2021, safe management of infection will remain high on the agenda.

Dialogue with suppliers of Avinor's goods and services takes place by way of formal meetings, through negotiations, and through contract follow-up. There is particular attention paid to the competitive basis, as well as templates and procedures relating to processes and deliveries. Efforts to combat corruption and ensure that working conditions are in line with universal human rights and current agreements applicable in the workplace are a key element of the dialogue.

Within the Group, the model of co-operation between employee representatives and management is being further developed in order to ensure good working conditions, stable operations, and cost-effectiveness throughout the Group. Three of the eight representatives in Avinor Group's Board of Directors represent Avinor's employees. The Board of Directors of Avinor Flysikring AS also has employee-elected Board members.

FOUR KEY AREAS IN SUSTAINABILITY EFFORTS

Through its assessment of key factors and stakeholder dialogue, Avinor has identified four priority areas in its sustainability efforts:

- Fulfilment of Avinor's social obligation: ensure good aviation services for the whole of Norway in a safe, efficient, and sustainable way
- Be a driving force behind efforts relating to the challenges faced by aviation in the field of climate and the environment
- be a good and professional employer
- ensure sustainable finances and responsible business conduct

SUSTAINABILITY REPORTING

In its efforts relating to sustainability, Avinor adheres to OECD guidelines for responsible business and the ten principles of the UN Global Compact. These are, in turn, based on the UN Declaration of Human Rights, the ILO's conventions on fundamental principles and rights at work, the Rio Declaration, and the UN Convention against Corruption. This report has been prepared in accordance with the principles of the Global Reporting Initiative (Standards/Core).

UN's Sustainable Development Goals

In 2015, the UN adopted new sustainable development goals (SDGs) for the period to 2030. The 17 goals and 169 sub-goals, which concern most areas of society, see the environment and climate, economy, and social development as a whole. Most of the UN's Sustainable Development Goals (SDGs) are in line with Avinor's goals for its sustainability. In particular, this applies to SDG 9 on innovation and infrastructure, and SDG 13 to stop climate change. The overview of goals and results on page 58 documents how Avinor's own goals cohere with other SDGs.

The Executive Vice President for Communications and Markets is responsible for monitoring and reporting on Avinor's sustainability efforts. Work relating to the individual topics takes place within the line organisation and in the various professional environments.


Husk fortsatt å vise
hensyn til hverandre
VISIT
US AT
CHECK IN
AREA 3
HELLY HANSEN

Avinor must ensure good aviation services for the whole of Norway

Safe and stable operations form the basis for Avinor's business. In close co-operation with airlines and other partners, Norwegian aviation will evolve within key areas such as climate, capacity, and competitiveness.

Avinor ensures the funding and operation of a network of small and large airports throughout Norway. At the same time, the Group prioritises important initiatives for ensuring the sustainable development of Norwegian aviation. Avinor sees this as an important part of its social obligation.

CONTRIBUTING TO THE SUSTAINABLE GROWTH OF NORWAY AND ITS REGIONS

Until the beginning of the pandemic in 2020, the flying habits of Norwegians have been relatively stable, with each individual taking an average of one domestic and one international return trip. Following an abrupt fall in traffic in March 2020, travel patterns have tended to reflect the rate of infections and travel restrictions in place. Throughout the pandemic, Avinor has helped by maintaining a route network in close partnership with the Ministry and airlines. Although we are currently at a low level in terms of traffic, Avinor believes that the potential for increased inbound tourism by air in the long term is enormous, which will have significant positive ripple effects since tourists arriving by air spend a lot of money in Norway. The majority of international traffic arrives in and departs from Oslo Airport. Some also arrive by way of direct international routes to and from other parts of Norway. New routes have helped to increase inbound tourism and are important for the development of regional businesses and industries. Avinor is positioning itself to build up traffic and its route network once again. This will be an important measure in rebuilding growth and jobs across the country following the pandemic.

Freight has also been hit by the pandemic as a result of a loss of freight capacity on scheduled aircraft, especially on intercontinental routes. Avinor has worked closely with the airlines to recover this loss, which has been a sterling success. Oslo Airport is one of the very few airports in Europe to have managed to maintain its freight capacity through an increase in production using pure cargo aircraft. In 2019, in collaboration with the seafood industry and county councils, Avinor took the initiative to explore the possibility of transporting seafood by air directly from airports in Northern Norway and was subsequently successful. These efforts continued throughout 2020.

CREATING VALUABLE EXPERIENCES FOR PASSENGERS AND VISITORS

Good experiences are important for passengers

Good experiences and a positive lasting impression help to ensure that passengers continue their travel activities. A well-adjusted service offering for passengers is at the heart of funding airports. Commercial income from activities at the airports usually makes up more than half of the Group's revenue base and is essential to Avinor's effective and predictable fulfilment of its social obligation.

Increased attention to a safe and straightforward journey

In recent years, Avinor has given high priority to passengers' travel experiences, both in terms of the functional aspects of their trip and the commercial offering at its airports. Safety, stability and a straightforward journey are fundamental basis that have long been expected by passengers and have been delivered by our airports and key functions in an effective manner.

Following the outbreak of the pandemic, there was a perception that this safety had been challenged in the form of infection spreading. There was a substantial need for information around how passengers should adhere to the new rules, guidelines and reduced service offering. The focus during the pandemic was therefore directed to the experience of safety in the form of infection prevention measures, as well as to informing passengers on an ongoing basis via digital channels and customer service channels on how to behave when travelling. Non-conformity reports and other information from our websites and social media channels were updated on a continuous basis. Additionally, Avinor's customer service call centre received 3-4 times more calls per passenger during the pandemic than normal.

Continued good passenger experiences at Avinor's airports

Given the increased attention paid to safe travel and a reduced service offering, work on passengers' travel experiences has been toned down during the pandemic. Nevertheless, we can see that the first quarter delivered positive passenger experiences in line with figures for the previous two years, and customers gave us good results throughout the challenging period.

Good results in Airport Service Quality (ASQ) Survey

The ASQ survey (Airport Service Quality) is a worldwide survey that provides airports with specific feedback relating to passenger satisfaction across several different categories. Around 350 airports from all over the world participate in the survey, making it a valuable tool for measuring Avinor's performance against other airports. Avinor conducts this survey at our 8 largest airports. Due to infection prevention measures, and due to extremely low passenger numbers, Avinor's ASQ survey was paused from the second quarter until the end of the year. The survey will resume from the beginning of 2021.

In the first quarter of 2020, Bergen Airport and Oslo Airport scored 4.20 and 4.18 respectively on a scale of 1-5 for overall passenger satisfaction. Bergen, Oslo and Ålesund (score of 4.28) were ranked among the top third of European airports. Overall, Avinor's airports collectively were just below the top third of European airports with the same score for overall satisfaction as in 2018, and slightly below that for 2019. Among European airports to have conducted ASQ surveys during the pandemic, we see that the passenger experience has improved overall during 2020 compared with 2019.

Service observations and service training

Work on strengthening the host role in retail stores and catering outlets at Avinor's nine largest airports took place during the first quarter with external support. The quality of service offered to customers in airport retail stores and catering outlets was measured against frequent service observations. The service observations were followed up with regular training for operations managers in sales and service management, who together with other service employees used the insights gained in their work to provide good customer experiences as part of day-to-day airport operations. This produced visible results in the form of more satisfied customers and increased sales. Due to the pandemic, extremely low passenger numbers and widespread closures of retail stores and catering outlets, these service observations and service-related training initiatives were paused from the second quarter until the end of the year.

The digital journey – adapting to new expectations

The increased need for information among passengers during the pandemic has largely been covered by ongoing updates to travel-related information on our website at avinor.no. Although overall use of the website has decreased, there has been significantly higher use per passenger than previously. In light of the constant increase in passengers' use and expectations of digital services, Avinor has made it possible to order a larger proportion of its commercial service offerings via mobile and online channels. In our online shop, users can buy parking with additional services and pre-order food and drink, as well as use click-and-collect when pre-ordering duty-free goods and a number of other products such as electronics and gifts. This year's new products for infection prevention purposes have been the subject of significant pre-orders. These digital offerings are themselves also a positive contribution towards infection prevention as they ensure fewer queues and less crowding inside the airport.

When shopping online, you can also choose to register for a customer profile at Avinor. At the end of 2020, there were approximately 180,000 verified profiles in this customer database. These customers receive newsletters from Avinor on a monthly basis featuring updated travel advice, tips and details about commercial offers. These newsletters are adapted on the basis of which airport the customer lives closest to. The response to the newsletters confirms that our customers are interested in information and offers from Avinor and want a relationship beyond what they experience at the airport itself. All of Avinor's digital passenger communications are subject to applicable privacy legislation.

Avinor in social media

Avinor works on a daily basis to share travel-related information and tips to passengers via social media using informative content that helps to form knowledge among and entertain our followers. At the end of 2020, Oslo Airport's Facebook page had more than 185 000 followers and is the largest social channel in the Group. Inquiries from passengers via social media channels are responded to on a continuous basis. Activity and customer service via social media helps to make passengers' journeys more straightforward.

AVINOR'S SPONSORSHIP

Avinor's sponsorships are primarily targeted at local recreational activities, social initiatives, and sport for children and young people in the areas surrounding our airports.

At our head office in Oslo, Avinor works with Church City Mission through the Neighbour Co-operation in Bjørvika project. There are also separate activities for children and young people under the auspices of the Church City Mission, with which Avinor employees are involved. The 2020 Christmas present went to the Church City Mission's "Gled en som gruer seg til jul" (Make someone happy who is dreading Christmas) campaign. In March, Avinor decided to provide extra support to those who were particularly struggling due to the COVID-19 pandemic. A donation was made to the Church City Mission to help in their work with the most vulnerable in society during this time of crisis.

Avinor supports the television campaign on an annual basis.

The environmental organisations Zero and Bellona receive financial support from Avinor and give Avinor professional assistance in, for example, efforts relating to the development of sustainable fuel and electrified aircraft.

DEVELOPING A COMPETITIVE COMPANY

Avinor operates and develops a nationwide network of airports that are subject to challenging weather and topographic conditions. Safe, stable, and efficient operations are always the first priority. At the same time, the business must be continuously developed to meet the demands and expectations of its owner, public authorities, airlines, passengers, and the surrounding areas of the airports. An increasingly stronger focus on the climate and environment, together with the need for increased efficiency, places great demands on short- and long-term planning.

Developing Oslo Airport

In 2020, traffic to and from Oslo Airport was seriously affected by COVID-19, with the fall in traffic amounting to 68 per cent compared with 2019. 9 million passengers travelled to or from the country's main airport in 2020 compared with 28.6 million in 2019. Throughout the year, operations at Oslo Airport have been adapted to traffic levels, and parts of the terminal buildings have been subject to temporary closure. The airport also switched to single runway operations as a result of a significant reduction in traffic. Despite the challenging situation caused by COVID-19, Avinor will continue its efforts to safeguard and develop Oslo Airport as an important national and international hub.

An important aspect of Avinor's corporate social responsibilities is to ensure that Norway is competitive by providing businesses and residents the same opportunities to access effective and competitive transportation as would be the case in countries that are natural benchmarks for Norway. Norway has the strongest domestic market in the Nordic region and this is a good foundation for several international routes.

Working on behalf of the Ministry of Transport and Communications, Avinor has updated the knowledge base for the assessment of the future location of a possible third runway at Oslo Airport. The two options – the eastern and the western – have been reassessed, and Avinor has upheld its recommendation that the eastern option is the best location for any third runway. This updated knowledge base will now be examined by the Ministry of Transport and Communications.

On 1 October 2018, work started on the extension project Expansion Non-Schengen East at Oslo Airport and work remains on schedule. The project consists of a building of about 30,000 square metres linked to the eastern end of the terminal. Construction work is scheduled for completion in 2022. The expansion will increase capacity to approximately 8 million passengers per year.

The Board has resolved that the ongoing feasibility project relating to the possible replacement of the baggage handling system in the old part of the Oslo Airport terminal should be expanded. This will also encompass the disconnection, dismantling and demolition of the facility. This will enable a cost saving for the entire baggage project, including operation and maintenance costs for the old facility, totalling NOK 700 million.

New Bodø airport

In connection with the closure of Bodø airbase and the Norwegian Armed Forces' subsequent disposal of state property, Bodø Municipality has taken the initiative to relocate Bodø Airport and free up plots of land close to the city centre for development. According to the National Transport Plan (NTP) 2018–2029, the government may contribute to funding the project along with Avinor and other local stakeholders.

The Ministry of Transport and Communications has tasked Avinor with the continued planning of the move with the aim of furthering a concession application. As a result, Avinor has prepared a feasibility study. The feasibility study, alongside the funding plans, will undergo external quality assurance in accordance with the state's quality assurance scheme for major state investment projects. Quality assurance will be carried out on behalf of the Ministry of Finance and the Ministry of Transport and Communications, and will be completed during the first half of 2021. This progress will enable the government to consider the project before the summer of 2021. The matter will then be presented to the Storting for a vote in the autumn of 2021 prior to its inclusion as a proposal in the state budget for 2022. Following completion of an external quality assurance process and Avinor's licence application, the Ministry of Transport and Communications will engage with the remainder of the decision making process.

Other airports

As a follow-up to Avinor's Northern Area Strategy and the NTP, there are plans being made for a new terminal at Tromsø Airport and the extension of the runway at Kirkenes Airport. In Tromsø, works will begin in the winter of 2021, while works have already begun in Kirkenes and are expected to be completed by the end of September 2021.

A study in relation to new major airport in Lofoten/Vesterålen has been submitted to the Ministry of Transport and Communications. The Ministry will make an overall assessment and submit a proposal in its report to the Storting on NTP 2022-2033 which will be prepared in the spring of 2021. The project's steering group recommends a new major airport at Leknes and a new road solution between Svolvær and Leknes.

On 27 May, Avinor received a letter of assignment from the Norwegian Ministry of Transport and Communications requesting that Avinor take over the ongoing process of constructing a new airport in Mo i Rana. In the letter of assignment, the Ministry requests that Avinor present a progress plan for the new airport at Mo i Rana, as well as an evaluation of PPP (Public-Private Partnership). The progress plan has been prepared with Avinor as the contractor responsible for the construction and operation of the new airport. The investment decision will be considered in the revised state budget in May 2021.

The Norwegian parliament has decided to establish an advanced base (QRA) for the Norwegian Armed Forces' new F-35 military fighter at Harstad/Narvik Airport, and for the base for surveillance aircraft (MPA) to be moved from Andøya air base to Harstad/Narvik. This means that the Norwegian Armed Forces must make a number of investments at the airport. The Norwegian Armed Forces' investments and future operational needs are demanding for the civilian part of the airport, and a successful establishment is contingent on close cooperation between the parties.

Andøya airbase is owned and run by the Norwegian Armed Forces and, according to the plans of the Norwegian Armed Forces, is scheduled for closure in mid-2022. However, the airport shall continue to operate to facilitate the development of the Andøya Space Center and Andøya Test Center. In addition, the Norwegian Armed Forces have indicated that there is a need for Andøya to serve as a base in the event of an emergency. This means that the size requirements are greater than those of civil aviation. There may be changes in the requirements of civil aviation through the development of Andøya, in particular through the establishment of a drone centre, satellite launch facilities, the expansion of Andenes fishing port, and a possible civilian aviation school.

In June 2019, Avinor published a choice-of-concept study (CCS) for airport solutions in Hammerfest. Its conclusion is not to recommend the construction of a new airport. With the measures that are already underway and the planned measures, the current airport will have sufficient capacity for the foreseeable future. The study is included in efforts relating to the NTP for 2022–2033.

Operations at Fagernes Airport formally came to an end on 1 July 2018 as no local operators had come forward to take over. In addition, the Norwegian parliament decided that Avinor is to maintain the technical and operational status of Fagernes Airport for up to three years after the closure, so that any takeover and reopening by local stakeholders is as smooth as possible. The state budget for 2020 determined that Avinor can sell Fagernes Airport by way of an open tender. Assessments were carried out in relation to the state aid regulations in dialogue with the Ministry and the ESA. This process was stopped due to the pandemic and is now under consideration by the Ministry.

AVINOR'S TASKS RELATING TO CORPORATE SOCIAL RESPONSIBILITY

Avinor undertakes a number of tasks on behalf of the Norwegian state that do not follow directly from its social obligation and which comparable airport and air navigation operators are not required to do. The tasks include announcement services for airports and airspace, simplified transfers at Oslo Airport (customs), studies for the Ministry of Transport and Communications, emergency preparedness for ambulance aircraft, activities related to defence operations, and various tasks related to air navigation services. These tasks cost the Group in the region of NOK 750 million per year. Avinor currently finances these costs in part through aviation fees and in part through commercial revenues.

AIR NAVIGATION SERVICES

Avinor's air navigation operations were separated into a separate subsidiary, Avinor Flysikring AS, (Avinor ANS) in 2014 in order to facilitate competition for tower services, establish a clear distinction between supplier and recipient in relation to air navigation services, and adapt the business in relation to pan-European requirements for streamlining the service. Avinor ANS is responsible for air traffic control services and critical infrastructure in Norwegian airspace, and provides services to both civilian and military aviation. The Ministry of Transport and Communications wishes to assess alternative ownership structures for the air navigation business, but has postponed this due to COVID-19.

POSTPONEMENT OF TENDER FOR TOWER SERVICES

While international en-route navigation services are primarily supplied by the state service provider within national airspace, competition has been introduced in several countries in respect of tower/flight control, approach and air navigation services. So far, Avinor AS has put tower services for Ålesund Airport and

Kristiansand Airport out to tender with the aim of continuing this process by putting tower and also air navigation services out to tender at several more airports in Norway. The ownership report allows Avinor ANS to participate in tenders for tower and approach services internationally.

In accordance with the framework conditions, Avinor ANS has established subsidiaries to tender in competitions where it is deemed appropriate from a commercial perspective.

INVESTMENT IN REMOTE TOWERS AND NEW ATM SYSTEM

Remote towers

In collaboration with Avinor ANS, Avinor AS has invested in and developed remote towers. On 19 October 2019, Røst Airport became the first to have its tower remotely operated from the Remote Tower Centre (RTC) based in Bodø. In 2020, tower operations at Vardø, Hasvik and Berlevåg were transferred to the centre in Bodø. In autumn 2020, Avinor AS formally assumed ownership of the Remote Towers programme, including the new RTC centre in Bodø. Avinor ANS is responsible for the operation of the air traffic control services at RTC both in terms of tower operations and technical services.

Fifteen of Avinor's airports have been selected in the first phase with the aim of introducing the concept at a further ten airports in the next phase. The goals around the introduction of remote towers are to provide better accessibility for airspace users, greater expertise in air traffic control services and to avoid making investments in solutions that are being phased out.

In the long term, the introduction of remote controlled technology services is forecast to deliver lower operating costs than traditional technology.

New technology in en-route navigation services

Avinor ANS is investing in new technology for en-route navigation services through partnerships with other European air navigation providers. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. Avinor ANS's en-route navigation services have one of the lowest unit rates in Western Europe. Negative traffic growth in 2020 and expected weak growth over the next five years, combined with high levels of investment as a result of the transition to a new ATM system, will put pressure on the unit rate. This means that gains from the new ATM system will not materialise until in the period 2025–2029, once the new system is in place.

COVID-19 and efficiency improvements

The COVID-19 pandemic had resulted in a significant downturn in traffic and a sharp reduction in revenues. The pan-European organisation for safety in air navigation, Eurocontrol, is responsible for collecting fees from airlines in respect of en-route navigation services. Due to the fall in revenues, Eurocontrol's member states implemented a temporary deferral of fees in 2020. Due to reductions in traffic, loss of revenues and cost-cutting requirements imposed by the authorities, Avinor ANS has implemented a cost-cutting programme during the course of 2020 titled "Profitable Air Navigation after COVID-19", which is aiming to reduce costs both temporarily and permanently in the range of NOK 137 million in 2020. In the spring of 2020, the company made a number of staff in administrative, operational and technical roles temporarily redundant.

Future framework conditions for en-route navigation services

The Single European Sky regulations stipulate requirements in relation to en-route navigation services through performance requirements for what is known as Reference Period 3 (RP3). The COVID-19 situation has resulted in a need for changes in the performance and fee regimes, and a supplementary scheme for RP3 was approved by the European Commission in November 2020. This includes mechanisms for ensuring that service providers' revenue losses for 2020 and 2021 are covered over a 5-7 year period in order to reduce the risk of major fluctuations in en-route navigation service fees. However, the impact on such fees as a result of the large fall in traffic is nevertheless significant. Avinor ANS is in turn seeking to cut costs in order to keep fees at the lowest levels possible. The company has additionally notified the authorities that airspace users are shielded from any increases in fees in future thanks to government funding/support schemes in order to assist with the rebuilding of the aviation sector.

The future framework conditions for the national performance plan have consequences for around 60 per cent of Avinor ANS's revenues and will also have an impact on the airlines.

FLIGHT SAFETY

The basis for Avinor's safety work is a comprehensive national and international regulatory framework. Norway complies with the international obligations set out in the EEA Agreement and ICAO's (the UN's International Civil Aviation Organization) recommendations. The Civil Aviation Authority implements provisions that Avinor is required to comply with based on these obligations. Avinor plays an active role in international efforts, such as in the development of new aviation-related regulations in Europe.

Avinor has defined an overarching safety goal which reads as follows: *No aviation accidents or serious personal injuries involving Avinor should occur.*

Avinor's safety work is based on this safety goal. This underpins all planning, organisation and implementation of all activities within Avinor.

At Avinor, all safety-critical working operations are subject to a company-wide management system, and we work systematically to monitor and continuously improve this system, including air navigation control. We audit airports' risk situations to ensure that measures can be implemented before anything happens. This is supported by a number of reports in which we monitor airports' performance and operational risk situations. These are used in local and central safety and quality meetings with the level of detail in the reports adapted accordingly.

Our safety work is tied to the strategic Group goal of *safe, secure, and efficient services*. Flight safety and risk management are constantly being worked with in order to ensure that Avinor's services are carried out and delivered at an acceptable or improved level of flight safety. This helps reduce the likelihood of injury and/or damage to property and critical infrastructure and reduce the impact should an incident occur. In order to maintain safe and stable operations during the pandemic, we have carried out risk analyses on a continuous basis in relation to situational changes.

DRONES

The unauthorised use of drones poses a potential risk of accidents and serious incidents. Avinor AS and Avinor ANS are putting substantial effort and resources into minimising this risk by, for example, raising awareness and competence and contributing to the drafting of relevant regulations and procedures, as well as working closely with the user environment, public authorities, and other service providers.

Avinor ANS has acquired a traffic management system, Unmanned Traffic Management (UTM), for drones that was implemented in 2020.

Avinor observes and records illegal drone activity and reports all unauthorised incidents involving drones at airports. Avinor is involved in national and European efforts to put in place regulations for the safe use of drones. New European regulations for drones came into effect on 1 January 2021 and will be applicable in Norway. Avinor has begun a process to investigate drone use at selected airports. This will help to identify the dangers and risks associated with drones. The project seeks to identify effective measures and draws on experience from other airports in Norway and internationally.

ACCESSIBILITY FOR ALL – UNIVERSAL DESIGN

In order for everyone to be able to travel and participate in all that society has to offer, travel to and from such offerings must be universal to all. This is why universal design is a vital premise underpinning Avinor's work.

Through a previous monitoring process pursuant to the Regulations on the universal design of airports and the rights of disabled people in relation to air transport of 16 July 2013, Avinor obtained an overview of the current situation which has formed the basis for further measures. Avinor's building stock, especially at local and regional airports, was largely built before universal design became a central concept. Consequently there is a substantial step up to meet current requirements. Based on the deviations found, building-related measures are being implemented as part of Avinor's maintenance programme. The maintenance programme launched in 2019 and continued its efforts during 2020. It will extend to 2025. Oslo Airport, as well as Bergen, Stavanger and Trondheim Airports are working on an ongoing basis to improve universal design for passengers through the implementation of changes – big and small – in their terminal buildings.

For new buildings and major redevelopments, Avinor applies building standards that meet, among other things, the requirements of universal design and which adhere to Technical Regulations and Norwegian Standard 11001. Emphasis is placed on co-operation with other transportation actors, as well as national and regional user forums such as the Norwegian Federation of Organisations of Disabled People (FFO), the Norwegian Association of the Disabled (NAD), and the Norwegian Association of the Blind.

Through standardised solutions, Avinor wants to help make its airports as predictable and readable as possible for all travellers.

Efforts are made to link our standards with international standards so that foreign passengers are also catered for.

Terminal design and boarding solutions are key to getting passengers on board aircraft effectively. There is an emphasis on universal design in connection with the development of new types of technical solutions, commercial requirements, and desired passenger flows. While passenger bridges will be adapted at large and medium-sized airports, ramps and electric stair climbers will work for smaller airports. This will enable everyone to board aircraft in a way that is adapted to them. Avinor's assistance service, combined with universal design, provides passengers with reduced mobility a safe framework in which to travel. This is a comprehensive offering from arrival at the airport until the individual in question is safely on board their aircraft, and it encompasses both booking and undertaking the trip.

INCREASED PUNCTUALITY AND REDUCED REGULARITY AS A RESULT OF THE COVID-19 PANDEMIC

Average punctuality for all Avinor airports in 2020 was 91.7 per cent, up from 84.4 per cent in 2019. Avinor's Group-wide targets for punctuality (departure within 15 minutes of scheduled departure) is 88 per cent. Achieving this target depends on the concerted efforts of the airports, airlines, and providers of airport-related services. The weather also plays a role. Climate change is presenting ever more challenging weather conditions. Reduced punctuality is also linked to traffic challenges in Europe as well as internal challenges among the operators within Avinor's network. Reduced traffic as a result of the COVID-19 pandemic led to increased punctuality in 2020.

For regularity – which measures the percentage of scheduled flights that actually operate – Avinor has a target of 98 per cent. In 2020, the rate of regularity for all the airports was 95.9 per cent, a fall from 97.6 per cent in 2019. The COVID-19 pandemic resulted in a strong increase in cancellations.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS

The risk of Avinor being the cause of or contributing to aviation accidents or serious aviation incidents should be at the lowest level practicable.

There were no aviation accidents with or without personal injury or serious aviation incidents in Norwegian aviation to which Avinor was a contributing party in 2020. Reporting in terms of flight safety has been good and maintained in relation to production during the pandemic, and the degree of severity of those aviation incidents reported has been lower.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS 2018–2020

	SERIOUS AVIATION INCIDENTS	AVIATION ACCIDENTS INVOLVING PERSONAL INJURY	AVIATION ACCIDENTS NOT INVOLVING PERSONAL INJURY
2020	0	0	0
2019	1	0	0
2018	0	0	0

Table 1: Serious aviation incidents, aviation accidents not involving personal injury, and aviation accidents involving personal injury where Avinor was a contributing party. The terms "serious aviation incident" and "aviation accident" follow the definitions in Regulation (EU) No. 996/2010.

AUDITS

Regular audits are carried out within both units and subject-specific areas as one of several measures to maintain a good safety culture and a high level of flight safety. The purpose of audits is to ensure regulatory and legal compliance, as well as ensuring optimal governance in respect of the company's targets. In addition, audits help to bring about improvements within the scope of Avinor's certifications.

An audit programme is established each year in accordance with regulatory provisions and is approved by the CEO. The audit programme incorporates the requirements of the Norwegian Aviation Act, the Norwegian Work Environment Act, the Norwegian Security Act, and the regulations associated with these. This is in addition to relevant ISO standards, as well as regulations and standards within the external environment. Internal audits, audits of operators at Avinor's airports, and audits of suppliers are also carried out.

Any discoveries made during internal and external audits are recorded as non-compliance in Avinor's non-compliance management system and are followed up by the party defined as the risk owner, contractor, or appointed contact person. Serious non-compliance (level 1), recurrent non-compliance, and trends from completed audits are reported directly to the CEO through the Central Safety Review Board (C-SRB).

In 2020, 25 out of 47 scheduled audits were carried out. Other audits in 2020 were cancelled or postponed until 2021 due to the COVID-19 pandemic.

In 2020, audit activity revealed one significant deviation (Level 1). This issue was remedied with immediate effect once the audit process identified it. Beyond this finding, there were no other serious issues of non-compliance (level 1) revealed in respect of laws, regulations, or Avinor's governing documents that reduces the level of or poses a risk to safety.

The 2020 audit programme did not reveal serious non-compliance (level 1) in respect of laws, regulations, or Avinor's governing documents that reduces the level of or poses a risk to safety.

SECURITY

In terms of security, the pandemic has – as has been the case across all other operating areas – reduced Avinor's investment capacity. Two significant projects have seen their dates for completion staggered. One of these projects related to the testing of new X-ray machines that make it possible for passengers to leave their laptops and liquids inside their hand baggage. This testing programme is currently on hold. Investment in such machines is so high that replacements cannot take place until Avinor's investment capacity returns to normal. The second project relates to new X-ray machines for checked baggage. Originally, there was a regulatory requirement that these would be installed prior to September 2022. Avinor has been working through ACI to secure a deferral on this project and the deadline for implementation was recently postponed until March 2024. The projects involving new a terminal at Tromsø and a new airport at Bodø have both emphasised the importance of access roads and general design elements reducing the threat posed by explosives transported in vehicles and reducing the damage caused by any gunfire in the terminal building (PLIVO).

PREPAREDNESS AND CRISIS MANAGEMENT

The pandemic has demanded significant resources in terms of safety and preparedness. As a result there have been no major changes made to the preparedness system or documentation in the past year beyond necessary revisions and adaptations in relation to threats and situation assessments provided in relevant threat assessments. Handling the pandemic has been tough, but Avinor has been able to maintain safe, stable operations despite facing major challenges. The organisation has emphasised the importance of maintaining an overview of safety, as well as its crisis management and preparedness capacity – in addition to dealing with the pandemic.

Avinor has built new premises for use in crisis management work. These rooms have been built according to the best practises in crisis management and will improve the utility of Avinor's crisis team. At an operational level, the team meets monthly and participates in exercises as well as dealing with real events.

The CEO established the Corona Task Force (CTF) in order to coordinate, control and lead crisis management efforts across the Group in consultation with relevant stakeholders. This work has demanded significant resources from across the Group.

During the course of the first quarter of 2021, Avinor will finalise the establishment of its communications capacity at a SECRET level. This has become increasing relevant in recent years and will enable the Group to establish a more rapid, accurate situational awareness: This will reinforce Avinor's management of its own crises, while improving its contribution to the nation's overall preparedness.

Our liaisons with the Norwegian Armed Forces' Joint Headquarters has over the years enabled us to maintain levels of expertise in relation to the headquarters in several regards. Our partnership with the Norwegian Armed Forces is expected to be further strengthened and is a priority as part of the Group's preparedness work.

GENERAL DEFENCE

Avinor continues to play an active role in general defence through its ongoing co-operation with, among others, the Norwegian Joint Headquarters, the defence staff, the Royal Norwegian Air Force, the Norwegian Directorate for Civil Protection, and other key civilian stakeholders. The CEO has been an active contributor to the Central General Defence Forum and Avinor has contributed to a range of applicable professional forums in cooperation with the Norwegian Armed Forces and other general defence stakeholders. The planned participation in Exercise Gram 2020 at Joint Headquarters were significantly reduced as a result of COVID-19.

