

The SAS Group **Sustainability Report**



SAS cares about **sustainability**

SAS is convinced that financially sustainable operations require social and environmental responsibility. In various ways, work on sustainability issues contributes to value growth and competitiveness.

The sustainability work in brief

SAS welcomes an open debate on aviation and the environment. With this Sustainability Report, we want to present a detailed view of the airline industry's actual environmental impact and help ensure a competition-neutral policy framework. This Sustainability Report comprises the entire SAS Group and fulfills EMAS requirements.

The sustainability work 2010 in brief

- All of the SAS Group's airlines are certified in accordance with both ISO 14001 and EMAS, and are thereby the only airlines in the world to hold both certifications.
- IATA and the aviation industry continued their efforts to include aviation in a global emissions trading scheme with the aim of reducing greenhouse emissions.
- SAS's climate index improved by 4 units to 90 (94).
- Despite a continued challenging market situation in combination with severe winter weather, which affected fuel consumption, SAS succeeded in reducing its relative emissions to 121 grams (127) per passenger kilometer.
- SAS was the only airline in Europe to receive authorization to perform advanced approaches with the help of satellite navigation (RNP AR).
- SAS shared first place in an evaluation of airlines' environmental work, which was carried out by International Consumer Research & Testing.
- During the year, SAS's fuel-saving program resulted in increased fuel efficiency of 0.5%.

Sustainability-related KPIs¹

	2010	2009	2008
Operating income, MSEK	40,723	44,918	52,870
EBT before nonrecurring items, MSEK	-435	-1,754	-339
EBT margin before nonrecurring items, %	-1.1	-3.9	0.6
Number of passengers, 1,000	28,148	27,382	41,741
Average number of employees	15,041	18,786	24,635
of which women, %	44	45	42
Sick leave, %	7.1 ²	6.9	6.5
Total number of work-related injuries	327	291	368
Climate index	90	94	98
Carbon dioxide (CO ₂) emissions, 1,000 tonnes	3,654	3,793	5,935
Nitrogen oxides (NO _x), 1,000 tonnes	14.8	15.4	24.7
Grams of carbon dioxide (CO ₂)/PK	121	127	131
Fuel consumption, airline operations, 1,000 tonnes	1,160	1,204	1,879
Fuel consumption, ground, 1,000 liters	3,668	3,869	3,969
Water consumption, 1,000 m ³	159	169	176
Energy consumption, ground, GWh	216	205	213
Unsorted waste, 1,000 tonnes	0.9	1.1	0.9
Hazardous waste, tonnes	0.3	0.4	0.5
External environmental-related costs, MSEK	356	364	451

¹ Change of method for environmental key data, see pp. 124 and 125, and Accounting Principles at www.sasgroup.net under Sustainability.

² Change in method. Applies only to Scandinavian Airlines, see p. 129.

Air transport's share of global carbon dioxide emissions (CO₂)

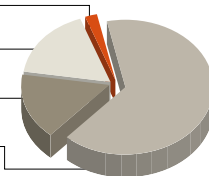
Air transport 2%

Other transports 17%

Agriculture 16%

Energy/other 65%

Source: IEA (2007)



Today, commercial air transport accounts for about 2% of global CO₂ emissions, which corresponds to 12% of the transportation sector's global emissions. The remaining 88% of the transport sector's global emissions is divided among road traffic, 76%, and sea and rail traffic, 12%. To manage its share, the airline industry has adopted an ambitious target to halve the total emissions by 2050 compared with 2005. SAS has adopted the even more ambitious target of reducing total emissions by 20% by 2020 compared with 2005. Read more on page 122.



Since 1995, the Group's carbon dioxide emissions have decreased by 34% from

183 to
121



grams per passenger kilometer.



The SAS Group has published environmental and sustainability reports for

15 years



All reports can be found at www.sasgroup.net under Sustainability



SAS's total emissions shall be reduced by

20% by
2020

as compared with 2005.



Energy use in SAS's buildings shall be reduced by

15% by
2015

as compared with 2010.



Sustainable development creates value

By constantly improving processes and enhancing the efficiency of production in a sustainable manner, value is created; not only in the form of growth for shareholders but also for stakeholders such as passengers, employees and suppliers. To communicate this work and its results, SAS strives to remain at the forefront of sustainability reporting, work that is driven by global demands and the expectations of stakeholders.

SAS's long-term targets remain unchanged and reporting on the sustainability work shall maintain a high standard for which SAS has received positive responses, both from sustainability analysts and other independent assessors.

SAS's stakeholders generally place the greatest importance on environmental responsibility, especially relating to how SAS handles the demand to reduce greenhouse emissions. Therefore, environmental responsibility is the largest part of SAS's reported sustainability work. For SAS, social responsibility on a wide scale is just as important, but is not given the same amount of space in this report.

Despite the turbulent market for the airline industry in recent years, SAS has chosen to continue with its comprehensive commitment regarding sustainability-related issues. By adapting capacity and taking emission-reducing action, emissions per passenger kilometer have been constantly reduced. A clear evidence that the structured actions are providing results.

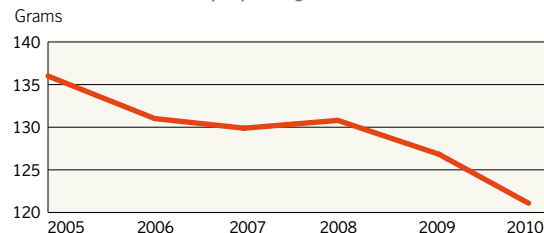
This is SAS's 15th sustainability report, which since 1997 has been audited, and since 2009, action is also includes EMAS requirements. The SAS Group has self-declared the SAS Group Annual Report and Sustainability Report 2010 to be Application Level A+, in accordance with the Global Reporting Initiative (GRI).

EMAS scope

The sustainability report includes the entire Group excluding Individual Holdings. The work is concentrated to the main airports, but comprises all destinations in Scandinavia and Finland. Other destinations are handled through checks and follow-ups of contracted sub-suppliers.

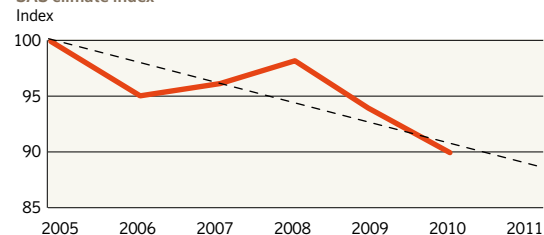
See More EMAS  www.sasgroup.net under Sustainability.

Carbon dioxide emissions per passenger kilometer



Since 1995, the Group's relative carbon dioxide emissions have been reduced by 34% from 183 to 121 grams per passenger kilometer. The relative emissions for 2010 were the lowest ever.

SAS climate index*

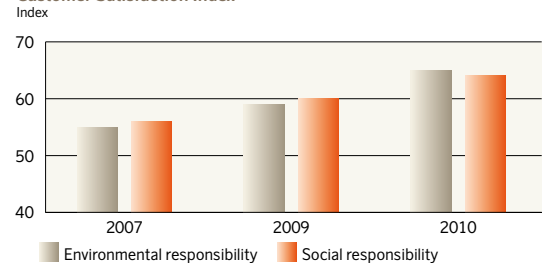


The climate index measures climate impact related to traffic measured in passenger kilometers and consists of 2/3 carbon dioxide and 1/3 nitrogen oxides (as an indicator of other greenhouse gases).

See Accounting principles at www.sasgroup.net under Sustainability.

* Adjusted from 2005 to reflect the current Group's climate impact.

Customer Satisfaction Index



Result of sub-questions in SAS's recurring customer survey: "Rate SAS in regard to being an environmentally-aware company" and "Rate SAS in regard to its taking social responsibility".



CARBON DISCLOSURE PROJECT




Global Compact, EMAS, ISO 14001 and the Carbon Disclosure Project, together with GRI's guidelines, have been taken into consideration in the preparation of this sustainability report.



Responsibility for sustainable development

The sustainability work is based on SAS policies and the Group's commitment to adhere to the principles in the UN Global Compact, and is also based on the SAS Corporate Manual, SAS values and Code of Conduct.

SAS Corporate Manual

SAS's four values – consideration, reliability, value creation and openness – constitute the basis for the Group's sustainability work. The Corporate Manual describes SAS's organization, corporate form and the comprehensive policies, which together govern the Group's sustainability work and operation in general.  See p. 107.

Code of Conduct

To summarize and clarify the Group's stated values, policies, and other regulations, the SAS Board of Directors has issued a Code of Conduct that covers all employees within the Group. To under-

score the Code's importance, there are clear rules and structures for reporting and addressing suspected violations.

Supervisors and other managers play a key role in implementing and following up the Code. An extensive training program supports the Code and the goal is that all personnel shall participate in the program. At the end of 2010, 71% of the employees had done so.

The Code's *whistleblower* function was used in eight cases, four of which were dismissed without further action. Three were dismissed after investigation and one case is still under investigation. The two cases that were reported as ongoing in 2009 were concluded during the year.

Business relations

Anti-trust issues are always in focus for the airline industry. The SAS Competition Law Compliance Program includes all affected employees and shall ensure that SAS adheres to laws, regulations and practices within the area. There are especially strict regulations in regard to bribery and other improper actions.


UN Global Compact and GRI

The SAS Group joined the Global Compact in 2003 and participates in the Global Compact's Nordic Network. One criterion for publishing company information on the Global Compact website is an annual update of the material, the Communication On Progress (COP). The most recent update of SAS's information was completed in June 2010.

SAS's sustainability reporting follows the guidelines of the Global Reporting Initiative (GRI) and is reviewed by an external auditor.

Sustainability-related business opportunities and risks

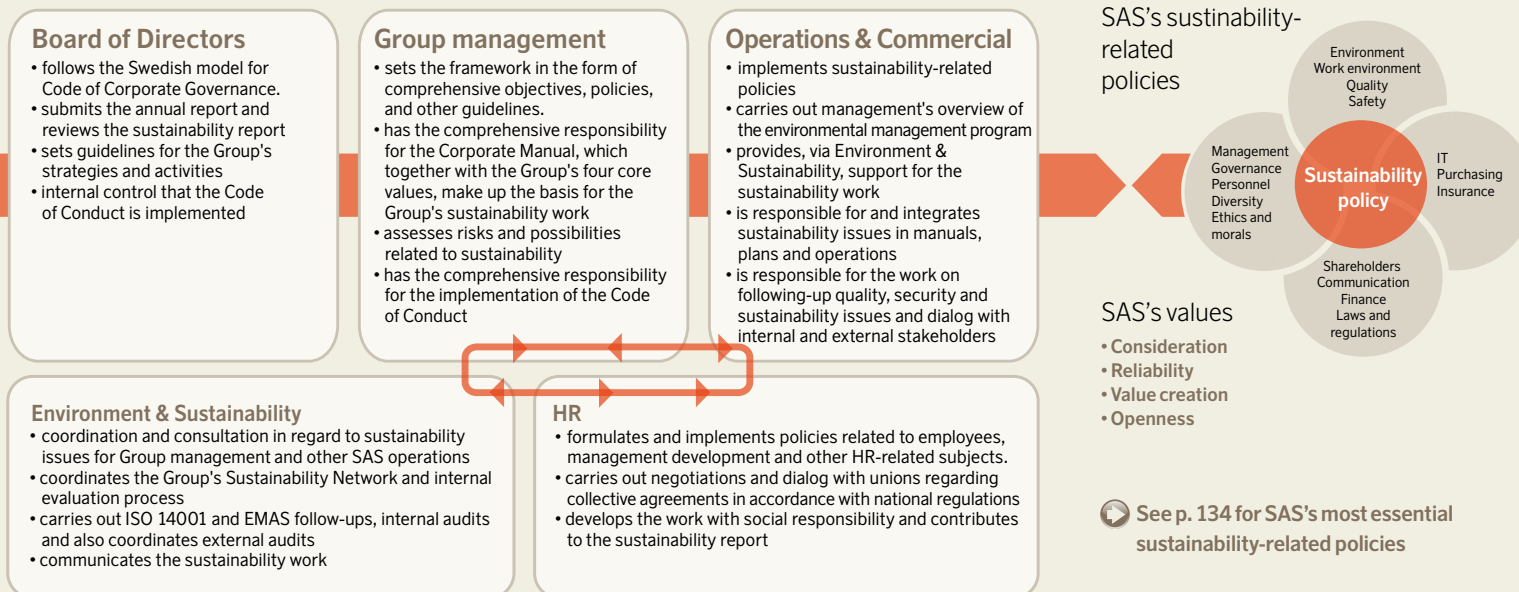
Management of sustainability-related risks is integrated with the SAS Group's comprehensive risk management.

By having proactive and effective sustainability work, risks are managed, and in certain cases can also be turned into business opportunities. For example, effective security procedures and credible environmental data can constitute a competitive advantage.  See p. 52.

Organization and management 2010

Managing sustainability-related data

The affected operations report once a year on measures for the purpose of improving the Group's sustainability work through internal evaluation. Reporting concerns such areas as community involvement, supplier contacts, cooperation with internal and external stakeholders, work environment, training, conflicts and also work with the Code of Conduct and the UN Global Compact. Although the heads of the respective companies and units are responsible for reporting, in practice this is done by the coordinators in the Sustainability Network. Environmental data are reported annually, while data concerning employees are followed up at a local level on an ongoing basis. Data are compiled by the Group department for Environment & Sustainability and are then reported once a year to Group Management.



Stakeholders – dialog and commitment

In 2009, prior to COP 15 in Copenhagen, dialog and cooperation in stakeholder organizations, such as IATA, resulted in the industry formulating a platform for a global framework for how airlines shall reduce environmental impact. The work continued during 2010 with participation in COP 16 in Cancun. In the same way, SAS participates in national industry or employers' organizations with the aim of creating greater understanding for the airlines' conditions.

Together with other Nordic companies that are a part of the Global Compact, SAS participates in Global Compact Nordic Network. SAS is also a part of national or Nordic corporate networks whose primary task is to make social responsibility and social engagement a natural part of the companies' daily work and to also inspire the reporting of these issues.

Relations and cooperation with people who are responsible for airports and air traffic control are of great importance. For many years, SAS has participated in their adaptation and development work. In 2010, SAS signed a cooperation agreement in Sweden with Swedavia and LFV and also in Denmark with CPH A/S. Through measures efficiency-enhancing as increased punctuality, improved passenger and baggage flows as well as reduced waiting times, the environmental impact is also reduced. Cooperation with providers

of air traffic control has also been important in SAS's work to reduce the environmental impact of takeoffs and landings in 2010.

To promote sustainable development within all areas, cooperation with central players in aviation, components, equipment and catering is essential. SAS is planning to renew large parts of its aircraft fleet, where fuel consumption and environmental impact are important parameters in the decision-making process. Dialogs with possible suppliers are underway and will be intensified in 2011. SAS is also engaged in dialog with a series of possible suppliers of alternative fuel, which are expected to lead to agreement during the year.

Sustainability issues have gained increased importance for public administration and the business sector and SAS is taking the initiative for dialogs with these. SAS has an ongoing dialog with different groups in order to further develop and adapt products and the company to the ever-changing demands in the market. All stakeholders seeking contact with SAS will be given a chance of a dialog with the company.

Employees' attitudes towards the company and its ability to meet their demands for the work environment and other important factors that affect commitment and loyalty are measured continuously. Great emphasis is placed on ethical questions and the development of culture and the basis of values.



A systematic approach provides advantages

For some time now, SAS has worked with systematizing, strengthening and further developing relations with external, primary stakeholders, in other words, customers, politicians, financial analysts/ investors and the general public. This contributes to creating the premises for SAS's competitiveness and framework conditions.

Dialogs are conducted with stakeholder organizations, the media and universities. The large media focus on airlines' negative impact on the environment is a challenge for the entire airline industry. SAS has chosen to take a leading role in the debate as a feature of its work to connect the brand with responsible management of both climate issues and the work with social issues.

Stakeholder dialogs and commitment

Employees

- Employee index PULS
- Performance reviews
- Whistleblower function
- Employee meetings at all levels including meetings related to ISO 14001 and EMAS
- Dialog and close cooperation with labor unions

Customers

- Customer surveys
- Interviews
- Customer Satisfaction Index (CSI)
- Image index
- Contract customers are offered carbon dioxide compensation
- Direct dialog in meetings and ongoing contact with several thousand contract customers
- Social media

Owners, investors and financial analysts

- Regular Board meetings
- Annual General Shareholders' Meeting
- Surveys
- Teleconferences
- Regular meetings with investors and analysts

Authorities

- Close contact with relevant national and international authorities, politicians, airport owners and air traffic control management
- Together with AEA, IATA and Star Alliance, dialog meetings are held with relevant authorities

Suppliers

- Purchasing negotiations with prioritized suppliers based on the SAS Group's purchase policy and adherence to the principles of the Global Compact, etc.
- Dialog with energy suppliers

Manufacturers

- Ongoing dialog with manufacturers of aircraft, engines and equipment that are better adapted to the environment and work equipment products, services, chemicals, etc.

Partnerships and networks

- Star Alliance
- Global Compact Nordic Network
- CSR Sweden
- IATA, ATAG, SAFUG and Sustainable Biofuel Network
- NHO Klimatpanel, Baltic Development Forum etc.
- Green Light Project

NGOs

- Membership and cooperation with, for example, Bellona, WWF and Naturvernforbundet, Norway
- SAS is a main sponsor of Save the Children

Industry organizations

- ICAO's Committee on Aviation Environmental Protection (CAEP)
- Association of European Airlines (AEA)
- IATA
- Conf. of Swedish Enterprise
- Conf. of Danish Industries
- Conf. of Norwegian Enterprise, etc.

Mass media

- Daily communication and dialog with media
- Interviews
- Articles and opinion pieces
- Social media, for example, facebook.com/SAS or twitter.com/SAS

Schools and universities

- Support and dialog for essays and doctoral theses
- Presentations and participation in conferences and debates

Airports and air traffic control management

- Partnership and cooperative models established with airport owners and air traffic control management at the most important airports
- Focus on punctuality, efficiency and reduced environmental impact

Environmental responsibility

SAS's operation comprises of airline operations and ground activities. The largest environmental impact is caused by the actual flights, but ground operations and customer service onboard also affect the environment.

Environmental management system

SAS's environmental management system includes all activities in the SAS Group. The system is based on mutual environmental and sustainability policies, the Code of Conduct, UN Global Compact, airline operation standards and ISO 14001 and EMAS. It provides guidelines for a continuing cycle of planning, implementation and evaluation as well as improvement of processes and activities carried out to meet operational and environmental targets. SAS has a review process that integrates environmental reports in existing quality/security inspections. This is part of the ambition to achieve constant improvement.

SAS has a central department for environment and sustainability that reports to the top management through the head of HR, communication and strategy. The department coordinates the sustainability work within SAS through the SAS Sustainability Network. An annual internal evaluation is conducted of the sustainability work in

all concerned areas of the Group. The SAS Sustainability Network has a representative from every company/unit that is responsible for its own local environmental group, and which in turn supports the local management in the individual company/unit. The Network meets four times a year. All environmental work is governed through policies, key aspects, targets and control and follow-up of results. ➡ See the organizational chart on p. 108 (excluding Individual Holdings) as well as More EMAS at www.sasgroup.net under Sustainability.

Most important environmental aspects

To identify the most important aspects in normal and abnormal situations, SAS environmental aspects are identified using a proprietary method. The degree of the environmental aspect's significance is governed by

- the scope of the environmental consequences
- volume of emissions/wastewater
- legal requirements
- risk of incidents and deviations
- stakeholder groups' demands and expectations

All essential environmental aspects are measured and key figures and improvement activities are continuously followed-up.

In the SAS environmental management system, a distinction is made between direct and indirect environmental aspects. Direct environmental aspects are the environmental impact that SAS has direct control over, while indirect are such that can only be affected to a larger or smaller degree. This is of great significance for the improvement work where controllable impacts can be governed through guidelines and policies, while an indirect environmental aspect must be governed through purchases, contracts, cooperative agreement and dialogs.

One example of a direct environmental aspect is jet fuel, whose combustion causes emissions of greenhouse gases to the air. An indirect environmental aspect is an agreement regarding hotel stays for SAS crews, etc., where the service creates emissions to the air, soil and water.

Biodiversity

Biological diversity is affected by airline operations in different ways. The actual flight affects the biological diversity to a limited extent through emissions, primarily of nitrogen oxides. Another aspect is facilities and the use of airports, which, depending on geographic placement and by utilizing large areas, can affect water, flora, fauna and nearby residents.

Airlines purchase services from airports with private or public investors. Every new construction or other change in ground use requires authorization from local authorities. Biological diversity is normally an approval aspect.

See More EMAS ➡ www.sasgroup.net under Sustainability.

Impact of air transport

Today, commercial air transport accounts for about 2% of global CO₂ emissions, which corresponds to 12% of the transportation sector's global emissions (page 114). CO₂ emissions account for about two thirds of air transport's total impact on climate, while nitrogen oxides (NO_x), water vapor and particles are assumed to account for most of the balance.

So far, the climate impact of air transport has concentrated on CO₂ emissions. In the future, the focus will most likely also include other climate effects, primarily nitrogen oxides and water vapor.

The journey towards certification



SAS Environmental Program

The idea of certification emerged because the SAS Group has conducted active environmental work and had a structured environmental program incl. publishing environmental/sustainability reports since the mid-1990s.



In June 2008, executive management decided to ISO 14001-certify the SAS Group since SAS Cargo was already certified and the rest of the organization had a well-developed management system.



As of 2008, the ISO 14001 environmental groups were formed with expertise from the respective areas. The groups review manuals, documentation and procedures to identify environmental aspects, which then form the basis for the continued GAP work.



During the work with ISO 14001, it was shown that EMAS is an equally important standard to include. Why not try to be certified in accordance with EMAS also?



One of the tasks was to find a certification authority and Bureau Veritas, which is the world's largest certification authority, was selected.



From the mid-2009 until the late summer of 2010, management and all employees in the entire organization were tested by Bureau Veritas through certification audits.



On September 23, 2010, the SAS Group, which includes Scandinavian Airlines, Widerøe, Blue1, SAS Cargo, SGH and SAS Tech, were awarded ISO 14001 and EMAS certificates.



The SAS Group's airlines are currently the only airline companies in the world that hold both certificates for the entire operations.

Industry and scientists generally agree on the magnitude and impact of CO₂ emissions. There is less agreement, however, regarding NO_x, particles and water vapor. At the same time, more voices are being raised to introduce some form of duty on nitrogen oxides. SAS and the airline industry recommend ECAC's model of differentiated landing fees based on nitrogen oxide emissions. There is also a proposal to use a multiplier, but the size of this is, however, being disputed and not based on scientific findings. Ten years ago, a multiplier of 2–4 was discussed while today's indicative value is around 1.2–1.8. The issue is on the EU's agenda and some form of decision is expected not later than 2012. Until clearer directives are given, SAS has chosen to report every emission separately.

See the article about aircrafts' environmental impact from Cicero www.sasgroup.net under Sustainability.

SAS fully endorses the “polluter pays principle” and is prepared to account for its share. This assumes that any charges imposed on it are based on scientific findings and that the total climate impact of competing modes of transportation is taken into consideration.

SAS's main market is the Nordic region, with emphasis on travel to, from and between the Nordic countries. The Group share of total traffic in its main market is about 29%. Norwegian domestic traffic accounts for 2.3% of national CO₂ emissions. The corresponding figures for Danish, Swedish and Finnish domestic traffic are 0.2%, just under 1.1%, and 1.3%, respectively. (Sources: National statistics).

Market performance

After a strong downturn in the business cycle, the airline industry is now experiencing increased demand, primarily from business travelers who are the most important segment for the established network companies.

The market is characterized by continued increasing competition and rising price pressure, which is affecting margins and profitability for the entire industry. There are different perceptions about the future performance of air transport, but according to AEA it is likely that the Middle East and Asia are growing the fastest, especially China and India, while the mature markets in the industrialized western world will show lower growth figures. In addition, it is expected that the primary growth will be on longer routes, where there is no other real alternative to air transport.

Air transport is a key part of the infrastructure of a globalized world, and a prerequisite for economic and social progress.

Industry and IPCC estimates indicate a possible reduction in emissions by an average of 2% per year due to better technol-

What comes in and goes out ^{1,2}

IN	SAS's responsibility	In the air	Emmissions to			OUT
			Air	Ground	Water	
	Jet fuel		●	○	○	
	Engine oil		●	○	○	
	Halons		●	○	○	
	Carbon dioxide (CO ₂)		●	○	○	
	Nitrogen oxides (NO _x)		●	○	○	
	Hydrocarbons (HC)		●	○	○	
	Volatile organic compounds (VOC)		●	○	○	
	Oil aerosols		●	○	○	
	Jettisoned fuel		●	●	●	
	Noise		●	○	○	
	Water vapor (H ₂ O)		●	○	○	
	Sulfur dioxide (SO ₂)		●	○	○	
	Carbon monoxide (CO)		●	○	○	
	Halons (CFC)		●	○	○	
IN	SAS's responsibility	Onboard	Emmissions to			OUT
			Air	Ground	Water	
	Food and beverages		○	●	○	
	Packaging		○	●	○	
	Disposable/semidisposable items		○	●	○	
	Articles for sale		○	○	○	
	Newspapers		○	○	○	
	Chlorinated water		○	○	○	
	Germicides		○	○	○	
	Lavatory waste		○	○	○	
	Waste and recycling		○	○	○	
	Waste		○	○	○	
	Organic waste		○	○	○	
	Airport-owner responsibility		○	○	○	
	Wastewater (disposal)		○	○	○	
	Lavatory waste (disposal)		○	○	○	
IN	SAS's responsibility	On the ground	Emmissions to			OUT
			Air	Ground	Water	
	Glycols		○	●	○	
	Water		○	●	○	
	Maintenance supplies		○	○	○	
	Energy		○	○	○	
	Vehicle fuel		○	○	○	
	Office supplies		○	○	○	
	Chemicals		○	○	○	
	Solvents		○	○	○	
	Equipment		○	○	○	
	Work clothes and uniforms		○	○	○	
	Airport-owner responsib.		○	○	○	
	Urea/Acetate		○	○	○	
	Waste water, incl. flooded water		○	○	○	
	Sulfur dioxide (SO ₂), Carbon dioxide (CO ₂)		○	○	○	
	Nitrogen oxides (NO _x), Hydrocarbons (HC)		○	○	○	
	Soot och particulates, Hydrocarbons (VOC)		○	○	○	
	Heavy metals ⁴		○	○	○	
	Recycling		○	○	○	
	Airport-owner responsibility		○	○	○	
	Glycols (disposals)		○	○	○	
	Urea/Acetate		○	○	○	
	Wastewater (disposals)		○	○	○	

¹ Emission volumes for important environmental aspects are reported in the EMAS document at www.sasgroup.net under Sustainability.

² Definitions in the table of what we emit are immediate emissions.

³ Airline operations have an exemption to use halons and submit annual reports regarding usage to the authorities. See page 121.