HUMAN TRAFFICKING

Avinor has no proprietary systems for reporting human trafficking. Such incidents are recorded in a crime case management system and are processed by the relevant authorities, such as the police and customs. These are in place at Avinor's largest airports, and the airports are reporting good co-operation. Avinor encourages all employees to report situations which are unclear and in which they suspect that human trafficking is taking place.

INNOVATION AND R&D

As a result of the pandemic, Avinor has seen a far lower number of new activities initiated in relation to research and development in 2020. At the same time, the situation has emphasised the need to continue working actively in this area. Avinor has consequently revised its innovation strategy.

In order to ensure sustainable value creation and a competitive company, Avinor will work to find new climate-friendly solutions and new business opportunities. The use of open innovation processes and external partnerships will help to secure better solutions across these various projects.

The Group has several collaborative projects in place at both a national and international level. Internationally, the biggest projects are related to Single European Sky ATM Research (SESAR) in the areas of Air Traffic Management and Total Airport Management. As a result of this, an Airport Operations Centre (APOC) is currently being established at Oslo Airport. Internationally, we collaborate with many other airports and with SINTEF (Norway's largest independent research institution). As part of Avinor's efforts to address climate change, it is exploring a range of opportunities for new projects in the areas of sustainability and climate over the coming years.

Nationally, Avinor's contributions to Elnett21 "Smarter Transport Bodø" and the development of sustainable biofuel for aviation have continued. These are projects involving widespread cooperation with county municipalities, municipalities and industry stakeholders.

At the same time, Avinor has several ongoing projects related to more efficient airport operations, the environment, IT and digitalisation. One example that merits discussion are the opportunities for more autonomous solutions in relation to baggage handling which are being evaluated in relation to the replacement of parts of Oslo Airport's baggage handling system. Another instance is the use of autonomous sensors and drones currently being tested at Kristiansand Airport.

Avinor must be a driving force behind efforts relating to the challenges faced by aviation in the field of climate and the environment

Avinor has concrete and long-term goals to address the four biggest environmental challenges of operating airports: climate, energy, noise, and emissions into water and ground.

Effective and systematic environmental management is needed to manage these challenges. Centralised environmental management and airport operations are certified in accordance with the ISO 14001:2015 standard. In 2019, the certification company RISE Research Institutes of Sweden conducted a certification audit in which Avinor was re-certified for another three-year period.

GREENHOUSE GAS EMISSIONS

By 2022, Avinor must halve its total controllable greenhouse gas emissions as compared with 2012 and help to reduce emissions from ground transport and air traffic. Furthermore, Avinor's goal is to ensure that its own activities (airport operations) are fossil-free by 2030.

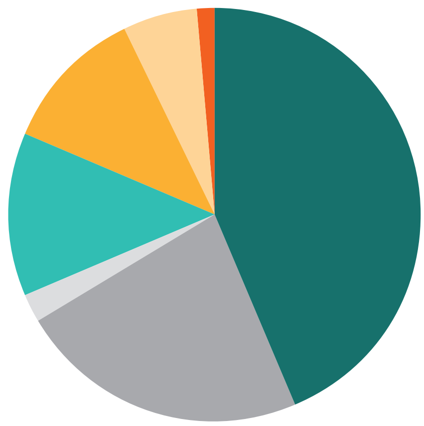
The largest aviation-related greenhouse gas emissions come from air traffic itself, followed by passenger and staff transportation to and from the airport (ground transport) and finally emissions linked to airport operations.

Greenhouse gas emissions from airport operations

Since 2007, Avinor has prepared climate accounts in accordance with The Greenhouse Gas Protocol and works on an ongoing basis to reduce greenhouse gas emissions from its own operations. Avinor purchases annual greenhouse gas emissions quotas to offset any remaining greenhouse gas emissions.

In 2020, Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 9,100 tonnes of CO_2 equivalents. This means that Avinor's 2020 greenhouse gas emissions have been reduced by approximately 40 per cent compared with those for 2012. Much of this reduction can be ascribed to the decline in operations/activity due to the COVID-19 pandemic.

Avinor's largest source of emissions is the consumption of fuel for its own vehicles, followed by business travel and energy consumption. Svalbard Airport stands out in particular in the climate accounts since the airport's heating and most of its electricity are provided by a coal-fired power plant. Other sources of among the Group's own controllable emissions include the discharge of chemicals for runway de-icing and fuel for use in firefighting exercises.



Greenhouse gas emissions from Avinor's own operations in 2019. In line with the usual calculation methods in Norway, Avinor assumes that greenhouse gas emissions from advanced biodiesel/biofuel oil are counted as zero.

Emissions from Avinor's operations depend heavily on the weather in the winter, which defines the need for snow ploughing, heating, and the use of de-icing chemicals. Weather conditions in 2020 as well as operational changes instigated as a result of COVID-19 led to a lower level of fuel consumption in 2020 when compared with the figure for an average year.

An important measure in reducing greenhouse gas emissions from Avinor's own operations is the introduction of advanced biodiesel, since almost half of Avinor's greenhouse gas emissions come from its fleet of vehicles. Advanced biodiesel is used in vehicles that cannot be easily electrified, such as snow blowers and sweepers. Avinor only applies advanced biodiesel. This does not contain palm oil or palm oil products, and conforms to the EU's sustainability criteria. In line with the usual calculation methods in Norway, Avinor assumes that greenhouse gas emissions from advanced biodiesel/biofuel oil are zero. A new region-based agreement for the supply of advanced biodiesel will take effect from Q3 2021 and will simplify the deliveries to several of Avinor's airports. In 2020, consumption of advanced biodiesel within Avinor represented approximately 30 per cent of total consumption. Oslo Airport achieved a mixing proportion amounting to 93 per cent in 2020. Furthermore, advanced biodiesel was used at the following airports: Trondheim, Bergen, Ålesund, and Molde.

When Avinor procures vehicles, an assessment will always be made as to whether a vehicle with an internal combustion engine can be replaced by an electric vehicle or an alternative technology that uses renewable energy sources. Regardless of the type of machinery being procured, bidders are invited to submit proposals that will reduce Avinor's greenhouse gas emissions deriving from its own fleet of vehicles.

On 18 August 2020, eight electric buses were delivered to Avinor Oslo Airport. These electric buses will be used within the airport to transport passengers between the terminal and aircraft on remote stands. The electric buses were supplied by VDL, while the associated infrastructure was supplied by Heliox. Depot charging facilities have been established for the buses to use at night, while they are able to fast charge using pantographs while operating during the day. The project received support from Enova and the new, electric buses replaced eight fossil-fuel based buses. In 2020, Avinor purchased 17 new administrative vehicles, both large and small, of which 10 were electric and 7 were hybrids. The main reason why fossil-fuel based vehicles continue to be purchased is due to the lack of available suitable electric vehicles that can tow heavy trailers. In order for Avinor to further accelerate the phasing in of electric vehicles, electric cars must reach the market that offer a combination of four-wheel drive and spacious boots, in addition to electric minibuses (able to carry up to 8+1 passengers). Enova's funding of the purchase of electric vans has helped to increase the proportion of electric goods vehicles within Avinor.

In order to reduce greenhouse gas emissions within Avinor, it is also necessary to transition to renewable energy in Avinor's building stock. Measures for reducing energy consumption at Avinor's airports are discussed in the section on energy.

Avinor wishes to contribute to a more environmentally friendly energy solution on Svalbard, and has in recent years established solar panels (2015–2019) and two small wind turbines at the airport. Svalbard Airport is working on a future CO_2 neutral energy solution for the airport. A feasibility study is currently taking place that will recommend energy carriers for two new buildings at the airport that are intended to be self-sufficient through the use of electrical and thermal energy. This concept evaluation is supported by Enova and work will continue throughout 2021.

Stavanger Airport is one of Avinor's few airports to have its own high voltage system and which uses the potent greenhouse gas SF6. In 2020, the airport replaced this SF6 facility in favour of a vacuum system (high voltage protection) which will prevent the airport from making large emissions in future. If 1 kg SF6 is emitted this corresponds to 22 tonnes of CO_2.

The use of runway de-icing chemicals is included in Avinor's climate accounts because the chemicals are made from fossil carbon sources and therefore greenhouse gas emissions are calculated based on their degradation. Climate change has resulted in the increased use of runway de-icing chemicals in recent years. Avinor wishes to phase in the use of runway de-icing chemicals made from non-carbon-based fossil fuel sources. These are currently under development and must fulfil all other requirements stipulated by Avinor in relation to runway de-icing chemicals before they can be deployed.

In 2020, a plan was drawn up for how Avinor will fulfil its goal of fossil-fuel free airport operations by 2030. The proposed measures are due to be examined further and revised on an ongoing basis – at a minimum annually. Technological development is of great significance to the selection of the final solution for the various sources of emissions.

Airport Carbon Accreditation (ACA) is an industry organisation that airport operators can be accredited by. ACA is managed by ACI, of which Avinor is a member. Airports participating in the scheme must set binding targets for reducing greenhouse gas emissions, prepare detailed climate accounts, and adopt action plans. In 2020, around 330 airports were part of the scheme. This means that around 45 per cent of global passenger traffic passes through ACA-accredited airports. Within Avinor, Oslo Airport, Trondheim Airport, Værnes, and Kristiansand Airport have been accredited in the scheme since its inception in 2009. Both Stavanger Airport, Sola, and Bergen Airport, Flesland, have participated in the scheme since 2014. The four largest Avinor airports are accredited at the Neutrality level.

GREENHOUSE GAS EMISSIONS FROM TRAVEL TO AND FROM AIRPORTS

In order to boost the range of services to passengers, reduce greenhouse gas emissions, and improve local air quality, Avinor wants to be a driving force behind enabling as many journeys as possible to and from the airports to be made by public transport. The challenges relating to ground transport have to do with both the transport network and the modes of transport. Settlement patterns in the airports' areas of operation also mean that it is not possible to offer a full range of public transport to everyone. Avinor's largest airports have consistently higher shares of public transport use than other airports in Europe, and Oslo Airport has among the world's highest share of public transport use.

Most measures for increasing the use of public transport fall outside of Avinor's areas of responsibility and require co-operation with a number of other stakeholders. Avinor's most important contribution is to provide infrastructure at its airports and useful information about services to passengers.

Not everyone can use public transport to travel to the airports. It has therefore been important for Avinor to facilitate the charging of electric vehicles in Avinor's parking areas, so that those who have to drive can do so with the lowest possible greenhouse gas emissions. This work has been happening since 2014, and almost 1300 charging points have now been established. Avinor is the world's largest airport operator with charging for electric cars. At several airports, for example at Bergen Airport, charging points/ fast charging for taxis has also been implemented.

	SHARE OF PUBLIC TRANSPORT			
AIRPORT	2009	2018	2019	TARGET2020	TAXI2019
Oslo	64	71	72	70	4
Stavanger	14	22	21	30	24
Bergen	27	46	53	50	12
Trondheim	42	45	48	50	13

Table 2. Source: Air passenger surveys (RVU) 2019.

For some time, Avinor has been working towards its 2020 goals for public transport in terms of its ground transportation. Due to the pandemic, including reductions in air traffic and the authorities' recommendation to avoid public transport, it is not appropriate to compare 2020 with the preceding year. However, it should be noted that the 2020 goals were achieved in 2019 for the vast majority of airports (see table 2) and that in 2021 Avinor will assess future public transport goals.

GREENHOUSE GAS EMISSIONS FROM AIR TRAFFIC

Since 2007, Avinor has co-operated with the Norwegian aviation industry to facilitate a reduction in greenhouse gas emissions from air traffic. October saw the publication of the fourth report on "Aviation in Norway – Sustainability and Social Benefit".[1] The report outlines emissions-reducing measures and comparing the effect of these with expected traffic development. For the first time, SAS, Widerøe, Norwegian, Avinor, LO and the Federation of Norwegian Aviation Industries (NHO Luftfart) have worked together to set a common emissions target, and a roadmap to achieve the goal of Norwegian aviation being fossil-free by 2050. This means that from 2050, on scheduled flights in and from Norway, fossil fuels will not be used.

The most important emissions-reducing measures for aviation are related to fleet renewal, airspace efficiency improvements, sustainable biofuel, and the introduction of electric and hybrid-electric aircraft. Additionally, hydrogen as an energy carrier in aviation has now been realised.

According to Statistics Norway, greenhouse gas emissions from all domestic civil aviation in 2019 (most recent official figures) corresponded to 2.2 per cent of total domestic emissions (1.1 million tonnes out of a total of 50.3 tonnes of CO_2 equivalents). It is these emissions which are covered by the Kyoto Protocol and which are reported in Statistics Norway's statistics on greenhouse gas emissions from Norwegian territory. This principle is used in all countries.

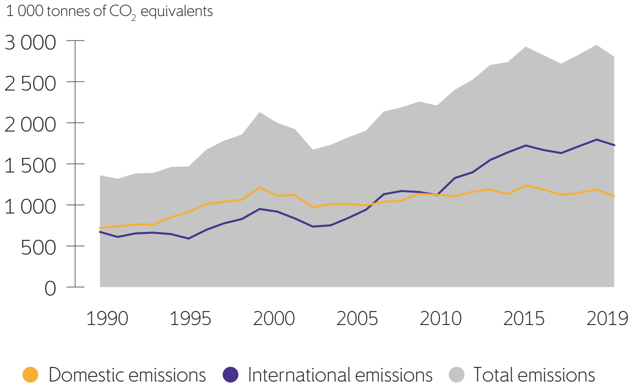
Greenhouse gas emissions from international traffic, i.e. from Norwegian airports with the first destination abroad, amounted to 1.7 million tonnes of CO_2 equivalents in 2019. These emissions are reported annually by the Norwegian Environment Agency to the United Nations Framework Convention on Climate Change (UNFCCC).[2]

Total greenhouse gas emissions from all jet fuel for civil purposes sold at Norwegian airports in 2019 (most recent official figures) equate to just over 5.5 per cent of Norway's total emissions, amounting to 2.8 million tonnes of CO_2 equivalents. According to Statistics Norway, in 2019 there was a reduction in the emissions from both domestic and international traffic when compared with 2018. Overall, there was a total reduction in emissions amounting to 5 per cent compared with 2018.

In 2019, CO_2 emissions from all civil aviation globally amounted t o 914 million tonnes according to the IATA,[3] or about 2.5 per cent of total global CO_2 emissions (38 billion tonnes4) in that year.

In addition, some of these emissions occur at high altitudes. Based on recent research findings and using the same methodology applied in schemes such as the EU Emissions Trading System (GWP and a 100-year horizon), the additional factor is calculated to be 1.7. Shorter time horizons and alternative methods of calculation give both higher and lower multipliers, from 1.0 to 4.0.[5]

GREENHOUSE GAS EMISSIONS FROM NORWEGIAN AVIATION 1990–2019



New energy-efficient aircraft

Since passenger aircraft with jet engines were first used in the 1950s, emissions per passenger kilometre has reduced by 80 per cent. Aircraft manufacturers are developing brand new and more energy-efficient aircraft, but are also conducting extensive measures on existing models to reduce fuel consumption and greenhouse gas emissions. The Norwegian airlines continue to work on energy efficiency and the continuous renewal of their fleets.

More energy-efficient engines, improved aerodynamics, lower weight, and more seats mean that the Airbus A320 NEO aircraft, for example, which SAS and Norwegian are now phasing in, have around 15 per cent lower emissions per seat-kilometre than the aircraft they replace.

Emissions per passenger kilometre have more than halved in the last 20 years.

1) This report is available at avinor.no.
2) Note that Statistics Norway has adopted a new model for calculating greenhouse gas emissions from aviation, and that the figures stated differ somewhat from previous years.
3) Source: https://www.iata.org/en/iata-repository/publications/economic-reports/airline-industry-economic-performance-june-2020-data-tables/
4) Source: https://edgar.jrc.ec.europa.eu/booklet2020/Fossil_CO2_emissions_of_all_world_countries_booklet_2020report.pdf
5) Source: CICERO. Read more about this in Chapter 10.2 "Sustainability and Social Benefit. Report 4".

Airspace efficiency improvements

Avinor Air Navigation Services, the airlines and the Norwegian Civil Aviation Authority are continuously working on measures in the airspace that reduce aircraft fuel consumption and greenhouse gas emissions.

Approach and takeoff procedures are optimised and designed to enable continuous climbs and descents. Electronic aids for efficient air traffic management and information sharing (Collaborative Decision Making) are important tools and are constantly being developed. The transition from ground-based navigation to the use of satellites (Performance Based Navigation – PBN) gives shorter and more direct route guides as well as more energy-efficient approaches and takeoffs.

Norway, Sweden, Denmark, Finland, Latvia and Estonia introduced "Free Route Airspace" in 2016. This is an approach to organising airspace that means airlines no longer follow predefined routes, but can fly the most optimal route (three-dimensional trajectories). This reduces both fuel consumption and greenhouse gas emissions.

Sustainable jet fuels

Biofuel was certified for use in civil aviation in 2009. Since then, several thousand scheduled civilian flights have been carried out using blended biofuels, and the development of various technologies for the production of biofuels has picked up pace. A major advantage of biofuels is that they can be blended directly into fossil-based aviation fuel and do not require adaptations to either aircraft engines or distribution systems. According to both the industry and the International Civil Aviation Organization, the introduction of biofuels for aviation is considered to be a very important measure in reducing greenhouse gas emissions from aviation.

The first flights using blended jet biofuel in Norway were conducted by SAS and Norwegian in November 2014. In January 2016, Oslo Airport – in collaboration with AirBP, Neste, SkyNRG, Lufthansa Group, KLM, and SAS – became the first international airport in the world to mix biofuel in the regular fuel supply system and to offer biofuel to all airlines refuelling there.

From 2020, it is a requirement that 0.5 per cent of all aviation fuel sold in Norway must be biofuel (with the exception of the Norwegian Armed Forces). Norway is the first country in the world to introduce such a requirement. The biofuel must be advanced, i.e. made from waste and residues. The Norwegian parliament has adopted a target that 30 per cent of aviation fuel sold in Norway in 2030 must be advanced biofuel.

Avinor is working with environmental organisations, industry stakeholders, and research institutes with a view to producing jet biofuel for aviation in Norway. In addition, Avinor has set aside up to NOK 100 million for a ten-year period (2013–2022) for measures and projects contributing to the introduction of jet biofuel in Norwegian aviation.

Together with airlines and the Federation of Norwegian Aviation Industries (NHO Luftfart), Avinor has explored the potential for establishing the large-scale production of biofuels for aviation using biomass from the Norwegian forestry industry. The conclusion is that waste products and side-streams from forestry could provide enough biomass for up to 30 per cent of the fuel requirements of Norwegian aviation.

Plans are also being made both in Norway and internationally to produce sustainable fuel from resources other than biomass. Recently, attention around so-called electrofuels (e-fuels) has increased significantly. Relatively large amounts of electrical power are used to produce hydrogen through the use of electrolysis, and the hydrogen is then connected to CO_2 in a process where the final product generated is a synthetic fuel.

The large-scale Norwegian production of sustainable fuel for aviation and heavy road transport may be crucial in achieving Norwegian climate targets, but this depends on predictable long-term conditions that do not reduce the competitiveness of Norwegian aviation.

IN 2020, Avinor joined forces with Norwegian, SAS, Widerøe, the Norwegian Confederation of Trade Unions (LO) and the Federation of Norwegian Aviation Industries (NHO Luftfart) to prepare the report "Aviation in Norway – Sustainability and Social Benefit". This was the fourth time that such a report was published, and the first time that the Norwegian aviation industry launched a common roadmap towards fossil-fuel-free aviation.
The roadmap is based on the initiative to develop a programme for the production and increased phasing in of sustainable fuels (advanced biofuels and e-fuels). In 2021, Avinor will presents its proposals for a programme of this kind in collaboration with the above stakeholders.

Electrification of aviation

One of the likely measures for reducing greenhouse gas emissions is the electrification of every aspect of aviation, including the operation of infrastructure such as buildings and facilities, motorised transportation at airports, and air traffic itself.
Norway is in a unique position to utilise electrified aircraft, thanks to its established short-leg market using small aircraft, considerable experience, great interest in transport electrification, and almost 100 per cent renewable electricity.

Electrified aircraft refer to aircraft which have one or more electric engines for propulsion in the air. The electricity that powers the engines can be derived from different sources including batteries, hybrid solutions or fuel cells.

Based on the information Avinor has obtained from aircraft manufacturers, a realistic expectation is that the first electrified aircraft could enter the testing and development phase in domestic passenger service in Norway by around 2025, before entering scheduled service by around 2030.

Avinor's vision is to electrify domestic air traffic in Norway by 2040. The company has a responsibility to facilitate this development, especially with regard to charging capacity at our airports. In 2020, Avinor surveyed its current and future electrical capacity with regard to charging electrified aircraft at the company's airports. This survey will be followed up on and repeated in future.
Avinor is involved in the Enova-supported project Elnett21 in Stavanger. Elnett21 aims to facilitate zero-emission, electrical

transportation through increasing local energy production, testing solutions for the storage and distribution of power and smart controls for energy that ensure optimised use of existing grids.

In March 2020, the Norwegian Civil Aviation Authority and Avinor completed an assignment handed to them by the Norwegian Ministry of Transport and Communications by submitting their report "Proposals for a Programme for the Introduction of Electrified Aircraft in Commercial Aviation" to Secretary of State Knut Arild Hareide. Avinor also participated in the European high-level group on zero emission aviation headed up by the EASA and the Norwegian Civil Aviation Authority.

Avinor's commitment to the electrification of aviation has attracted considerable national and international attention. Several aircraft manufacturers regard Norway as a relevant market for the first electrified passenger aircraft, which are expected to be small and have limited range.

Hydrogen as an energy carrier

Awareness of hydrogen as an energy carrier and the possible use of hydrogen in aviation has been increasing in recent years. Hydrogen can be produced through electrolysis or reforming, for example, natural gas. If the electricity used in electrolysis comes from renewable energy, the production and combustion of hydrogen has no direct greenhouse gas emissions.
Hydrogen is a useful energy carrier, and can help to reduce greenhouse gas emissions from aviation in several ways:

- In connection with the production of biofuel (hydrogenation)
- As an input factor in the production of e-fuels
- By direct combustion in custom jet engines
- In a system with fuel cells and electric engines

Furthermore, in the future, hydrogen may play an important role at airports, for example in reserve power applications, or as an energy carrier in heavier vehicles.

Hydrogen can be used to produce fuel that can replace today's fossil fuels, and can be used in existing aircraft and infrastructure. Hydrogen is already in used in some contexts today to "enrich" biofuels to satisfy the requirements set for jet biofuels. Furthermore, the term "electrofuels" is derived from the use of hydrogen from electrolysis together with carbon from another source to produce synthetic fuel. A more radical application of hydrogen is in a fuel cell or by means of direct combustion. If hydrogen is used in fuel cells to produce electricity for an electric aircraft engine, it falls within the definition we have used for an "electrified aircraft". The American start-up ZeroAvia is developing an aircraft powered by fuel cells, and Airbus is also examining this possibility too. It is also possible to burn hydrogen directly in a jet engine, as other operators such as NASA used to do previously. In September 2020, Airbus presented their Airbus ZEROe project, with the goal of having zero-emissions aircraft on the market by 2035, in a concept with hydrogen as the energy carrier. The plans are very ambitious, and it has been signalled that the first test flights will take place as early as 2023.

Norwegian aviation will closely follow the development of hydrogen as an energy carrier for use in aviation in the years to come, and Avinor will facilitate the supply of hydrogen at its airports as needed.

CO_2 DUTY AND EMISSIONS TRADING

Norwegian aviation is subject to several political measures that are directly or indirectly climate-motivated, and Norway is probably the country in the world that has implemented the most measures for aviation.

Since 2012, civil aviation has been part of the EU's emission trading system, in line with the energy and industry sectors. Around 75 per cent of the flights and 90 per cent of the emissions in and from Norway are covered by the EU Emissions Trading System. The EU's goal is that emissions in sectors subject to quotas be 43 per cent lower in 2030 than in 2005, and discussions are under way about whether to increase this goal to 55 per cent. The prices have fluctuated considerably in recent years. In 2020, prices spent most of the year fluctuating between 25 and 30 euros per tonne. The EU is expected to reduce the scope of available allowances in the lead-up to 2030 to ensure that targets are achieved. This will increase quota prices and, in the longer term, result in higher costs for Norwegian aviation.

Norway is one of the few countries in the world to impose a CO_2 duty on domestic aviation. In 2020, this amounted to NOK 1.39 per litre of jet fuel, or around NOK 545 per tonne of CO_2. In accordance with international agreements, a CO_2 duty cannot be imposed on international traffic.

A passenger duty was introduced for all departures from Norwegian airports on 1 June 2016. In 2019, this was set at NOK 200 for trips outside Europe and NOK 75 for trips within Europe, while in 2020 it was temporarily suspended due to the COVID-19 pandemic.

The UN's International Civil Aviation Organisation (ICAO) has set a target of carbon-neutral growth in international aviation from 2020. At the ICAO general meeting in October 2016, it was agreed to introduce a quota system for greenhouse gas emissions from international aviation, which, along with other measures, will help to reach the target. The first six-year phase of the mechanism through to 2021 will be voluntary for participating states. So far, 88 governments, including Norway, have voluntarily participated in this phase. Air traffic between these states accounts for around 77 per cent of international air traffic.

CLIMATE ADAPTATION

The planet's climate is in a state of change. In Norway, it is expected that climate change will result in a warmer, more volatile, and wetter climate with wide regional and local variations. The climate of the future must therefore be taken into account in the infrastructure projects of both today and tomorrow. The inability to make adaptations to infrastructure may have physical and economic consequences.

Since 2001, Avinor has assessed the impact of climate change on its own operations through its efforts relating to the National Transport Plan. Avinor's climate adaptation efforts also extend to co-operation with the ICAO, Airport Council International (ACI), and the directorate group for climate adaptation under the auspices of the Norwegian Environment Agency. Avinor is also involved in Klima2050, a centre for research-based innovation run by SINTEF, and is contributing with pilot projects in, for example, the improved filtration of run-off from runways, improved building details and adapted maintenance regimes.

Climate adaptation must be implemented from more angles. With its large building stock and other infrastructure, Avinor has a significant need to equip these to respond to the issue of climate change. This includes securing areas facing rising sea levels, flooding and handling storm water, while also dealing with the impact of increased precipitation and wind on the building stock itself. It is frequently the combination of heavy precipitation and strong winds that causes damage and water penetration into façades and roof spaces. Thus, Avinor's maintenance programme will continue to implement measures addressing climate change going forward.

A range of measures to reduce vulnerability to climate change have been implemented, including the establishment of new design criteria for critical infrastructure. Avinor will continue this work. Avinor has also conducted its own risk and vulnerability analyses, which will be updated in 2021. For Avinor, it is important to identify areas where there is significant change and how to respond to these with measures that can be added to the maintenance programme and infrastructure projects.

New development projects must be planned based on future scenarios relating to climate change. Standards have been set throughout Avinor in relation to building requirements to ensure that all development projects are planned and delivered to meet the future expectations around the impact of the climate. In this regard, our partnership with research institutions is essential.

For an airport, daily operations and infrastructure must be adapted to meet the challenges posed by increased precipitation in the form of rain and snow, torrential rain and more frequent fluctuations in temperature around the freezing mark. This is likely to lead to increased consumption of runway de-icing chemicals and aircraft de-icing chemicals, which may pose a hazard to reduced regularity and lead to breaches of airports' discharge permits. The use of chemicals at each individual airport must therefore be closely monitored and assessed against the requirements stipulated in the discharge permit and the data from environmental monitoring programmes. If necessary, new infrastructure must be established in relation to water and drainage systems, as well as de-icing platforms, in order to ensure that airports are able to operate within the limits set out in the requirements contained in the discharge permits and in order to avoid an unacceptable impact on the environment.

Avinor is experiencing increased interest from the financial markets in relation to sustainable development, and financial institutions are focused on what may happen in relation to climate change, which can in turn have an impact on the company's solvency. Internationally, the EU has six environmental goals in place, of which one relates to climate adaptation. Avinor is now exploring how to disseminate details of measures and adaptations made in light of climate change by the company to a wider audience in order to respond to this increase in interest.

USE OF CHEMICALS

The risk of water and ground contamination when operating airports is primarily related to aircraft de-icing, runway de-icing, fire fighting training and the risk of fuel leaks, as well as acute discharges as a result of unwanted incidents.

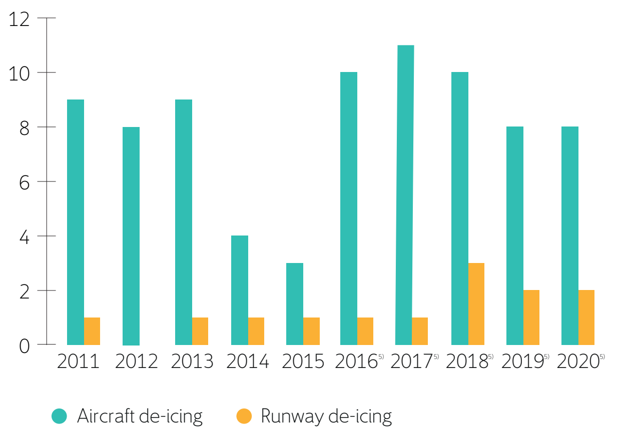
DISCHARGE PERMITS

We are prohibited from contaminating the environment by the Pollution Control Act. Nevertheless, county governors grant us permission by means of discharge permits to use chemicals, but these must not have a negative impact on the environment. County governors can establish conditions for the use of chemicals.

ENVIRONMENTAL MONITORING

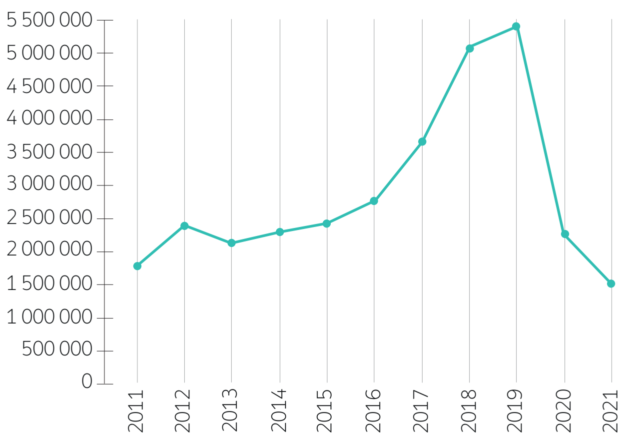
Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality. In order to document that we are within these environmental targets and to satisfy the requirements stipulated in discharge permits, environmental monitoring is instituted.

AIRPORTS BREACHING TERMS APPLICABLE TO AIRCRAFT AND RUNWAY DE-ICING



CONSUMPTION OF AVIATION DE-ICING CHEMICALS

Number of litres converted to 100 % glycol



5) For OSL, the stoppage is due to aircraft and/or runway de-icing (recipient-based permission).

WATER AND GROUND

Avinor's environmental target for the water and ground for the period 2016 to 2020 was for no new ground contamination or worsening of water quality may occur at any of its airports. For the next 5-year period, this target will remain in place but will also include a requirement to reduce discharges of certain, prioritised substances.