⁴ Heavy metals such as cadmium and chromium are used as alloys and very small amounts can be cast off during washing and rainy weather, which during aircraft maintenance is caught in the closed sewage systems in the hangars. The process is strictly regulated through measurements and approval from municipalities.



ogy and short-term efficiency gains. This trend, in combination with the expected long-term growth, means that air transport's environmental impact will increase if no measures are taken. Therefore, the collective airline industry has agreed on ambitious, long-term environmental targets.

On the way to zero emissions

The industry's environmental work is primarily conducted in four areas, the so-called pillars: New technology, Infrastructure, Operational measures and Economic instruments. The airline industry's commitment to reducing environmental impact requires long-term investments that take time to carry out and are capital-intensive.

Aviation is a relatively young industry but there is significant potential for environmental improvements provided that they are economically justifiable and technically feasible. In the past 40 years, developments have obviously changed the conditions of air transport and CO₂ emissions per produced passenger kilometers have decreased by 70% according to IATA.


In 2007, IATA formulated a vision that by 2050 it shall be possible to fly commercially without climate impact. This vision is to be realized through a combination of new technology, more efficient air traffic management, new fuels and coordinated actions to improve the infrastructure and the conditions under which air transport operates and its infrastructure.


Achieving of zero emissions requires the total replacement of existing aircraft fleets with a new generation of aircraft and engines not yet on the market. The lead time for such a changeover is 20-30 years, which is why the vision of zero emissions should be interpreted to

mean that the necessary technology must be commercially available.

On the way to this vision, IATA and other areas of the airline industry agreed on a joint target, which later on will be adopted by the entire airline industry and shall now be further developed by ICAO:

- Improving fuel efficiency by an average of 1.5% annually until 2020
- Carbon neutral growth from 2020.
- 50% reduction in greenhouse CO₂ emissions by 2050, compared with 2005 levels.

See Summit Communiqué 2010  www.enviro.aero.

See SAS's ambitious targets  pp. 122–123.

Emissions trading

In the Kyoto protocol, whose commitment runs to 2012, it is stated that all industrialized countries shall reduce their emissions by 5% compared with 1990 levels. The EU has gone a bit further, pledging to reduce the community's total CO₂ emission in addition to emissions trading, by a total of 20% by 2020. In addition to the commitment, there is a target of a further 10% reduction. Air transport is included in the EU's trade with emission allowances 2012. The special directive to include air transport in EU-ETS, which was adopted by the EU in 2008, began to have an effect during the year when requirements for MRV (Monitoring-Reporting-Verifying) of CO₂ emission and produced tonne kilometers (TK) took effect.

TK reporting constitutes the basis for the allocation of free allowances for all airlines within EU-ETS. Many airline companies' TK production was strongly affected at the beginning of the year by the Icelandic volcano ash, which resulted in closed airspace in large areas of Europe for several days. An AEA report shows that SAS's total allocation of the number of rights was not affected by production interruptions in relation to other airlines.

All airlines in the SAS Group, Scandinavian Airlines, Blue1 and Widerøe, have approved and verified MRV plans and are verifying reports to meet statutory requirements in EU-ETS.

SAS expects that the allocation of rights will correspond to about 70% of the needs for the Group's airlines in 2010 and that the current price of EUR 15 per emission allowance will increase when airlines are incorporated in EU-ETS and additionally, following the start of the third trading period in 2013.


SAS supports the concept of a global solution for airline emissions rather than regional or local programs. A work group within AEA, where SAS has participated, has formulated a proposal for a global system that does not cause a distortion of competition,

called GAP (Global Approach for International Aviation Emissions). The proposal is based on a division of the world into three blocs, where the industrialized countries are given greater responsibility than developing countries, which takes into consideration the UN's CBDR principles (Common But Differentiated Responsibility). In addition, IATA is also working on a document outlining ideas for economic instruments for reducing air transports' CO₂ emissions.

Environmental policies

Airline operations are subject to the environmental policies set by each airport. These usually involve noise, rules for using deicing fluids and limits on emissions into the air, soil and water.

One of Stockholm-Arlanda Airport's environmental rules is a ceiling for how much CO₂ and NO_x airport activities may emit. Since 2008, Swedavia (previously a part of LFV), has been working with an application for a totally new environmental license that will be submitted during the first quarter of 2011.

 www.arlanda.se/en/Information-about/Environmental/Environmental-permit.

The established noise limit of 80dB(A) for night traffic at Copenhagen-Kastrup did not result in any complaints from the authorities regarding SAS operations in 2010. During a test run of aircraft engines on the ground after technical maintenance there was one run outside the established time limit. For other environmental policies decided by authorities, such as premature deviation from the takeoff path, unnecessary use of an aircraft's extra engine for energy provision (APU) and engine reversals, SAS did not exceed limits during the year. The total noise level decreased, which is due to reduced traffic volume and the phasing-out of many MD-80 aircraft.

Measuring the air quality at the airport is also a part of the environmental policies. Copenhagen-Kastrup was the first airport in Europe to measure air quality on the ramp in 2010, with a special focus on ultra-fine particles. This was carried out by DMU (Danish National Environmental Research Institute) and showed a periodic increased concentration of ultra-fine particles. The foremost sources are APU, aircraft engines, heavy traffic on the ramp and other ground transportation to and from the airport. There are no limit values for ultra-fine particles but they are considered to be health-impairing. The concentration of larger particles in exhaust emissions was below the limit values.

A new noise regulation is being formulated for Oslo-Gardermoen and will be implemented in the near future. The new regu-

lation, which together with the traffic regulation system that will be introduced in April 2011, gives the possibility for shortened flightpaths as well as green departure and approaches.

At Helsinki-Vantaa, the problems with polluted soil due to glycol have been identified. Analysis and actions are being managed by the airport owner. The airport has also introduced restrictions for night flights, which is expected to have an insignificant effect on the Group's operation.

In general, there is a trend towards introducing tougher restrictions regarding permitted approach and takeoff paths. Deviations generally result in fines for the airline. In general, the trend is toward increased use of environment-related charge systems and operational limits. The twofold purpose is to reduce local environmental impact and create incentives for airlines to use aircraft with the best available technology from an environmental perspective.

Read more in the Board of Directors' Report pp. 64–65.

Environmental permits

Airline operations have no separate licenses or environmental permits for operation, but depend on permits that airport owners hold, such as for glycol handling, runway deicing, and noise and emission thresholds.

However, environmental approval is part of the process to certify aircraft followed in the three Scandinavian countries, as well as in the terms for technical aircraft maintenance.

Airline operations have a legal dispensation for halon use and submit annual reports to the authorities on consumption including leakage and storage. The reason for the dispensation is that there is no certified alternative to halons for extinguishing fires in aircraft engines, cabins and aircraft toilets. SAS estimates that around 1 kg of halon was emitted during 2010.

SAS Oil is a jet fuel purchasing company for the SAS fleet at Copenhagen, Oslo and Stockholm airports. Through SAS Oil, SAS is a minority owner of a number of smaller companies that deliver jet fuel. The Group has ensured that these companies have the necessary permits, contingency plans and insurance.

A detailed description of SAS's licenses and environment-related permits is found in the Board of Directors' Report on pp. 64–65.

Carbon offsets

Offering its passengers carbon offsets for air travel is an important part of SAS's environmental efforts. This does not replace other mea-

sures but is a good solution for those who want to compensate for CO₂ emissions that are not offset by today's available technology.

All business travel by SAS is offset and corresponds to emissions of 4,000-5,000 tonnes per year. For organizers of conferences, seminars, trips, meetings, etc., SAS offers customized offsets, often when SAS is the Official Airline. This was the case at the conference in May 2010 in Copenhagen that concluded over five years of work with a new ISO 26000 standard for Social Responsibility (SR).

Major customers are encouraged to sign up for carbon offsets, which are based on estimates of travel volume on an annual or semi-annual basis. For individual customers, it is possible to purchase CO₂ offsets via SAS's website and continuous work is underway to make it simpler to compensate for CO₂ emissions.

Carbon offset revenues go entirely to SAS's partner, the Carbon-Neutral Company, which is responsible for funding energy projects based on renewable energy sources and verified/certified projects.

The much-used third-party reviewed emissions calculator that is available on SAS websites is most likely one of the most developed in the market. SAS also offers all major customers sustainability statistics as part of their agreements.

See also www.sasgroup.net under Sustainability.

Purchasing

During the year, SAS's central purchasing function started a review of contracts with suppliers and products that are considered to have a substantial effect on the environment and society during the year. Existing contracts are being reviewed to ensure that suppliers are adhering to SAS's tender offer requirements, for example, following the UN's principles in Global Compact and the SAS Code of Conduct.

SAS has a total of almost 20,000 supplier contracts, of which several hundred are prioritized based on whether they directly or indirectly have a significant negative impact from a sustainability perspective. The process involves environmental, societal and risk evaluations of suppliers, the product's country of origin, transport method, and also to what degree the supplier works with responsibility issues and improvements in the environment and societal areas. The goal, through dialogs and cooperation, is to create greater awareness about suppliers' actual impact on the environment and society and to create the best possible conditions to reduce the negative effects.



In 2011, within the framework of the SESAR JU project, Green Connections, SAS will evaluate a shortening of the approach to Stockholm-Arlanda using satellite-based navigation (RNP AR).

Fuel-saving

There are many ways to reduce fuel consumption. Two of these are the fuel-saving program and green flights, which refers to the need to change procedures at air traffic control.

Fuel-saving program

In 2005, Scandinavian Airlines initiated a program whose purpose is to operate existing types of aircraft more fuel-efficiently. The goal is to carry out comparable flights with 6–7% enhanced fuel efficiency by the end of 2011 compared with the period June 2005 to July 2006. Examples of activities include using only one engine when taxiing after landing, using the aircraft's aerodynamics more efficiently in all phases of flight, to regularly clean the engines, to load the aircraft optimally and to connect ground current to the aircraft as quickly as possible after arrival at the gate. At the end of 2010, an improvement of 4.6% since the program started was reported.

Green approaches

Since the early 2000s, SAS has actively worked together with those responsible for air traffic control in Sweden, Norway and Denmark to find more effective methods of operating air traffic. This has resulted in tens of thousands of green approaches (Continuous Descent Approach from Top of Descent) and SAS being the only airline in Europe that is allowed to carry out so-called curved approaches at Arlanda. At Copenhagen-Kastrup, green departures have been introduced, which means that approximately 95 percent of all aircraft on certain start runways are allowed to deviate from standard procedures and therefore reduce the emission of carbon dioxide by 32,000 tonnes per year according to the airport's environmental report for 2009. A change in procedure is possible thanks to the fact that Kastrup is located by Öresund and is surrounded by water on three sides. In the majority of other European airports, due to geographic conditions with nearby cities, they are forced to mainly utilize a few, established start routes and let the aircraft rise gradually to different altitudes.

In 2011, SAS will participate in the SESAR JU project, Green Connections. The project intends to carry out over 100 flights between Gothenburg-Landvetter and Arlanda in a more efficient way than today. What is special about this project is that it uses satellite-based navigation (RNP AR) and a more advanced systems support, which improves forecasts significantly and shortens the flight route by 10 to 15 kilometers. See the illustration above.

Read more about SAS's fuel-saving program in More EMAS www.sasgroup.net under Sustainability.



Goals and strategies

The overall objective of SAS's sustainability work is to create long-term growth in shareholder value and help the SAS Group to reach its goals. The environmental goals through 2011 shall form the basis for the SAS operation becoming sustainable over the long term.

During 2010, SAS's sustainability work continued with a high level of intensity within the Group in line with the action plans that were established in 2008 to reach the goals not later than 2011. The worsening external conditions in the market have not affected the goals and schedules.

An important task for 2011 will be to formulate new short-term environmental goals for the period 2012 through 2015 and to update the long-term goals from 2020 onward.

This section reports the current status at the end of 2010 and measures planned for 2011.

Eco-political vision

SAS's eco-political vision is for all four transport sectors, road, rail, sea and air, to pay for both investments and for their infrastructure, other costs to society (such as accidents) and environmental impact according to the polluter pays principle. Subsequently they should compete in a competitively neutral transport system, based on a holistic approach.



An important task for 2011 will be to formulate new short-term environmental goals for the period 2012 through 2015 and to update the long-term goals from 2020 onward.

Environmental vision

- SAS intends to be a leader in work toward sustainable development in air transport, thus contributing to sustainable social progress.
- SAS intends to have the most ambitious long-term environmental program in the airline industry.

Strategies for sustainable development

SAS aims to

- create a culture among its employees based on interest in and commitment to environmental work
- actively influence political decision-making to counteract distortion of competition within as well as between various sectors
- have documented sustainability appraisals as a basis for all decisions
- engage in strategic environmental communication
- promote tomorrow's solutions, build alliances and support relevant R&D projects.

Strategic environmental targets

In line with IATA's vision, the overriding long-term objective of SAS's environmental work is to make it possible to fly without greenhouse emissions by around 2050.

Environmental goals for 2015 and 2020

On its way to achieving the long-term environmental goals, SAS has established two emissions goals in regard to the airline operation:

- 50% lower emissions per unit produced by 2020 as compared with 2005.
- 20% lower emissions by 2020 compared with 2005, with traffic growth included.


In addition, the goal is to reduce energy consumption, measured in kWh, in SAS's buildings by

- 15% in 2015 as compared with 2010.

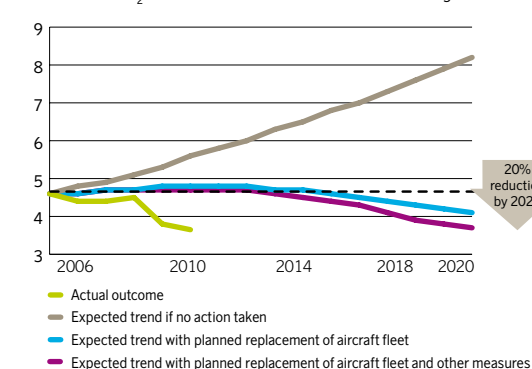
Environmental goals 2008–2011

SAS will










- be seen as the most environment-conscious airline in Europe
- have ISO 14001-certified environmental management systems
- have the industry's most effective fuel-saving program
- be among the first airlines to use alternative fuel blends once they are approved and commercially available
- have a long-term plan for its aircraft fleet that leads to a significant reduction of greenhouse emissions
- have reached the target for SAS's eco-efficiency index.

For the SAS Group's other sustainability-related policies, see  p. 134.

SAS's strategic environmental targets for 2020
Million tonnes CO₂ Based On 4% annual growth




Since 2005, absolute carbon dioxide emissions have been adjusted, to reflect the current Group. The improvement is explained by traffic reductions and increased fuel efficiency. In 2011, SAS will carry out an update of the long-term goals for 2020 and forward, partly due to the extensive reorganization work within the framework of Core SAS as well as increased insight into the plans of aircraft manufacturers for the next generation of aircraft, which will affect SAS's own plans for the aircraft fleet.

Goal 2008–2011	Goal attainment and actions 2010	Status	Measures in 2011
SAS will be seen as the most environment-conscious airline in Europe	<p>To realize the goal, during the year SAS has intensified its commitment and communication regarding the sustainability work. This is being manifested, for example, by being the only airline that is certified in accordance with ISO 14001 and EMAS, having more environmentally-adapted products onboard and in the lounge, more environmentally-adapted flights, great commitment in seeking suitable suppliers for future aircraft purchases and future purchases of fuel based on renewable sources. During the year, a number of communication activities were carried out for the purpose of supporting the goal. This involves participation in external contexts such as conferences and trade shows, but also independently in all those channels that SAS has at its disposal as well as activities that increase commitment among SAS employees.</p> <p>During the year, SAS remained to be a strong promoter in environmental and sustainability issues within international institutions such as IATA and AEA and by actively participating in public debates regarding these issues.</p> <p>Two indications that intimate that we are on our way to realizing the goal is that we share first place in an evaluation of different airline companies' environmental and communication work that has been carried out by International Consumer Research & Testing and also that the results from the SCI about whether we are perceived as an environmentally aware company have improved year by year since 2007.</p>	 According to plan	<p>During 2011, SAS shall continue with its major commitment to the sustainability work. Those opportunities that the environmental certifications provide shall be further developed for the purpose of accelerating the development towards SAS's long-term, strategic environmental goals.</p> <p>During the year, SAS intends to make a decision regarding the next generation of aircraft and hopes to sign at least one agreement regarding the delivery of jet fuel based on renewable sources during the period 2015–2020. SAS plans to continue the extensive environmental communication work and put it in relation to the public benefits that air transport contributes to and also continue to be engaged in the international cooperation that is being carried out by IATA and AEA, the purpose of which is a global regulation of air transport.</p>
SAS will have ISO 14001-certified environmental management systems	<p>All of the SAS Group's three airlines were certified in accordance with ISO 14001 and EMAS in September 2010, and are therefore the only airlines in the world with both certifications. At the same time, SAS Cargo Group complemented its ISO 14001 certification with an EMAS certificate.</p> <p> See p. 118.</p>	 Implemented	<p>SAS will continue the improvement work through the operation's environmental program.</p>
SAS will have the industry's most effective fuel-saving program	<p>In 2005, Scandinavian Airlines initiated a program whose purpose is to operate existing types of aircraft more fuel-efficiently. The goal is to carry out comparable flights by the end of 2011 with 6–7% enhanced fuel efficiency as compared with the period June 2005 through July 2006. At the end of 2010, an improvement of 4.6% was reported since the program started. The sub-goal for 2010 was an improvement by 1%. The result was 0.5% enhanced fuel efficiency.</p> <p>SAS has amassed an extensive database (MRV) of fuel-related KPIs for each aircraft type, each aircraft and each route, which is constantly being evaluated and followed up with recommendations for improvements. The database provides documentation for the calculation for the emissions trading system prior to EU-ETS.</p>	 According to plan	<p>A decision has been made to implement a new flight planning system that provides conditions for more efficient flights. SAS shall also intensify the development of data-based systems support in order to further refine the methods for measuring the attainment of goals, to increase employee commitment and establish future goals after 2011.</p>
SAS will be among the first airlines to use alternative fuel blends once they are approved and commercially available	<p>The future of air transport is highly dependent on the industry's ability to find alternative aviation fuels based on one or more renewable sources. SAS is part of the Sustainable Aviation Fuel User Group, which is tasked with speeding up the development of new long-term sustainable aviation fuels from renewable sources. The Group closely follows the certification work that is currently underway and that is aimed at certification of alternative fuels during 2011/2012. The basis for the development of renewable fuels is that they shall be synthetic and must have a performance level at least as good as today's fossil fuels and also have a minimal total impact on the eco-system. Moreover, production must be long-term and not compete with food production and must use as little drinking water and acreage as possible. Several production processes are already known and the challenge will be to achieve sufficient production capacity when the fuel is certified.</p>	 According to plan	<p>During 2011, SAS will continue its commitment within SAFUG as well as the Biofuel Network within Copenhagen Capacity. SAS is making its competence and aircraft available in order to carry out possible evaluations. SAS will cooperate with and hopefully sign binding agreements with a number of potential suppliers in the Nordic market. It is SAS's ambition to use as much biofuel as possible when it is commercially available.</p>
SAS will have a long-term plan for its aircraft fleet that leads to a significant reduction of greenhouse emissions	<p>An important prerequisite for achieving SAS's strategic environmental goals for 2020 is a cost-efficient and fuel-efficient aircraft fleet that is adapted to the market's needs. The strategy is based on continually being able to replace aircraft with those that have the best possible technology when it is economically feasible. During 2010, the SAS Group placed five newly manufactured and four used aircraft in operation, and twelve older aircraft were taken out of operation. SAS has a beneficial fleet composition, which allows greater flexibility for future acquisitions of aircraft, and like several other airlines, SAS monitors the development work that is currently underway at the manufacturers in question. Read more  pp. 46–47 and 59.</p>	 According to plan	<p>At the beginning of 2011, SAS decided to harmonize its aircraft types at its Oslo and Stockholm bases to Boeing 737NG. Negotiations to replace aircraft have commenced with manufacturers and leasing companies. A decision regarding the Copenhagen base will be made during the year. Also during the year, more Boeing 717s will be acquired to permit the discontinuation of the Avro RJ85 at Blue1.</p>
SAS will have reached the target for SAS's eco-efficiency index.	<p>The environmental index for most of SAS airlines improved during the year. Scandinavian Airlines and Blue1 are therefore, ahead or in line with their goals through 2011. One contributing factor to the positive development is the phasing-in of more efficient aircraft, higher load factor and a fuelsaving program that is providing continuing effects.</p> <p>Read more  p. 127.</p>	 According to plan	<p>SAS is continuing to ensure a high load factor, the implementation of the fuel-saving program, and a high level of fuel efficiency within all operations. This bodes well for a continued positive development for all environmental indices.</p>

Results Environmental responsibility 2010

Although early 2010 was marked by a downturn in the business cycle and continued falling demand combined with severe weather conditions at the beginning and at the end of the year, the SAS climate index, which also includes emissions other than carbon dioxide, improved to 90 (94). Total carbon dioxide (CO₂) emissions were reduced by 3.7% compared with 2009.

During the year, the SAS Group's fuel efficiency improved significantly and relative CO₂ emissions were reduced to 121 (127) grams per passenger kilometer. This positive performance is primarily due to a higher passenger load factor thanks to timely adjustment of capacity to the market, but also due to a higher demand, high punctuality, success in the airlines' fuel-saving program and a rejuvenation of the aircraft fleet during the year. In comparisons with other airlines, it is important to compare airlines with similar traffic systems and use the same production measurements. SAS frequently serves shorter routes on average in order to meet business travelers' needs, compared with airlines that service the private travel market. A comparison of specific routes often gives the same results. Available seat kilometers are used relatively often as production measurements, giving lower emissions per unit but this does not relate to whether the emission provides a useful service to society. SAS exclusively uses passenger kilometers as a production measurement.

The SAS Group was certified in accordance with ISO 14001 and EMAS and is now the only airline in the world to hold both certifications. In connection with the ISO 14001 and EMAS certification, a large number of activities were carried out. For example, all employees received information about SAS's environmental aspects and how individuals can work to reduce the environmental impact. Read more  p. 118.

No significant emissions occurred in connection with technical maintenance.

During the year, small spills of Jet A1 fuel in connection with some isolated instances of aircraft fueling were reported. The fuel was taken care of according to current routines.

No fuel dumping occurred during the year.

Management of all the Group's own and leased properties is handled by Coor Service Management. SAS is thus taking part in Coor's environment and energy program for property management.

SAS has extensive cooperation with authorities and organizations on environmental issues. In 2010, there was a continued increasing interest from corporate customers in the company's

Key figures SAS Group's airline operations ^{1, 2}

	Scandinavian Airlines			Widerøe			Blue1		
	2010	2009	2008	2010	2009	2008	2010	2009	2008
Passenger kilometers, mill. ³	27,956	27,775	31,907	722	666	653	1,614	1,332	1,386
Available seat kilometers, mill. ³	35,382	36,790	42,532	1,157	1,110	1,098	2,309	2,054	2,146
Load factor, % ³	79.0	75.5	75.0	62.4	60.0	59.5	69.9	64.9	64.6
Fuel consumption, kg/passenger kilometer	0.037	0.039	0.041	0.063	0.061	0.066	0.045	0.050	0.050
Carbon dioxide (CO ₂), emissions, 1,000 tonnes	3,280	3,454	4,167	143	129	136	231	210	219
Nitrogen oxide (NO _x), emissions, 1,000 tonnes	13.5	14.2	17.3	0.50	0.43	0.46	0.80	0.71	0.81
Noise impact, km ² /85dB(A) at takeoff ⁴	2.35	2.35	2.64	0.23	0.21	0.21	1.88	2.09	2.17
Environmental index	93	97	101	90	82	88	79	86	90

¹ Change of method in 2010 due to introduction of new database (MRV). See Accounting Principles at www.sasgroup.net under Sustainability.

² Information for 2008 and 2009 have been adjusted due to changes of method regarding density for jet fuel, NO_x calculation, noise level contours and passenger kilometers.

³ Includes all passengers on board all flights undertaken (scheduled, charter, etc.), which means that the figures deviate from the SAS Group's monthly traffic reporting that is also presented on page 54. ⁴ Weighted average noise level contour regarding number of takeoffs using each aircraft type and/or specific aircraft in the traffic system.

environmental management system and sustainability work. A large number of sustainability-related presentations were held at various seminars and fairs during the year.

During 2010, an organizational change was carried out within the framework of Core SAS, and the three production units that formerly made up Scandinavian Airlines were merged in the SAS Consortium. Further, SAS Ground Handling, SGH and the majority of SAS Tech were transferred to the SAS Consortium. Widerøe, Blue1 and SAS Cargo Group, SCG, remain organizationally unchanged. This means that in terms of environmental responsibility, the result is now reported based on the airline operations consisting of Scandinavian Airlines, Widerøe and Blue1 as well as the three ground services SGH, SAS Tech and SCG.

Although SAS set goals for the airline operations for an eco-efficiency index until 2011 relating to an organizational division that no longer exists, these will be reported including the 2011 Sustainability Report.

SAS has, in light of the preceding year's organizational changes and work with the ISO/EMAS certification, analyzed which metrics provide the best potential guidance toward defined environmental targets. Consequently, SAS has decided not to report an environmental index for the ground services, where the environmental impact leaves no direct possibility to influence the scope, governed by weather and safety regulations, etc. However, SAS will continue to openly report its impact and consumption in the ground area, including services sold to external customers.

Scandinavian Airlines and Blue1 are early or in line with their environmental goals through 2011. As a supplement, key figures

are reported for the airline operations based on the geographic markets serviced by the airlines.

Historic data has been adjusted to reflect the development in the companies in Core SAS.

Airline operations

Scandinavian Airlines

Scandinavian Airlines serves destinations with large passenger flows within Scandinavia as well as internationally, with hubs in Copenhagen, Oslo and Stockholm.

In 2010, CO₂ emissions per passenger kilometer were the lowest ever, 117 grams.

During 2010, Scandinavian Airlines put two newly built and one used aircraft into service, while seven older aircraft were taken out of service. SAS often hears the allegation that an aircraft's age and its environmental performance are correlated. A brand new Boeing 737NG generally has the same environmental performance as one delivered in 1998. However, certain product developments have taken place, resulting in a 2-3 percentage point improvement, and SAS manages this through the ongoing engine upgrade program and by mounting winglets if it provides the desired effect. All the more important is how the aircraft is flown during its lifetime. For example, SAS has Boeing 737NGs with 120+, 140+ and 180+ seats that grant high flexibility depending on demand and ensure a total emission that is as low possible at any given moment. During the year, efforts have been made to identify potential replacements for today's short-haul fleet in the short- and long-term. This work takes into account

Key figures SAS Group's ground and office activities¹

	2010	2009	2008
Energy consumption, GWh	216	205	213
Water consumption, 1,000 m ³	159	169	176
Unsorted waste, tonnes	906	1,118 ²	928
Hazardous waste, tonnes	311	371	528
Fuel consumption, 1,000 liters	3,668	3,869	3,969
Glycol consumption ³ , m ³	5,559	4,003	3,700

¹ Pertains to the Group's total ground and office activities (SAS, Widerøe, Blue1, SAS Tech, SGH, SAS Cargo and administration, staff functions and management). Also pertains to services for other airlines. Information for 2008 and 2009 has been adjusted as a result of new measuring methods and improved data capture. The information for 2008 and 2009 also includes ground operations in Spanair and Air Maintenance Estonia, which have been divested. See Accounting Principles and More EMAS at www.sasgroup.net under Sustainability.