Airport operations involve the use of various chemicals that may result in discharge. Avinor's commitment to sustainability includes constantly seeking to reduce chemical use and discharge, sourcing the most environmentally appropriate alternatives, and monitoring discharge and the impact of airport operations on the surrounding environment. De-icing chemicals are used to reduce levels of ice and snow on aircraft and runways thus ensuring conditions remain within the mandatory safety limits. The discharge of such chemicals may be detrimental if the tolerance levels of the water and ground, and their natural decomposition capacity, are exceeded. A contamination situation or deterioration of water quality may then occur. The use of chemicals also has an impact on costs, which is why Avinor is working actively to reduce the use and discharge of chemicals.

All of Avinor's airports have their own discharge permits, pursuant to the Norwegian Pollution Control Act. These are based on assessments of natural tolerance levels for each airport up to the required level of chemical use in order to operate the airport properly. The discharge permits regulate things such as the amount of de-icing chemicals and chemicals for firefighting exercises that can be used and how much may be discharged. The permits may also require additional investigation and the establishment of technical facilities, if the discharges have an impact on the environment. Its purpose is to safeguard water quality in the recipients and the natural ecological, biological, and chemical conditions. Airports' environmental risk analyses will also set out the greatest risks and how any necessary measures should be implemented.

In recent winters, Avinor's use of de-icing chemicals has increased. has generally increased. The primary reason for this is more challenging weather conditions. Increased traffic and changed routes may also require an increased use of chemicals. However, in 2020 air traffic declined markedly as a result of the COVID-19 pandemic, which also meant the overall use of de-icing chemicals also fell. It is anticipated that the use of chemicals will remain at reduced levels for some time to come as a consequence of reductions in traffic.

During the course of 2020, there was a breach of aircraft de-icing conditions at 7 airports, while there was a breach of runway de-icing conditions at 1 airport. All these airports are located in Northern Norway which experienced a highly unusual winter in many areas. The pollution authorities are notified of the situation in all circumstances where limits are exceeded. At most airports, no environmental impact due to this use was detected, although the contamination situation at Tromsø Airport remains unchanged. Works to extend discharge pipelines began in 2020 and the contamination situation will be improved significantly upon completion of the works in the first half of 2021. Additionally, the feasibility project for a new de-icing platform has begun and is scheduled for completion in 2025. Measures relating to both discharge pipelines and the de-icing platform are stipulated as requirements in the airport's discharge permit.

In 2020, Avinor received new or amended discharge permits for the airports in Vadsø, Trondheim and Røros. Considerable terrain work was conducted at several of Avinor's airports in 2020. There is considerable emphasis on potential ground contamination, and a number of samples have been taken to determine the correct processing methods for excavated earth. The handling of PFAS-contaminated earth is a particular cost driver in projects. Pollution is also the subject of fundamental evaluation when developing master plans for airports, as pollution may lead to the bonding of certain areas. Liability related to old and new contamination is also being addressed in the preparation of new lease contracts and upon closure of any airport. Airports' discharge permits include requirements for areas to be returned to an environmentally satisfactory condition.

PFAS

Until 2012, Avinor used various types of per- and polyfluoroalkyl substances (PFAS) in fire-extinguishing foam in its firefighting exercise areas. The use of this form of firefighting foam was phased out well before this was imposed by the environmental authorities. The most common compound, PFOS, was already phased out in 2001. Since it has been documented that several PFAS compounds are toxic and heavily biodegradable, Avinor has switched to fluorine-free fire-extinguishing foam. However, several years of using fluorinated fire-extinguishing foam has led to ground contamination in several of Avinor's active and decommissioned firefighting exercise areas, as well as in other areas used for exercises in the past. This contamination means that some types of PFAS are still leaking out into the natural environments around the airports. Avinor has been working on this issue for several years (see the figure above) and is keen to take responsibility for the contamination caused by airport operations, although this must be proportionate from a socio-economic cost/benefit perspective.

The framework conditions for the human intake of PFOS were once again amended in December 2020 following the assessments of the European Food Safety Authority (EFSA). There is now a group of four PFAS which are being jointly assessed, and the value for tolerated intake has been further reduced in comparison with the PFOS assessments in 2018. This led to the Norwegian Food Safety Authority preparing general guidance against the consumption of freshwater fish sourced from locations in proximity to Norwegian airports. A warning has also been issued against the consumption of water from natural sources in proximity to airport, which is published online at matportalen.no.

In May 2020, Avinor was subject to an order issued by the Norwegian Environment Agency in relation to our PFAS-contaminated sites. This order was a follow-up to the reports published by the Norwegian Environment Agency in 2019. These set out requirements for supplementary surveys of five airports during 2020, five airports in 2021 and a further 16 contaminated fire training sites over the period 2022–2024. The order also stipulates requirements pertaining to surveys of biota and drinking water in proximity to airports. Orders concerning the preparation of remedial action plans are anticipated in the case of the five airports that were surveyed in 2020, as well as the five due to be surveyed in 2021.

In early 2020, the PFAS water treatment plant was deployed at Fagernes Airport and the plant has delivered good results in terms of cleaning water. This was necessary despite the fact that the airport is closed as PFAS was detected in fish found in popular fishing waters around the Leirin area. A plant was established at Sogndal Airport at the end of 2020 for the treatment of PFAS-contaminated stream water, while work commenced in early 2021 at Harstad/Narvik Airport in Evenes in relation to the excavation of PFAS-contaminated materials from a disused fire training site. The latter of these is in accordance to an order issued by the Norwegian Environment Agency received by Avinor in May 2020. At Kirkenes Airport, work was completed in 2020 to provide a permanent water supply to homes in Høybukta, an area where elevated levels of PFAS have previously been detected in the drinking water supply.

Avinor Oslo Airport received permission from the Norwegian Environment Agency in 2019 to excavate PFOS-contaminated hot spots in the former firefighting exercise area. The airport planned to begin work in the spring of 2020, but due to the COVID-19 pandemic the financial case for doing so was no longer justifiable. It was concluded that the removal of materials could be postponed without causing any significant impact on the environment. This is because the majority of the spread of PFAS from the fire training site has been captured by the groundwater treatment plant. In 2020, Avinor carried out a market research project to enhance our knowledge around new and relevant remedial measures relating to PFAS-contaminated soil and/or water. Avinor received information pertaining both to more recent remedial measures that are ready for use, as well as other methods that are currently at the laboratory or pilot project stage. The overall goal is for these new remedial measures to provide a most cost-effective way to clean up contaminated sites where clean up and/or risk reduction is necessary.

The Norwegian Environment Agency has warned that the norm value for PFOS in the soil will be lowered. Consequently, Avinor has a stricter internal limit for when soil is to be classified as contaminated than the limit dictated by national regulations. Such a definition means that when low concentrations of PFAS are detected a risk assessment must be carried out to ensure the satisfactory management of contaminated materials and that there is no unacceptable spread of PFAS during the construction phase. The processing of earth contaminated with PFAS in connection with major and minor expansion projects poses a challenge for Avinor, as only a small number of waste processing sites can accept soil contaminated with PFAS.
Low concentrations of PFOS have been observed across several projects, to the extent that the volumes of contaminated materials are significant but that there has only been a few grammes of PFOS in the materials that have required treatment. This can generate large costs in the case of managing PFOS-contaminated materials in relatively small projects.

Further information (in Norwegian) about Avinor's work in relation to PFOS-contaminated areas is available on Avinor's website under "PFOS i fokus": https://avinor.no/konsern/miljo-og-samfunn/pfos-i-fokus/pfos-i-fokus

AIRCRAFT NOISE

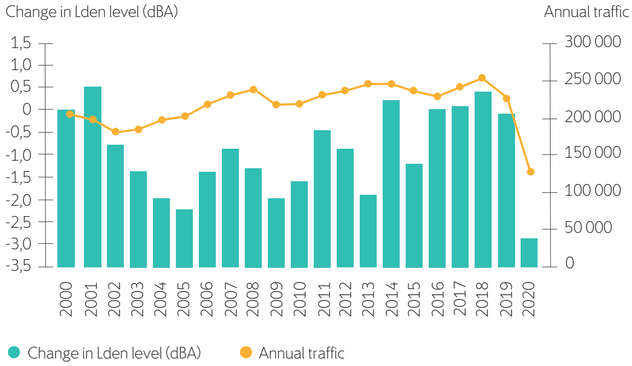
Avinor has an environmental goal in place to actively limit the impact of noise from aircraft and helicopter traffic on those living in the vicinity of airports.

The introduction of curved approach and departure procedures at airports that direct aircraft and helicopter traffic to greater extent away from areas where people live has been the single most important measure for reducing the noise burden.

The curved approach concept was implemented at Trondheim Airport Værnes in 2019. The concept formed the basis for the implementation of procedures to reduce noise and emissions in 2020. In 2020, procedures to reduce noise from helicopters were tested at Stavanger Airport Sola and likewise at Bergen Airport Flesland.

At Oslo Airport, a noise and flightpath monitoring facility has been established which is used to monitor that flight movements adhere to the established procedures for the airport, as well as monitoring noise levels at specific locations in the vicinity of the airport. The airport has its own noise regulations which stipulate the presence of such a facility, as well as requiring monthly reporting on its findings. These results show that flight movement adhere to the new procedures more than 95 per cent of the time.The proportion of curved approaches was 15.7 per cent in 2020. In 2020, Oslo Airport received aircraft noise reports from 72 people. Residents of Ullensaker, Eidsvoll, and Nannestad account for the largest proportion of the reports.
The number of complaints received more than halved compared with 2019. This reduction is probably due to the introduction of single runway operations at Oslo Airport. Traffic was thus principally routed on the western runway meaning that the areas around Mogreina, Sand and Jessheim experienced far fewer overflights.

AIR TRAFFIC AND NOISE AT OSLO AIRPORT



The graphic shows the trend for aircraft noise and traffic levels at Oslo Airport from 2000 to 2020. Total noise (Lden) from all recorded traffic is calculated for each year. The change in noise levels after 2000 is then calculated for each year and plotted along with the trend for total traffic levels. This representation gives a picture of noise levels over time, independent of the geographic areas that are affected. These measurements demonstrate the new, modern aircraft more than compensate for the growth in air traffic.

At the airports in Bergen, Stavanger, and Trondheim, flightpath monitoring systems have been established to monitor whether the aircraft movements are in accordance with the procedures laid down for these airports. New approach and departure flightpaths for helicopters have been implemented at Bergen Airport Flesland, which means that there are variations in which areas are flown over. The airport has invested considerable effort into working to respond to inquiries and preparing statistics pertaining to helicopter traffic. A more restrictive attitude towards visual approaches from the south has been incorporated with demonstrable positive effects. This should result in less noise for residents living closest to the flightpath.

In addition, Avinor has carried out noise mapping at five airports on the basis of the requirements of T-1442 "Guidelines for noise management in land-use planning". These airports are Svalbard, Lakselv, Kristiansund, Leknes and Brønnøysund. Furthermore, Avinor has published updated noise zone maps for Harstad/Narvik Airport based on the noise mapping exercise conducted by SINTEF on behalf of the Norwegian Defence Estates Agency using traffic data for both civilian and military flights.

ENERGY

Energy is a constituent part of Avinor's environmental strategy, and in the period 2016–2020 the energy target was to reduce purchased energy by 25 per cent when compared to the energy consumption figure for buildings and facilities in 2012. Measures to reach this target included active energy management at airports, energy measures, the phasing-out of fossil-based energy sources, and an increased share of self-produced energy.

The energy that supplies Avinor's building stock and infrastructure primarily derives from purchased electricity. Some airports are connected to the district heating network. In addition, there are a few airports that produce their own energy from seawater, geothermal energy, and solar power, for example. Energy is primarily used for heating, cooling, lighting, runway facilities, and other technical equipment.

Avinor's goal of reducing energy consumption was achieved through active energy management, beneficial energy measures, switching from electricity to water-borne heating, and an increased share of self-produced renewable energy. Through its energy efficiency efforts, Avinor is also working towards SDG 7, "Clean energy for everyone". By reducing its own energy consumption and switching to self-generated renewable energy, Avinor can use this energy in other areas in order to cut emissions further, such as by switching from ICE to electric vehicles. By emphasising innovation in its choice of energy solutions, Avinor is helping to develop the energy market in a cleaner and more advanced direction.

Avinor's total energy consumption fell by 15 per cent from 2019 to 2020. In relation to the energy target, which is based on specific energy consumption, consumption has fallen by 18 per cent.

Stavanger Airport has initiated and is the project owner of Elnett21. This is an Enova-supported innovation and demonstration project that will contribute to efficient energy use, the testing of new business models and solutions for electricity production and charging. Elnett21 aims to stabilise local power needs among project partners and regionally through the use of a smart grid, while also optimising the use of existing power grids and creating positive ripple effects in the wider community. This project is a regional partnership involving Avinor, Lyse Elnett, Forus Industrial Park, the Stavanger Port Authority and Smartly. Although the physical aspect of the project as far as Avinor is concerned is taking place at Stavanger Airport, these experiences will also be fed on to other airports in the Group as part of the process to prepare for the coming electrification of the aviation industry.

2020 has been a very different year and every single one of Avinor's airports has had to adjust to a new daily existence, including in relation to efforts around energy. Due to low traffic and the resultant impact, the focus at our airports has been on adapting energy consumption to match these new activity levels. There has been a focus on energy optimisation, meaning that only the energy that is needed gets used. This has delivered positive results. Oslo Airport Gardermoen reduced its purchasing of energy by 19 per cent in 2020 compared with 2019.

In total, Avinor reduced purchased energy by 35 per cent compared with the specific energy consumption of its buildings and facilities in 2012.

WASTE

Avinor's efforts to reduce its volume of waste emphasises the final disposal of waste through the value chain, and maintaining a special focus on hazardous waste. All the airports sort their waste at source. 53 per cent of waste generated by operations was sorted during 2020. Avinor's airports produced a total of 2,618 tonnes of waste, of which 484 tonnes were hazardous.

Of the waste generated by the airports' ordinary operations in 2020, 30 per cent was recycled into new materials, 6 per cent was biologically treated, 56 per cent was recycled into energy and 8 per cent was sent to landfill.

Reducing food waste in our catering outlets and kiosks is an area of importance for Avinor and its catering providers, and schemes

Flora-rich areas are ideal for pollinators at Oslo Airport.

such as To Good To Go as well as outlets' own initiatives will help to reduce wastage. This work was partially paused in 2020 due to temporary redundancies among staff and the closure of many catering outlets due to the pandemic.

When demolishing the car park at Stavanger Airport following the fire in 2020, there was a focus on reuse. The project has achieved a total reuse rate of more than 99 per cent. 20,000 tonnes of concrete have been directly reused in other projects at Stavanger Airport. Steel and aluminium have been melted down for reuse, while attempts have been made to directly reuse some parts of the lattice beams, aluminium facades and railings.

Beach cleaning

Several airports participate in the national environmental week Strandryddeuka, where rubbish is cleared from beaches or other areas at or near the airport.

Plastic carrier bags

An EU directive requires EU and EEA countries to implement measures to reduce the number of plastic carrier bags in circulation. Norway has tackled this by requiring all commercial enterprises to charge for plastic carrier bags, as well as through offering membership in the Norwegian Retailers' Environment Fund.

Avinor introduced a charge for plastic carrier bags in 2019. Some of the proceeds go to the Norwegian Retailers' Environment Fund and the rest go to Avinor's environmental fund and are earmarked for environmental initiatives under the auspices of Avinor and its partners. The fund was created with the aim of lessening the climate and environmental footprints of commercial activities at Avinor's airports. All our airports, as well as Avinor's tenants and partners who conduct commercial activities at Avinor's airports, can apply for funding. Funding rounds occur twice a year. Although initiatives directly related to commercial activities are given priority, other initiatives that pave the way for positive environmental initiatives at and around our airports are also considered.
In 2020, no grants were awarded by the fund. Due to the pandemic, our partners had limited capacity and resources to work on these types of measures. The initiative will continue, and grants are due to be awarded in 2021.

BIODIVERSITY

Many of Avinor's airports are located in or around areas rich in biodiversity. These areas include conservation areas with rare species, salmon rivers, and salmon fjords. Avinor also has large areas of meadow or meadow-like vegetation along its runways. Several airports host habitats for endangered species.
In order to maintain an overview of the natural values of Avinor's properties and of areas that can be affected by airport operations, Avinor has conducted biodiversity surveys at all its airports.
The results of the surveys are publicly available at Naturbase, and the knowledge from them is used in operations and projects. The management advice from the surveys is followed within the framework of safe and efficient airport operations.

Avinor has established procedures to prevent the introduction or spread of alien species, with a specific focus on preventing dispersal through soil handling and operations. Several airports have large populations of harmful alien species. Every year, measures are implemented to limit their proliferation and eradicate these populations. Our emphasis is on avoiding their further spread into valuable natural areas. In 2020, Bergen Airport conducted a survey of alien species across their sites.

Avinor has been working on measures for wild pollinating insects in accordance with the national strategy for pollinating insects. Several airports are implementing and planning measures to improve insect habitats. Here are some examples:

The Stavanger Insect Hotel under construction.

Improve habitats for pollinating insects at Oslo Airport.

The airport has been working to identify and remove alien species since 2015. In 2017, a survey of bees was carried out as a follow-up to a previous survey of natural species across the airport's sites. On the basis of the results of this survey, as well as considerations relating to practical implementation, four "pollinator areas" covering a total area of 14 hectares were selected. These areas benefit from carefully adapted care and maintenance, while harmful, alien species and other rapidly growing species are removed in order to preserve and improve these excellent habitats. This adapted care and maintenance began in 2018 and has continued throughout 2019 and 2020, and will continue in future. A wild flower meadow was also sown in the park which has been teeming with insect life during the summer.

Kristiansand Airport

Kristiansand Airport at Kjevik provides carefully adapted care and maintenance for 40 acres of rare and valuable hayfields and more than 40 species of IUCN red-listed insects. These floral meadows are home to more than 40 different species of IUCN red-listed insects. At the airport, a grand total of 700 different species of butterfly have been identified, including several that are endangered.

Stavanger Airport

Stavanger Airport has instances of the IUCN red-listed butterfly species Osmia maritima, which lives in habitats characterised by large, open sandy areas. These sandy areas both within and outside the protected area at the airport are shielded from disturbance and alien species. Stavanger Airport is also testing seed mixtures for pollinating insects. Salix species that have insect feeding in the spring are taken care of while new ones are planted. Stacks of old wood provide nutrition and wintering capacity along with the insect hotel created by Øksnevad Upper Secondary School.

Key figures climate and environment 2016–2020

GREENHOUSE GAS EMISSIONS[1)]

		2016	2017	2018	2019	2020
Avinor monitors	tonnes CO_2-equiv.	15,100	16,300	15,780	13,530	9,100
Avinor monitors/passenger	g CO_2-equiv./passenger	297	308	290	250	437

ENERGY

		2016	2017	2018	2019	2020
Electric Power	GWh	230	245	243	238	205
DistrictHeating	GWh	22	25	26	24	21[6)]
Oil heating	GWh	2.8	6.0	4.1	2.6	1.7
Standby power	GWh	0.9	0.8	1.0	1.0	1.0
Total	GWh	256c	276	274	265	208

VEHICLES – FUEL AND OTHER ENERGY

		2016	2017	2018	2019	2020
Diesel	litre	2,464,308	2,598,254	2,555,823	1,966,264	1,433,316
Petrol	litre	60,805	59,460	65,261	60,052	54,175
Biodiesel	litre	81,767	199,730	320,082	1,253,304	648,739
Electric vehicles	km	72,472	58,595	80,368	106,933	137,868
Hydrogen vehicles	km	21,833	10,914	7,848	-	-

WASTE

		2016[2)]	2017[2)]	2018[2)]	2019[2)]	2020
Sorted waste (tonnes)	tonnes	4,687	7,542	5,301	5,028	2,618
Sorted waste (tonnes)	tonnes	5,058	5,654	5,086	4,947	2,318
Total amount of waste (tonnes)	tonnes	9,745	13,195	10,387	9,975	4,937
Sorting grade (%)	%	48	57	51	50	53
Hazardous waste (tonnes)	tonnes	285	381	512	624	484

FIRE/ACCIDENT CHEMICALS

		2016	2017	2018	2019	2020
Jetfuel- A1/Paraffin	litres	68,470	73,852	55,840	36,155	44,662
Diesel Petrol	litres	767	2,560	5,742	3,029	346
Propane	kg	2,028	4,064	2,271	1,196	1,166
Fire-fighting foam	litres	23,886	25,916	24,398	13,983	14,558
Training foam	litres	1,762	1,006	187	285	286
Training foam	kg	19,973	19,563	18,417	10,933	9,771
Technical alcohol	litres	1,545	872	1,502	1,520	891
Kindling wood	kg	6,744	3,892	3,400	1,925	3,116

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DE-ICING CHEMICALS

		2016	2017	2018	2019	2020
Aircraft de-icing						
100 % ethylene glycol	litres	2,716,432	3,646,921	5,071,245	5,425,837	2,258,505
Runway de-icing						
Formate (liquid form) [3]	litres	3,622,010	4,313,719	3,549,226	3,238,999	2,654,390
Formate (solid) [3]	kg	477,530	742,529	663,503	600,910	161,825
Environmental impact measured as COD [4]	tonnes O_2	580,693	731,565	614,005	559,279	382,290

NUMBER OF AIRPORTS BREACHING TERMS APPLICABLE TO AIRCRAFT AND RUNWAY DE-ICING

		2016	2017	2018	2019	2020
Aircraft de-icing	number	10[5)]	11[5)]	10[5)]	8[5)]	8[5)]
Runway de-icing	number	1[5)]	1[5)]	3[5)]	2[5)]	2[5)]

Some of the key figures from previous annual reports may be corrected due to quality assurance of recorded data, as well as the adjustment of annual emission factors.

1) For 2017, a change of data for greenhouse gas emissions has been made since CO_2 emissions from electricity consumption have been deducted for all years and only stated as Gwh
2) Waste data from 2016 onwards is not comparable with previous years as the sample is different. OSL only has numbers from OSL, not from all other companies operating at LH.
3) Indicated as amount of product, not concentrate
4) COD = Chemical oxygen demand. This is the amount of oxygen required to break down the chemical that is used.
5) For OSL, the stoppage is due to aircraft and/or runway de-icing (recipient-based permission).
6) District heating at Svalbard in 2020, some certainty relating to underlying data


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AVINOR

Avinor must be a professional and attractive employer

Avinor's objective is to create valuable relationships. This is reflected in a value platform which provides clear requirements for employee performance, both internally in the workplace and in dealings with customers, business contacts, and others who are affected by our operations.

The overall results from the employee survey for 2020 show progress in most key areas. There was also a very high turnout rate (88 per cent).

- Avinor has a good working environment
- Job satisfaction is high
- Employees feel they have a high degree of support from their supervisors and colleagues

RESTRUCTURING

Avinor's strategic plan stresses the capability of change through the use of new technology, innovation, and cost-cutting. In order to ensure future competitiveness, a cost-cutting programme has been initiated with the goal of reducing operating costs to a significant degree.
This is resulting in cost cutting across all areas of the Group, limitations to investment activity and staff reductions.

As a result of the decrease in activity and loss of work, Avinor was obliged for the first time ever in 2020 to make use of temporary redundancies. Over the course of the year, 731 employees were made temporarily redundant at one point or another, of which 495 were employed by Avinor AS and 236 by Avinor ANS.
Those affected were made temporarily redundant for one or more periods of time, and the degree of redundancy versus full-time equivalent work ranged from 10 per cent to 100 per cent depending on the loss of work in each individual unit. Staff continue to be temporarily redundant during 2021. In 2020, a total of 955 man-months were temporarily made redundant, divided across 484 man-months in Avinor AS and 471 man-months in Avinor ANS. In addition to furloughs of staff, 4 months of voluntary salary reductions were implemented for 120 staff in management roles, 82 of which were in Avinor AS and 38 in Avinor ANS.

The use of temporary redundancies is an invasive measure in relation to the individual employee. In order to safeguard the well-being of those affected, a dedicated training programme was provided for all managers responsible for staff who had been furloughed. The focus was on conducting the temporary redundancy process in a professional manner, as well as protecting the best interests of staff who were wholly or partially made temporarily redundant. Psychosocial measures were also implemented through the corporate health service, while all staff who need it also have access to psychological assistance.

Where redundancies are required, Avinor will used voluntary agreements and natural employee turnover insofar as this is possible to avoid making compulsory redundancies. The gift pension and final package scheme has therefore been reviewed and somewhat improved during 2020. During the year, several employees took advantage of this opportunity. These are full-time equivalents that will not be replaced, thus representing a lasting cost saving for Avinor.

A significant proportion of the Group's staff are and will remain affected in future by various forms of restructuring.
The professional, predictable, and legally and contractually compliant preparation and implementation of changes are important to Avinor. Managers, employee representatives, and safety personnel receive the required training in the restructuring and communication.

COLLABORATION

Avinor has a high level of trade union membership. Avinor AS and Avinor Flysikring AS have collective agreements with their respective unions. The employee representatives are key partners in achieving the Group's targets. In 2020, Avinor maintained close co-operation with employee representatives with respect to ongoing administrative procedures as well as to more extensive change processes. The consequences of the pandemic have presented new challenges to the company. Decreases in traffic and resultant loss of revenues, as well as furloughing of staff, have been central themes in the ongoing dialogue. The further development of this model of co-operation between employee representatives and management is being prioritised in order to ensure good working conditions, stable operations, and cost-effectiveness throughout the Group – both during the pandemic and afterwards.

Three of the eight representatives on Avinor's Board of Directors represent Avinor's employees. In addition, representatives are elected by and from among employees to the Board of Directors of Avinor Flysikring AS.

CONTINUOUS IMPROVEMENT

The improvement of processes is a focus area for Avinor, the objective being to create a shared culture for improvement throughout the Group. Avinor's management system – SMART – provides frameworks for process management and process ownership, in which continuous improvement is an approach that ensures stable, cost-effective, and good quality processes. Process orientation, standardisation and streamlining all underpin the projects contained within the Profitable Avinor initiative.

SKILLS DEVELOPMENT

Employees with the right skills are essential to Avinor's success. In addition to efficiency improvements, developments in technology and digitalisation result in new forms of learning and collaboration. In 2020, Avinor initiated comprehensive training on Office 365, with the interaction and productivity tool Teams being a particularly important aspect thereof. As a result of the pandemic, skills relating to digital interaction have been significantly elevated across all areas of the company. As part of efforts to streamline work, the use of mobile devices throughout all aspects of operations has been facilitated.

As a safety organisation, Avinor is dependent on having the right expertise in place and a good overview of its skills available in-house at any given time. Skills stipulated by the authorities constitute a significant portion of Avinor's training activities. Follow-up in this regard is dependent on good support from the Group's IT systems. Avinor is currently engaged in a process to simplify and standardise its IT. The Group is focusing wholly on the use of the company's ERP system – IFS Applications. In 2020, extensive work was carried out to ensure that skills management is part of this, which will help develop, deliver and maintain expertise in a safer and more cost-effective way.

Good management that contributes to employee development is a cornerstone of Avinor's work. The Group is thus continuously and holistically seeking to engage in leadership and personnel development. The leadership development programme, Avinor's Leaders' Platform, has continued with a focus on keeping up motivation and ensuring that a good working environment is in place during times of change and adjustment. Special measures have also been aimed at guiding the management of employees on furlough and those personnel working from home. In order to support the Profitable Avinor programme, leadership and personnel development will largely be tailored to meet existing needs and will be targeted at units' respective challenges in relation to change.

Avinor established one new apprenticeship in 2020 (Stavanger), in addition to those that began in 2019. There were a total of 20 apprentices at Avinor in 2020. Of these, 12 passed their vocational exams during the year.

INCLUSION AND EQUALITY

Avinor is working actively, purposefully, and systematically to promote equal opportunities and diversity and to prevent discrimination. Additionally, we are working to prevent bullying and sexual harassment. Employees must enjoy equal opportunities in the Group, irrespective of gender, age, disability, ethnicity, or cultural background.

Increased equality and diversity in the Group is a tool to strengthen Avinor's status as a desirable place to work that is able to attract and develop talented and motivated personnel. In March 2020, Group Management adopted an equality and diversity action plan. The concept of diversity includes dimensions used generally in society when diversity is discussed such as age, gender, ethnicity/immigration status, sexual orientation, religious and cultural background, skills and disability. Avinor wants the diversity of its employees to better reflect that of its customers.

The overall targets in the action plan are to integrate equality and diversity into management and governance, increase the proportion of women in leadership roles, enhance the recruitment process, ensure equal opportunities for career development within Avinor, strengthen inclusion and integration, and prevent ejection from working life. Measures have been established in relation to each target. For example, this includes succession planning for leadership roles, highlighting female role models, facilitating workplace training, and the design of job advertisements to reach diverse audiences. This action plan has been operationalised within HR and is subject to biannual follow-up with the CEO as part of Avinor's corporate governance structure.

The proportion of women in the Group stands at 21.8 per cent, and increasing this figure has been a long-term priority. There is a low level of staff turnover in the Group (5.3 per cent in 2020), which makes it a slow process to increase the proportion of women through new recruitment. In addition, few women train in the professions that Avinor recruits for, such as airport operations, firefighting, rescue, and air traffic control.

The proportion of women in managerial positions is approximately equal to the proportion of women in the company, with 22.8 per cent in the Group as a whole. The proportion of women in Group Management stands at 33.3 per cent, and the proportion of women on the Board at the end of 2020 was 50 per cent.

In recruitment, there is an emphasis on appealing to candidates of all genders. Job postings should be designed so that they reach out to a diverse range of applicants. As part of internal and external profiling, active efforts are being made to make role models more visible, while Avinor's recruitment policy contains specific guidelines to ensure the objective assessment of qualifications. The wording used in job advertisements is being changed so that we are better able to express Avinor's focus on diversity. In our contract with our recruitment agency, we have stipulated that the agency must supply both male and female personnel to us.

Avinor values its employees' skills and development opportunities. Systematic performance interviews contribute to neutral salary and career development in the Group. A good gender balance is sought in selections for employee programmes and internships.

A working group comprising employees from different parts of the organisation has been appointed. This working group provides advice to the HR team and management on the implementation of strategic goals related to diversity and equality within the Group. Furthermore, the group organises network gatherings twice a year featuring presentations from both internal and external speakers on topical issues. The aim of these gatherings is to draw inspiration from the experiences of others and to obtain good advice and proposals for specific measures that can be implemented in the work place.

In 2020, one network gathering was held. The topic for the gathering was the government's "Programme for Inclusion", featuring presentations from Storting member Guro Angell Gimse (Conservative Party), as well as presentations from several managers within Avinor about their own experiences of leadership. An email address dedicated to the theme of diversity and equality was also set up. All employees are encouraged to submit proposals for how the Group can achieve its goal of increased diversity.

Since 2019, issues around harassment and unwanted sexual attention have been included in the annual employee survey. Compared with other businesses, there is nothing to indicate that Avinor has systematic problems relating to harassment and unwanted sexual attention in any area of the organisation. The Group has a zero tolerance policy towards all forms of bullying and harassment, and employees who indicate that they have been subject to this are referred on to the whistleblowing channels.

Avinor's Group Management are actively following developments in work relating to enhancing diversity and preventing discrimination. Annual reports are prepared on progress and activities for submission to the Board's HR, Remuneration and HSE Committee, as well as to the Group Management. These efforts involve long-term work and require patience and focus in order to stay the course.

Avinor is keen to ensure an Inclusive Labour Market and strives to prevent exclusion from the labour market. This is especially relevant for employees who no longer meet physical or medical requirements due to illness or other conditions. Avinor has a party-composed Inclusive Working Life committee under the central Work Environment Committee. The duties of the Inclusive Working Life committee include supporting the follow-up of preventable absence in the Group and work to establish preventative measures throughout the organisation.

Avinor shall be a workplace that accommodates differences and shall contribute to efforts to encourage more people to enter the labour market. Avinor offers relevant schemes to contribute to job training and has set a specific target of at least 12 places per year. This goal was not achieved during 2020 due to the COVID-19 pandemic. Avinor also worked with the Church City Mission in 2020.

BREACH OF WORKING HOURS PROVISIONS

It is important that Avinor does not breach the working hours provisions of the Work Environment Act or collective agreements. The Group systematically monitors how working hours are planned. Training among managers and shift planners has been implemented in vulnerable units, in addition to targeted follow-up work with these individuals. In the Group overall, there was a significant fall in the number of breaches of working hours provisions in 2020 when compared with 2019. This also applies to violations where extended agreements have been entered into, i.e. overtime per week and/or violations of overall working hours per day.

HEALTH, SAFETY, AND ENVIRONMENT EFFORTS (HSE)

Avinor's HSE work in 2020 has faced a number of specific challenges tied to COVID-19. Avinor's long-term HSE efforts are based on the adopted HSE strategy for the period 2018 to 2023. The overall objective of Avinor's HSE efforts is to prevent HSE non-compliance, personal injuries, and work-related illness. Avinor's long-term goal of zero harm should govern how we think and work, with a strong emphasis on continuous improvement. Sub-goals have been defined within five areas: Effective strategic anchoring of HSE efforts; systematic efforts to reduce HSE risk; anchoring in leadership for all operational HSE work; clearer HSE requirements and the systematic monitoring of all operators; and providing motivation to over-perform and for job satisfaction.

The elements of the systematic HSE efforts have been further developed throughout 2020 to make HSE a natural part of the company's activities at every level. The most important KPIs within Avinor's HSE work are the H1 value (number of injuries causing absence per million hours worked), the H2 value (number of injuries causing absence and not causing absence per million hours worked) and the N value (number of near misses per million hours worked). In 2020, the H1 value is 5.8 (compared with a target of < 3) and the H2 value is 9.2 (compared with a target of < 10). The N-value is 17.7 (no target set). During the period, there were 15 injuries that resulted in absence from Avinor AS, one of which was serious. Four internal investigations have been carried out following HSE incidents over the course of the year.

The most important activities have been:

- Unfortunately, the number of injuries causing absence among Avinor employees increased in 2020. Towards the end of the year, there were consequently a number of measures planned to prevent personal injury through the nationwide project "Bry deg – si ifra!" [Care – speak up!] This project will be rolled out during 2021.
- Professional assistance and information in relation to infection prevention measures for employees and passengers in relation to COVID-19. Safeguarding the working environment for employees working from home. In order to ensure adequate follow-up in relation to the working environment consequences relating to COVID-19, a Corona Committee was formed as a subcommittee to the Central Working Environment Committee.
- A number of risk assessments related to the working environment have been carried out in connection with Avinor's cost cutting programmes. The methodology for carrying out such risk assessments has been improved.
- HSE training for managers, safety representatives, and Work Environment Committee members was carried out in line with the aims of the company's HSE competence plan.
- Better safeguarding in relation to HSE around supplier management, e.g. during procurement processes and in the exercise of Avinor's coordination responsibilities.

SAFETY ORGANISATION

Avinor is divided up into specific safety areas, with a safety co-ordinator for each area. Larger airports and head office all have multiple safety co-ordinators. Work environment committees have been established at central and division level, as well as work environment committees and HSE committees locally at unit level. The committees consist of employee and management representatives. The safety co-ordinator and occupational health service also participate on a permanent basis.

SYSTEMATIC EFFORTS TO REDUCE ABSENCE DUE TO ILLNESS

Avinor has good procedures for absence due to illness. Efforts relating to absence due to illness are a priority, with systematic efforts being made throughout the organisation to keep absence as low as possible. Avinor has a well-functioning and active Inclusive Labour Market committee. The committee reviews and prepares existing procedures for following up absence due to illness. These efforts have been targeted at short-term and medium-term absence due to illness in particular, with a view to reducing long-term absence. The follow-up and prevention of absence due to illness are fixed points on the agendas of work environment committees and at staff meetings in the organisation. Developing the skills of managers in following up absence due to illness and compliance with the Inclusive Labour Market agreement are priorities for Avinor.

Sickness absences were at 4.7 (4.69) per cent and fell compared with the figure for 2019. The target for sickness absences in the Group to be below 4.7 per cent was met in 2020.

AVINOR'S EMPLOYEES – KEY FIGURES

	2020	2019	2018
Permanent employees as at 31 December	2,858	3,012	3,099
Temporary full-time equivalents	154.4	199.1	199.9
Average age of permanent employees	47.2	46.8	46.7
Total turnover	5.3 %	4.6 %	4.2 %
Proportion of women	21.8 %	22.6 %	22.5 %
Percentage of women in managerial positions	22.8 %	21.2 %	20.5 %
Percentage of women in executive management	33.3 %	41.7 %	33.3 %
Percentage of women on the Group's Board of Directors	50.0 %	50.0 %	50.0 %
Absence due to illness	4.7 %	4.8 %	4.7 %
H1 value	5.8	3.9	3.8
H2 value	9.2	8.2	5.1
Avinor as an attractive company (scale 1–5)	4.1	3.9	4.0

AGE DISTRIBUTION	BOARD OF DIRECTORS	GROUP MANAGEMENT	PERMANENT EMPLOYEES	TURNOVER
< 30	0 %	0 %	5.2 %	12.8 %
30 – 50	0 %	33.3 %	53.3 %	3.4 %
50 >	100 %	66.7 %	41.5 %	6.7 %

GENDER DISTRIBUTION	WOMEN	MEN
Gender distribution of employees	21.8 %	78.2 %
Number in part-time roles	82	76
Temporary employees	29	163
Average number of weeks of parental leave	22	12
Number of external recruits 2020	8	27


DYE

Avinor must ensure sustainable finances and responsible business conduct

Avinor manages significant assets on behalf of Norwegian society and is a major investor in society-critical and business-critical infrastructure. The Group is working systematically to combat all forms of corruption, discrimination, environmental crime, and harassment.

Avinor ensures funding for a network of small and large airports throughout Norway. Airport operations are conducted within a single financial unit, whereby the large financially profitable airports finance the rest of the airport network.

SUSTAINABLE FINANCES

Avinor is usually self-financed through traffic revenues from airlines, revenues from commercial tenants, and direct sales to passengers. Commercial revenues accounted for around 54 per cent of operating revenues in 2019, while traffic revenues from airlines normally account for roughly 46 per cent. This has changed significantly as a result of the pandemic, but it is expected to be the case once again when traffic normalises.

A smaller component of the Group's revenue stems from assignments for other organisations, such as the Norwegian Armed Forces. Air navigation services are funded through traffic revenues from the airlines for use of en-route navigation services, as well as revenue from the operation of tower and approach services from Avinor's airport operations.

Avinor is well positioned in terms of commercial revenues at its airports and is dependent on their continued stability over time. Duty-free shopping is an important contributor to the Group's financing of a high-quality nationwide aviation network. Avinor is prepared for the scheme to be a continued topic of political discussion in the future. Consequently Avinor attaches great importance to managing the opportunity to conduct duty-free sales in a way that is balanced, responsible, and accepted.

In addition, Avinor owns substantial amounts of land and has been able to realise important values as a result of earlier real estate investments. In the coming years, developments in the airport's neighbouring areas will contribute to the development of the airports' attractiveness as hubs and to local development.

A more detailed account of the Group's financial statements and results follows the Board's annual report and the presentation of the financial statements and accompanying notes.

Avinor is committed to ensuring full compliance with all statutory obligations and full disclosure to the tax authorities. Avinor acts in accordance with the arm's length principle, does not engage in artificial tax schemes, and actively assesses all aspects of tax planning. Avinor's operations fall entirely within the sphere of Norwegian taxation. Avinor follows a tax strategy that is based on established principles, that is transparent and sustainable, and that is in accordance with Avinor's ethics principles. The Group's tax strategy is outlined on our website at www.avinor.no.

ZERO-TOLERANCE POLICY IN RELATION TO ALL FORMS OF CORRUPTION

The Group has developed an anti-corruption programme that emphasises prevention and control activities. Specific measures are established based on a risk assessment of the relevant area. Governing documents have been developed relating to these efforts and there is a constant focus on the continued development of the anti-corruption programme.

Avinor is a member of Transparency International Norway. As a member, Avinor contributes to joint efforts relating to transparency, integrity, and responsibility in society to prevent corruption and fraud both nationally and internationally. In addition, we undertake to exercise zero tolerance of all forms of corruption in Avinor and to put in place appropriate anti-corruption measures.

A corruption risk monitoring element has been implemented within the Group's system for strategic risk management. Avinor is a major construction developer and has initiated several expansion projects in recent years. The building and construction sector has been the subject of a number of incidents relating to corruption and price fixing in Norway. Consequently, Avinor's risk exposure to corruption and misconduct has increased as a result of this investment programme. Avinor is represented throughout the country and has a broad sphere of control. The Group manages large commercial contracts while also being a major buyer. This is a factor that further increases the risk of corruption and misconduct. Various control and prevention activities have been established which, together, are intended to reduce the Group's risk of being involved in or exposed to corruption and misconduct.

Avinor has conducted a risk-and-vulnerability analysis for corruption and misconduct in project management environments in development and IT. The risks identified are managed by way of relevant measures following discussions with the compliance officer and professionals. The following up of measures and their impact are reported through the Group's corporate governance system. In 2020, we updated our risk and audit matrix for corruption and misconduct across six defined areas of risk. The effect of existing audit measures has been evaluated and further measures to reduce risk have been identified. These have been implemented into processes on an ongoing basis.

Compliance function

Avinor's compliance function works according to the mandate determined by the Group's Board of Directors and reports directly to the Group's executive management and Board. The function monitors the Group's compliance with external and internal regulations relating to corruption, misconduct, and ethics regulations. The term "corruption" includes: bribery, facilitation payments, fraud, deception, extortion, disloyalty, money laundering, and receipt of gifts in a work capacity, as well as acts related to impartiality, abuse of position, and influential trading.

In addition, the function defines the substance of Avinor's responsibility to combat violations of labour market legislation, stipulate requirements, propose relevant measures, monitor how the business follows up on its legal responsibilities, and establish sanctions in the event of non-compliance.

EMPLOYEES, SUPPLIERS, AND PARTNERS MUST BE FAMILIAR WITH AND COMPLY WITH AVINOR'S ETHICS GUIDELINES

The Board has established ethics guidelines that apply to the Board and all members of staff. The ethics guidelines prohibit corruption, bribery, and anticompetitive behaviour in violation of competition rules. E-courses have been developed to address the various areas of the policy. All employees and contracted consultants must sit the course annually.

In 2020, Avinor launched a new training programme around the issues of ethics and anti-corruption. This training programme comprises a review of the Group's ethical guidelines and a related course. The course will be updated on an annual basis featuring new dilemmas in order to better reach a wider audience. The full organisation is invited to submit ethical dilemmas for inclusion in the new course. In addition to a mandatory review of ethics guidelines and associated e-learning courses, all personnel undergo dilemma training adapted to the risk at their level of the organisation that they may be exposed to, for instance during the course of participation in projects.

Avinor has a separate agreement on responsible business and associated principles. The requirements stipulate all of Avinor's principles relating to human rights, working standards, HSE, the external environment, and prohibited business practices. Avinor's contract partners must conclude an agreement regarding responsible business practices and associated principles no later than the time at which they enter into a contract with the Group.
These contractual terms and conditions ensure that third parties with which Avinor concludes contracts have ethics guidelines and take their corporate social responsibility seriously.
The requirements also apply to any subcontractors in the execution of a contract. The provisions of the agreements permit audits of each contracting party. A material breach of an agreement regarding responsible business practice entitles Avinor to terminate all applicable agreements with the contracting party if critical conditions are not followed up satisfactorily.

All employees are required to register their own external duties, second jobs, and other roles electronically. This registration will form the basis for assessing the composition of teams that are in charge of procurement on Avinor's behalf, participation in exploratory assignments, participation in decision-making assignments related to business interests, etc. The members of the Group's Board of Directors and management staff regularly report their duties outside of the Avinor Group. Part of the audit regime involves reviews of the formal relationships between the executive management, Board of Directors, and suppliers in the Avinor Group. Any relationships are documented and reviewed with the person in question. This annual audit is in addition to the assessments that are to be made when questions arise about the individual's impartiality.

In 2020, a ban was imposed on direct and indirect investment in and the trade of financial instruments in designated companies. This ban does not apply to investments in equity funds where an individual's trades cannot affect the value of the fund. This ban applies to members of the Group Management and their related parties, as well as strategic personnel in key leadership roles.

AVINOR SHALL ENSURE THAT ALL PARTIES TO AGREEMENTS HAVE ETHICS GUIDELINES AND TAKE THEIR COMMITMENT TO SUSTAINABILITY SERIOUSLY

Suppliers who compete for a contract with Avinor must undertake to comply with our principles for responsible business conduct. The principles reflect Avinor's ethics regulations. We require, for example, that international human rights are respected and that our contracting counterparties are not complicit in their violation. Furthermore, the contracting party must ensure that its workers' salaries meet minimum wage requirements, that their working hours are in accordance with applicable national legislation, that their workers have the opportunity for adequate rest, and that employment contracts are written in a language that the workers understand.

Avinor is subject to public procurement regulations.
The regulations give us the opportunity, subject to certain conditions, to preclude suppliers from competing for assignments for Avinor if the supplier has been legally convicted of or fined for corruption, among other things. The European Single Procurement Document (ESPD) is used in the qualification phase of procurement processes to document on an ongoing basis that the supplier meets all the qualification requirements of the competition. Whether the supplier requires further examination depends on, for example, whether the industry in question is at risk of corruption and misconduct, whether the contract in question is reputation-sensitive for the Group, whether the supplier or subcontractor engages in significant levels of production outside Europe, etc.

Avinor has concluded a co-operation agreement with the Norwegian Tax Administration regarding the intensification of efforts to combat violations of labour market legislation. The purpose of the agreement is to establish ongoing collaboration that reinforces and develops the effect of the parties' action to combat violations of labour market legislation. The agreement must ensure that all of Avinor's suppliers and subcontractors in building and construction, as well as in cleaning, fulfil their statutory obligations, including the Work Environment Act, regulations relating to pay and working conditions in public-sector contracts, and tax legislation.

In 2020, we acquired our own support tool (HMSREG) which helps us to monitor our suppliers in relation to their work around seriousness.

Procedures for contract monitoring have been updated to ensure that all procurements taking place in building and construction projects are subject to the regime requiring the collection of extended tax certificates in accordance with the collaborative agreement reached with the Norwegian Tax Administration. Large development projects should be audited on an ongoing basis in accordance with this collaborative agreement, and we have set up regular meetings with the Norwegian Tax Administration to monitor this.

In 2020, we also entered into an agreement with the coordinator for preventive and controlling activities in terms of labour-related criminality on our largest projects. During the course of the first half of 2021, a dedicated role will be established to manage work relating to seriousness and labour-related criminality in order to further contribute to these efforts. Work is taking place on an ongoing basis to establish good procedures in this key area that will apply to all our projects.

Avinor has introduced seriousness provisions and contractual audit access into all its contract templates. All aspects of the contractual provisions may be followed up through the life of the contract. The contracts permit us to penalise the other party in the event of non-compliance with contractual provisions.

AVINOR SHALL HAVE EFFECTIVE PROCEDURES FOR THE MANAGEMENT OF REPREHENSIBLE ACTIONS OR SITUATIONS IN ALL PARTS OF THE ORGANISATION

Avinor Notification Institute

The Group has appointed a committee to manage notifications of reprehensible conditions in all parts of the organisation. Notifications can be submitted regarding inadequate safety procedures, bullying and harassment, careless administrative procedures, working conditions that contravene the Work Environment Act, or corruption and other financial misconduct. The person submitting the notification can choose to remain anonymous. The committee has established routines for the proper processing of notifications.

The committee has also developed procedures and technical solutions that make it possible for external actors to notify Avinor of reprehensible conditions. These notifications must be handled according to the same procedures as notifications from employees of the Group. Avinor complies with the Norwegian Personal Data Act regarding the processing of personal data received by way of its notification scheme.

The committee received 29 notifications in 2020. All the notifications have been processed. There is no basis to conclude that there are any circumstances worthy of criticism present in any of the cases raised for consideration on the grounds that there may be circumstances worthy of criticism. Follow-ups take place at the relevant level in the organisation. Responses and sanctions depend on the incident and its severity, etc. It is important that the lessons learnt in each incident benefit the business as a whole so as to avoid similar incidents elsewhere in the organisation.

AVINOR WILL WORK TO COMBAT ANTI-COMPETITIVE BEHAVIOUR

Avinor is subject to public procurement regulations. Group-wide guidelines have been established to supplement the regulations to ensure competition in the conclusion of individual contracts.

AVINOR SHALL ENSURE THE RESPONSIBLE PROCESSING OF PERSONAL DATA

Avinor has appointed a data protection officer tasked with assisting people registered with the business and employees in matters relating to Avinor's processing of personal data. In addition, the data protection officer must notify the management of breaches of the Norwegian Personal Data Act and be the company's contact for enquiries from the Norwegian Data Protection Authority. Avinor maintains an overview of its data processing including descriptions of the purpose for each individual case where personal data is processed. We consider the consequences to privacy when introducing new technical solutions to ensure built-in privacy, and we have established a system for internal control pursuant to the regulations of the GDPR. Avinor's internal and external privacy policies outline its processing of personal data and inform visitors to Avinor's websites of the use of cookies. We have concluded data processing agreements with subcontractors that process personal data on our behalf. We are in continuous dialogue with our airport partners in terms of roles and responsibilities concerning data flows related to passenger processing and baggage handling.

Avinor did not receive any complaints concerning breaches of its customers' privacy in 2020.

Sustainability goals and results 2020

Avinor must ensure good aviation services for the whole of Norway

SDGs	AVINOR'S GOALS	RESULTS 2020
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Punctuality: 88 per cent Regularity: 98 per cent	Punctuality 92 per cent Regularity 95.9 per cent. The COVID-19 pandemic has resulted in a number of cancellations that had a negative impact on regularity
	All airports must be certified in accordance with the ISO 14001:2015 standard.	· Centralised environmental management and airport operations are certified in accordance with the ISO 14001:2015 standard In 2019, the certification company Rise conducted a certification audit, and Avinor was re-certified for a further three-year period.
	Air transport must be accessible by everyone	Survey conducted pursuant to regulations on universal design Building-related measures implemented Maintenance programmes initiated in 2019 continued during 2020 and will extend to 2025 Analyses exploring which digital solutions may be worth investing in
	Avinor must streamline, modernise, and invest in increased capacity	· Facilitating increased non-Schengen traffic at Avinor Oslo Airport Outline project for a new airport in Bodø A new terminal has been approved for Tromsø Airport The centre for remotely operated towers in Bodø opened in October 2020. Tower operations at Vardø, Hasvik and Berlevåg have been transferred to the centre in 2020 Tower service at Kristiansand and Ålesund taken over by Spanish operator SAERCO in February 2019 for a 5-year period.
	Oslo Airport aims to be among the top 10 in Europe for customer satisfaction	· Due to infection prevention measures and very low passenger numbers, Avinor paused its customer satisfaction survey from the second quarter and until the end of 2020. This survey will resume in 2021
	Avinor must prevent undesired incidents and ensure good emergency preparedness	There were no aviation accidents in 2020 There were no aviation accidents with or without personal injury or serious aviation incidents in Norwegian aviation to which Avinor was a contributing party in 2020

Avinor must be a driving force behind efforts relating to the challenges faced by aviation in the field of climate and the environment

SDGs	AVINOR'S GOALS	RESULTS 2020
13 CLIMATE ACTION	By 2022, Avinor must halve its total controllable greenhouse gas emissions as compared with 2012 and help to reduce emissions from ground transport and air traffic	Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 9100 tonnes of CO_2 equivalents Greenhouse gas emissions from all jet fuels for civilian purposes produced 2.8 million tonnes of CO_2 equivalents in 2019 (last official figures) Due to the pandemic, a comparison of 2020 with previous years is not applicable. The 2020 goals were in fact achieved in 2019 across most of Avinor's airports
7 AFFORDABLE AND CLEAN ENERGY	Avinor must reduce purchased energy by 25 per cent by 2020 compared with the energy consumption of its buildings and facilities in 2012	Avinor's total energy consumption fell by 15 per cent 2019 and 2020 Oslo Airport reduced its purchases of energy by 19 per cent in 2020 Elnett21 project at Stavanger Airport
14 LIFE BELOW WATER	Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality	Breaches of aircraft de-icing conditions at seven airports and runway de-icing conditions at one airport
15 LIFE ON LAND	Avinor shall work actively to reduce the impact of noise from aircraft and helicopter traffic on those living in the vicinity of airports	The proportion of curved approaches was 15.7 per cent in 2020, up from 6.1 per cent in 2019

Avinor must be a professional and attractive employer

SDGs	AVINOR'S GOALS	RESULTS 2020
8 DECENT WORK AND ECONOMIC GROWHT	Absence due to illness of 4.5 per cent or lower	4.7 per cent
	H1 value < 2 H2 value < 10	H1 value 5.8 H2 value 9.2
	Reduce breaches of working hours provisions	In the Group overall, there was a fall in the number of breaches of working hours provisions in 2020 when compared with 2019
5 GENDER EQUALITY	In the course of the next eight years, Avinor will ensure that 40 per cent of its leadership roles in the top four tiers are filled by women	The proportion of women within the company is 21.8 per cent Percentage of women in managerial positions 22.8 per cent
	Prevent HSE non-compliance, personal injuries, and work-related illness	During the period, there were 15 injuries that resulted in absence from Avinor AS, one of which was serious. Four internal investigations have been carried out following HSE incidents

Avinor must ensure that it conducts its business responsibly.

SDGs	AVINOR'S GOALS	RESULTS 2020
8 DECENT WORK AND ECONOMIC GROWHT	Employees, suppliers, and partners must be familiar with and comply with Avinor's ethics guidelines	Avinor launched a new training programme around the issues of ethics and anti-corruption in 2020 Corruption risk monitoring implemented Risk-and-vulnerability analysis implemented for corruption and fraud
	Avinor shall have effective procedures for the management of reprehensible actions or situations in all parts of the organisation	Development of electronic courses Avinor's contracting parties must sign an agreement on responsible business practices
	Avinor will work to combat anti-competi-tive behaviour	Committee set up to process reports The committee received 29 notifications in 2020. All the notifications have been processed Compliance function established
	Avinor shall ensure the responsible processing of personal data	Group-wide GDPR compliance project completed Avinor did not receive any complaints concerning breaches of its customers' privacy in 2020.

Overview of GRI indicators

This report has been prepared in line with GRI Standards/Core. Avinor's annual accounts (company accounts and consolidated accounts) for 2020 have been audited by Ernst & Young AS, p.135-138.

A detailed account of the reporting standard and the various indicators can be found on GRI's web pages: www.globalreporting/standards

About Avinor and Avinor's work regarding corporate social responsibility

STRATEGY AND ANALYSIS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-14	Foreword	p. 8–9

ORGANIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-1	Name	Avinor AS
102-2	Product	p. 6-7
102-3	Main offices	Oslo
102-4	Presence	Avinor has only operations in Norway
102-5	Ownership	p. 7
102-6	Markets	p. 7
102-7	Size	p. 4
102-8	Employees	p. 49–52
102-48	Collective agreements	p. 49
102-9	Supply chain	p. 55–57
102-10	Amendments	p. 15–16, 19–20
102-11	Conditions	https://avinor.no/konsern/miljo-og-samfunn/miljomal/
102-12	Support for the CSR Initiative	p. 1, 26
102-13	Interest-org.	Spekter: Transportation Sector Council National Programme of Supplier Development: Partner

PRIORITIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-45	Overview, Company	p. 7 The report concerns activities that the Group manages in airport operations and flight safety, but not activity in other subsidiaries.
102-46	Define report-content	p. 22–23
102-47	Prioritization	p. 22–23
103-1	Delimitation	All topics that have been considered important are relevant to all Avinor operations.

DIALOGUE WITH PARTNERS

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-40	List of partners	p. 23
102-42	Selection-basis	p. 23
102-43	Description of dialogue	p. 23
102-44	Topics	p. 23

ABOUT THE REPORT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-50	Applies to	2020
102-51	Previous report	2019
102-52	Interval	Annual
102-53	Contact:	post@avinor.no
102-54	Type of GRI-report	GRI Standards/Core
102-55	GRI indicator overview	p. 62–67
102-56	Revision	The annual report has been audited by ERNST & YOUNG AS

CORPORATE GOVERNANCE AND COMPANY MANAGEMENT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-18	Corporate governance and company management	p. 10–13

ETHICAL GUIDELINES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-16	Ethics guidelines	p. 10–13 p. 55–56 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier

FINANCIAL PERFORMANCE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 15–20 (The Board's Annual Report) p. 10–13 (Corporate governance and company management)
201-1	Financial performance	p. 4, 67–129

INDIRECT ECONOMIC IMPACT

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 22–32
203-1	Infrastructure-investments	p. 25–28
203-2	Indirect economic impact	p. 25–28

ENERGY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 43–44
302-1	Energy consumption	p. 43–44
302-4	Energy conservation	p. 43–44

BIODIVERSITY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 45
304-1	Property adjoining areas with high biodiversity value	p. 45
304-2	Impact of biodiversity	p. 45
304-3	Improvement – habitat	p. 45

AIR EMISSIONS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 35–40
AO5	Air quality	p. 35–40
305-1	Direct greenhouse gas emissions	p. 35–40
305-2	Indirect greenhouse gas emissions	p. 35–40
305-5	Reduction of greenhouse gas emissions	p. 35–40

EMISSIONS AND WASTE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 40–41
306-2	Waste	p. 44–45
306-3	Accidental emissions	p. 41–43
AO6	De-icing fluid	p. 40–41

COMPLIANCE WITH LEGISLATION – ENVIRONMENTAL

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 35–47
307-1	Fines/sanctions	No fines or similar

NOISE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 43
AO7	Noise	p. 43

MONITORING OF SUPPLIERS/ENVIRONMENT

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 55–57
308-1	Screening suppliers	p. 55–57
308-2	Monitoring of existing suppliers	p. 55–57

HSE I AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 5–52
403-1	HSE-organization	p. 51–52
403-2	Sick leave/H-value	p. 51–52

INTERNAL COMPETENCE BUILDING

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 49–50
404-1	Who is offered training?	p. 49–50

EQUAL OPPORTUNITIES IN AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 50–51
405-1	Equal opportunity on the Board, in management, among employees	p. 50-51

MONITORING OF SUPPLIERS/WORKING CONDITIONS AND HUMAN RIGHTS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 55–57

NOTIFICATION CHANNELS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-2	Policy/management system	p. 57

NON-DISCRIMINATION

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 50–51
406-1	Discrimination-cases	No cases

NON-DISCRIMINATION

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 25–28

CORRUPTION PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 55–57
205-2	Anti-corruption training initiatives	p. 55–57
205-3	Corruption cases	No cases

ANTI-COMPETITIVE BEHAVIOUR PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 57
206-1	Cases, violation of regulations	No cases

REGULATORY COMPLIANCE – FINANCES AND SOCIETY ENERGY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 55–57
419-1	Fines, sanctions	No cases

PRODUCT LIABILITY – SAFETY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 29–32
416-1	Product safety survey	p. 29–32
416-2	Violation of regulations	No cases

REGULATORY COMPLIANCE – PRODUCT LIABILITY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 29–32
419-1	Fines, sanctions	No cases

Group Management

ABRAHAM FOSS
CEO

ANDERS KIRSEBOM
Managing Director Avinor Flysikring AS

STINE RAMSTAD WESTBY
Airport Director Oslo Airport

HELGE EIDSNES
Airport Director Bergen Airport

ANETTE SIGMUNDSTAD
Airport Director Stavanger Airport

MARIT HELENE STIGEN
Airport Director Trondheim Airport

JOACHIM LUPNAAV JOHNSEN
Executive Vice President Commercial

PETTER JOHANNESSEN
Chief Financial Officer

EGIL THOMPSON
Executive Vice President, Communications and Market

MARI HERMANSEN
Executive Vice President HR, Legal and Business Support

ØYVIND HASAAS
Executive Vice President Technology Services, Operations and Infrastructure

THORGEIR LANDEVAAG
Division Director for National, Regional, and Local Airport

Board of Directors

ANNE CARINE TANUM
Chairman

OLA HENRIK STRAND
Vice-Chairman

LINDA BERNANDER SILSETH
Board member

HERLOF NILSSEN
Board member

ELI SKRØVSET
Board member

HEIDI ANETTE SØRUM
Board member

BJØRN TORE MIKKELSEN
Board member

OLAV AADAL
Board member

Financial statements and notes

INCOME STATEMENT

All amounts in MNOK

AVINOR AS 2019	AVINOR AS 2020		NOTE	AVINOR GROUP 2020	AVINOR GROUP 2019
		Operating income:			
4 296.3	1 588.2	Traffic income	3, 4	2 247.4	5 378.7
0.0	3 600.2	Government grants	3, 4	3 600.2	0.0
6 184.2	2 176.5	Other operating income	3, 4	2 335.7	6 406.5
10 480.5	7 364.9	Total operating income		8 183.3	11 785.2
		Operating expenses:			
83.9	74.0	Raw materials and consumables used	3	110.6	138.7
2 202.9	2 082.3	Employee benefits expense	3,5	3 401.9	3 708.6
4 055.7	3 105.0	Other operating expenses	3,7	2 771.6	3 482.6
665.9	57.5	Other expenses	3, 8	48.9	820.8
7 008.4	5 318.7	Total operating expenses		6 333.0	8 150.7
3 472.1	2 046.2	EBITDA		1 850.3	3 634.5
2 013.6	2 042.8	Depreciation, amortisation and impairment charges	11, 12	2 199.5	2 171.6
1 458.5	3.4	Operating profit/(loss)		-349.1	1 462.9
48.6	45.8	Finance income	9	35.4	39.9
650.3	648.0	Finance costs	9, 12	611.8	603.1
-601.7	-602.2	Net finance costs		-576.3	-563.2
856.8	-598.8	Profit before income tax		-925.5	899.7
190.7	-130.7	Income tax expense	10	-201.8	197.5
666.1	-468.1	Profit for the year		-723.6	702.2
		Attributable to:			
666.1	-468.1	Owners of the parent		-723.6	702.2