² Increase due to extreme weather conditions during the winter months.

sustainability-related aspects for the aircraft's whole life cycle, from construction to use and discontinuation.

Read more about SAS's aircraft fleet [▶](#) pp. 46–47 and 59.

During the year, Scandinavian Airlines' fuel-saving program resulted in increased fuel efficiency by 0.5%. This was lower than anticipated, since the target was a 1% improvement and much of

The airline operations' carbon dioxide emissions on the airlines' different markets

Carbon dioxide, 1,000 tonnes	Airline operations
Domestic in Denmark	34
From Denmark with destination within Europe	410
From Denmark with destination outside Europe	426
Domestic in Norway	553
From Norway with destination within Europe	266
From Norway with destination outside Europe	22
Domestic in Sweden	205
From Sweden with destination within Europe	236
From Sweden with destination outside Europe	139
Domestic in Finland	39
From Finland with destination within Europe	109
From Finland with destination outside Europe	11
From destination within Europe with destination in Scandinavia and Finland	611
From destination outside Europe with destination in Scandinavia and Finland	595
Total	3,654

this is attributable to the difficult winter months that affected the beginning and end of 2010. The program continues with undiminished commitment.

During the year, a decision was also made for a new flight planning program. Once it is implemented, it will provide conditions for more efficient flights and for an acceleration of future fuel-saving programs.

See More EMAS at www.sasgroup.net under Sustainability.

Scandinavian Airlines did not violate any noise regulations during 2010.

At the end of March, SAS was the first airline to receive the formal authorization from the Swedish Transport Agency to carry out so-called curved approaches using the SAS Boeing 737NG on Stockholm-Arlanda's third runway. In practice, this means that the approach is made with the help of the satellite-based navigation system (RNP AR) instead of the traditional ground-based approach systems (ILS). In the method used on Stockholm-Arlanda's third runway, the approach is conducted in an S-shaped curve. Thereby, the noise is displaced in the vicinity of the airport and exposure in sensitive areas is reduced. Most often, this approach also implies a shorter flight route, which reduces greenhouse emissions. The curved approach development was started in 2004 through cooperation between SAS and LfV.

During the year, Scandinavian Airlines conducted as many green departures as possible from Copenhagen-Kastrup and green approaches to Stockholm-Arlanda.

Greater focus was placed on sustainability issues in product development during the year. For example, a large number of weight-reducing measures are being evaluated for the products offered onboard combined with offering greener products onboard and on the ground. Two specific examples of "every little helps..." is that the headsets used on long-haul flights have been reduced by a total of 15 kilograms and the comfort kits distributed in Business Class are now made from recycled PET bottles, while the inner packing is made from recycled paper.

The option to voluntarily carbon offset your trip via Scandinavian Airlines' homepage is used by less than 1% of customers, while the third party-reviewed emissions calculator is used extensively.

Widerøe

Widerøe's main market is Norway and the airline operates regional traffic with a significant proportion of procurement traffic, mainly in Northern Norway.

During the year, three Q400s were put into service as well as one Q100 in early 2011.

Widerøe took over Scandinavian Airlines' production with Fokker 50s in Western Norway, the so-called Westlink, in 2010. The F50 production was replaced by Bombardier Q300/400.

During 2010, the focus has been on the fuel-saving program. Since the start in March 2009, this has resulted in about 1,100 tonnes of fuel saved, or more than 3,500 tonnes of CO₂ emissions compared with the reference period 2008/2009.

Blue1

Blue1's main market is Finland with a large share of traffic to the rest of Europe.

On one occasion in 2010, an aircraft from Blue1 took off later than the permitted takeoff time in Paris, which led to a fine of approximately SEK 115,000.





Ground-based environmental measures

Energy

As part of the certifying processes for ISO 14001 and EMAS, a comprehensive energy plan was initiated during the year for all operations in all buildings owned or leased by SAS.

The plans were drawn up together with the supplier Coor Service Management. They include an inventory of buildings in order to identify immediate actions that can be taken, or that medium-sized investments can be made with a repayment time within the five years that the plans apply and an energy campaign that will run from 2011 till 2015. Plans also include development of energy consumption registration routines as well as a follow-up possibility and continuous reporting.

Follow-up and reporting are done at the Group's main bases in Denmark, Finland, Norway and Sweden. The energy campaign, "Common sense cuts expense" started in February 2011. An energy planning group measures, follows up via environmental audits and inspections, and ensures focus is on the most prioritized areas.

All operations have drawn up energy plans to reduce energy consumption.

Ground transportation


SAS fully endorses the airports' efforts to reduce CO₂ emissions and participates in "better air" projects. As a result, SAS ground equipment is being improved or replaced with "greener" units.

SAS is working to replace all company cars with green vehicles. Guidelines will be issued for all companies and units in SAS, but decisions are made locally, since green vehicles are defined differently in each country.

Deicing

Deicing is inevitable from a safety point of view. Deicing of the aircraft is done before takeoff using glycol. As this constitutes environmental impact, the search continues for alternative techniques. In the meantime, different methods to reduce glycol usage are evaluated. For instance, attempts continue with a system with electronic control of the glycol content and a preventive deicing method that leads to considerable reduction of glycol usage without compromising on SAS's or authorities' safety requirements.

During 2010, deicing and glycol usage became an important part of the ISO 14001/EMAS management systems. Activities are evaluated and revised with systematic follow-up of all deviations. During very cold winters, however, it is uncertain whether the efforts to reduce consumption per deicing offset the increasing number of deicings, which leads to a higher total glycol consumption. With extensive glycol usage in the winter months, emissions of glycol may occur in exceptional cases. On these occasions, specified measures are in place to limit or completely avert a possible environmental impact. The excess glycol is handled and recycled, whereby no glycol or a small quantity is released into the water.

More EMAS  www.sasgroup.net under Sustainability.

Blue1 replaced its MD-90s with Boeing 717s during 2010, and took a decision to replace its Avro RJs with additional Boeing 717s.

Blue1 focused its environmental efforts on reducing the relative emissions from its airline operations. CO₂ emissions per passenger kilometer lessened just under 10% to 143 grams thanks to a high load factor and the ongoing upgrade of the aircraft fleet.

SAS Ground Handling, SGH

SGH handles passenger and lounge services as well as loading and unloading, deicing and towage of aircraft, etc.

Glycol consumption increased by 40% compared with the preceding year due to the tough winter months with much snow and ice and generally severe weather conditions.

The tough winter months combined with higher production also explain the rise in energy consumption during the year.

The most important environmental aspects for SGH are diesel and gasoline consumption, energy usage and spills of gasoline and glycol. SGH's environmental goals focus on reducing the impact of these environmental factors. SGH works intensively to reduce emissions from vehicles and equipment, resulting in both a lower environmental impact and a better working environment. For example, this is done by improving punctuality, which benefits both SGH's own and the airline operations' environmental impact. In Denmark, an investment was also made in two electric tractors to replace the diesel tractors.

In March 2010, there was a glycol leakage of approximately 20 m³ in a glycol store provided by Swedavia at Arlanda. The safety procedures worked well, and the leakage could thereby be handled without emissions.

In all three Scandinavian countries, there are cooperations with different players at the airports within a number of areas, such as measuring electrical consumption in buildings and reducing emissions from vehicles. Discussions with airport operators in the Scandinavian countries indicate that the requirements for, among others, waste management and emissions requirements for machines and vehicles will be more stringent, which may also imply higher costs for SAS. For example, Swedavia will introduce stricter environmental requirements for vehicles at airports.

The employees show great interest in environmental issues and have submitted ideas and improvement proposals.

SAS Tech

SAS Tech, which provides technical maintenance of aircraft, operates primarily in Scandinavia. Its biggest customers are Group airlines.

SAS Tech is responsible for most of the activities in the Group requiring environment-related permits. It is also the biggest user of chemicals and generates the biggest share of hazardous waste. This is handled by approved waste management companies. In addition to hazardous waste, the most important environmental aspects are emissions related to energy consumption, combustion of gasoline and diesel.

SAS Tech has a contract with an external chemical supplier for purchasing and storing chemical products in order to reduce the quantity of hazardous waste, cut storage time and have better cost control. These efforts have led to a significantly reduced volume of discarded material, as well as smaller storages of chemical products kept by the operations. The number of products purchased has been reduced by one third in total and SAS Tech's own purchases have dropped by more than 90%.

SAS Cargo Group, SCG


SCG provides postal and air freight services within the framework of the operation in Scandinavian Airlines and other partners. The operation is controlled from Copenhagen and includes the freight forwarding company Trust.

The most important environmental aspect for SCG is the combustion of fossil fuels in the air freight operation. Other significant environmental aspects are combustion of fossil fuels in road transportation and energy consumption in buildings.

SCG started work with a new Revenue Management System in 2010. This will improve the possibility to plan and estimate the volume of freight per departure. Improved precision increases the possibility to optimize fuel amounts, leading to lower emissions.

In September 2010, SCG was recertified in accordance with ISO 14001 and is a part of the SAS Group's EMAS certification.

In 2008, SAS Cargo set an environmental goal for 2011 for road transportation provided by external shippers, of a reduction of CO₂ emissions from 153 to 148 grams/tonne km. The result for 2010 was 160 (163) grams. During 2009, the results deteriorated sharply, as SAS Cargo's road transportation is conducted in a network system. When demand and production declined, it was not possible to correspondingly adjust the number of transports. This generated a lower degree of utilization and thereby a higher relative environmental impact.

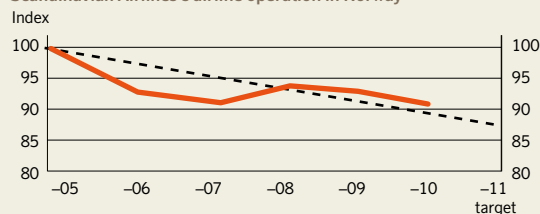
See More EMAS  www.sasgroup.net under Sustainability.

SAS environmental and climate index

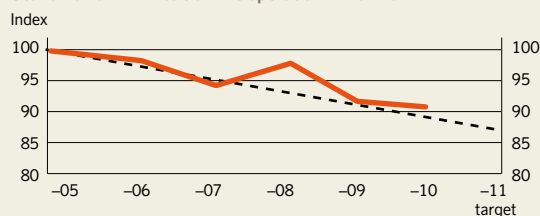
Since 1996, SAS measured eco-efficiency using an environmental index in which environmental impact is measured relative to production. An environmental index is measured for each airline, but not for the Group as a whole. These indexes are a tool for managing and following up the Group's environmental performance. Starting in 2007, all environmental indexes have been reformulated according to a new model with 2005 as the base year. Airline targets have been set in consultation with Group Management. The index consists of 50% carbon dioxide, 40% nitrogen oxides and 10% noise in relation to the most essential production parameter, passenger kilometers.

Environmental index and target scenario for airline operations

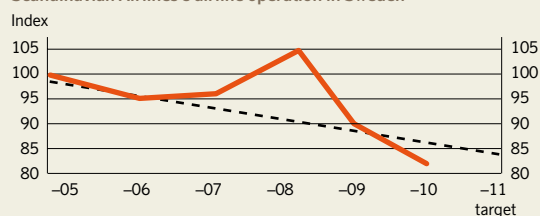
Scandinavian Airlines's airline operation in Norway



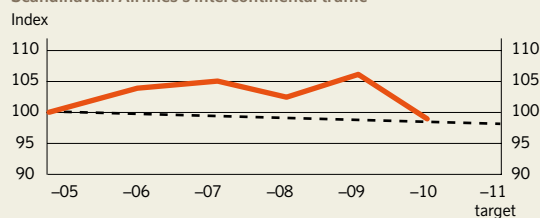
Scandinavian Airlines's airline operation in Denmark



Scandinavian Airlines's airline operation in Sweden



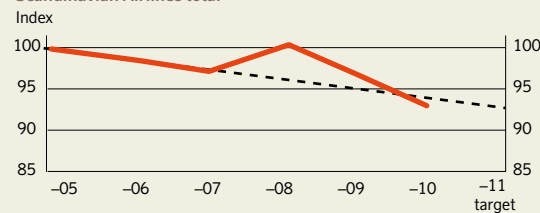
Scandinavian Airlines's intercontinental traffic



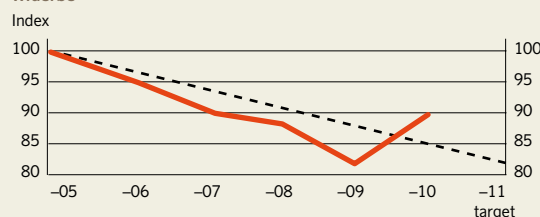
Starting in 2007, SAS also reports a climate index, which pertains to weighted climate impact excluding noise, i.e., emissions of carbon dioxide (2/3) and nitrogen oxides (1/3). The climate index measures the Group's total climate impact relative to traffic measured in passenger kilometers.

The positive performance is primarily due to a higher passenger load factor thanks to timely adjustment of capacity to the market, but also due to a higher demand, high punctuality, success in the airlines' fuel-saving program and a rejuvenation of the aircraft fleet during the year. Widerøe's result declined due to factors including changes of methods in conjunction with the introduction of a new database (MRV).