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2019	2020		NOTE	2020	2019
666.1	-468.1	Profit for the year		-723.6	702.2
		Other comprehensive income:			
		Items that will not be reclassified to profit or loss:			
378.5	-935.8	Actuarial gains/(losses) on post employment benefit obligations	16	-1 542.4	544.6
-83.3	205.9	Tax effect	10	338.3	-119.8
295.2	-730.0	Total items that will not be reclassified to profit or loss, net of tax		-1 204.1	424.8
		Items that may be subsequently reclassified to profit or loss:			
251.3	-210.5	Cash flow hedges	14	-210.5	251.3
-55.3	46.3	Tax effect	10	46.3	-55.3
196.0	-164.2	Total items that may be subsequently reclassified to profit or loss, net of tax		-164.2	196.0
491.2	-894.2	Other comprehensive income for the year, net of tax		-1 368.3	620.8
1 157.3	-1 362.3	Total comprehensive income for the year		-2 091.9	1 323.0
		Attributable to:			
1 157.3	-1 362.3	Owners of the parent		-2 091.9	1 323.0

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

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2019	31.12.2020		NOTE	31.12. 2020	31.12.2019
		ASSETS			
		Non-current Assets			
		Intangible assets:			
1 043.1	1 426.0	Deferred tax assets	10	2 009.7	1 423.4
77.5	334.8	Other intangible assets	11	407.5	233.7
0.0	0.0	Assets under construction, intangible	11	565.6	622.4
1 120.6	1 760.8	Total intangible assets		2 982.8	2 279.5
		Property, plant and equipment:			
32 497.3	31 667.8	Property, plant and equipment	11	33 320.8	34 244.6
2 234.5	2 789.6	Assets under construction	11	3 606.1	2 642.4
553.1	492.5	Right-of-use assets	12	431.5	485.0
35 284.9	34 949.8	Total property, plant and equipment		37 358.4	37 372.0
		Financial assets:			
1 163.0	1 763.7	Investments in subsidiaries	19	0.0	0.0
150.0	230.0	Loans to group companies	23	0.0	0.0
1 751.1	1 638.4	Derivative financial instruments	14	1 638.4	1 751.1
97.9	168.2	Other financial assets	14	169.6	99.0
3 162.0	3 800.4	Total financial assets		1 808.0	1 850.1
39 567.5	40 511.0	Total non-current assets		42 149.2	41 501.6
		Current Assets			
9.3	24.7	Inventories		38.7	24.4
1 425.7	1 073.6	Trade and other receivables	14	796.0	1 572.9
0.0	648.2	Derivative financial instruments	14	648.2	4.2
1 040.0	5 998.7	Cash and cash equivalents	14	6 017.9	1 059.1
2 475.0	7 745.2	Total current assets		7 500.8	2 660.6
42 042.5	48 256.2	Total assets		49 650.0	44 162.2

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12. 2019	31.12.2020		NOTE	31.12.2020	31.12. 2019
		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:			
9 109.3	7 747.1	Other equity	15	7 787.0	9 878.9
9 109.3	7 747.1	Total retained earnings		7 787.0	9 878.9
14 509.4	13 147.2	Total equity		13 187.1	15 279.0
		Liabilities			
		Provisions:			
2 020.7	3 037.7	Pension liabilities	16	5 621.0	3 972.8
1 041.8	1 007.3	Other provisions	17	1 010.3	1 065.9
3 062.5	4 045.0	Total provisions		6 631.3	5 038.7
		Non-current liabilities:			
1 194.2	1 194.2	State loan	14	1 194.2	1 194.2
17 667.1	22 574.5	Other non-current liabilities	14	22 574.5	17 667.1
0.0	420.7	Derivative financial instruments		420.7	0.0
497.9	447.4	Lease liabilities	12,14	390.9	435.5
19 359.2	24 636.8	Total non-current liabilities		24 580.3	19 296.8
		Current liabilities:			
600.0	0.0	Commercial papers	14	0.0	600.0
358.4	349.9	Trade payables		418.2	579.7
230.9	0.0	Tax payable	10	0.0	298.8
230.2	73.9	Public duties payable		178.5	343.3
2.3	5.0	Derivative financial instruments	14	5.0	2.3
1 341.5	3 381.5	First annual installment on long-term liabilities	14	3 381.5	1 341.5
64.3	65.6	Lease liabilities	12,14	57.8	56.7
2 283.8	2 551.4	Other current liabilities	17,18	1 210.4	1 325.4
5 111.4	6 427.2	Total current liabilities		5 251.3	4 547.7
27 533.1	35 109.0	Total liabilities		36 463.0	28 883.2
42 042.5	48 256.2	Total equity and liabilities		49 650.0	44 162.2

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

Oslo, 9 April 2021
Boards of Directors of Avinor AS

Anne Carine Tanum
Chair of the Board

Ola H. Strand
Vice Chair

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR AS			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2019	5 400.1	-960.9	9 497.8	**13 937.0**
Profit for the year	0.0	0.0	666.1	**666.1**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	295.2	0.0	**295.2**
Cash flow hedge - net of tax	0.0	196.0	0.0	**196.0**
Total comprehensive income for the year	0.0	491.2	666.1	**1 157.3**
Transactions with owners:				
Dividends relating to 2018	0.0	0.0	-584.9	**-584.9**
Total transactions with owners	0.0	0.0	-584.9	**-584.9**
Balance at 31 December 2019	5 400.1	-469.7	9 579.0	**14 509.4**
Profit for the year	0.0	0.0	-468.1	**-468.1**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-730.0	0.0	**-730.0**
Cash flow hedge - net of tax	0.0	-164.2	0.0	**-164.2**
Total comprehensive income for the year	0.0	-894.2	-468.1	**-1 362.3**
Balance at 31 December 2020	5 400.1	-1 363.8	9 110.9	**13 147.2**

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR GROUP			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2019	5 400.1	-1 507.4	10 648.2	**14 540.9**
Profit for the year	0.0	0.0	702.2	**702.2**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	424.8	0.0	**424.8**
Cash flow hedge - net of tax	0.0	196.0	0.0	**196.0**
Total comprehensive income for the year	0.0	620.8	702.2	**1 323.0**
Transactions with owners:				
Dividends relating to 2018	0.0	0.0	-584.9	**-584.9**
Total transactions with owners	0.0	0.0	-584.9	**-584.9**
Balance at 31 December 2019	5 400.1	-886.6	10 765.5	**15 279.0**
Profit for the year	0.0	0.0	-723.6	**-723.6**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-1 204.1	0.0	**-1 204.1**
Cash flow hedge - net of tax	0.0	-164.2	0.0	**-164.2**
Total comprehensive income for the year	0.0	-1 368.3	-723.6	**-2 091.9**
Balance at 31 December 2020	5 400.1	-2 254.9	10 041.9	**13 187.1**

For specification of other reserves, see note 15.

STATEMENT OF CASH FLOWS

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2019	2020		NOTE	2020	2019
		Cash flow from operating activities			
3 663.6	2 504.2	Cash generated from operations [1]		2 262.0	4 204.9
57.1	25.9	Interest received		27.8	58.1
-241.3	-230.9	Income tax paid		-298.8	-290.7
3 479.4	2 299.3	Net cash generated from operating activities		1 991.1	3 972.3
		Cash flow from investing activities			
-1 993.3	-2 003.7	Investments in property, plant and equipment (PPE)		-2 379.2	-2 470.7
29.2	25.2	Proceeds from sale of PPE, including assets under construction [2]		26.2	30.4
40.0	-680.0	Group loans		0.0	0.0
-17.2	0.1	Net group contribution/dividend		0.0	0.0
-1.9	0.8	Change in other investments		0.0	0.0
-22.2	-30.3	Net cash used in investing activities		-29.4	-21.9
-1 965.4	-2 687.9	Netto kontantstrøm fra investeringsaktiviteter		-2 382.5	-2 462.2
		Cash flow from financing activities			
0.0	7 526.6	Proceeds from borrowings	14	7 526.6	0.0
-1 563.4	-930.2	Repayment of borrowings	14	-940.6	-1 572.6
600.0	-600.0	Proceeds from short term borrowings (commercial papers)	14	-600.0	600.0
-16.7	-16.1	Group interests		0.0	0.0
-624.6	-627.0	Interest paid		-629.8	-627.3
-6.0	-5.9	Other borrowing charges		-5.9	-6.0
-584.9	0.0	Dividends paid to owner		0.0	-584.9
-2 195.6	5 347.4	Net cash generated/used in financing activities		5 350.2	-2 190.8
-681.6	4 958.7	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		4 958.8	-680.7
1 721.6	1 040.0	Cash, cash equivalents and bank overdrafts at beginning of year	14	1 059.1	1 739.8
1 040.0	5 998.7	Cash, cash equivalents and bank overdrafts at end of year		6 017.9	1 059.1

STATEMENT OF CASH FLOWS

All amounts in MNOK

[1] CASH GENERATED FROM OPERATIONS

AVINOR AS			AVINOR GROUP	
2019	2020		2020	2019
856.8	-598.8	Profit before income tax [3]	-925.5	899.7
2 013.6	2 042.8	Depreciation	2 199.5	2 171.6
-0.2	-0.4	(Profit)/loss on disposals of non-current assets [2]	-1.3	0.0
55.7	7.5	Changes in value and other losses/(gains) - net (unrealised)	11.3	45.4
601.7	602.2	Net finance costs	576.3	563.2
-176.1	550.8	Change in inventories, trade receivables and trade payables [4]	433.9	-47.1
-390.3	81.3	Difference between pension cost and amount paid/received	105.8	-115.9
703.7	-114.4	Change in other working capital items [5]	-138.0	688.0
-1.3	-66.7	Change in group receivables and payables	0.0	0.0
3 663.6	2 504.2	Cash generated from operations	2 262.0	4 204.9

[2] IN THE CASH FLOW STATEMENT, PROCEEDS FROM SALE OF PROPERTY, PLANT AND EQUIPMENT COMPRISE:

29.0	24.8	Net book amount	24.9	30.4
0.2	0.4	Profit/(loss) on disposals of property, plant and equipment	1.3	0.0
29.2	25.2	Proceeds from disposal of property, plant and equipment	26.2	30.4

3) Profit before tax includes government grants of MNOK 3,600.2.

4) Changes in inventories, accounts receivable and accounts payable includes provisions for losses on receivables of MNOK 147.1 for Avinor AS and MNOK 207.0 for the group.

5) Change in other working capital items in 2019 includes provisions for cleanup costs related to environment pollution of MNOK 871.2 (recognised in the second quarter of 2019).

NOTES TO THE FINANCIAL STATEMENTS

1 General information
2 Summary of significant accounting policies, assumptions and the corona virus pandemic
3 Segment information
4 Operating income and other income
5 Salaries and personnel costs, number of employees, remunerations
6 Declaration on the determination of salaries and other remuneration for the CEO and other executive employees
7 Other operating expenses
8 Other expenses
9 Finance income and costs
10 Income tax expense and deferred income tax
11 Intangible assets, property, plant and equipment
12 Leases – right-of-use assets and lease liabilities
13 Financial risk factors
14 Financial assets and liabilities
15 Other reserves
16 Pension obligation
17 Provisions for other liabilities and charges
18 Other short-term liabilities
19 Subsidiaries
20 Share capital, shareholder information, dividend and results
21 Contingencies and uncertainties
22 Commitments
23 Related-party transactions
24 Events after the reporting period

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, assumptions and the corona virus pandemic

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 PREPARATION

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 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-subsidization 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 accordance with IFRS requires the use of certain critical accounting estimates. It also requires management 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 group's most significant accounting estimates and judgements are related to the following items, specified further in each individual note:

- Valuation of deferred tax assets
- Fair value of property, plant and equipment
- Depreciation of property, plant and equipment
- Net pension obligation
- Other provisions

FOREIGN CURRENCY TRANSLATION

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

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'.

THE CORONA VIRUS PANDEMIC

Norway got its first registered corona virus infection on 26 February 2020. On 12 March 2020 the Norwegian government introduced several measures to limit the virus spread among the population, including travel restrictions. The measures included, among other things, that the Norwegian border was closed to foreigners without a residence permit for extended periods.

Loss of revenue and government grants

The group's profit and financial position is strongly negatively affected by the corona pandemic in 2020. It is unclear when we are back in an almost normal situation. According to the latest traffic scenarios developed by the groups traffic development department, it is not expected that the traffic will return to 2019 levels before 2025. In order to help the airlines financially, the government suspended several of Avinor's airport charges during 2020.

During 2020, Avinor has received government grants, and Avinor will also need government grants in 2021 and 2022.

A more detailed description of the government grants for 2020 are included in note 4. Further information is also presented in notes 11 and 24 regarding further financial support for 2021 and beyond.

Equity and the assumption for going concern

The group has implemented several measures to secure the financial situation. This includes borrowings and new short-term and long-term debt, contributions from the owner and cost-cutting measures including employee layoffs. Furthermore, a critical review of ongoing and planned investment projects is undertaken. Further cost-cutting measures are being worked on on an ongoing basis.

According to article 5 of the company's Article of Association, the net debt to equity ratio should be at least 40 per cent. In addition, there are covenants on some of the debt issued by Avinor. Avinor complies with all debt covenants at the end of 2020, but the group will need further support from the government in the following years to comply with the minimum equity ratio according to the company's Article of Association.

The annual financial statements have been prepared under the assumption that the company will continue as a going concern.

Avinor is wholly owned by the Ministry of Transport and Communications, and have received considerable grants from its owner during 2020. Taking into account Avinor's liquidity reserves and the fact that the owner has informed the company that they will support Avinor, there is no uncertainty related to going concern for the next 12 months after the end of the reporting period.

Further information regarding the equity ratio is presented in note 13.

Impairment tests

The corona pandemic and its extended effects is considered an impairment indicator for the group's cash-generating units. Management has carried out impairment tests to assess whether the cash generating units are impaired. As of 31 December 2020, no impairments are recognised.

Further information is presented in note 11 regarding impairment tests.

Increased credit risk

Due to reduced demand for national and international flights, the airlines have reduced the route production and initiated layoffs / terminations of employees. The financial situation in the industry is very demanding and considerable restructuring is expected in the future.

Due to the corona pandemic the group has adjusted the provision model for accounts receivables, where increased attention is set on specific individual debtors as a consequence of the corona-virus. This has resulted in a material increase in provisions for losses on accounts receivables during 2020.

Further information is presented in notes 13 and 14 regarding credit risk and expected losses on accounts receivables.

NOTE 3 Segment information

All amounts in MNOK

Operating segments are reported 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's operations include aviation security services and 45 airports including Oslo Airport. 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 chosen to present the airports in Oslo, Bergen, Stavanger, Trondheim and the rest in addition to property development and hotels separately. Property developments and hotels consists of rental income from office buildings and hotels.

Sales between segments are according to the arm's length principle. The revenue from external parties reported to group management is measured consistent with that in the income statement.

Revenue of approximately NOK 0.7 billions, NOK 0.7 billions and NOK 0.5 billions, total NOK 1.9 billions (2019: NOK 2.9 billions, NOK 1.7 billions and NOK 1.6 billions, total NOK 6.2 billions) and 41 per cent (2019: 53 per cent) of total operating income, exclusive government grants, are derived from three main customers. Revenue from the main customer is attributable to Oslo Airport, Bergen Airport, Stavanger Airport and Trondheim Airport. Revenue from the second and third largest customers are attributable to all segments.

AVINOR GROUP AS AT 31 DECEMBER 2020:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT 2)	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	645.7	242.0	180.6	131.2	393.4	1 593.0
Government grants	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	1 178.8	181.8	148.9	122.9	346.7	1 979.0
Inter-segment income	3.2	0.6	10.7	3.5	68.4	86.3
Total income	1 827.7	424.3	340.3	257.6	808.4	3 658.3
Employee benefits expenses	427.5	105.0	95.2	83.8	742.9	1 454.5
Other operating expenses	754.1	148.4	147.3	107.6	856.8	2 014.3
Inter-segment expenses	366.5	124.1	100.8	75.5	542.1	1 209.0
Total expenses	1 548.2	377.6	343.3	266.9	2 141.8	4 677.8
EBITDA	279.5	46.7	-3.1	-9.3	-1 333.3	-1 019.5
Depreciation and amortisation	947.4	310.3	120.9	108.3	428.8	1 915.6
Operating profit/(loss)	-667.9	-263.6	-123.9	-117.6	-1 762.1	-2 935.1
Property, plant and equipment*	16 887.0	5 395.8	1 732.0	1 670.6	6 153.8	31 839.2

AVINOR GROUP AS AT 31 DECEMBER 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 593.0	654.5	0.0	0.0	0.0	2 247.4
Government grants 1)	0.0	0.0	0.0	3 600.2	0.0	3 600.2
Other operating income	1 979.0	178.0	72.6	106.0	0.0	2 335.6
Inter-segment income	86.3	627.4	21.5	633.6	-1 368.9	0.0
Total income	3 658.3	1 459.9	94.2	4 339.8	-1 368.9	8 183.3
Employee benefits expenses	1 454.5	1 294.4	0.0	653.0	0.0	3 401.9
Other operating expenses 3)	2 014.3	333.9	3.4	579.5	0.0	2 931.0
Inter-segment expenses	1 209.0	92.5	1.0	66.3	-1 368.9	0.0
Total expenses	4 677.8	1 720.8	4.4	1 298.8	-1 368.9	6 333.0
EBITDA	-1 019.5	-260.9	89.7	3 041.0		1 850.3
Depreciation and amortisation	1 915.6	139.4	35.2	109.2		2 199.5
Operating profit/(loss)	-2 935.1	-400.3	54.5	2 931.7		-349.1
Property, plant and equipment*	31 839.2	773.6	725.1	390.5		33 728.4

* Inclusive other intangible assets, exclusive assets under construction.

1) In 2020, MNOK 3,600.2 was recognised as income concerning government grants as a result of the financial consequences of the corona virus.

2) The Stavanger Airport segment for 2020 includes a provision of MNOK 20.0 for expected demolition costs as a result of a fire in the parking garage (included in other operating expenses). In addition, fixed assets that were damaged in the fire were impaired by MNOK 176.1 (included in depreciation, amortisation and impairment charges). Avinor has received a preliminary insurance settlement that fully covers these costs. Demolition costs and impairment charges are netted against the preliminary insurance settlement in the table above and in the in the income statement.

3) Other operating expenses includes a provision of MNOK 207 for estimated losses on accounts receivable as of 31 December 2020. The provision is distributed with MNOK 147.9 in the segment Others and MNOK 59.1 in the segment Air Navigation Services.

AVINOR GROUP AS AT 31 DECEMBER 2019

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	2 115.9	562.1	413.1	352.3	867.2	4 310.6
Other operating income	3 864.2	624.9	460.1	335.7	689.0	5 973.9
Inter-segment income	1.8	2.5	5.0	2.2	60.5	72.1
Total income	5 981.9	1 189.5	878.3	690.1	1 616.7	10 356.6
Employee benefits expenses	496.8	123.0	104.8	93.4	812.8	1 630.7
Other operating expenses	1 155.0	213.3	164.7	126.4	847.3	2 506.7
Inter-segment expenses	399.8	147.1	114.6	95.1	650.5	1 407.0
Total expenses	2 051.5	483.4	384.0	314.9	2 310.6	5 544.5
EBITDA	3 930.4	706.1	494.2	375.2	-693.9	4 812.1
Depreciation and amortisation	940.0	300.2	126.4	105.8	421.1	1 893.5
Operating profit/(loss)	2 990.4	406.0	367.8	269.4	-1 115.0	2 918.6
Property, plant and equipment*	17 462.4	5 620.3	1 911.4	1 682.6	5 851.0	32 527.8

AVINOR GROUP AS AT 31 DECEMBER 2019 CONT.

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	OTHERS	TOTAL
Traffic income	4 310.6	1 068.1	0.0	0.0		5 378.7
Other operating income	5 973.9	172.3	112.0	148.1		6 406.5
Inter-segment income	72.1	859.2	23.1	651.9	-1 606.2	0.0
Total income	10 356.6	2 099.7	135.1	800.0	-1 606.2	11 785.2
Employee benefits expenses	1 630.7	1 476.9	0.0	601.0		3 708.6
Other operating expenses 1)	2 506.7	486.8	5.6	1 442.9		4 442.1
Inter-segment expenses	1 407.0	95.1	2.3	101.8	-1 606.2	0.0
Total expenses	5 544.5	2 058.8	7.9	2 145.7	-1 606.2	8 150.7
EBITDA	4 812.1	40.9	127.2	-1 345.7	0.0	3 634.5
Depreciation and amortisation	1 893.5	142.7	36.0	99.4		2 171.6
Operating profit/(loss)	2 918.6	-101.9	91.2	-1 445.1	0.0	1 462.9
Property, plant and equipment*	32 527.8	912.8	760.3	277.4		34 478.3

* Inclusive other intangible assets, exclusive assets under construction.

1) Other operating expenses in the segment Others includes provisions for external environment of MNOK 871.2 as at 31 December 2019. See further comments in note 8 and 21.

NOTE 4 Operating income and other income

All amounts in MNOK

REVENUE FROM CONTRACT WITH CUSTOMERS

Traffic income, income from sale of goods and services and income from sale of property is recognised to reflect 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.

RENTAL INCOME

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.

GOVERNMENT GRANTS

Government grants are recognised in accordance with IAS 20 (Accounting for Government Grants and Disclosure of Government Assistance). Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

The grants are considered receivable and given for the purpose of providing immediate financial support without future associated expenses or future conditions attached to it. During 2020, the government grants were transferred to Avinor AS quarterly, and recognised as income in the same quarter.

Government grants are presented separately in the income statement.

TRAFFIC INCOME

Traffic income encompasses all charges related to infrastructure and services necessary to carry out flights to/from Norway as well as domestic flights and is considered as a whole as one delivery obligation. En route charges will in addition also encompass flights across Norwegian air space (separate delivery obligation). The delivery obligations are satisfied when the actual flights are carried out.

Traffic income encompasses airport charges and air navigation charges. Airport charges includes takeoff charges for essential services/infrastructure for operating a departure from one of Avinor's airports, terminal charges for essential infrastructure and provision of services to passengers on arrival, at departure, during transit, or corresponding flight services at Avinor's airports and security charges for essential services/infrastructure for carrying out security checks at Avinor's airports in line with applicable regulations. The take-off charge is calculated based on the weight of the aircraft, the terminal charge on the number of passengers departed and the security charge on the number of passengers on the actual flight less passengers in transit. Air navigation charges includes en route charges for services provided during the in-flight/en route stage of the flight in Norwegian air space of which Avinor is responsible, and terminal navigation charges for services related to monitoring and control during take-off, landing and movement to/from gate. The en route charge is calculated based on the weight of the aircraft in combination with the distance travelled, while the terminal navigation charge is calculated based on the weight of the aircraft.

The traffic charges are invoiced when the actual flight is carried out, in accordance with regulations set by the Ministry of Transport and Communication. Normally the charges are invoiced weekly with payment terms of 30 days. The en route charges are collected by Eurocontrol on behalf of the member countries.

Traffic income, with the exception of the en route charges, is distributed to the segments under airport operations. The en route charges is allocated in its entirety to the segment Air Navigation Services. See note 3.

OTHER OPERATING INCOME

Avinor AS and the group have income from sale of goods and services directly to the customer or through rental income from the same use of the areas. Encompasses duty free, kiosk, parking, shops, services, refreshments, advertising, aviation fuel, handling services, hotels and infrastructure etc.

Revenue from contracts with customers

Includes both cash and credit sale. The credit sale is invoiced consecutively with payment term 30 days from invoice date.

Rental income

Includes fixed lease payments and revenue-based lease payments, based on lease agreements entered into, and consecutively reports of revenue.

Lease agreements related to duty free, parking, restaurants and other sales of goods are turnover-based agreements where turnover-based lease constitutes the most significant part of the income, while fixed lease constitutes a smaller part.
The lease agreements have established thresholds for payment om minimum lease. In connection with the corona pandemic in 2020, reductions have been established for revenue-based lease and minimum lease. Some of the lease agreements for various tenants at the airport are exclusively based on fixed lease. These lease agreements compose a smaller proportion of Avinor's rental income.

Fixed lease payments are invoiced in advance and recognised when earned. Revenue-based lease payments are reported and invoiced weekly. Payment term is normally 30 days from invoice date.

SPECIFICATION	AVINOR AS 2020	AVINOR AS 2019	AVINOR GROUP 2020	AVINOR GROUP 2019
Traffic income				
Takeoff charges	422.3	1 155.7	423.7	1 160.0
Terminal charges	418.9	1 235.8	420.5	1 240.3
En route charges	0.0	0.0	654.5	1 068.1
Security charges	442.0	1 309.7	443.8	1 315.2
Terminal navigation charges	305.0	595.1	305.0	595.1
Total traffic income	1 588.2	4 296.3	2 247.4	5 378.7
Government grants	3 600.2	0.0	3 600.2	0.0
Other operating income				
Revenue from contracts with customers:				
Duty free	21.4	118.5	21.4	118.5
Parking	0.1	0.5	0.1	0.7
Other	441.5	667.7	539.9	790.4
Total revenue from contracts with customers	462.9	786.7	561.4	909.6
Rental income:				
Duty free	638.1	2 784.6	638.1	2 784.6
Parking	327.8	948.4	327.8	948.4
Other	747.7	1 664.5	808.3	1 763.9
Total rental income	1 713.6	5 397.5	1 774.3	5 496.9
Total other operating income	2 176.5	6 184.2	2 335.7	6 406.5
Total income from contracts with customers	2 051.1	5 083.0	2 808.8	6 288.3
Total rental income	1 713.6	5 397.5	1 774.3	5 496.9
Government grants	3 600.2	0.0	3 600.2	0.0
Total operating income	7 364.9	10 480.5	8 183.3	11 785.2

NOTE 5 Salaries and personnel costs, number of employees, remunerations

All amounts in MNOK

	AVINOR AS 2020	AVINOR AS 2019	AVINOR GROUP 2020	AVINOR GROUP 2019
Salaries and personnel costs				
Salaries	1 471.5	1 590.3	2 396.4	2 671.8
Payroll tax	207.7	244.4	332.8	405.3
Pension costs (exclusive plan amendments)	348.0	294.1	594.4	513.1
Other personnel costs	55.1	74.1	78.3	118.4
Total	2 082.3	2 202.9	3 401.9	3 708.6
Reduction of total salaries and personnel costs:				
Salaries and personnel costs recognised in the balance sheet	80.2	91.9	178.2	199.1
Average number of man-years employed	1 971	2 113	2 724	3 164

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.

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 6. 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 below. There is no additional remuneration to executives for special services other than normal operations, see note 6.

REMUNERATIONS FOR MANAGEMENT AND BOARD – 2020

	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Abraham Foss, CEO (as of 15.02.2021)	0	0	0	0	**0**
Dag Falk-Petersen, CEO (until 15.02.2021)	0	2 988 920	15 526	936 929	**3 941 375**
Øyvind Hasaas, Executive Vice President operations and infrastructure	0	2 205 114	18 470	647 694	**2 871 278**
Stine Ramstad Westby, Airport Director Oslo airport	0	2 255 681	21 790	269 451	**2 546 923**
Helge Eidsnes, Airport Director Bergen airport	0	1 736 894	11 266	130 000	**1 878 160**
Anette Sigmundstad, Airport Director Stavanger airport	0	1 811 082	11 266	158 373	**1 980 721**
Marit Helene Stigen, Airport Director Trondheim airport	0	1 851 942	21 040	130 000	**2 002 982**
Mari Hermansen, Executive Vice President HR, legal and business support	0	1 855 430	29 088	419 197	**2 303 715**
Petter Johannessen, Executive Vice President strategy and business management/CFO	0	1 934 125	36 909	649 679	**2 620 713**
Anders Kirsebom, Managing Director Avinor Flysikring AS	0	2 245 636	18 406	459 008	**2 723 050**
Thorgeir Landevaag, Executive Vice President national, regional and local airports	0	1 991 138	11 266	160 274	**2 162 679**
Joachim Lupnaav Johnsen, Executive Vice President commercial (as of 01.10.2020)	0	494 558	5 912	32 863	**533 334**
Egil Thompson, Executive Vice President communications and marketing	0	1 837 723	27 238	436 408	**2 301 369**
Total	0	23 208 243	228 181	4 429 875	**27 866 298**
Board					
Anne Carine Tanum, Chairman	491 000	0	0	0	**491 000**
Ola H. Strand, Vice-chairman	277 000	0	0	0	**277 000**
Herlof Nilssen	268 000	0	0	0	**268 000**
Linda Bernander Silseth	248 000	0	0	0	**248 000**
Eli Skrøvset	297 000	0	0	0	**297 000**
Olav Aadal	227 000	1 519 145	6 223	182 111	**1 934 480**
Heidi Anette Sørum	268 000	837 324	11 266	193 673	**1 310 264**
Bjørn Tore Mikkelsen	248 000	1 038 113	11 266	357 860	**1 655 239**
Total	2 324 000	3 394 583	28 756	733 644	**6 480 983**

REMUNERATIONS FOR MANAGEMENT AND BOARD – 2019

	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management					
Dag Falk-Petersen, CEO	0	3 038 399	22 140	988 558	**4 049 097**
Øyvind Hasaas, Executive Vice President operations and infrastructure	0	2 231 149	16 760	672 097	**2 920 006**
Stine Ramstad Westby, Airport Director Oslo airport	0	1 984 318	20 296	423 933	**2 428 547**
Aslak Sverdrup, Airport Director Bergen airport (until 28.02.2019)	0	622 710	9 821	129 947	**762 479**
Helge Eidsnes, Airport Director Bergen airport (as of 19.08.2019)	0	677 621	3 348	129 516	**810 485**
Leif Anker Lorentzen, Airport Director Stavanger airport (until 01.03.2019)	0	432 530	2 989	81 762	**517 281**
Anette Sigmundstad, Airport Director Stavanger airport (as of 01.03.2019)	0	1 525 741	8 367	162 759	**1 696 866**
Marit Helene Stigen, Airport Director Trondheim airport	0	1 841 984	17 235	129 516	**1 988 735**
Mari Hermansen, Executive Vice President HR, legal and business support	0	1 840 203	27 561	574 510	**2 442 274**
Petter Johannessen, Executive Vice President economy and finance	0	1 947 582	33 849	724 615	**2 706 046**
Anders Kirsebom, Managing Director Avinor Flysikring AS	0	2 249 628	17 080	488 625	**2 755 333**
Thorgeir Landevaag, Executive Vice President national, regional and local airports	0	1 967 294	10 036	238 022	**2 215 351**
Margrethe Snekkerbakken, Executive Vice President strategy, safety and environment	0	2 026 765	15 076	610 483	**2 652 323**
Egil Thompson, Executive Vice President communications and marketing	0	1 828 907	25 569	526 581	**2 381 057**
Total	0	24 214 830	230 126	5 880 924	**30 325 879**
Board					
Anne Carine Tanum, Chairman	484 500	0	0	0	**484 500**
Ola H. Strand, Vice-chairman	273 000	5 804	0	0	**278 804**
Herlof Nilssen	264 500	0	0	0	**264 500**
Linda Bernander Silseth	244 500	248	0	0	**244 748**
Eli Skrøvset	293 000	0	0	0	**293 000**
Olav Aadal	334 500	1 574 227	5 630	282 543	**2 196 900**
Heidi Anette Sørum	264 500	826 923	10 036	252 251	**1 353 710**
Bjørn Tore Mikkelsen	244 500	1 034 811	10 036	397 063	**1 686 409**
Total	2 403 000	3 442 014	25 701	931 857	**6 802 572**

NOTE 6 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 – 2020

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. At 1 January 2020, the group's executive management team comprised the following employees, who are covered by this declaration:

Avinor AS:

- Dag Falk-Petersen, CEO
- Petter Johannessen, Executive Vice President strategy and business management
- Mari Hermansen, Executive Vice President HR, legal and business support
- Egil Thompson, Executive Vice President communications and marketing
- Joachim Lupnaav Johnsen, Executive Vice President commercial
- Thorgeir Landevaag, Executive Vice President national, regional and local airports
- Øyvind Hasaas, Executive Vice President operations and infrastructure
- Marit Helene Stigen, Airport Director Trondheim airport
- Anette Sigmundstad, Airport Director Stavanger airport
- Helge Eidsnes, Airport Director Bergen airport
- Stine R. Westby, Airport Director Oslo airport

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, Director technology services
- Tor-Øivind Skogseth, Assistent Managing Director and Director, safety, customers and public relations
- Jan Østby, Director remote services
- Marisa Luisa Ruiz Retamar, Director HR and competence
- Kresten Lyngstad, CFO
- Håkan Olsson, Director growth

Svalbard Lufthavn AS

- Hans Jørgen Bugge, Managing Director

CEO Dag Falk-Petersen retired his position on 15 February 2021, and terminates his employment with the company on 31 August 2021. He then retires with a retirement pension.

Abraham Foss took on the role of CEO on 15 February 2021.

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 to executive employees 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.

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, a defined benefit plan in Statens Pensjonskasse (the Norwegian Public Service Pension Fund) or the new defined contribution pension scheme. 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 most of the executive employees; members of the group's executive management and Managing Director of Avinor Flysikring AS the age limit is 67 years. For newer members of the executive management the age limit is 70 years.

In the Agreement with the group's executive management and Managing Director of Avinor Flysikring AS concluded before the guidelines from 13 February 2015, a defined contribution retirement pension scheme for salaries exceeding 12G have been established, inclusive a disability pension scheme.

For this group the retirement pension is contribution based for salaries exceeding 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 per cent of pensionable income from 12G to 18G and
- 25 per cent of pensionable income over 18G

For senior executives aged 55 to 60:
- 25 per cent of pensionable income from 12G to 18G and
- 20 per cent of pensionable income over 18G

For senior executives aged 50 to 55:
- 20 per cent of pensionable income from 12G to 18G and
- 15 per cent of pensionable income over 18G

For senior executives aged up to 50:
- 15 per cent of pensionable income from 12G to 18G and
- 10 per cent of 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 February 2015 are only entitled to be a member of the group's general pension plan. As at 31 December 2020 this applies to six members of the group executive management. As a compensation, these receive a salary supplement which shall annually correspond to earned pension contributions in accordance with other senior employees' contribution-based pension scheme for salaries above 12 G. The amount is paid as salary, and holiday pay is accrued as for ordinary salary.

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 service 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.

Members of the group's executive management have agreed final remuneration figures in their contracts of employment should their employment be terminated by the employer. For those members of the of the group's executive management employed before the scheme was established in 2015, this has been defined as 12 months of their regular fixed salary. For five members of the group's executive management, remuneration has been defined as "reasonable final remuneration determined at the time of termination" based on their regular monthly salary. Final remuneration will only be paid if the director accepts the termination and does not commence proceedings under the termination regulations of the Norwegian Working Environment Act, etc.

For other executive employees, an advanced agreement for severance pay with finally determined compensation at retirement, cannot 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. The Managing Director of Svalbard Lufthavn AS has ordinary protection against dismissal and no clause regarding severance pay.

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

The salary policy for executive employees in 2020 has been conducted in accordance with the above guidelines and the guidelines discussed at the Annual General Meeting on 9 June 2020. 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 1.07 per cent.

The basic salary of other executive employees in Avinor AS was adjusted in average by 1.07 per cent.

The base salary of the Managing Director of Avinor Flysikring AS was adjusted by 1.07 per cent. Other executive employees in Avinor Flysikring AS was adjusted in average 1.07 per cent.

The wage settlement is based on evaluation of performance.

The fixed salary of the managing director of Svalbard Lufthavn AS was adjusted by 8.4 per cent. This increase is due to the recruitment of a new management director in the company.

The total cost of the contribution based pension scheme for salary exceeding 12G for executive employees before 13 February 2015 was NOK 2,781,997 in 2020. The scheme is administered by Avinor through day-to-day operations. The premium is not taxable and dutiable. The scheme is closed for new executive employees after 13 February 2015.

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

No lump sum payments have been made in 2020.

CEO retired his position on 15 February 2021, and terminates his employment with the company on 31 August 2021. Abraham Foss has been appointed as the new CEO with effect from 15 February 2021.

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 remuneration 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 2020 are provided in note 5 of the annual financial statement for 2020.

NOTE 7 Other operating expenses

All amounts in MNOK

SPECIFICATION OF OTHER OPERATING EXPENSES	AVINOR AS 2020	AVINOR AS 2019	AVINOR GROUP 2020	AVINOR GROUP 2019
Other operating expenses				
Management/maintenance - buildings	569.9	644.5	610.5	687.3
Repairs, maintenance operational materials	366.9	398.7	415.8	440.6
Control/security/guard services	512.7	830.2	515.5	837.1
Meteorological services	2.6	3.0	44.2	43.8
Consulting services	252.9	341.3	257.7	350.3
Other external services	310.1	580.9	335.0	607.6
Losses on receivables	148.3	2.5	208.3	2.8
Other operating expenses	251.4	342.2	384.5	513.2
Inter-company expenses	691.1	913.6	0.0	0.0
Total	3 105.0	4 055.7	2 771.6	3 482.6

FEES PAID TO AUDITOR ERNST & YOUNG AS (ALL AMOUNTS ARE EXCL. VAT)

	AVINOR AS 2020	AVINOR AS 2019	AVINOR GROUP 2020	AVINOR GROUP 2019
Statutory audit fee	2.3	2.1	3.2	2.7
Other attestation services	0.8	0.3	1.0	0.4
Tax advisory services	0.0	0.0	0.0	0.0
Other services	0.0	0.2	0.0	0.2
Total	3.1	2.6	4.2	3.3

NOTE 8 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	2020	2019	2020	2019
Other expenses				
Pension - see note 16	0.0	-244.6	0.0	-86.6
External environment - see note 21	0.0	871.2	0.0	871.2
Changes in value and other losses/gains - net	57.5	39.3	48.9	36.2
Total	57.5	665.9	48.9	820.8
Changes in value and other losses/gains - net:				
Changes in value - unrealised (note 14)	0.8	55.7	4.6	45.4
Changes in value - realised energy contracts	55.5	-15.8	57.5	-16.7
Foreign currency translation gains/losses	1.2	-0.6	-13.1	7.5
Total	57.5	39.3	48.9	36.2

NOTE 9 Finance income and costs

All amounts in MNOK

Dividend income

Dividend income is recognised when the right to receive payment is established.
Accounting principles regarding finance items are described in note 14.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2020	2019	2020	2019
Finance income				
Interest income (excluding group receivables)	31.9	34.3	33.7	38.7
Interest income on loans to group companies	12.7	13.4	0.0	0.0
Other finance income	1.2	0.9	1.7	1.2
Total finance income	45.8	48.6	35.4	39.9
Finance costs				
Interest expense	624.5	620.4	623.8	620.4
Interest expense on loans from group companies	8.9	25.8	0.0	0.0
Interest expense on lease liabilities	16.1	17.2	14.1	14.7
Other borrowing expenses	6.1	7.4	6.1	7.4
Borrowing costs capitalised (see note 11)	-29.1	-25.3	-53.9	-44.5
Other finance costs	21.5	4.7	21.7	5.1
Net fair value gains/losses on bank borrowings including derivatives	35.7	35.3	35.7	35.3
Fair value loss on financial instruments (note 14)				
- interest rate swaps: cash flow hedges, transfer from equity	0.0	0.0	0.0	0.0
- interest rate swaps: fair value hedges	-35.7	-35.3	-35.7	-35.3
Total finance costs	648.0	650.3	611.8	603.1
Finance income/(costs) - net	-602.2	-601.7	-576.3	-563.2

NOTE 10 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 enacted 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 settled.

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.

Loss carried forward

Svalbard Lufthavn AS have a loss carried forward of MNOK 110.5. The tax effect of the loss is not included due to the uncertainty regarding the utilization of the loss.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION	2020	2019	2020	2019
Income tax expense				
Current tax on profit for the year	0.0	230.7	0.0	298.6
Current tax on adjustments in respect of prior years	0.2	0.0	0.0	0.1
Current tax on group contributions	-14.4	0.2	0.0	0.0
Deferred tax on origination and reversal of temporary differences	-116.5	-40.2	-201.8	-101.2
Total income tax expense	-130.7	190.7	-201.8	197.5
Effective tax rate reconciliation				
Profit before income tax	-598.8	856.8	-925.5	899.7
22 % tax on profit before income tax	-131.7	188.5	-203.5	197.2
Effect of adjustments prior years	0.2	0.0	0.2	-2.0
Permanent differences	0.8	2.2	1.5	2.4
Income tax expense	-130.7	190.7	-201.8	197.5
Effective tax rate	21.8 %	22.3 %	21.8 %	22.0 %

AVINOR AS:
SPECIFICATION OF DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2020	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2020
Receivables	0.2	-33.0	0.0	-32.7
Non-current assets	-413.4	-46.0	0.0	-459.4
Right-of-use assets	121.7	-13.3	0.0	108.3
Lease liabilities	-123.7	10.8	0.0	-112.9
Borrowings	-315.6	-71.8	0.0	-387.5
Provisions	-243.9	5.3	0.0	-238.5
Pension benefits	-444.5	-17.9	-205.9	-668.3
Group contributions (payables)	0.2	-0.2	-14.4	-14.4
Profit and loss account	-8.8	2.4	0.0	-6.3
Derivative financial instruments	384.7	71.0	-46.3	409.4
Loss carried forward	0.0	-23.7	0.0	-23.7
Deferred tax asset(-)/liability (net)	-1 043.1	-116.5	-266.6	-1 426.0

	AT 1 JANUARY 2019	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM-PREHENSIVE INCOME	AT 31 DECEMBER 2019
Receivables	-2.3	2.5	0.0	0.2
Non-current assets	-470.7	57.3	0.0	-413.4
Right-of-use assets	131.2	-9.5	0.0	121.7
Lease liabilities	-131.2	7.5	0.0	-123.7
Borrowings	-317.0	1.4	0.0	-315.6
Provisions	-70.9	-172.9	0.0	-243.9
Pension benefits	-613.7	85.9	83.3	-444.5
Group contributions (payables)	0.4	0.0	-0.2	0.2
Profit and loss account	-10.2	1.4	0.0	-8.8
Derivative financial instruments	343.1	-13.7	55.3	384.7
Deferred tax asset(-)/liability (net)	-1 141.2	-40.2	138.3	-1 043.1

	2020	.2019
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 664.7	-1 306.1
Deferred tax asset to be recovered within 12 months	-279.0	-243.9
Total deferred tax assets	-1 943.7	-1 550.0
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	517.8	506.4
Deferred tax liability to be recovered within 12 months	0.0	0.4
Total deferred tax liabilities	517.8	506.9
Deferred tax asset(-)/liability (net)	-1 426.0	-1 043.1

AVINOR GROUP:
SPECIFICATION OF DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2020	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM- PREHENSIVE INCOME	AT 31 DECEMBER 2020
Receivables	-1.3	-46.1	0.0	-47.4
Non-current assets	-353.4	-41.5	0.0	-394.9
Right-of-use assets	106.2	-11.7	0.0	94.5
Lease liabilities	-108.0	9.5	0.0	-98.5
Borrowings	-315.6	-71.8	0.0	-387.5
Provisions	-254.5	12.5	0.0	-241.8
Pension benefits	-873.1	-23.5	-338.3	-1 234.9
Profit and loss account	-9.3	2.5	0.0	-6.7
Derivative financial instruments	385.6	70.1	-46.3	409.4
Loss carried forward	0.0	-101.8	0.0	-101.8
Deferred tax asset(-)/liability (net)	-1 423.4	-201.8	-384.6	-2 009.7

	AT 1 JANUARY 2019	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COM- PREHENSIVE INCOME	AT 31 DECEMBER 2019
Receivables	-3.8	2.5	0.0	-1.3
Non-current assets	-414.5	61.1	0.0	-353.4
Right-of-use assets	112.5	-6.3	0.0	106.2
Lease liabilities	-112.7	4.7	0.0	-108.0
Borrowings	-317.0	1.4	0.0	-315.6
Provisions	-74.6	-180.0	0.0	-254.5
Pension benefits	-1 018.2	25.3	119.8	-873.1
Profit and loss account	-10.8	1.5	0.0	-9.3
Derivative financial instruments	341.7	-11.4	55.3	385.6
Deferred tax asset(-)/liability (net)	-1 497.4	-101.2	175.1	-1 423.4

	2020	.2019
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-2 211.0	-1 778.6
Deferred tax asset to be recovered within 12 months	-302.5	-255.9
Total deferred tax assets	-2 513.5	-2 034.6
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	503.8	611.2
Deferred tax liability to be recovered within 12 months	0.0	0.0
Total deferred tax liabilities	503.8	611.2
Deferred tax asset(-)/liability (net)	-2 009.7	-1 423.4

NOTE 11 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 recognised as an expense as incurred. Development costs are recognised as an intangible asset when all the criteria 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 enhance the future usage of the program.

AIR TRAFFIC MANAGEMENT SYSTEMS, AIRSPACE ORGANIZATION

	AVINOR AS	AVINOR GROUP
At 1 January 2019		
Cost	80.4	327.9
Accumulated amortisation and impairment	-49.5	-224.6
Net book amount	30.9	103.4
Year ended 31 December 2019		
Opening net book amount	30.9	103.4
Additions	52.0	149.8
Disposals	0.0	0.0
Amortisation charge	-5.5	-19.5
Closing net book amount	77.5	233.7
At 31 December 2019		
Cost	132.5	477.7
Accumulated amortisation and impairment	-55.0	-244.0
Net book amount	77.5	233.7
Year ended 31 December 2020		
Opening net book amount	77.5	233.7
Additions	277.3	213.8
Disposals	0.0	0.0
Amortisation charge	-20.0	-39.9
Closing net book amount	334.8	407.5
At 31 December 2020		
Cost	409.7	691.5
Accumulated amortisation and impairment	-74.9	-283.9
Net book amount	334.8	407.5
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 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 estimated based on experience, history and judgements, and adjusted if appropriate. 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.

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.

Borrowing costs

Property plant and equipment includes borrowing costs when the construction period of major asset is longer than one year.

Capitalised borrowing costs for Avinor AS and the group in 2020 amounted to MNOK 29.0 and MNOK 53.9, respectively (2019: MNOK 25.3 and MNOK 44.5).

The average capitalisation rate for Avinor AS and the group was 2.93 per cent in 2020 (2019: 3.05 per cent).

AVINOR AS: PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019							
Cost	1 097.5	23 669.2	14 053.0	1 401.8	7 381.8	3 394.5	**50 997.8**
Accumulated depreciation	-1.8	-7 194.8	-4 482.9	-613.8	-4 552.4	-1 404.8	**-18 250.4**
Net book amount	1 095.7	16 474.4	9 570.1	788.0	2 829.4	1 989.7	**32 747.4**
Year ended 31 December 2019							
Opening net book amount	1 095.7	16 474.6	9 569.6	788.1	2 829.6	1 989.8	**32 747.4**
Additions	36.4	542.5	522.0	161.3	373.1	90.2	**1 725.5**
Disposals	0.0	-5.4	-0.2	-18.1	-4.5	0.0	**-28.2**
Depreciation charge	0.0	-748.3	-467.1	-81.9	-537.3	-112.7	**-1 947.3**
Closing net book amount	1 132.2	16 263.2	9 624.8	849.3	2 660.7	1 967.2	**32 497.3**
At 31 December 2019							
Cost	1 133.9	24 202.5	14 561.3	1 505.8	7 707.0	3 443.4	**52 554.0**
Accumulated depreciation	-1.8	-7 939.3	-4 936.6	-656.6	-5 046.4	-1 476.2	**-20 056.7**
Net book amount	1 132.1	16 263.2	9 624.7	849.3	2 660.6	1 967.2	**32 497.3**
Year ended 31 December 2020							
Opening net book amount	1 132.1	16 263.2	9 624.7	849.3	2 660.6	1 967.2	**32 497.3**
Additions	10.7	488.3	308.2	183.6	312.7	27.8	**1 331.3**
Disposals	-6.6	-172.1	-13.2	-1.7	-5.0	0.0	**-198.6**
Depreciation charge	0.0	-759.0	-468.2	-88.2	-536.4	-110.4	**-1 962.2**
Closing net book amount	1 136.3	15 820.3	9 451.5	943.0	2 431.9	1 884.5	**31 667.8**
At 31 December 2020							
Cost	1 138.1	24 428.6	14 846.9	1 658.6	7 934.8	3 470.3	**53 477.4**
Accumulated depreciation	-1.8	-8 608.3	-5 395.4	-715.6	-5 502.8	-1 585.8	**-21 809.7**
Net book amount	1 136.3	15 820.3	9 451.5	943.0	2 431.9	1 884.5	**31 667.8**
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	

AVINOR GROUP: PROPERTY, PLANT AND EQUIPMENT

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019							
Cost	1 761.4	24 231.6	13 562.0	1 491.1	8 778.2	3 038.7	**52 863.1**
Accumulated depreciation	-2.4	-7 122.8	-4 034.0	-665.4	-5 457.4	-1 154.8	**-18 436.8**
Net book amount	1 759.1	17 108.8	9 528.0	825.6	3 320.9	1 883.9	**34 426.3**
Year ended 31 December 2019							
Opening net book amount	1 759.1	17 108.8	9 528.0	825.6	3 320.9	1 883.9	**34 426.3**
Additions	43.2	604.5	559.2	163.5	488.0	90.2	**1 948.5**
Disposals	0.0	-5.4	-0.2	-18.2	-5.9	0.0	**-29.6**
Depreciation charge	0.0	-798.8	-472.9	-86.8	-628.5	-113.8	**-2 100.7**
Closing net book amount	1 802.2	16 909.2	9 614.1	884.2	3 174.5	1 860.3	**34 244.6**
At 31 December 2019							
Cost	1 804.6	24 826.9	14 098.3	1 595.0	9 188.4	3 087.6	**54 600.9**
Accumulated depreciation	-2.4	-7 917.8	-4 484.2	-710.8	-6 013.9	-1 227.3	**-20 356.4**
Net book amount	1 802.2	16 909.2	9 614.1	884.2	3 174.5	1 860.3	**34 244.6**
Year ended 31 December 2020							
Opening net book amount	1 802.2	16 909.2	9 614.1	884.2	3 174.5	1 860.3	**34 244.6**
Additions	10.7	502.3	308.2	200.2	399.0	27.8	**1 448.3**
Disposals	-12.8	-194.8	-13.2	-1.9	-43.3	0.0	**-266.0**
Depreciation charge	0.0	-807.7	-472.2	-93.8	-620.7	-111.5	**-2 106.0**
Closing net book amount	1 800.2	16 408.9	9 436.9	988.7	2 909.4	1 776.5	**33 320.8**
At 31 December 2020							
Cost	1 802.6	25 038.9	14 383.9	1 761.2	9 460.2	3 114.5	**55 561.2**
Accumulated depreciation	-2.4	-8 630.0	-4 947.0	-772.4	-6 550.7	-1 338.0	**-22 240.5**
Net book amount	1 800.2	16 408.9	9 436.9	988.7	2 909.4	1 776.5	**33 320.8**
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 2019		
Cost	2 025.6	2 828.4
Accumulated depreciation	0.0	0.0
Net book amount	2 024.6	2 828.4
Classified as intangible	0.0	332.3
Year ended 31 December 2019		
Opening net book amount	2 025.6	2 828.4
Additions	1 934.5	2 384.8
Reclassification	-1 725.5	-1 948.5
Closing net book amount	2 234.5	3 264.8
At 31 December 2019		
Cost	2 234.5	3 264.8
Accumulated depreciation	0.0	0.0
Net book amount	2 234.5	3 264.8
Classified as intangible	0.0	622.4
Year ended 31 December 2020		
Opening net book amount	2 234.5	3 264.8
Additions	2 163.6	2 569.0
Reclassification	-1 608.5	-1 662.0
Closing net book amount	2 789.6	4 171.7
At 31 December 2020		
Cost	2 789.6	4 171.7
Accumulated depreciation	0.0	0.0
Net book amount	2 789.6	4 171.7
Classified as intangible	0.0	565.6

As at 31 December 2020 Avinor AS and the group have several assets under construction, of various sizes and durations. The largest projects at year-end are the expansion of the Non-Schengen terminal area at Oslo Airport and the development of remote-controlled towers. In the group, these two projects constitutes for about half of the capitalized assets under construction.

SECURITY

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The group estimates 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. 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 value in use and the carrying amount, in addition to the financial position and expected development in the market, including operating and financing cash flows.

Basis for the measurement of recoverable amount – impairment evaluation

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020. It is also expected to have a negative impact in the following years.

Uncertainty of the duration of the pandemic, the extent of financial support and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments, and result in less headroom between the recoverable amount and the carrying amount of the group's assets for the cash-generating units.

The group, and the two cash-generating units (airport operations and air navigation services), are long-term and regulated infrastructure business where a decrease in traffic in the short / medium term will not entail a need for impairments. However, the current situation and the uncertainty associated with both duration and more long-term consequences are very unusual, and could affect the value of the group's assets and lead to impairment of assets in the future.

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 assessments are subject to particularly high uncertainty related to the effects of the pandemic on future traffic forecasts. Hence, Avinor has relied on different scenarios in determining cash flows in the impairment assessments.

The most important assumptions used in the impairment tests as of 31 December 2020 are described below, and represent updated forecasts, including the managements assumptions of most probable outcome:

KEY ASSUMPTIONS

	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Revenues in 2021 in % of 2019 *	35.7 %	75.5 %
Revenues in terminal value in % of 2019	90.0 %	104.8 %
Operating expenses 2021 in % of 2019	66.3 %	85.4 %
Operating expenses in terminal value in % of 2019	72.3 %	91.8 %
Etarnal growth in terminal value	1.5 %	1.5 %
Post-tax rate of return requirement	4.7 %	4.1 %

* Government grants are not included

Cash flows in the first year in the measurement period is based on management's best estimate, including government grants of MNOK 4,500. Cash flows for years 2–6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. For years 2–6 government grants of MNOK 1,000 in 2022 and zero for the remaining years. Cash flow from year 6 onwards is extrapolated with an eternal growth of 1.5 per cent based on expectations in future travel activity and inflation. The expectations are based on Avinor's own assessments as well as analysis from reputable industry- and analysis organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth. At the same time, aviation fees will be regulated based on level of costs. Airport charges are based on current regulations.

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by MNOK 300 for airport operations and MNOK 1,100 for air navigation services. Consequently, no impairment loss has been recognised at the end of 2020.

Impairment tests - sensitivity analyses

As the pandemic is still evolving and at the time of approval of the financial statements for 2020 there are still uncertainty about the time/effect of large scales of vaccines and how the pandemic will affect future travel activity, it is still too early to predict the full impact the pandemic may have on the group. Should managements current estimates and assumptions not be met, it could lead to significant impairment losses.

Management has carried out sensitivity analyses that represent different scenarios based on changes in the assumptions to which the impairment tests are most sensitive. The analyses have been prepared to illustrate the uncertainty in the management's assessments.

The sensitivity to changes in operating margin, income and terminal growth is summarised in the table below:

	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
IMPAIRMENT TESTS	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Changes in assumptions				
Operating margin: -1.0 %	34 500	1 800	2 100	0
Operating margin: -2.0 %	32 500	3 800	1 500	0
Operating income: -1.0 %	34 500	1 800	2 000	0
Operating income: -2.0 %	32 500	3 800	1 400	100
Terminal growth rate: -0.5 %	32 000	4 300	2 100	0
Terminal growth rate: -1.0 %	29 000	7 300	1 700	0

NOTE 12 Leases – right-of-use assets and lease liabilities

All amounts in MNOK

THE GROUP AS LESSEE - CAPITALIZED LEASES

The group recognises a lease as a right of use with an associated lease obligation, when the asset becomes available for the group. Each rental payment is allocated between financial cost and lease liabilities. The finance cost is recognised in the income statement over the lease period based on an interest rate which results in a constant periodic interest on the remaining capitalized lease liability for each period. Right-of-use assets are amortised over the shortest of the contract period and the useful life of the asset using a linear method.

Estimated rental liability is calculated as the present value of the expected rental payments over the rental period. The lease liability includes the net fair value of fixed lease payments in the agreed period as well as the probable exercise of renewal options. Rental payments are indexed where applicable. A discount rate equal to the group's incremental borrowing rate is used. Right-of-use assets are measured at cost and equal to the amount at initial recognition of the lease liability.

Lease payments for short-term leases and low value leases are expensed as incurred. The group has used the option in IFRS 16.4 and does not apply IFRS 16 for intangible assets.

THE GROUP AS LESSOR - OPERATING LEASES

A significant portion of Avinor's commercial income consists of rental income that is recognised in accordance with IFRS 16.

The rental income consists of fixed rental amounts as well as turnover-based rent that is recognised as income over the lease period in line with the delivery.

The group presents assets that are leased as fixed assets in the balance sheet.

CAPITALIZED LEASES

The group's assets under capitalized leases mainly include buildings and other real estate, runways and land. The group's total lease obligation of MNOK 448.7, includes the rent of office premises in Bjørvika, Oslo (head office) amounting to MNOK 285.5 and the rental of Bodø Airport from Forsvarsbygg amounting to MNOK 90.4. In addition to the rental payments, the group has obligations due to operation/maintenance and insurance of the assets, which are considered as service contracts and not recognised in the lease obligation. The lease agreements do not contain restrictions on the company's dividend policy or financing options. The group does not have any substantial residual value guarantees attached to its leases.

New lease agreements are recognised with a discount rate equal to the group's incremental borrowing rate at the time of establishment of the lease. Avinor and the group's incremental borrowing rate at 31 December 2020 is estimated at 2.67 per cent (2019: 3.05 per cent).

AVINOR AS: RIGHT-OF-USE ASSETS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019						
Cost	26.1	465.0	102.2	2.2	0.8	596.2
Accumulated depreciation	0.0	0.0	0.0	0.0	0.0	0.0
Net book amount	26.1	465.0	102.2	2.2	0.8	596.2
Year ended 31 December 2019						
Opening net book amount	26.1	465.0	102.2	2.2	0.8	596.2
Additions	0.0	16.7	0.0	2.6	0.0	19.3
Reclassification	-0.1	-1.4	0.0	0.0	0.0	-1.5
Depreciation charge	-2.4	-41.8	-15.6	-1.1	-0.1	-60.9
Closing net book amount	23.6	438.6	86.6	3.7	0.6	553.1
At 31 December 2019						
Cost	26.0	480.4	102.2	4.8	0.8	614.0
Accumulated depreciation	-2.4	-41.8	-15.6	-1.1	-0.1	-60.9
Net book amount	23.6	438.6	86.6	3.7	0.6	553.1
Year ended 31 December 2020						
Opening net book amount	23.6	438.6	86.6	3.7	0.6	553.1
Additions	0.0	0.0	0.0	0.0	0.0	0.0
Disposals	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation charge	-0.9	-42.7	-15.6	-1.4	-0.1	-60.7
Closing net book amount	22.8	395.8	71.0	2.3	0.5	492.5
At 31 December 2020						
Cost	26.0	480.4	102.2	4.8	0.8	614.0
Accumulated depreciation	-3.3	-84.5	-31.1	-2.4	-0.2	-121.6
Net book amount	22.8	395.8	71.0	2.3	0.5	492.5
Estimated useful life	3–30 years	3–20 years	6 years	1–4 years	6 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

AVINOR GROUP: RIGHT-OF-USE ASSETS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2019						
Cost	23.5	368.1	102.2	2.2	0.8	**496.7**
Accumulated depreciation	0.0	0.0	0.0	0.0	0.0	**0.0**
Net book amount	23.5	368.1	102.2	2.2	0.8	**496.7**
Year ended 31 December 2019						
Opening net book amount	23.5	368.1	102.2	2.2	0.8	**496.7**
Additions	0.0	38.5	0.0	2.6	0.0	**41.1**
Reclassification	-0.1	-1.2	0.0	0.0	0.0	**-1.2**
Depreciation charge	-1.0	-33.7	-15.6	-1.1	-0.1	**-51.4**
Closing net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
At 31 December 2019						
Cost	23.4	405.4	102.2	4.8	0.8	**536.5**
Accumulated depreciation	-1.0	-33.7	-15.6	-1.1	-0.1	**-51.4**
Net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
Year ended 31 December 2020						
Opening net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
Additions	0.0	0.0	0.0	0.0	0.0	**0.0**
Disposals	0.0	0.0	0.0	0.0	0.0	**0.0**
Depreciation charge	-1.0	-35.5	-15.6	-1.4	-0.1	**-53.6**
Closing net book amount	21.5	336.1	71.0	2.3	0.5	**431.5**
At 31 December 2020						
Cost	23.4	405.4	102.2	4.8	0.8	**536.5**
Accumulated depreciation	-1.9	-69.3	-31.1	-2.4	-0.2	**-105.0**
Net book amount	21.5	336.1	71.0	2.3	0.5	**431.5**
Estimated useful life	3–30 years	3–20 years	6 years	1–4 years	6 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

LEASE LIABILITIES

Specification of remaining estimated rental payments for capitalized leases and present value:

AVINOR AS

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL	INTRA-GROUP INCLUDED IN TOTAL
At 31 December 2020					
Rental agreement HQ Oslo (Oslo Atrium AS)	21.8	115.7	154.8	292.3	0.0
Rental agreement Bodø Airport (Forvarsbygg)	18.7	78.7	0.0	97.5	0.0
Rental agreements other premises	23.4	119.5	37.0	180.0	154.8
Other rental agreements	2.7	6.7	14.4	23.7	4.3
Total - rental payments at nominal value	66.6	320.6	206.2	593.4	159.1
Total - rental payments at present value	65.6	290.1	157.2	513.0	142.7
At 31 December 2019					
Rental agreement HQ Oslo (Oslo Atrium AS)	21.4	89.8	202.5	313.7	0.0
Rental agreement Bodø Airport (Forvarsbygg)	18.4	77.2	20.3	115.8	0.0
Rental agreements other premises	23.0	94.5	79.7	197.2	175.2
Other rental agreements	2.6	7.1	9.4	19.1	3.0
Total - rental payments at nominal value	65.3	268.6	311.9	645.7	178.2
Total - rental payments at present value	64.3	249.9	248.0	562.2	158.8

AVINOR GROUP

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
31.12.2020				
Rental agreement HQ Oslo (Oslo Atrium AS)	28.5	151.3	158.6	338.4
Rental agreement Bodø Airport (Forvarsbygg)	18.7	78.7	0.0	97.5
Rental agreements other premises	8.7	30.8	24.6	64.2
Other rental agreements	2.7	6.9	11.9	21.5
Total - rental payments at nominal value	58.7	267.8	195.1	521.6
Total - rental payments at present value	57.8	242.6	148.2	448.7
31.12.2019				
Rental agreement HQ Oslo (Oslo Atrium AS)	27.9	117.5	220.9	366.4
Rental agreement Bodø Airport (Forvarsbygg)	18.4	77.2	20.3	115.8
Rental agreements other premises	8.6	28.1	30.3	67.0
Other rental agreements	2.7	7.3	8.5	18.5
Total - rental payments at nominal value	57.6	230.1	280.0	567.7
Total - rental payments at present value	56.7	214.3	221.2	492.2

	AVINOR AS		AVINOR GROUP	
CHANGES IN LEASE LIABILITIES	2020	2019	2020	2019
Balance at 1 January	562.2	596.2	492.2	496.7
Additions/changes in the period	0.0	16.2	0.0	37.9
Repayments	-49.2	-48.7	-43.5	-41.1
Interest payments	-16.1	-17.2	-14.1	-14.7
Finance cost on lease liabilities	16.1	17.2	14.1	14.7
Reclassifications	0.0	-1.5	0.0	-1.2
Total lease liabilities at 31 December	513.0	562.2	448.7	492.2
Short-term lease liabilities	65.6	64.3	57.8	56.7
Long-term lease liabilities	447.4	497.9	390.9	435.5
Net cash-flow from lease liabilities	-65.3	-65.8	-57.6	-55.8

THE GROUP AS A LESSEE - NON-CAPITALIZED LEASE AGREEMENTS

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Specification of current year's rental cost				
Operating expenses in the period related to short-term leases (including short-term low value leases)	11.0	7.9	12.1	8.9
Operating expenses in the period related to intangible assets (not applying IFRS 16)	175.7	183.3	203.4	205.1
Total lease cost presented as other operating expenses	186.7	191.2	215.5	213.9

Leases related to intangible assets are mainly licenses and maintenance agreements related to software. The group has used the option in IFRS 16.4 and does not apply IFRS 16 for intangible assets.