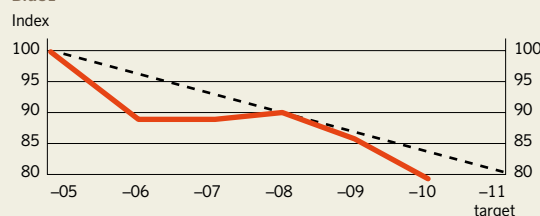
Scandinavian Airlines total



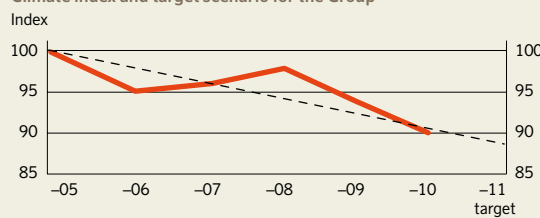
Widerøe



Blue1




Climate index and target scenario for the Group



Ground operations' index

SAS has, in light of the preceding year's organizational changes and work with the ISO/EMAS certification, analyzed which metrics provide the best potential steering force toward defined environmental targets. SAS has, as a consequence, decided not to report an environmental index for the ground services, where the environmental impact leaves no direct possibility to influence the scope, governed by weather and safety regulations, etc. However, SAS will continue to openly report its impact and consumption in the ground area, including services sold to external customers.

Regarding accounting principles and More EMAS  www.sasgroup.net under Sustainability.

Corporate social responsibility

SAS is an important part of society's infrastructure, both nationally and internationally. SAS benefits society by providing citizens with the opportunity to participate in both private and work-related meetings on development and cooperation in a global perspective. In this context, it is important that SAS's employees see the challenges and can contribute with solutions to the questions that arise in daily work.

Competition in the airline business in Europe is fierce. Employees play a key role when creating added value in the customer offering. SAS's strategic cultural work is therefore focused on increasing employee satisfaction and commitment, as well as increasing understanding of the values that are the basis for how the business is run. The goal is to generate positive repercussions in the relationship to customers and strengthen SAS's competitiveness.

Cultural development

Development of social responsibility builds on a number of focus areas as the basis for developing the SAS corporate culture.

Management development

With regard to developing social responsibility, management is key in setting examples and interpreting and implementing SAS's strategies. SAS strives for clear leadership characterized by the watchwords *consistent, honest and reliable*. Managers must be self-aware and mature, and know how personal qualities are to be used to achieve a trustful working relationship with personnel.

In 2010, SAS continued to develop a "role model" for all managers in the organization. It contains an assessment module that once a year will show whether managers live up to the requirements and a leadership program for the requisite know-how. Both the assessment module and several parts of the leadership program were carried out during 2010. This includes a focus on the so-called SAS Leadership Program and a master's degrees for a number of managers in cooperation with BI Handelshøyskolen in Norway.



The SAS Group's primary societal responsibility is to its own employees and the communities dependent on and affected by SAS's operations in a number of countries, primarily in the Nordic region.

Organizational development

The Core SAS organization, introduced in February 2009, meant a fundamental restructuring of SAS's earlier organization. During the first six months of 2010, additional steps in the organization development were taken with focus on actions that ensure clearly controlled, efficient processes that lead to better profitability.

Adjustment and redundancy

During the year, SAS carried out additional cost reductions within the framework of Core SAS. Redundancy among the personnel has been handled through negotiations with labor unions that follow national laws and agreements. See Core SAS pp. 10–13.

Cooperation with labor union organizations

Cooperation with labor unions is mainly carried out nationally, where dialog is conducted with the labor unions that have collective agreements with SAS. Cooperation takes place within the frame-

work of national laws and agreements affecting the unit concerned.

Employee representatives from the Scandinavian countries sit on the SAS Group Board of Directors. The employees elect representatives from units in the Group's Scandinavian operations. Group Management is engaged in an ongoing discussion with union representatives above all on issues concerning the personnel and cost reductions, organization structure and the need for a more customer-oriented culture.

Work environment and sick leave

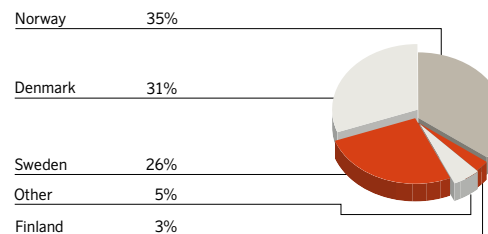
SAS's goal is that the work environment be as good as possible and that sick leave and the number of injuries be continuously reduced.

During 2010, total sick leave in Scandinavian Airlines amounted to 7.1%, in Blue1 at 9.2% and in Widerøe at 5.3%.

Sick leave is relatively high and an area of constant focus for SAS. The results show that sick leave is especially high among flight personnel and within SGH and Blue1. One explanation is that these personnel groups are in an environment with greater interaction with many people, a higher degree of changing work indoors and outdoors and more heavy tasks, while it is also not possible to work on board an aircraft with a mild cold, which might be manageable in an administrative environment.

During 2010, a new reporting system was introduced within Scandinavian Airlines. The system measures absence in relation

Geographical breakdown of employees in 2010



The SAS Group's operations are concentrated to the Scandinavian countries.



to actual and planned work time and not in calendar days, which in practice means that the result is not comparable with the preceding year. The system is expected to provide faster compilations and thereby the possibility to prioritize measures that will lead to lower sick leave through goal-oriented efforts.

In a national comparison, sick leave is highest in Norway, which in part can be explained by different national rules.

Long-term sick leave, 60 days and above, represents in total nearly half of the total sick leave. Staff and administration areas Group IT and Finance have low sick leave.

Scandinavian Airlines' sick leave

	DK	NO	SE	Total
No. of employees December 2010 ¹	5,211	5,161	4,513	14,883
of which women, %	35.4	39.6	38.8	37.9
Total sick leave, %	5.3	10.1	5.8	7.1
Long-term sick leave (more than 59 days), %	41.4	55.1	43	48.4
Sick leave for women, %	7.3	12.1	6.8	8.7
Sick leave for men, %	4.4	9.0	5.2	6.1
Sick leave employees <30 years, %	3.9	5.7	7.0	5.4
Sick leave employees 30-39 years, %	6.3	10.1	5.3	7.7
Sick leave employees 40-49 years, %	5.4	9.9	5.5	6.9
Sick leave employees 50-59 years, %	4.9	10.9	6.2	7.2
Sick leave employees 60 years and above, %	4.3	9.7	6.1	6.8

¹ Deviates from the information in the financial accounting for full-time positions, FTE.

Occupational injuries

The number of occupational injuries has risen to 327 (291). The highest occupational injury frequency is present in SGH in Denmark, within Cargo and Spirit and among flight personnel. Within all three areas, however, it is worth noting that Sweden stands out with comparably low numbers of injuries. The extent of the occupational injuries means that SAS will continue to prioritize preventive efforts, in particular in the areas where the challenge is greatest.

Apart from sick leave and occupational injuries, each administrative unit works actively with issues pertaining to telecommuting where this is possible, flextime, health insurance, etc. It is each company's or unit's responsibility to ensure a well-functioning working environment.

This work takes place in collaboration with safety representatives, supervisors and labor-management joint safety committees that include all employees in each country. ➔ See Work environment policy p. 134.

Company health services

Besides medical staff, the company health services or health, safety and environment (HSE) department that includes the whole Group, employs therapists, stress and rehabilitation experts, and ergonomic engineers. The department has also developed and offers special services, including aviation medicine, stress management, follow-up of sick leave, health profiles, ergonomics and advice in handling chemicals.



SAS Group's sick leave¹

	Scandinavian Airlines airline operations			Scandinavian Airlines ground operations									The Group's administrative functions ²					The SAS Group ³		
	DK	NO	SE	DK	NO	SE	DK	NO	SE	DK	NO	SE	Commercial	Finance	HR & Comm.	Group IT	Stab & øvrige	Scandinavian Airlines	Blue1	Widerøe
No. of employees December 2010 ¹	1,707	1,792	1,276	540	452	499	1,927	2,232	1,608	420	257	285	931	292	286	198	181	14,883	416	1,186
of which women, %	49.1	55.9	52.7	3.9	3.5	6.4	29.6	32.2	34.5	20.7	18.3	18.9	53.4	52.5	58.0	37.6		37.9	47	31
Total sick leave, %	9.1	11.8	7.6	3.1	6.4	3.5	4.3	10.8	7.8	4.2	7.9	5.2	6.0	2.2	3.7	2.0		7.1	9.2	5.3
Long-term sick leave (more than 59 days), %	41.4	54.8	45.6	3.3	52.3	36	42.7	56.7	38.7	46.6	44.3	44.1	53.3	57.4	59.6	46.2		48.4	27.4	3.4
Total number of occupational injuries with more than one day's sick leave	65	29	8	16	6	3	94	48	15	15	5	4						308	13	6
Occupational injury frequency lost-time-to-injury rate (H-value)⁴	26.7	11.6	4.1	16.6	7.3	5.6	28.7	15.0	7.0	19.6	11.3	11.8						15.9	15.7	3

¹ Deviates with the exception of Blue1 and Widerøe from the information in the financial accounting for full-time positions, FTE. ² Registration and follow-up of the total number of occupational injuries within the administrative functions is not organized in the same way for operating activities. ³ Staff & other is the post remaining after a division of employees in reported groupings. These employees are included in key figures for Scandinavian Airlines, but are not reported separately. ⁴ Lost-time-to-injury rate (H-value): No. of occupational injuries per million work hours. ⁵ Lost-time-to-injury rate for Scandinavian Airlines, excl. administrative functions.



RampSnake as profit for the work environment, the environment and the economy

A baggage conveyor belt that goes round corners and lowers and lifts the baggage into the aircraft's cargo hold to reduce employees' physical activity, has been tested for a couple of years. 20% faster, 80% fewer lifts and 30% fewer manhours was the goal for RampSnake when it was introduced, and this is still the goal. The first years were marked by teething problems. Technical problems as well as function errors and deficiencies led to the goals not being reached. During recent years, however, a number of problems have gradually been resolved and RampSnake is used to an increasing extent. Operating stability in Copenhagen-Kastrup is at 80-85%, but the goal is 90%. With an extended co-operation between the users and the ones handling service of RampSnake, the prospects are good to achieve the goals.

Another exciting view prospect with RampSnake is that it can replace Sliding Carpets, which were installed in many SAS aircraft. Sliding Carpet also reduces the physical activity of the load worker, but is not nearly as effective as RampSnake. In addition, Sliding Carpet is a fixed installation with a varying weight and thereby generates extra fuel costs and increased CO₂ emissions. If conditions are right, RampSnake as a replacement of Sliding Carpet may thus be a gain for both the work environment, the environment and the economy.



Within large parts of the Group, investments are made in different forms of health-promoting activities both in the workplace and in leisure time. During 2011, all SAS employees in Sweden will be offered an attractive wellness concept and a cost-efficient approach with less administration.

Improvement work

SAS Tech in Sweden has conducted health profiles on all employees who have wanted to take the opportunity to improve their health by exercising more and eating better with the help of individual coaching. The results are striking, as the aggregate weight dropped by 1,000 kg and the participants feel that their health has improved considerably.

SGH in Sweden has started a project in co-operation with AFA Försäkring that offers a reporting tool, TRIA, for occupational injuries and near-accidents. The project started already in 2008/2009 with data entered into the system, which is unique for the airline industry. During the second half of 2010, a pre-study was started, with good results.

Cooperation in Denmark between SGH, cabin and flight deck for improvement of cleaning on board was conducted with good results, thereby reducing the risk of infection, etc.

The pilots' psychological work environment was charted and results in great focus on handling the most important items in the coming year, including influence on worktime planning.

Tragic death

In March, a SAS employee was killed in a hotel in connection with passive duty. The tragic incident has prompted additional measures that aim to avoid similar events in the future.

Diversity and equality

The SAS Group's diversity policy is based on equal treatment of all employees and job applicants. Work on equal treatment includes promotion of diversity and equality in all its forms.

Union membership is high within SAS in the Nordic region and labor organizations hold a strong position. Collective agreements govern working hours, pay and other terms of employment in great detail. With the same conditions for the same tasks, there is complete equality between men and women in these issues as well.

In general, SAS is dominated by women in such professions as cabin crew, administrators, assistants and passenger service

at the airports, while men dominate in the areas of pilots, technicians, aircraft maintenance, loading and unloading of baggage. Women also work more part-time than men.

Of the company's pilots, 95% are men, and among captains, the share is 97%. At the same time, the recruitment base for female pilots is small, since few opt for the profession. SAS has also not recruited pilots during the past ten years. When it comes to cabin crew, 79% are women.

Top management in the Group is dominated by men. Since February 2010, Group Management for SAS has consisted of one woman and five men. The figure for the Top100 management forum is approximately 23% women.

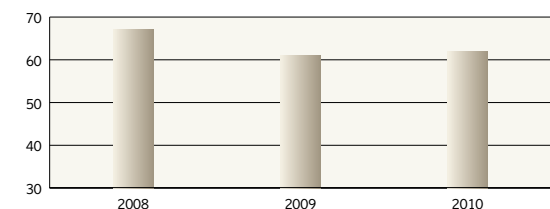
Each year, equal treatment plans are drawn up based on analysis and surveys of a number of factors, ranging from sick leave to bullying and harassment. A reference group representing the parties provides support. See Diversity policy p. 134.

Employee surveys

PULS, SAS's annual employee survey, was conducted at the end of the year. The response rate was 76%, which, together with 2008 and 2009 is the highest response frequency ever. Nearly 13,000 employees responded to the questionnaires that were sent out.

The result of the survey shows that job satisfaction at SAS is rising at 62 (61) following an index drop by 6 percentage points in 2009. Measures were taken at all levels in the Group to create action plans and activities that have together contributed to increase job satisfaction. All parts of the Group present increasing job satisfaction except Blue1, which had a lower result in 2010. Of all the operations, Widerøe has the highest job satisfaction. The survey generally indicates a continued strong commitment, as loyalty and motivation are high among employees in SAS. Great focus is now placed on improving job satisfaction through a number of specific activities that are based on the action plans drawn

Result in total index PULS regarding "Job satisfaction" Index



up after each function or department has analyzed its results.