Practical solutions used

The Group also rents office machines/IT equipment and other machines and equipment with lease terms from 1 to 3 years. The group has decided not to recognise leases where the underlying asset has low value, and thus does not recognise lease obligations and right-of-use assets for any of these leases. Instead, the rental payments are expensed when they occur. The group also does not recognise lease obligations and rights-of-use assets for short-term leases, as presented in the table above.

OPTIONS TO EXTEND A LEASE AND PURCHASE OPTIONS

As of 31 December 2020, there are no significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

NOTE 13 Financial risk factors

All amounts in MNOK

The group's activities exposes it to a variety of financial risks: Market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk 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. Guidelines have been established that regulate the 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

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 exposed to EUR, USD, GBP, SEK and DKK.

The group's income from en route charges is exposed to foreign exchange risk. For Avinor Flysikring AS 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.

Avinor AS has as part of the hedging of larger acquisitions, entered into forward foreign exchange contracts in connection with the development of the airport terminals. These are contracts in EUR for the payment of luggage handling systems, navigation equipment, vehicles and others. Foreign exchange rate derivatives do not normally qualify for hedge accounting.

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 NOK at 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.

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 2020 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 68 per cent of its long-term borrowings at a fixed rate of interest for at least 12 months.

At 31 December 2020 the group had interest rate swaps at a face value of MNOK 8,194.4 (2019: MNOK 8,194.4), where the group receives a variable rate and pays a fixed average rate of 3.11 per cent of face value. The group also have interest rate swaps at face value of MNOK 6,853.4 (2019: MNOK 1,264.9) where the group pays a variable interest rate of NIBOR and fixed Euro interest rate. Further, the group also have interest rate swaps at face value of MNOK 2,000 where the group receives a variable interest rate of NIBOR and pays a fixed interest rate. 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 rate swaps are financial hedges for a cash flow. All interest swaps are carried at their fair value in the balance sheet. In addition to this, the group had at 31 December 2020 bonds and bank loans amounting to MNOK 2,000 with variable interest rate.

The interest rate swaps of the company and the group are presented below:

AVINOR AS AND AVINOR GROUP

	NOMINAL AMOUNT	DUE DATE	REFERENCE INTEREST RATE
At 31 December 2020			
Cash flow hedge	2 490.0	20.03.2021	EURIBOR OG NIBOR
Cash flow hedge	1 264.9	29.04.2025	EURIBOR OG NIBOR
Fair value hedge	1 264.9	29.04.2025	EURIBOR OG NIBOR
Cash flow hedge	4 439.5	09.02.2027	EURIBOR OG NIBOR
Cash flow hedge	2 000.0	01.10.2030	EURIBOR
Fair value hedge	3 588.5	01.10.2030	EURIBOR OG NIBOR

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

AVINOR AS OG AVINOR KONSERN

	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT	IMPACT ON EQUITY
2020	+50	-17.2	-50.5
	-50	17.2	50.5
2019	+50	-6.2	-45.6
	-50	6.2	45.6

Based on the financial instruments at 31 December 2020, the simulation shows that if the interest rate had been 0.5 per cent higher, pre-tax profit for Avinor AS and the group for the year would have been MNOK 17.2 lower (2019: MNOK 6.2).

The average yield on financial instruments were as follows:

	2020 (%)	2019 (%)
At 31 December 2020		
Overdraft	NA	NA
State Loan	1.34	1.43
Bonds	2.70	3.31
Bank Loan	3.04	3.35

The figures include interest hedging derivatives.

At 31 December 2020 Avinor AS had total borrowings amounting to MNOK 27,150.1 (2019: MNOK 20,802.8) in addition to an overdraft of MNOK 0.0 (2019: MNOK 0.0).

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 2020 approximately 100 per cent of 2021'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 -4.0 (2019: MNOK -2.3) 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 per cent increase in power price):

AVINOR AS OG AVINOR KONSERN

	MARKET VALUE 31 DECEMBER	IMPACT ON PRE-TAX PROFIT
2020	-4.0	17.2
2019	-2.3	21.1

CREDIT RISK

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

The group has credit risks related to three main customers.
In a normal situation, the group assesses the risk that customers cannot fulfil their obligations as moderate, but a consequence of the corona pandemic is that this risk is increasing in 2020 and is expected to be increased for the next few years.

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. Reference is made to note 14 regarding trade receivables and associated provision for losses on receivables.

The group's main bank has external credit rating of Aa2 and AA- (Moody's and 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

During 2020, there have been several cases where repayment schemes have been agreed with customers to settle overdue debt.

All intra-groups accounts are classified in group 2. 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 and 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 contractual undiscounted 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).

See note 14 for information about long - term loans and credit facilities.

In addition to refinancing of the borrowings described below, the group will, the next few years, require financing of already initiated infrastructure projects and necessary investments. The gross financing requirement includes refinancing of existing borrowings as described below and other planned investment activities.

AVINOR AS: MATURITY STRUCTURE OF FINANCIAL OBLIGATIONS

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1–3 MONTHS	BETWEEN 3–12 MONTHS	BETWEEN 1–5 YEARS	OVER 5 YEARS	TOTAL
At 31 December 2020						
State, bond and bank borrowings*	23.9	2 708.8	1 321.4	7 894.1	17 756.6	29 704.8
Lease liabilities (see note 12)	5.5	11.1	49.9	320.6	206.2	593.4
Other commitments	0.9	1.9	8.4	300.0	707.2	1 018.3
Trade payables	234.4	115.5	0.0	0.0	0.0	349.9
Other current liabilities	343.6	169.3	0.0	0.0	0.0	512.9
Total	608.4	3 006.5	1 379.7	8 514.7	18 670.0	32 179.3
At 31 December 2019						
State, bond and bank borrowings*	8.3	823.6	1 703.9	7 456.3	12 944.1	22 936.2
Lease liabilities (see note 12)	5.4	10.9	49.0	268.6	311.9	645.7
Other commitments	1.3	2.2	15.0	314.1	722.3	1 054.9
Trade payables	240.1	118.3	0.0	0.0	0.0	358.4
Other current liabilities	312.0	153.7	0.0	0.0	0.0	465.7
Total	567.2	1 108.6	1 767.9	8 039.0	13 978.3	25 460.9

* Commercial papers and derivatives included

AVINOR GROUP: MATURITY STRUCTURE OF FINANCIAL OBLIGATIONS

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1–3 MONTHS	BETWEEN 3–12 MONTHS	BETWEEN 1–5 YEARS	OVER 5 YEARS	TOTAL
At 31 December 2020						
State, bond and bank borrowings*	23.9	2 708.8	1 321.4	7 894.1	17 756.6	29 704.8
Lease liabilities (see note 12)	4.9	9.8	44.0	267.8	195.1	521.6
Other commitments	1.4	2.8	12.4	300.9	709.4	1 026.9
Trade payables	280.2	138.0	0.0	0.0	0.0	418.2
Other current liabilities	356.6	175.6	0.0	0.0	0.0	532.2
Total	666.9	3 035.0	1 377.9	8 462.8	18 661.1	32 203.7
At 31 December 2019						
State, bond and bank borrowings*	8.3	823.6	1 703.9	7 456.3	12 944.1	22 936.2
Lease liabilities (see note 12)	4.8	9.6	43.2	230.1	280.0	567.7
Other commitments	3.4	6.4	34.0	336.1	724.4	1 104.3
Trade payables	388.4	191.3	0.0	0.0	0.0	579.7
Other current liabilities	309.6	152.5	0.0	0.0	0.0	462.0
Total	714.5	1 183.4	1 781.1	8 022.5	13 948.5	25 649.9

* Commercial papers and derivatives included

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 overall financial objectives (sound financial limits) are the following:

1. Equity ratio: 40 per cent (according to article 5 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 5 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 net 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, NIB and the groups revolving credit facility requires equity of minimum 30 per cent of equity plus net interest-bearing debt, exclusive lease liabilities.

Avinor complies with all equity covenants in loan agreements and the minimum equity ratio according to the Articles of Association as of 31 December 2020.

EQUITY RATIO (ACCORDING TO ARTICLE 5 OF THE COMPANY'S ARTICLES OF ASSOCIATION)

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Interest-bearing debt	27 663.2	21 365.0	27 598.9	21 295.0
Interest rate swaps - liability	420.7	0.0	420.7	0.0
Interest rate swaps - asset	-2 285.9	-1 751.1	-2 285.9	-1 751.1
Lease liabilities	-513.0	-562.2	-448.7	-492.2
Cash and cash equivalents	-5 998.7	-1 040.0	-6 017.9	-1 059.1
Net interest-bearing debt - exclusive lease liabilities	19 286.3	18 011.7	19 267.0	17 992.6
Equity	13 147.2	14 509.4	13 187.1	15 279.0
Total equity and net interest-bearing debt - exclusive lease liabilities	32 433.4	32 521.1	32 454.1	33 271.6
Net debt to equity ratio*	40.5 %	44.6 %	40.6 %	45.9 %

* Equity as a percentage of total equity and net interest-bearing debt - exclusive lease liabilities

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 obtained from the group's treasury system and checked against market valuations made by the group's relationship bank.

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.

Comparison of carrying amounts and fair value

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

AVINOR AS

	2020		2019	
SPECIFICATION	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 638.6	1 652.4	1 638.6	1 631.2
Bonds	20 738.3	22 278.5	13 344.0	14 318.6
Bank borrowings	4 773.2	5 244.9	5 220.3	5 602.1
Commercial papers	0.0	0.0	600.0	600.0
Lease liabilities	513.0	513.0	562.2	562.2

AVINOR GROUP

SPECIFICATION	2020 CARRYING AMOUNT	2020 FAIR VALUE	2019 CARRYING AMOUNT	2019 FAIR VALUE
Interest-bearing debt				
State loan	1 638.6	1 652.4	1 638.6	1 631.2
Bonds	20 738.3	22 278.5	13 344.0	14 318.6
Bank borrowings	4 773.2	5 244.9	5 220.3	5 602.1
Commercial papers	0.0	0.0	600.0	600.0
Lease liabilities	448.7	448.7	492.2	492.2

Financial instruments by level of fair value measurement hierarchy

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

- Quoted prices 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 (as prices) or indirectly (derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3)

The following table presents the group's, and also in all essentials the company's, assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2020:

AVINOR KONSERN	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	0.8	0.0	0.8
Derivatives used for hedging				
Interest rate contracts	0.0	2 285.9	0.0	2 285.9
Total assets	0.0	2 286.7	0.0	2 286.7
Liabilities				
Financial liabilities at fair value through profit or loss				
Energy contracts	4.0	0.0	0.0	4.0
Bonds	0.0	4 954.5	0.0	4 954.5
Foreign exchange contracts	0.0	1.0	0.0	1.0
Derivatives used for hedging				
Interest rate contracts	0.0	420.7	0.0	420.7
Total liabilities	4.0	5 376.2	0.0	5 380.2
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	1 652.4	0.0	1 652.4
Bonds	0.0	22 278.5	0.0	22 278.5
Bank borrowings	0.0	5 244.9	0.0	5 244.9
Commercial papers	0.0	0.0	0.0	0.0
Lease liabilities	0.0	448.7	0.0	448.7
Total	0.0	29 624.5	0.0	29 624.5

There were no transfers between levels during the year.

The following table presents the group's, and also in all essentials the company's, assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2019:

AVINOR GROUP

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	4.2	0.0	**4.2**
Derivatives used for hedging				
Interest rate contracts	0.0	1 751.1	0.0	**1 751.1**
Total assets	0.0	1 755.3	0.0	**1 755.3**
Liabilities				
Financial liabilities at fair value through profit or loss				
Energy contracts	2.3	0.0	0.0	**2.3**
Bonds	0.0	1 523.5	0.0	**1 523.5**
Total liabilities	2.3	1 523.5	0.0	**1 525.8**
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	1 631.2	0.0	**1 631.2**
Bonds	0.0	14 318.6	0.0	**14 318.6**
Bank borrowings	0.0	5 602.1	0.0	**5 602.1**
Commercial papers	0.0	600.0	0.0	**600.0**
Lease liabilities	0.0	492.2	0.0	**492.2**
Total	0.0	22 644.0	0.0	**22 644.0**

There were no transfers between levels during 2019.

Interest-bearing debt and derivatives in level 2.

The fair value estimation of derivatives is collected from the groups treasury system and checked against fair value estimates from the relationship bank. The fair value estimation of interest-bearing debt is collected from the groups treasury system and is estimated based on the difference between the coupon/fixed rate of interest on the interest-bearing debt compared with relevant NIBOR interest rate swaps and implicit funding spread from the market.

NOTE 14 Financial assets and liabilities

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 amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. 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.

Amortised cost

Financial assets at amortised cost are assets where both the following conditions are met: The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

The group's financial assets at amortised cost comprise 'trade and other receivables' in the balance sheet.

Other receivables consist of accruals of rental income.

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, with the exception of trade receivables which are initially recognised at transaction price in accordance with IFRS 15. 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

With the exception of trade receivables, the group do not have any financial assets covered by the impairment rules.

For trade receivables without a significant financing component, the group has applied the standard's simplified approach and measure the loss allowance at an amount equal to lifetime expected credit loss for the asset from initial recognition. The group has established a provision model that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. During 2020, the model has been adjusted so that increased attention is set on specific individual debtors as a consequence of the corona pandemic.

DERIVATE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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 hedging derivatives as either

- Hedges of the fair value of recognised assets, liabilities or a firm commitment (fair value hedge) or
- Hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge)

The assessment of the hedge effectiveness is based on the economic relationship between the hedging instrument and the hedged item, and that the credit risk is not dominant in the change in fair value of the hedging instrument. The hedge effectiveness is assessed prospectively.

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 applies fair value hedge for hedging activities where the group has entered into fixed interest rate borrowings in foreign currency that have been swapped to floating interest rates in NOK. 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

Classification

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. 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. Liabilities in this category are classified as current if expected realisation is within 12 months after the end of the reporting period.

Amortised cost

Financial liabilities at amortised cost are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. Financial liabilities at amortised cost are recognised initially 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.

Categories of financial instruments in the balance sheet

AVINOR AS	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2020				
Assets				
Loans and receivables to group companies	781.5	0.0	0.0	**781.5**
Derivative financial instruments	0.0	0.8	2 285.9	**2 286.7**
Other financial assets	168.2	0.0	0.0	**168.2**
Trade receivables	400.5	0.0	0.0	**400.5**
Other receivables	62.3	0.0	0.0	**62.3**
Cash and cash equivalents	5 998.7	0.0	0.0	**5 998.7**
Total assets	7 411.2	0.8	2 285.9	**9 697.9**
Liabilities				
State loan	1 638.6	0.0	0.0	**1 638.6**
Bonds	20 738.3	0.0	0.0	**20 738.3**
Bank borrowings	4 773.2	0.0	0.0	**4 773.2**
Commercial papers	0.0	0.0	0.0	**0.0**
Loans and payables to group companies	1 579.6	0.0	0.0	**1 579.6**
Derivative financial instruments	0.0	5.0	420.7	**425.7**
Lease liabilities	0.0	513.0	0.0	**513.0**
Trade payables	349.9	0.0	0.0	**349.9**
Other liabilities	523.9	0.0	0.0	**523.9**
Total liabilitites	29 603.5	518.0	420.7	**30 542.1**

AVINOR AS

	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2019				
Assets				
Loans and receivables to group companies	254.9	0.0	0.0	**254.9**
Derivative financial instruments	0.0	0.0	1 751.1	**1 751.1**
Other financial assets	97.9	0.0	0.0	**97.9**
Trade receivables	1 003.2	0.0	0.0	**1 003.2**
Other receivables	257.2	0.0	0.0	**257.2**
Cash and cash equivalents	1 040.0	0.0	0.0	**1 040.0**
Total assets	2 653.1	0.0	1 751.1	**4 404.2**
Liabilities				
State loan	1 638.6	0.0	0.0	**1 638.6**
Bonds	13 344.0	0.0	0.0	**13 344.0**
Bank borrowings	5 220.3	0.0	0.0	**5 220.3**
Commercial papers	600.0	0.0	0.0	**600.0**
Loans and payables to group companies	1 198.0	0.0	0.0	**1 198.0**
Derivative financial instruments	0.0	2.3	0.0	**2.3**
Lease liabilities	0.0	562.2	0.0	**562.2**
Trade payables	358.4	0.0	0.0	**358.4**
Other liabilities	478.8	0.0	0.0	**478.8**
Total liabilitites	22 838.1	564.5	0.0	**23 402.6**

AVINOR GROUP

	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2020				
Assets				
Derivative financial instruments	0.0	0.8	2 285.9	**2 286.7**
Other financial assets	169.6	0.0	0.0	**169.6**
Trade receivables	637.2	0.0	0.0	**637.2**
Other receivables	78.4	0.0	0.0	**78.4**
Cash and cash equivalents	6 017.9	0.0	0.0	**6 017.9**
Total assets	6 903.1	0.8	2 285.9	**9 189.8**
Liabilities				
State loan	1 638.6	0.0	0.0	**1 638.6**
Bonds	20 738.3	0.0	0.0	**20 738.3**
Bank borrowings	4 773.2	0.0	0.0	**4 773.2**
Commercial papers	0.0	0.0	0.0	**0.0**
Derivative financial instruments	0.0	5.0	420.7	**425.7**
Lease liabilities	0.0	448.7	0.0	**448.7**
Trade payables	418.2	0.0	0.0	**418.2**
Other liabilities	548.8	0.0	0.0	**548.8**
Total liabilitites	28 117.1	453.7	420.7	**28 991.4**

AAVINOR GROUP

	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2019				
Assets				
Derivative financial instruments	0.0	4.2	1 751.1	**1 755.3**
Other financial assets	99.0	0.0	0.0	**99.0**
Trade receivables	1 215.7	0.0	0.0	**1 215.7**
Other receivables	275.9	0.0	0.0	**275.9**
Cash and cash equivalents	1 059.1	0.0	0.0	**1 059.1**
Total assets	2 649.8	4.2	1 751.1	**4 405.1**
Liabilities				
State loan	1 638.6	0.0	0.0	**1 638.6**
Bonds	13 344.0	0.0	0.0	**13 344.0**
Bank borrowings	5 220.3	0.0	0.0	**5 220.3**
Commercial papers	600.0	0.0	0.0	**600.0**
Derivative financial instruments	0.0	2.3	0.0	**2.3**
Lease liabilities	0.0	492.2	0.0	**492.2**
Trade payables	579.7	0.0	0.0	**579.7**
Other liabilities	500.4	0.0	0.0	**500.4**
Total liabilitites	21 883.0	494.5	0.0	**22 377.5**

For information about the credit quality of financial assets - see note 13.

DERIVATIVE FINANCIAL INSTRUMENTS

	AVINOR AS			AVINOR GROUP		
	2020	2019	CHANGE	2020	2019	CHANGE
Assets						
Interest rate swaps - cash flow hedges	**1 860.7**	1 498.0	362.7	**1 860.7**	1 498.0	362.7
Interest rate swaps - fair value hedges	**425.2**	253.1	172.1	**425.2**	253.1	172.1
Forward foreign exchange contracts	**0.8**	0.0	0.8	**0.8**	4.2	-3.4
Forward energy contracts		0.0	0.0		0.0	0.0
Total assets	**2 286.7**	1 751.1	535.6	**2 286.7**	1 755.3	531.4
Liabilities						
Interest rate swaps - cash flow hedges	**420.7**	0.0	420.7	**420.7**	0.0	420.7
Forward foreign exchange contracts	**1.0**	0.0	1.0	**1.0**	0.0	1.0
Forward energy contracts	**4.0**	2.3	1.7	**4.0**	2.3	1.7
Total liabilities	**425.7**	2.3	423.4	**425.7**	2.3	423.4
Net change			112.2			108.0
Details of net change						
Changes in value and other losses/(gains) - net (note 8)			-0.8			-4.6
Interest rate swaps - recognised in other comprehensive income			0.0			0.0
Interest rate swaps - recognised in other comprehensive income			-210.5			-210.5
Interests rate swaps - changes in value			323.5			323.1

AVINOR AS AND AVINOR GROUP

	CARRYING AMOUNT	CHARNGE IN CARRYING AMOUNT 2020	RECOGNISED IN OCI 2020	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
31 December 2020				
Derivative financial instruments*				
Interest rate swaps - cash flow hedges	1 440.0	-58.0	-488.6	-133.4
Interest rate swaps - fair value hedges	425.2	172.1	278.1	213.2
Total	1 865.2	114.1	-210.5	79.8

*Line item in the statement of financial position

AVINOR AS AND AVINOR GROUP

	CARRYING AMOUNT	CHARNGE IN CARRYING AMOUNT 2020	RECOGNISED IN OCI 2020	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
31 December 2019				
Derivative financial instruments*				
Interest rate swaps - cash flow hedges	1 498.0	214.7	250.8	247.7
Interest rate swaps - fair value hedges	253.1	30.2	0.5	-3.7
Total	1 751.1	244.9	251.3	244.0

*Line item in the statement of financial position

These derivative financial instruments are also cash flow hedges of foreign exchange loans in EUR to fixed NOK. There has been no inefficiency in these hedging instruments.

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 interest rate swaps have a maturity of between 0.2 and 9.7 years as at 31 December 2020 (1.2 and 7.1 years at 31 December 2019).

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2020 was MNOK 69 (2019: MNOK 151).

The notional principal amount of the outstanding forward energy contracts at 31 December 2020 was MNOK 89 (2019: MNOK 107).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2020 were MNOK 17,048 (2019: MNOK 9,459). At 31 December 2020, the fixed interest rates vary from 1.05 per cent to 4.62 per cent (2019: 1.11 per cent to 4.62 per cent). The main floating rate is NIBOR and fixed Euro interest rate.

Gains and losses recognised in the hedging reserve in other comprehensive income (note 15) on interest rate swap contracts as of 31 December 2020 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.

OTHER FINANCIAL ASSETS

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Other financial assets				
Other non-current receivables	168.2	97.9	169.6	99.0
Total	168.2	97.9	169.6	99.0

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	
	2020	2019	2020	2019
Trade receivables	549.7	1 004.0	853.4	1 223.7
Provision for impairment of trade receivables	-149.2	-0.8	-216.2	-7.9
Trade receivables - net	400.5	1 003.2	637.2	1 215.8
Receivables written off during the year	-1.3	1.4	-1.3	1.4

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.

CHANGES IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES:

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
At 1 January	0.8	12.1	7.9	19.1
This years provisions for receivables impairment	147.1	0.8	207.0	7.9
Receivables written off during the year as uncollectible	1.3	-1.4	1.3	-1.4
Unused amounts reversed	0.0	-10.7	0.0	-17.7
At 31 December	149.2	0.8	216.2	7.9

Credit risk and foreign exchange risk are described in note 13.

AGE ANALYSIS OF ACCOUNTS RECEIVABLES

	TOTAL	NOT DUE	<30 D	31–60 D	61–90 D	>90 D
AVINOR AS						
2020	549.7	404.5	7.8	20.3	7.7	109.4
2019	1 004.0	969.1	30.9	2.1	0.4	1.5
AVINOR GROUP						
2020	853.4	653.8	22.6	42.4	11.1	123.4
2019	1 223.7	1 180.9	31.2	2.4	0.5	8.7

SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Trade and other receivables				
Trade receivables	400.5	1 003.2	637.2	1 215.7
Intra-group accounts	551.5	104.9	0.0	0.0
Accrued income	33.1	199.4	28.6	212.0
Prepaid expenses	59.3	60.4	80.4	81.2
Other short-term receivables	29.2	57.8	49.8	64.0
Total	1 073.6	1 425.7	796.0	1 572.9

TRADE AND OTHER RECEIVABLES IN FOREIGN CURRENCY

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
EUR	0.0	0.0	197.8	92.1
Total	0.0	0.0	197.8	92.1

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, and bank overdraft.

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Cash and bank at hand	5 998.7	1 040.0	6 017.9	1 059.1
Short-term bank deposits	0.0	0.0	0.0	0.0
Total	5 998.7	1 040.0	6 017.9	1 059.1

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

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Cash and cash equivalents	5 998.7	1 040.0	6 017.9	1 059.1
Bank overdrafts	0.0	0.0	0.0	0.0
Total	5 998.7	1 040.0	6 017.9	1 059.1

Avinor AS has a credit facility of MNOK 4,000 and a bank overdraft limit of MNOK 600.

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	
	2020	2019	2020	2019
Non-current borrowings and lease liabilities				
State loan	1 194.2	1 194.2	1 194.2	1 194.2
Bonds	18 248.4	12 893.9	18 248.4	12 893.9
Bank borrowings	4 326.1	4 773.2	4 326.1	4 773.2
Lease liabilities	447.4	497.9	390.9	435.5
Total long-term	24 216.1	19 359.2	24 159.6	19 296.8
Current borrowings				
Commercial papers	0.0	600.0	0.0	600.0
First year instalment on long-term debt	3 381.5	1 341.5	3 381.5	1 341.5
Lease liabilities	65.6	64.3	57.8	56.7
Total current	3 447.1	2 005.8	3 439.3	1 998.2
Total current and long-term borrowings and lease liabilities	27 663.2	21 365.0	27 598.9	21 295.0

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Changes in borrowings				
Opening net book amount at 1 January	21 365.0	22 336.9	21 295.0	22 237.4
Proceeds from borrowings	*7 526.6*	*0.0*	*7 526.6*	*0.0*
Repayment of borrowings	*-896.7*	*-1 531.5*	*-896.7*	*-1 531.5*
Repayment of lease liabilities	*-49.6*	*-48.6*	*-43.9*	*-41.1*
Net proceeds/repayment of short term borrowings (commercial papers)	*-600.0*	*600.0*	*-600.0*	*600.0*
Net changes in borrowings with cash flow effect	5 980.3	-980.1	5 986.0	-972.6
Other changes in lease liabilities	0.0	14.7	0.0	36.6
Changes in value	317.9	-6.5	317.9	-6.4
Closing net book amount at 31 December	27 663.2	21 365.0	27 598.9	21 295.0

INFORMATION ABOUT STATE LOAN AND BANK BORROWINGS

	CURRENCY	EFFECTIVE INTEREST RATE
State loan	NOK	1.34 %
Bonds, inclusive commercial papers	NOK/EUR	2.70 %
Bank borrowings	NOK	3.04 %

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 13 for a description of interest risk.

REPAYMENT PROFILE BORROWINGS	2022	2023	2024	2025	2026	THEREAFTER	TOTAL
State loan	444.4	444.4	305.5				1 194.2
Bonds				2 530.0	1 000.0	14 718.4	18 248.4
Bank borrowings	447.1	527.1	527.1	527.1	527.1	1 770.6	4 326.1
Closing net book amount at 31 December	891.5	971.5	832.6	3 057.1	1 527.1	16 489.0	23 768.7

State loan

The loan is divided into five equal debentures with different interest terms. The debentures 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 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 2020, are as follows:

- 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 MEUR 300, maturity date 29 April 2025, interest rate 1.00 per cent.
- Face value MEUR 500, maturity date 9 February 2027, interest rate 1.25 per cent.
- Face value MNOK 1,000, maturity date 29 April 2026, interest rate NIBOR plus 1.20 per cent.
- Face value MNOK 1,000, maturity date 29 April 2031, i nterest rate 2.38 per cent.
- Face value MEUR 500, maturity date 1 October 2030, interest rate 0.75 per cent.

Bank borrowings

Bank borrowings in Avinor AS, as at 31 December 2020, 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 1,525.3 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 1,899.9 from the European Investment Bank (EIB). The loan, disbursed in April 2016, has a term of 12 years and is irredeemable for 3 years.

According to its Articles of Association the company is not allowed to pledge assets connected to the core business of the group as security.

Commercial papers

Avinor AS does not have certificate loans as of 31 December 2020.

Drawing facilities

The group has an unused bank credit facility of MNOK 4,000 at a floating interest rate, expiring in 2024. As a part of the current main bank agreement, the group also has an unutilized overdraft limit of MNOK 600 at a floating interest rate.