Approximately 73 percent of SAS's employees replied that they have had performance reviews during the past 12 months.

Human resource development

SAS has approximately 1,000 managers on different levels in the Group. More than half of the managers are located in operations with direct customer contact such as sales, airport services and onboard service. The managers' skills development is based and evaluated on SAS's role model for leadership. A systematic survey is continuously ongoing in the whole Group, of existing managers as well as to identify persons who may meet the need for managers in the slightly longer term. The aim is for all potential managers to have an individualized development program. The manager process is based on the "role model", which reflects general personal attributes as well as SAS's business objectives. Evaluation focuses on the individual's performance, ability to change, leadership, potential and ambition.

Human resources development is an important, ongoing activity in the entire SAS Group. Flight staff and operational ground staff are covered by a number of license and competency requirements from EU-OPS and the IATA through the IOSA (IATA Operational Safety Audit). The mandatory training programs were carried out according to plan for different personnel groups for hazardous goods, passengers' rights, IT security and food safety, etc.

Training in the Code of Conduct and SAS's environmental efforts is continuous. During the year, 71% of SAS's employees have conducted e-learning in Code of Conduct and 31% have conducted e-learning in SAS's environmental work.

SAS's employees had access to nearly 110 different web-based courses during the year. Within SAS, virtually all employees are involved in e-learning, both flight personnel and ground employees.

Contract negotiations and disputes

2010 was marked by a stable dialog between SAS's management and the labor union organizations about outsourcing and redundancy as a result of the Core SAS strategy and agreement changes regarding personnel at SAS.

SAS was involved in four conflicts during the year. Three of these were linked to three different collective agreement negotiations regarding national agreements for Swedish technicians, Finnish technicians and Finnish cabin crew. In the fourth conflict, Scandinavian Airlines' Swedish pilots were drawn into a sympathy

strike linked to collective agreement negotiations with pilots in Swedish regional airlines.

During the year, and based on historic disputes, SAS has been involved in disputes relating to sustainability, including pertaining to fines related to the airfreight investigation. In light of the fact that SAS is a publicly traded Swedish limited company, all legal disputes of material importance are reported in the statutory Report of the Board of Directors pp.64–65.

Humanitarian work

SAS has an agreement with the Swedish government in the case of an emergency, to make available two specially equipped Boeing 737s as air ambulances within the framework of the Swedish National Air Medevac (SNAM). A training exercise with SNAM was conducted in November during an Armed Forces exercise and SAS supported evacuation of injured soldiers from Ronneby to Arlanda in a remodeled Boeing 737-800.

A corresponding agreement exists with the Norwegian Defense which implies that within 24 hours, SAS must make available a remodeled ambulance service 737-700 for medical evacuation along the same principle as with SNAM. Maintenance and development of the concept is conducted in collaboration between the Swedish Transport Agency, The National Board of Health and Welfare, Västernorrland County Council and SAS. In Norway, collaboration is conducted between the Armed Forces and SAS.

SAS's personnel participated in a number of fundraisers for Save the Children. SAS is one of the main sponsors of the organization. In Norway, a decision was also taken to donate the proceeds from the collection of recyclable cans to Save the Children.

As in earlier years, Widerøe's employees and Widerøe together organized a trip for children with cancer to Copenhagen and Norrköping.

All parts of SAS have had varying degrees of contact with schools and universities and participated in a dialog about flight and its environmental impact.

ISO 26000

SAS has carefully followed the development of the new standard with regard to social responsibility, ISO 26000. It is now published and SAS intends to evaluate its content during 2011 and assess the possibility of applying it to operations.



The interior of a Boeing 737-800 remodeled to enable advanced and simpler air ambulance transportation within the framework of SNAM.



Christmas flight to children in Tallinn

For 25 years, SAS Norway has sent a Christmas flight to different destinations in Eastern Europe. In the most recent years, the relief supply has gone to the district of Kopli in Tallinn, Estonia. In 2010 as well, SAS filled an aircraft with gifts for the inhabitants of Kopli. The Christmas flight is a relief action organized by SAS's employees, who work together with other volunteers all year to collect goods and contributions from different companies and private individuals. The airline makes an aircraft available, while a majority of the gifts are shipped by truck.

Financial responsibility

SAS is convinced that it is impossible to have economically sustainable operations in the long term without being socially and environmentally responsible. The connection between sustainable development and the bottom line is obvious to SAS.

An analysis of the SAS Group's statement of income reveals that major portions of revenue and expenses, and essential industry-specific earnings measurements are items relevant from an environmental and/or social perspective. In short, the highest possible financial return is generated by the best possible resource utilization and management of the company's assets, both human and financial.

Optimal resource utilization means flying fuel-efficiently and making the most of capacity for carrying passengers and freight. Lower fuel consumption leads to lower fuel costs and at the same time reduces the charges the SAS Group pays for CO₂ emis-


sions. The same applies to all other activities that, in addition to environmental considerations, have strong financial incentives to reduce consumption of energy and other resources. One way to look after the company's assets is to have positive and improving relations with employees and in a responsible fashion ensure maintenance of aircraft and other plant and equipment. Conversely, long-term sustainable profitability and growth are essential for being able to meet and preferably surpass environmental standards and demands for social responsibility and for ethical conduct placed on SAS. If the financial resources are lacking for long-term investment and maintaining extensive sustainability work, progress in these areas will not be realized.

SAS aims to show clearly how its strategic sustainability work helps to create long-term value. This means that the ability to work to improve SAS's environmental performance and to communicate this work has a direct positive impact on the Group's earnings. The ability of the SAS Group to increase its revenues relies on the ability to retain current customers as well as attract new ones.

One of the aims of systematic and proactive sustainability work is to prevent or at least reduce the risk of being surprised by new and tougher government and market demands. This is crucial, in view of the fact that bad press and direct costs in the form of fines and civil damages can also result in indirect costs owing to a tarnished brand and poor market image. The ultimate consequence may then be that customers abandon SAS for other operators.

Goals and goal attainment

Scandinavian Airlines has an ambitious fuel-saving program. The goal for the program, launched in 2005, is a fuel efficiency enhancement of 6-7% by 2011 compared with the period June 2005 to July 2006. At year-end, improvement of 4.6% had been attained since the introduction of the program. The fuel-saving program is presented in more detail on page 121.

SAS Group's financial goals and results  see pp. 4-5 in the Annual Report

Financial aspects of environmental responsibility

SAS's environmental work has several overriding purposes: Besides making resource use more efficient and improving environmental performance, it includes ensuring that the Group's operations comply with environmental laws and regulations. Below is an account of some of the most important financial aspects of environmental work.

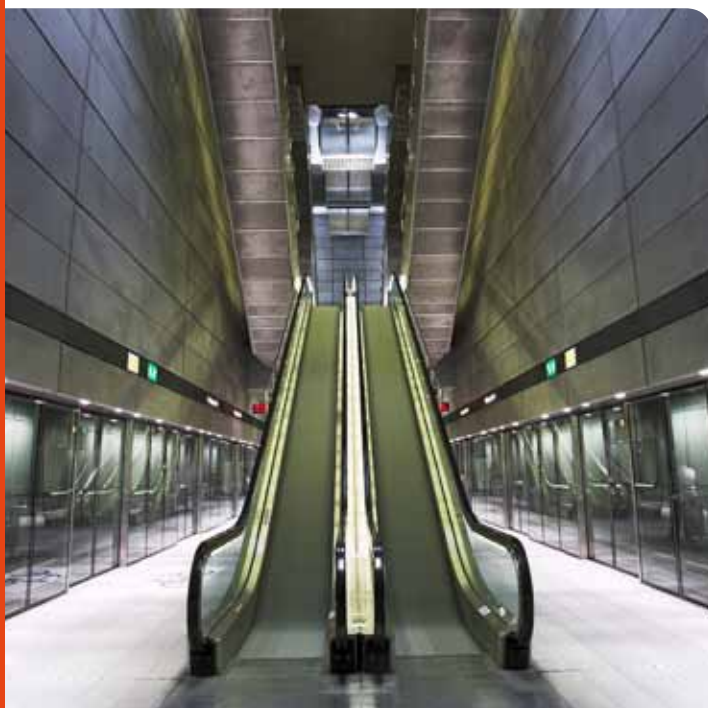
Infrastructure charges and security costs

Air transport pays the costs for the infrastructure it needs and uses to conduct flights, i.e., airports and air traffic control. For 2010, these declined by just over 3% to MSEK 7,210. Correspondingly way, the SAS Group also pays MSEK 1,309 in safety expenses, which for most other modes of transportation are financed by taxes.

Environment-related costs

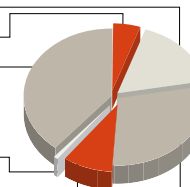
The SAS Group's external environment-related costs declined by 2% to MSEK 356 during 2010. These costs consisted of environment-related taxes and charges that are often linked with the aircrafts' environmental performance and are part of the landing fee. The costs are declining in spite of the fact that the number of passengers has increased. Other environment-related costs such as costs for waste management, purification plants and the costs for environmental staff amounted to MSEK 50.1 (38.4). The increase is primarily a result of higher costs for waste and glycol management.

The SAS Group has no known major environment-related debts or contingent liabilities, for example in the form of contaminated soil.



Breakdown of costs in 2010

Jet fuel	16%
Leasing costs	5%
Payroll expenses	33%
External environmental costs	1%
Government user fees	10%
Other	35%



Environment-related investment

The investment made by the SAS Group in accordance with the Group's policies shall be both environmentally and economically sound, thus contributing to the Group's value growth and helping to ensure that the Group can meet adopted future environmental standards. It should be noted that investment not emphasized in this section may also have a positive impact on the environment. Investment that can clearly be linked to structured environmental work is disclosed in this section.

Investments in 2010 totaled MSEK 2,493 (4,661), of which MSEK 10.9 (16.5) consisted of environment-related investments primarily in the form of winglets for a delivered Boeing 737NG and the replacement of diesel-run tractors with electric ones at SGH.

Scandinavian Airlines has an ongoing engine-upgrade program within the framework of the regular technical maintenance on the majority of the Boeing 737NG fleet. In practice, this means that the engines have been upgraded to the latest version, so-called Tech Insert. To date, approximately half of the fleet's engines in the Boeing 737NGs delivered before 2006 have been upgraded and are thereby approximately 3% more fuel efficient than the engine with which the aircraft was delivered. Aircraft delivered after 2007 are already equipped with Tech Insert.

Research and development (R&D)

SAS contributes in many ways to the emergence of a sustainable society. Among them are the Group's commitment to and support of the development and dissemination of green technologies such as bio-based jet fuel and environmentally adapted flights. In 2010, SAS was involved in the Sustainable Aviation Fuel User Group whose goal is to hasten the development, certification and commercial use of environmentally and socially sustainable aviation fuel. SAS also cooperates with the Scandinavian suppliers of air traffic control for the purpose of speeding up the development of a more efficient use of air space.

The SAS Group engages in – and to a certain degree pays for – technology development benefiting the entire industry. The Group and its airlines also play a leading role internationally in drafting environment-related norms and standards for air trans-

port. SAS is represented on a number of committees, projects and working groups related to the environment and corporate social responsibility in such bodies as IATA, ICAO, AEA, N-ALM and SESAR JU.

Financial aspects of social responsibility

SAS's first social responsibility is to its own employees and the communities dependent and affected by SAS's operations. For employees this includes issues concerning human resources development, pay and work environment. In addition, the Group is to contribute to social progress wherever it operates and be a respected corporate citizen.

Air transport helps improve labor market conditions in rural areas in the Scandinavian countries and makes business travel easier in Europe and to other continents. Given increasing globalization, airlines facilitate business and other contact opportunities where efficient transportation to, from and within the countries is more or less a prerequisite for economic development and progress. The airlines also contribute expertise and transfers of technology and make necessary investment in infrastructure.

SAS's contribution to the economy

SAS's airline operations are powerful engines of job creation. According to the report "Civil Aviation in Scandinavia – value and importance" from 2004, each employee in SAS's airline operations generates approximately one more job opportunity in other industries and companies indirectly creating employment for many in the Scandinavian countries.

In 2010, the SAS Group paid wages and salaries totaling MSEK 12,634 (17,225), of which social security expenses were MSEK 1,644 (1,943) and pensions MSEK 1,604 (2,687).

SAS endeavors to achieve market pay to all employee groups.

Courses and training

To retain and develop employee skills, extensive training programs are carried out each year. During 2010, SAS's employees attended an estimated 468,000 hours of training, of which the major part pertains to obligatory training. A growing share of

SAS's training takes place through web-based courses, or e-learning. E-learning cannot always replace classroom instruction, but thanks to its greater flexibility and availability, more courses can be offered at a lower cost.

Costs of sick leave and accidents

Sick leave and occupational injuries constitute a large expense for the individual employee and the employer, as well as for society at large. Sick leave is affected by a number of factors such as risk of infection and accidents as well as physically and mentally stressful working environments. The SAS Group's companies employ various methods to prevent short-term as well as long-term sick leave.

SAS's own calculation of costs for sick leave at Scandinavian Airlines is just under MSEK 290. The calculation is made possible by the reporting system for sick leave that was introduced in 2010 and differs from earlier years' estimates of social costs for sick leave.

Sustainability-related charges, costs and investments

MSEK	2010	2009	2008
Infrastructure			
Infrastructure charges	7,210	7,466	7,680
Security costs	1,309	1,373	1,372
Environmental costs*			
External environment-related costs	356	364	451
of which environment-related charges	66.3	76.2	88.6
of which environment-related taxes	289	288	362
Other environment-related costs	50.1	38.4	33.7
Environment-related investment			
Airline operations	7.0	15.6	16.7
Ground operations	3.9	0.9	0.9
Total	10.9	16.5	17.6
Share of SAS's total investment in %	0.4	0.4	0.4

* Environmental costs have been adjusted to reflect the changed Group structure.