NOTE 15 Other reserves

All amounts in MNOK

AVINOR AS

	PENSIONS	HEDGES	TOTAL
At 1 January 2019	-1 009.0	48.0	-960.9
Actuarial gains/(losses) on post employment benefit obligations	378.5	0.0	378.5
Tax effect	-83.3	0.0	-83.3
Fair value change cash flow hedge	0.0	251.3	251.3
Tax effect	0.0	-55.3	-55.3
At 31 December 2019	-713.8	244.0	-469.7
Actuarial gains/(losses) on post employment benefit obligations	-935.8	0.0	-935.8
Tax effect	205.9	0.0	205.9
Fair value change cash flow hedge	0.0	-210.5	-210.5
Tax effect	0.0	46.3	46.3
At 31 December 2020	-1 443.8	79.8	-1 363.9

AVINOR GROUP

	PENSIONS	HEDGES	TOTAL
At 1 January 2019	-1 555.2	48.0	-1 507.4
Actuarial gains/(losses) on post employment benefit obligations	544.6	0.0	544.6
Tax effect	-119.8	0.0	-119.8
Fair value change cash flow hedge	0.0	251.3	251.3
Tax effect	0.0	-55.3	-55.3
At 31 December 2019	-1 130.4	244.0	-886.6
Actuarial gains/(losses) on post employment benefit obligations	-1 542.4	0.0	-1 542.4
Tax effect	338.3	0.0	338.3
Fair value change cash flow hedge	0.0	-210.5	-210.5
Tax effect	0.0	46.3	46.3
At 31 December 2020	-2 334.5	79.8	-2 254.9

NOTE 16 Pension obligation

All amounts in MNOK

The company and the group are required by law to have a pension plan. The pension plan of the company and the group satisfies these requirements. The company and the group have generally been covered by a defined benefit pension scheme in the Norwegian Public Service Pension Fund (SPK), but with effect from 1 January 2019 this scheme is closed. As of the same date, a defined contribution pension scheme has been introduced in accordance with the Act on Defined Contribution Occupational Pensions with voluntary/forced transfers for different groups of employees. As a result, the company and the group have two main pension schemes from 2019.

DEFINED BENEFIT PLAN

A defined benefit pension 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 salary level.

The pension 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 based on a principle of linear benefit earning. 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 denominated 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, basis data and the benefits of the pension plan which have as an effect an accounting loss or gain will be recognised in 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 and the present value of the projected benefits are reduced. Changes in the pension plans are recognised in the income statement as the changes are implemented.

The pension scheme comprises benefits in accordance with the act relating to the Norwegian Public Service Fund (SPK). The benefits are retirement pension, disability pension and dependent pension. The retirement pension includes a special-age retirement pension for certain groups. In addition, the calculations include a contractual pension right, which is a tariff - regulated early retirement scheme from 62 years of age (the public AFP scheme). The benefits under the regulations applicable up to 1 January 2020 were coordinated with the National Insurance Scheme and any previously earned right from public pension schemes. Gross pensions earned under old regulations have been guaranteed regardless of the National Insurance Scheme (the “gross guarantee”).

The new Act on public occupational pension schemes, effective 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The benefits earned in the new scheme represents a percentage of the salary up to 12 G. This means that the “gross guarantee” is no longer present in the new regulations and that the pension is calculated regardless of the National Insurance Scheme. New regulations for coordination between public occupational pensions schemes and the National Insurance Scheme have been adopted and implemented in the accounts for 2019.

The new law does not contain provisions on a new public AFP scheme or complete rules for special-age retirement pension. As a result, the accounting effects cannot be calculated until final rules have been adopted.

Actuarial losses in 2020 (MNOK 1,542.4 in the group and MNOK 935.8 in the company) is due to changes in the economic and actuarial assumptions.

Gift pension

The group uses gift pension as a tool for employees who are considering early retirement. The cost for 2020 related to these schemes amounts to MNOK 92.1 for the group and MNOK 68.0 for the company. Total obligation related to the gift pension as at 31 December 2020 amounts to MNOK 95.4 for the group and MNOK 74.8 for the company. The scheme is financed through operations (unsecured) and is included in the defined benefit obligation specified in the tables below.

Pension fund

The pension scheme in Norwegian Public Service Pension Fund is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Management of the allocated fund (fictitious fund) is simulated as if the funds were invested in long - term government bonds. Approx. 15 per cent of the fund related to Avinor Flysikring AS and approx. 10 per cent of the fund related to Avinor AS is simulated as invested in the Government Pension Fund Global. 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

Netto pensjonsforpliktelse er fastsatt basert på aktuar 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 the society in large. Changes in the assumptions will have material effect on the estimated pension obligation-/cost.

DEFINED CONTRIBUTION PENSION

A defined contribution pension scheme is a scheme where the employer commits to pay an agreed premium to the scheme and where the premium payments are recognised in profit and loss as incurred. The contribution represents a percentage of salary up to 12 G. The employer has no obligations beyond the contributions.

DETAILS ON THE PRIVATE AFP SCHEME

From 1 January 2019, the group has been part of the private AFP scheme, which is a collective pension scheme for the tariff-based sector in Norway. The private AFP scheme is based on a tripartite collaboration between employer organizations, employee organizations and the state. The state covers one third of the expenses in the scheme, while two thirds are covered by the member companies.

For accounting purposes, the scheme is regarded as a defined benefit multi-enterprise scheme. At present, it is not possible, with sufficient degree of reliability, to calculate the group's share of the liabilities in the scheme. The scheme is therefore accounted for as a defined contribution scheme with ongoing expense recognition of premium payments.

The scheme is significantly underfunded. In addition, companies participating in the AFP scheme are jointly and severally responsible for two-thirds of future pension payments. As a consequence, an increase in the premiums for the scheme is expected in the future. The 2021 premium will be 2.5 per cent (equivalent to 2020) of a salary basis, which is further defined in the scheme's articles of association.

PENSION COST

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
The amounts recognised in the income statement are as follows:				
Defined contribution pension and private AFP scheme	53.3	49.3	157.7	138.5
Current service cost	225.9	181.9	301.0	241.8
Plan amendment inclusive curtailment/settlement	0.0	-214.4	0.0	-75.9
Interest cost	126.8	145.5	219.2	247.5
Return on plan assets	-89.3	-97.3	-142.6	-154.4
Contribution from the employees	-18.4	-19.3	-21.9	-22.3
Administration fee	4.4	4.4	5.3	5.3
Payroll tax, employers contribution	45.3	-0.6	75.7	45.9
Total pension cost (Note 5, 8)	348.0	49.5	594.4	426.5

NET PENSION OBLIGATIONS – DEFINED BENEFIT PLAN

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.

AGE	LIFE EXPECTANCY		MORTALITY EXPECTANCY		DISABILITY EXPECTANCY	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
20	81	85	0.023 %	0.009 %	0.115 %	0.172 %
40	82	86	0.058 %	0.034 %	0.264 %	0.524 %
60	84	87	0.428 %	0.288 %	1.406 %	2.404 %
80	89	91	4.304 %	2.947 %	NA	NA

PENSION OBLIGATIONS AND PLAN ASSETS

AVINOR AS

	2020			2019		
	FUNDED	UNFUNDED	TOTAL	FUNDED	UNFUNDED	TOTAL
Change in gross pension obligation:						
Obligation at 1 January	5 949.4	98.0	**6 047.4**	6 431.7	28.7	**6 460.3**
Reclassification of gift pension at 1 January	0.0	13.4	**13.4**			
Current service cost	141.8	70.1	**211.9**	178.0	8.4	**186.4**
Plan amendment incl. curtailment/settlement	0.0	0.0	**0.0**	-214.4	0.0	**-214.4**
Interest cost	125.3	1.5	**126.8**	145.2	0.3	**145.5**
Actuarial losses/(gains)	750.6	8.2	**758.8**	-336.7	-6.0	**-342.7**
Benefits paid	-187.0	-7.9	**-194.9**	-185.5	-2.3	**-187.8**
Gross pension obligation at 31 December	6 780.1	183.3	**6 963.5**	6 018.2	29.2	**6 047.4**
Change in pension funds:						
Fair value at 1 January	4 271.8	0.0	**4 271.8**	4 012.1	0.0	**4 012.1**
Expected return on plan assets	89.3	0.0	**89.3**	97.3	0.0	**97.3**
Employer contributions	183.7	0.0	**183.7**	358.9	0.0	**358.9**
Actuarial (losses)/gains	-61.3	0.0	**-61.3**	-11.0	0.0	**-11.0**
Actuarial (losses)/gains - addition of plan assets	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Gains on realisation of assets	0.0	0.0	**0.0**	0.0	0.0	**0.0**
Benefits paid	-187.0	0.0	**-187.0**	-185.5	0.0	**-185.5**
Fair value of plan assets at 31 December	4 296.5	0.0	**4 296.5**	4 271.8	0.0	**4 271.8**
Net pension obligation	2 483.6	183.3	**2 666.9**	1 746.4	29.2	**1 775.5**
Payroll tax, employers contribution	344.9	25.9	**370.7**	235.3	9.8	**245.2**
Net pension obligation recognised in the balance sheet at 31 December	2 828.5	209.2	**3 037.7**	1 981.7	39.0	**2 020.7**
Actual return on plan assets last year	91.0	0.0	**91.0**	72.9	0.0	**72.9**
Expected employer/employee contribution next year	230.6	0.0	**230.6**	306.2	0.0	**306.2**
Expected payment of benefits next year	-191.1	0.0	**-191.1**	-186.8	0.0	**-186.8**

AVINOR GROUP

	2020			2019		
	FUNDED	UNFUNDED	TOTAL	FUNDED	UNFUNDED	TOTAL
Change in gross pension obligation:						
Obligation at 1 January	9 880.3	406.2	10 286.5	10 358.2	286.8	10 645.0
Reclassification of gift pension at 1 January	0.0	16.9	16.9	0.0	0.0	0.0
Current service cost	175.1	109.3	284.4	221.8	25.4	247.1
Plan amendment incl. curtailment/settlement	0.0	0.0	0.0	-171.8	95.9	-75.9
Interest cost	211.1	8.1	219.2	240.7	6.8	247.5
Actuarial (losses)/gains	1 199.8	56.0	1 255.9	-527.9	-6.6	-534.4
Benefits paid	-248.6	-14.0	-262.6	-240.6	-2.3	-242.9
Gross pension obligation at 31 December	11 217.8	582.5	11 800.3	9 880.3	406.2	10 286.4
Change in pension funds:						
Fair value at 1 January	6 797.8	0.0	6 797.8	6 578.3	0.0	6 578.3
Expected return on plan assets	142.6	0.0	142.6	154.4	0.0	154.4
Employer contributions	271.3	0.0	271.3	358.1	0.0	358.1
Actuarial (losses)/gains	-98.0	0.0	-98.0	-52.3	0.0	-52.3
Actuarial (losses)/gains - addition of plan assets	0.0	0.0	0.0	0.0	0.0	0.0
Gains on realisation of assets	0.0	0.0	0.0	0.0	0.0	0.0
Benefits paid	-248.6	0.0	-248.6	-240.6	0.0	-240.6
Fair value of plan assets at 31 December	6 865.0	0.0	6 865.0	6 797.8	0.0	6 797.8
Net pension obligation	4 352.8	582.5	4 935.2	3 082.5	406.2	3 488.7
Payroll tax, employers contribution	604.2	81.5	685.7	431.6	52.5	484.1
Net pension obligation recognised in the balance sheet at 31 December	4 957.0	663.9	5 621.0	3 514.1	458.7	3 972.8
Actual return on plan assets last year	170.0	0.0	170.0	108.9	0.0	108.9
Expected employer/employee contribution next year	250.6	0.0	250.6	423.2	0.0	423.2
Expected payment of benefits next year	-256.9	0.0	-256.9	-247.3	0.0	-247.3

Changes in the defined benefit obligation

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Change in the defined benefit obligation over the year:				
Obligation at 1 January	1 775.5	2 448.3	3 488.7	4 066.7
Reclassification of gift pension at 1 January	13.4	0.0	16.9	0.0
Pension cost charged to the income statement	249.6	20.1	361.0	264.4
Employer/employee contribution	-188.2	-363.3	-276.5	-363.3
Administration fee	4.4	4.4	5.3	5.3
Benefits paid - unfunded schemes	-7.9	-2.3	-14.0	-2.3
Actuarial (gains)/losses recognised in other comprehensive income	820.1	-331.7	1 353.9	-482.1
Liability in the balance sheet at 31 December	2 666.9	1 775.5	4 935.2	3 488.7
Actuarial (gains)/losses on pension liabilities:				
Actuarial (gains)/losses	820.1	-331.7	1 353.9	-482.1
Effect change in payroll tax rate	115.7	-46.8	188.5	-62.5
Total actuarial (gains)/losses on pension liabilities	935.8	-378.5	1 542.4	-544.6

The calculation of pension cost and net pension obligation are made based on a set of assumptions. The discount rate is based on Norwegian covered bond interest rates.

The pension obligation's weighted average duration is 24 years for the group and 21 years for the company. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are based on updated recommendations from the Norwegian Accounting Standards Board (NASB).

	2020	2019
Discount rate	1.70 %	2.30 %
Future salary increases	2.25 %	2.25 %
Future pension increases	1.25 %	1.25 %
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 %

The probability of retiring by use of special age pensions in Avinor AS and Svalbard Lufthavn AS is estimated at 50 per cent if >50 years, 35 per cent if 55-40 years and 10 per cent if <40 years. For Avinor Flysikring AS, corresponding estimates are 90 per cent if >55 years, 40 per cent if 55-40 years and 10 per cent if <40 years.

Determination of premium levels

The determination of premium levels and the calculation of provisions for pension obligations are based on ordinary actuarial principles.

Pension obligation - sensitivities

Change in pension obligation as a result of one percentage point changes in financial assumptions.

	2020		2020	
	+ 1	- 1	+ 1	- 1
Discount rate	-2 071	2 781	-1 737	2 318
Future salary increase	458	-420	401	-367
Pension regulation	2 232	-1 732	1 863	-1 445

NOTE 17 Provisions for other liabilities and charges

All amounts in MNOK

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.

AVINOR AS	RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2019	0.0	166.8	1.2	**168.0**
Additional provision	27.0	871.2	0.0	**898.2**
Reversed	0.0	0.0	0.0	**0.0**
Used	0.0	-10.7	-0.5	**-11.2**
At 31 December 2019	27.0	1 027.3	0.7	**1 054.9**
Short-term part	12.9	0.0	0.3	**13.1**
Long-term part	14.1	1 027.3	0.4	**1 041.8**
At 1 January 2020	27.0	1 027.3	0.7	**1 054.9**
Reclassification of gift pension at 1 January	-15.3	0.0	0.0	**-15.3**
Additional provision	13.1	0.0	0.0	**13.1**
Reversed	0.0	0.0	0.0	**0.0**
Used	-13.7	-20.0	-0.7	**-34.4**
At 31 December 2020	11.0	1 007.3	0.0	**1 018.3**
Short-term part	11.0	0.0	0.0	**11.0**
Long-term part	0.0	1 007.3	0.0	**1 007.3**

AVINOR GROUP	RETIREMENT PAY	ENVIRON-MENTAL POLLUTION	OTHER	TOTAL
At 1 January 2019	13.9	168.9	1.2	**184.0**
Additional provision	69.1	871.2	0.0	**940.3**
Reversed	0.0	0.0	0.0	**0.0**
Used	-8.8	-10.7	-0.5	**-20.0**
At 31 December 2019	74.2	1 029.4	0.7	**1 104.3**
Short-term part	38.2	0.0	0.2	**38.3**
Long-term part	36.1	1 029.4	0.5	**1 065.9**
At 1 January 2020	74.2	1 029.4	0.7	**1 104.3**
Reclassification of gift pension at 1 January	-39.5	0.0	0.0	**-39.5**
Additional provision	18.3	0.0	0.0	**18.3**
Reversed	0.0	0.0	0.0	**0.0**
Used	-35.4	-20.0	-0.7	**-56.2**
At 31 December 2020	17.5	1 009.4	0.0	**1 026.9**
Short-term part	16.6	0.0	0.0	**16.6**
Long-term part	0.9	1 009.4	0.0	**1 010.3**

The short-term part of provisions for other liabilities and charges are included in other short-term liability.
Gift pension is reclassified to pension obligations as of 2020, see note 16 for further information.

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 policy related to restructuring.

Environmental pollution

A provision is made for cost related to surveys and mapping, as well as handling of contamined land (see note 21).

NOTE 18 Other short-term liabilities

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Intra-group liability	1 579.6	1 198.0	0.0	0.0
Wages and social security (incl. holiday allowance)	218.1	238.1	352.9	409.4
Påløpte drifts- og investeringskostnader	229.8	368.9	308.6	415.5
Accrued interest costs	326.6	300.7	326.6	300.7
Advance from customers	172.9	164.0	197.3	184.8
Other short-term liability	24.4	14.1	24.9	14.9
Total	2 551.4	2 283.8	1 210.4	1 325.4

NOTE 19 Subsidiaries

All amounts in MNOK

AVINOR GROUP

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 2020 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.

AVINOR AS

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.

In the table below, equity for subsidiaries is stated prior to the effect of proposed dividends and group contributions, which in accordance with IFRS are recognised as a liability in the financial statements in the period which the dividends and group contributions are approved by the shareholders.

The consolidated financial statement of the group includes the following subsidiaries as at 31 December 2020:

DIRECTLY OWNED	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2020	PROFIT/ LOSS 2020
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	138.4	-1.8
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	967.2	174.8	-322.7
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	1 116.6	3.4
Sjømatterminalen AS	Norway	Oslo	Real estate	100 %	22.2	20.1	0.1
Total					1 763.7	1 450.0	-321.0

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2020	PROFIT/ LOSS 2020
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	164.4	8.0
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	132.8	117.9	2.4
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	138.8	9.0
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	19.4	0.3
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	310.3	11.2
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	120.7	12.5
Total					585.1	871.5	43.3

See note 11 for impairment test regarding air navigation services as a cash-generating unit. According to the impairment tests as at 31 December 2020, there is no need for impairment of the shares in Avinor Flysikring AS, as the estimated value in use of capital employed, less net debt, exceeds the book value of the investment for Avinor AS.

At general meetings held in 2021, it is proposed that the subsidiaries Avinor Utvikling AS and Sjømatterminalen AS will make group contributions of MNOK 649.5 to Avinor AS, based on audited financial statements as at 31 December 2020. Avinor AS will make a group contribution of MNOK 450 to Avinor Flysikring AS.

The consolidated financial statement of the group includes the following subsidiaries as at 31 December 2019:

DIRECTLY OWNED	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2019	PROFIT/ LOSS 2019
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	154.5	13.3
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	367.2	357.5	-77.3
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	1 113.2	7.4
Sjømatterminalen AS	Norway	Oslo	Real estate	100 %	21.5	19.3	-0.7
Total					1 163.0	1 644.5	-57.3

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2019	PROFIT/ LOSS 2019
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	156.4	8.6
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	132.8	115.5	6.4
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	129.2	10.5
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	24.6	19.1	0.3
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	299.1	34.1
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	108.2	12.5
Total					585.1	827.5	72.4

NOTE 20 Share capital, shareholder information, dividend and results

All amounts in MNOK

SHARE CAPITAL

The company's share capital is comprised of 540,010 ordinary shares, each with a par value of MNOK 0.01. Total share capital is MNOK 5,400.1.

SHAREHOLDER INFORMATION

All shares are owned by the Norwegian State, represented by the Ministry of Transport and Communication.

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.

The company has paid the following dividend on ordinary shares

DIVIDENT	2020	2019
NOK 1,083.1 per share in 2018	0.0	584.9
Total	0.0	584.9

It is proposed to the general meeting not to pay dividend related to the 2020 financial statements.

NOTE 21 Contingencies and uncertainties

Fire at Stavanger Airport

The parking garage at Stavanger Airport was damaged in a fire on 7 January 2020. The damage is covered by Avinor's insurance schemes and the parking garage was insured by its full value ("fullverdiforsikret"). A survey of the extent of the damage and the dialogue with the insurance company is ongoing. The final financial and accounting consequences of the fire will not be known until the survey of the damage and the insurance settlement is fully completed.

In the accounts as of 31 December 2020, assets which are considered lost as a result of the fire based on the survey that has been performed are fully impaired. The impairment as at 31 December 2020 amounts to NOK 176.1. Furthermore, a provision for expected demolition expenses of MNOK 20 has been made. Avinor has received a preliminary insurance settlement that fully covers the costs mentioned. The preliminary insurance settlement is presented as a reduction of the impairment charge of MNOK 176.1 and demolition expenses of MNOK 20 in the income statement.

Air stations owned by the Defence

The Norwegian Parliament (Stortinget) decided, in 2012, that Bodø's main air station, will be closed down, while Evenes will be the advanced base for fighter planes in the north. 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, from 1 January 2022. The cost picture may also be affected by the construction of a new airport in Bodø which is included in the National Transport Plan 2018-2029 during the first six-year period.

The Norwegian Parliament (Stortinget) decided on 15 November 2016 that Andøya military air station will be shut down when today's P-3 Orion surveillance aircrafts are phased out and that a main base for surveillance/advanced base for fighter aircraft at Harstad/Narvik airport/Evenes will be established. This is expected to take place in 2022. This will lead to changes in the operational responsibility at Andøya airport. Changes in the operational responsibility mean that the Norwegian Defence are no longer the airport manager and airport operator. The airport operation must be taken care of by another party, and then a party in civil aviation. The consequence is that the company that receives the operational responsibility also receives responsibility for all revenues and costs. This entails a risk of increased deficits, and an increased cost burden on the parties in civil aviation. There is a high probability that Avinor will receive the operational responsibility including accompanying consequences.

The external environment

In accordance with requirements from the Norwegian Environment Agency, a preliminary survey of possible environmental obligations related to PFAS pollution (fire foam) has been carried out at Avinor airports (except for Evenes airport, Kristiansand airport, Oslo airport and Svalbard airport where there are already ongoing cases).

PFAS are fluorine organic compounds that were previously added to fire foam and which have spread to the ground at the airports where they are now leaking out to the surrounding natural environment. These pollutants pose a risk of damage to the local natural environment and human health. Norway has committed internationally to reducing emissions and leakage of these compounds. Clean-up responsibility has been identified at 24 locations at 22 airports. The provision (see note 17) is based on the excavation of contaminated land, transport and depositing at an approved landfill. In addition, an uncertainty margin has been added to the provision due to lack of delimitation of the pollutants, and a mark-up for further surveys, planning and rigging. Provisions are calculated based on an assessment of each airport including scope, cost related to clean-up, environmental impact and operation and rig. The calculations also consider the cost of similar, comparable cleanups that have been carried out, and the uncertainty in the calculations. In February 2020, Avinor received a follow-up letter from the Norwegian Environment Agency. The letter supported the assessments used by Avinor when calculating the provision. The Norwegian Environment Agency has indicated that they will begin to impose cleanup on 14 sites within 7 years in the period 2022-2030. Se further comments in note 17.

Pensions

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. Regulation related to a new AFP scheme and special retirement pension are not included in the new law. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted. See note 16 for further information on accounting treatment of pensions.

From 1 January 2019, the group has been part of the private AFP scheme (early retirement) that applies to all employees who have transitioned from defined benefit pensions in the Norwegian Public Service Pension Fund (SPK) to defined contribution pensions. The scheme is based on a tripartite collaboration between employers' organizations, employee organizations and the state and is regarded as a defined benefit multi-enterprise scheme. At present, it is not possible, with a sufficient degree of reliability, to calculate the group's share of the obligations in the scheme. The scheme is therefore accounted for as a defined contribution scheme with ongoing expense recognition of premium payments.

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.

Specification of contracted capital expenditure:

	AVINOR AS		AVINOR GROUP	
	2020	2019	2020	2019
Property, plant and equipment	834.1	1 361.7	2 396.3	1 719.4
Total	834.1	1 361.7	2 396.3	1 719.4

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. The group has a long-term loan from the Norwegian State.

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 Norwegian Parliament (Stortinget). 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 AS AT 31 DECEMBER 2020

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	SJØMAT-TERMINALEN AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	100.0	0.0	0.0	0.0	0.0	25.0
Intra-group receivables	17.6	533.3	0.0	0.0	0.0	0.0
Total	117.6	533.3	0.0	0.0	0.0	25.0
Other short-term intra-group liability	33.7	811.2	0.9	532.4	52.9	1.0
Total	33.7	811.2	0.9	532.4	52.9	1.0

AVINOR AS AS AT 31 DECEMBER 2020 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	5.0	0.0	100.0	0.0	230.0
Intra-group receivables	0.0	0.2	0.2	0.2	551.5
Total	5.0	0.2	100.2	0.2	781.5
Other short-term intra-group liability	8.7	18.1	67.6	53.0	1 579.6
Total	8.7	18.1	67.6	53.0	1 579.6

AVINOR AS AT 31 DECEMBER 2019

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	SJØMAT-TERMINALEN AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	100.0	0.0	0.0	0.0	0.0	35.0
Intra-group receivables	16.7	86.3	0.0	0.0		0.1
Total	116.7	86.3	0.0	0.0	0.0	35.1
Other short-term intra-group liability	25.5	479.8	0.9	530.2	37.4	3.5
Total	25.5	479.8	0.9	530.2	37.4	3.5

AVINOR AS AT 31 DECEMBER 2019 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	15.0	0.0	0.0	0.0	**150.0**
Intra-group receivables	0.1	0.1	1.7	0.1	**104.9**
Total	15.1	0.1	1.7	0.1	**254.9**
Other short-term intra-group liability	9.9	17.7	56.5	36.6	**1 197.9**
Total	9.9	17.7	56.5	36.6	**1 197.9**

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.

Government grants

On 29 January 2021, the Norwegian Government submitted a proposal to give Avinor Government grants of up to MNOK 2,750 for the first six months of 2021. This is part of the government's measures to reduce the consequences of the corona pandemic on the aviation industry.

The Norwegian Ministry of Transportation and Communications and Avinor are in close dialog regarding the size, format and timing of further government grants for the coming years. Avinor has, based on the expected effects of the corona pandemic, indicated a need for support of around MNOK 5,500 for 2021 and 2022. Further information is presented in note 11 regarding impairment tests.

Government grants of MNOK 1,050 for the first quarter of 2021 were paid to the company on 29 March 2021.

Interest rate level and pension obligation

The present value of the company's and the group's defined benefit pension obligation is calculated by discounting estimated future payments with the interest rate on a bond issued by a company with a high credit rating. Changes in this assumption that give rise to accounting losses or gains are recognised in equity through other comprehensive income in the period they occur.
See note 16 for further information regarding pensions.

The present value of the defined benefit pension obligation has, as a result of changes in interest rates, been reduced in the first quarter of 2021. For the first quarter of 2021, this has had a positive effect on the company`s and the group`s equity, through other comprehensive income, of MNOK 288 and MNOK 553, respectively.

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 2020 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, 9 April 2021
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the board

Ola H. Strand
Vice Chair

Eli Skrøvset

Linda Bernander Silseth

Herlof Nilssen

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

Statsautoriserte revisorer
Ernst & Young AS

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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 sheets as at 31 December 2020, income statement, statements of comprehensive income, 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 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 2020 and their financial performance and cash flows 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 and the Group 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 for 2020. 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

At the end of the accounting year, the parent company and the Group had gross pension obligations amounting to NOK 6 964 millions and NOK 11 800 millions, respectively. The valuation of the pension obligations requires a considerable degree of judgment and technical competence, including the use of an external actuary to calculate the obligations. Even small changes in the most important assumptions applied in the valuation of the Group's pension obligations including salary growth, inflation, discount rate, mortality and withdrawals from the early retirement scheme (AFP) and special-age pension can significantly impact the calculation of the obligations. Overall, these matters are of significant importance for the financial statements and therefore constitute a key audit matter.

Our audit of the parent company's and Group's treatment of pensions has included assessments of assumptions used as a basis in the calculation of the pension obligations, control procedures of input data, and evaluation of external expertise used in the estimation of the obligations.

We have, in particular:

- verified that assumptions related to inflation, discount interest and mortality are based on external and publicly available data from The Norwegian Accounting Standards Board
- compared assumptions related to salary growth with the Group's historical and expected future development
- assessed changes in assumptions for withdrawals of the early retirement scheme (AFP) and special age arrangements against historical information and expected future development
- considered the basis for increase in pension obligations related to future pensions regulations and the accounting treatment of these changes
- reviewed the data components used as a basis in the calculation of the pension obligations
- assessed the basis and estimates for coordinating public occupational pension and the Norwegian national social insurance scheme
- evaluated the competence and objectivity of the Group's external actuary
- considered whether the recognition of pensions complies with the relevant framework for financial reporting (IAS 19)

Note 16 to the financial statements has additional information.

Impairment tests – fixed assets and intangible assets

Travel restrictions and other measures in response to the Covid-19 pandemic have had significant negative consequences on Avinor's revenue and profitability. Management has identified indicators of impairment of fixed and intangible assets, and performed impairments tests by estimating recoverable amount, i.e. the higher of value in use and fair value less costs of disposal. The impairment tests are based on prognosis of future air traffic and related commercial revenues, government grants, airport charges, operating expenses, investments and discount rates. Due to considerable judgement, estimation uncertainty and assumptions applied in management's models of recoverable amount, impairment tests have been a key audit matter.

We have compared the assumptions in the cash flows with management and board approved forecasts, international available air traffic prognosis prepared by reputable trade associations, and Avinor's correspondence with the Ministry of Transport and Communications. Further, we compared estimated operating expenses with historical data. We have assessed the discount rate against external market information on risk free rate on government bonds, sector specific beta and market risk premiums and company specific adjustments. We have recalculated the valuation models and compared management's estimates of value in use with an external valuation of Avinor obtained by the company from an independent party. We have also recalculated management's sensitivity analysis.

We refer to note 2 for information on estimation uncertainty and note 11 on test of impairment assumptions and sensitivities to changes in significant assumptions.

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 of Directors and Chief Executive Officer (management) are 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.

Building a better working world

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 determines 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.

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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 on 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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, 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 has fulfilled its 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, 9 April 2021
ERNST & YOUNG AS

Trond Stian Nytveit
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

MORE ABOUT AVINOR

Interim reports and annual reports

Avinor publishes reports about its operations annually and quarterly. The interim reports present key figures and the financial statements, as well as a brief report on financial conditions. Avinor's interim reports and annual reports are available on Avinor's website.

The Section 10 plan

Section 10 of Avinor's Articles of Association states that the board of directors must prepare a report to the Ministry of Transport and Communications about the company's overall operations, which include its plans for the future. The document is publicly available and is known as the Section 10 plan.

Avinor's contribution to the National Transport Plan

The National Transport Plan (NTP) presents the Norwegian government's transport policy. It lays the foundation for comprehensive political assessments, the efficient use of tools, and improved interaction between the different modes of transport. Aviation infrastructure forms part of the report. The NTP is discussed by the Committee for Transport and Communications, which presents its opinion to the Norwegian parliament. The NTP for the period 2018 to 2029 was discussed in the Norwegian parliament in the spring of 2017 and can be found at www.ntp.dep.no.

Avinor owns 45 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is leased to an external operator and Fagernes Airport is due to be sold in 2021. This network links Norway together – and links Norway to the world.

Avinor is a key proponent of environmental work taking place in the aviation sector and a driving force behind efforts to reduce overall greenhouse gas emissions in Norwegian aviation. The company plays a leading role in the work to develop and deliver biofuels for aircraft, as well as ongoing efforts relating to the electrification of aviation.

A total of 20 million passengers travelled to, from, or via Avinor's airports in 2020, a reduction of 63 per cent compared with the previous year.

Avinor ensures that these trips take place in a way that is safe, efficient and as environmentally friendly as possible. 2858 employees are responsible for planning, developing and operating airports and air navigation services. Avinor is financed by its users by means of aviation fees and sales at airports.

AVINOR

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