SAS's sustainability-related policies

SAS's values – consideration, reliability, value creation and openness – constitute the basis for the Group's sustainability work. In the Corporate Manual, SAS's organization, corporate form and the comprehensive policies, which together govern the Group's sustainability work and operation in general, are described.

Sustainability policy

To contribute to sustainable development, SAS employees must, in their day-to-day work, take the Group's financial performance into account as well as its environmental and social impacts on the community.

For SAS, sustainable development means a simultaneous focus on financial growth, environmental improvements and social responsibility. The Group's task, based on its core values, is to create long-term growth in shareholder value. This requires integrating environmental and social responsibility into business activities. Maintaining and developing human resources is vital for the Group to reach its goals.

Environmental Policy

SAS will contribute to sustainable development by optimizing resource use and minimizing its environmental impact in all its operations.

SAS's environmental goals are based on constant improvement and on each subsidiary setting specific targets and working to reach them.

SAS will seek to use renewable energy.

SAS will have an environmental program as good as or better than leading industry competitors' that attracts customers and capital.

SAS's environmental goals and activities are to be coordinated and harmonized with other production, quality and financial targets and will comply with applicable legislation and other requirements.

Work Environment Policy

SAS values an active leadership that:

- Creates a work environment that supports the SAS Group's strategies as well as the rules and regulations in each country.
- Plans work in a way that considers organizational needs but also enables employees to be actively involved, in the work and socially.
- Ensures SAS's position as a good role model within the work environment area.

In order to achieve this it is the responsibility of the management to ensure that:

- Goals and preventive plans for working environment are a natural part of the ongoing business planning within each company.
- Leaders and employees at all levels and in all units are actively involved in work environment matters.
- Annual work environment studies are carried out.

Diversity Policy

SAS bases all external recruitment, internal recruitment, promotion, skills development and other contacts between company and employee on the concept of the equality of all persons. All employees and job applicants shall be treated in a proper and impartial manner, where work competence and conformity with the safety and security requirements of the SAS Group are of primary importance. All employees and applicants for vacant positions also have the right to be treated on an impartial and formal basis and not on the basis of what, on proper or improper grounds, might be thought of as characteristic for the gender or group to which he or she belongs. All employees are responsible for behaving and acting in the workplace in a manner that is in accordance with the values expressed by this policy.

Action plans

To achieve diversity in the long term, without compromising competence, qualifications and security, within the various business operations of the Group and at various job levels within these operations, the respective business unit shall prepare an annual action plan for certain prioritized activities with the purpose of increasing diversity.

Sustainability-related part of Purchasing Policy

In choosing suppliers, the value of long-term and continuous access to the best product/service at the lowest total life cycle cost must be taken into account.

As set forth in SAS Group Code of Conduct, SAS Group has committed to social issues and by joining the UN Global Compact, the SAS Group has pledged in all activities to defend and promote human rights and to combat corruption, discrimination and all forms of forced labor. It is essential that the same requirements are undertaken also by SAS suppliers.

Moreover, as also set forth in SAS Group Code of Conduct, SAS Group aims to be leaders in sustainable development efforts in the airline industry and thereby contributing to sustainable society development. Hence, SAS Group's primary focus is to create responsible and sustainable traffic growth while reducing its environmental impact and optimizing resource management by reducing emissions, reducing consumption of energy and water, reducing noise and treating waste as a resource, among other measures.

In view hereof, suppliers shall be able to demonstrate environmental management according to ISO 14001 or equivalent or as a minimum be able to document an environmental program or system.

All purchasing agreements must be signed by two duly competent persons.

Each purchasing activity must be satisfactorily documented from specifications up to a signed agreement.

This is in order to permit subsequent review and to guarantee the availability of documentation in the event of any claim and/or legal dispute.

Any agreement at variance from SAS General Terms & Conditions must be approved by SAS Corporate Legal Affairs before being concluded.

Contracts must be filed in accordance with the applicable filing rules.

All purchasing activities must be conducted in a professional manner, demonstrating sound ethics, high moral standards and in accordance with applicable legislation.

All information concerning purchasing, potential tenderers or suppliers must be held confidential in the interests of competition.

Entertainment may not be accepted except to the extent it is clearly motivated and modest in scale.

Auditor's Review Report on the SAS Group's Sustainability Report

To the readers of the SAS Group's Sustainability Report

Introduction

We have been engaged by the Executive Management of the SAS Group to review the SAS Group's Sustainability Report for the year 2010. The Sustainability Report includes the SAS Group's Annual Report and Sustainability Report 2010, pages 113-135, as well as accounting principles and GRI cross reference list presented on SAS group's website (www.sasgroup.net under "Sustainability"). The Executive Management is responsible for ongoing activities regarding the environment, health & safety, quality, social responsibility and sustainable development, and for the preparation and presentation of the Sustainability Report in accordance with the applicable criteria. Our responsibility is to express a conclusion on the Sustainability Report based on our review.

The Scope of the Review

We have performed our review in accordance with RevR 6 Assurance of Sustainability Reports issued by Far. A review consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with IAASB's Standards on Auditing and Quality Control and other generally accepted auditing standards in Sweden. The procedures performed consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

The criteria on which our review are based are the parts of the Sustainability Reporting Guidelines G3, published by The Global Reporting Initiative (GRI), which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed and disclosed. These criteria are presented on SAS Group's website (www.sasgroup.net under "Sustainability"). We consider these criteria suitable for the preparation of the Sustainability Report.

Our review has, based on an assessment of materiality and risk, e.g. included the following procedures:

- a. an update of our knowledge and understanding of the SAS Group's organization and activities,
- b. an assessment of suitability and application of the criteria regarding the stakeholders' need for information,
- c. an assessment of the outcome of the Company's stakeholder dialogue,
- d. interviews with the responsible management, at group level, subsidiary level, and at selected business units in order to assess if the qualitative and quantitative information stated in the Sustainability Report is complete, accurate and sufficient,
- e. shared internal and external documents in order to assess if the information stated in the Sustainability Report is complete, accurate and sufficient,
- f. an evaluation of the design of the systems and processes used to obtain, manage and validate sustainability information,
- g. an evaluation of the model used to calculate carbon dioxide, nitrogen oxides and noise emissions,
- h. analytical procedures of the information stated in the Sustainability Report,
- i. a reconciliation of financial information with the Company's Annual Report for the financial year 2010,
- j. an assessment of the Company's declared application level according to GRI guidelines,
- k. an assessment of the overall impression of the Sustainability Report, and its format, taking into consideration the consistency of the stated information with applicable criteria,
- l. a reconciliation of the reviewed information with the sustainability information in the Company's Annual Report for the financial year 2010,

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the information in the SAS Group's Sustainability Report has not, in all material respects, been prepared in accordance with the above stated criteria.

Stockholm, March 17, 2011

Deloitte AB

Elisabeth Werneman
Authorized Public Accountant

Torbjörn Westman
Expert member FAR SRS

About the SAS Sustainability Report 2010

The SAS Group Sustainability Report 2010 describes the most essential environmental and societal aspects impacted by its operations. It reports what is felt, after continuous dialog, to be of interest to its main target groups: financial analysts, customers, suppliers, employees, authorities, policymakers and shareholders.

SAS Group has self-declared the SAS Group Annual Report and Sustainability Report 2010 to be Application Level A+, in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines version 3.0. Deloitte AB has reviewed the SAS Group's Sustainability Report 2010 and has confirmed it to be Application Level A+.

Accounting principles

The SAS Sustainability Report has been prepared on the basis of the SAS Group's accounting principles for sustainability reporting. They are based in part on Deloitte's "Checklist for preparing and evaluating information about the environment, ethics, corporate social responsibility and corporate governance," 2008 edition. In preparing the Sustainability Report, the SAS Group has followed the GRI Sustainability Reporting Guidelines, version 3.0 and all key principles of the UN Global Compact.

- The Sustainability Report comprises all sustainability information in the SAS Group Annual Report & Sustainability Report 2010, as well as accounting principles and GRI cross references. In addition to the Sustainability Report, "More EMAS" provides more detailed information regarding the SAS Group's environmental impact. See www.sasgroup.net <<http://www.sasgroup.net>> under the heading Sustainability.
- The main principle for sustainability reporting is that all units and companies owned by the SAS Group are to be accounted for. This means that sustainability-related data for divested companies owned by the Group during 2010 will be reported wherever possible.
- Material departures from GRI Sustainability Reporting Guidelines, version 3.0, are commented on in the SAS Group's accounting principles for sustainability reporting or in GRI cross-references on SAS's website. Cross-references also include the tables "GRI Application Levels."
- For financially related information in the Sustainability Report, we are aiming for the same accounting policies as in the financial portion of the Annual Report. In cases where other principles are applied, this is commented on in the SAS Group's accounting principles for sustainability reporting.
- Uniform environmental and social indicators are aimed for Group-wide. Aside from primarily national discrepancies regarding social data without material importance for the information reported, all operations in the Group were able to report in accordance with these definitions for 2010.

The Sustainability Report was approved by SAS Group Management in February 2010. The SAS Group Board of Directors submitted the annual report in March 2011, and was informed of the sustainability report at the same time. SAS Group Management is responsible for organizing and integrating sustainability work with the operations of the Group. SAS Group Annual Report and Sustainability Report 2009 was published in March 2010.

External review

Material sustainability information

All material sustainability information in the Annual and Sustainability Reports for 2010 has been reviewed by Deloitte. The Auditor's review of sustainability report can be found on this page.

EMAS

This published report has been EMAS-verified by Bureau Veritas, EMAS verification and registration will be issued when all underlying data for each business area mentioned in this report has been verified. The review was conducted as part of the periodic assessment of the overall ISO 14001 and EMAS environmental certification. Bureau Veritas, accreditation number DANAK 6002.

EU-ETS

External auditors have verified systems and reports regarding the EU trading scheme for emission allowances. PricewaterhouseCoopers for SAS and Widerøe, and Bureau Veritas for Blue1.

Contact

For further information and views on the SAS Group's sustainability work, contact Lars Andersen Resare, Director for Environment and Sustainability: lars.andersen@sas.se

GRI Sustainability Reporting



GRI's Sustainability Reporting Guidelines, version 3, stipulates that the SAS Group should determine which entities' performance will be reported in the Sustainability Report. The entities included in the SAS Group's Sustainability Report 2010 are presented in the introduction of SAS Group's Accounting Principles for Sustainability Reporting, available on the SAS Group's homepage (www.sasgroup.net). The reporting boundary, including changes compared to previous reports, is disclosed in the of SAS Group's Accounting Principles for Sustainability Reporting.

GRI's Sustainability Reporting Guidelines, version 3, prescribes disclosure of GRI Application Level Criteria for organizations using the Guidelines.

SAS Group has self-declared our reporting to be Application Level A+. Deloitte AB has checked our reporting and has confirmed it to be Application Level A+.

Regarding disclosure of management approach, as required by GRI, the SAS Group has chosen to report on management approach as an integrated part of the SAS Group's Annual Report & Sustainability Report 2010.



GRI Sustainability Reporting

		In accordance with GRI 2002	C	C+	B	B+	A	A+
Mandatory	Self-Declared							✓
	Third Party Checked							✓
Optional	GRI Checked							

+ = Report Externally Assured

Guideline on Management Approach

A general description of the SAS Group's approach to responsibility for sustainable development can be found on pages 116, 118-119, 122, 128 and 132 where the SAS Group defines social, environmental, and economical responsibility, including the SAS Group's comprehensive objectives governing the Group's operations. Strategies, values, and extracts from policies guiding the operations of the SAS Group can be found on pages 122 and 134 (policies, with relevance for sustainability, can also be found on the SAS Group's homepage, www.sasgroup.net).

On page 116, a description of the organization and management of the SAS Group's sustainability work can be found. Relevant information concerning both positive and negative aspects of the SAS Group's performance is disclosed throughout the report, the most significant aspects are commented on in the Board of Directors' Report

on pages 64-65. Risks and opportunities are included in both the Annual Report, on pages 50-52, and in the Sustainability Report, on page 116.

Economic responsibility

Information regarding financial results can be found on page 4 and on pages 60 and onward. Information concerning the SAS Group's economic responsibility is provided on pages 132-133, where the SAS Group's indirect economic impact is described. Information regarding market shares etc is located on page 23.

Environmental responsibility

The SAS Group's main environmental impact is related to the combustion of non-renewable fuels. Thus, the major disclosures regarding environmental aspects are consumption of non-renewable fuels, emissions of CO₂ and NO_x, and noise. This information can be found on pages 114, and 124-125. Targets and results of the SAS Group's

environmental work are disclosed on pages 122-123, and 127. On page 116, the organization and management of the SAS Group's sustainability work are described, together with processes for feedback and reporting of environmental data.

Social responsibility

Labor practices and decent work: Relevant information regarding the SAS Group's approach to labor practices and decent work is presented on pages 116 and 128-131. Policies regarding labor practices and decent work are disclosed on page 134 and on SAS Group's homepage (www.sasgroup.net). The process for handling questions regarding labor practices and managing feedback and reporting of labor data is described on page 116.

Human rights: Relevant information regarding the SAS Group's approach to human rights can be found on page 116 and in the GRI Cross-reference list.

Society: Relevant information regarding the SAS Group's approach to communities, corruption, public policy, anti-competitive behavior, and compliance, can be found on page 116 and in the SAS Group's Code of Conduct available on the SAS Group's webpage. For any significant case of non-compliance during the year information is disclosed in the Board of Director's Report on pages 63-65.

Product responsibility: The SAS Group mainly offers services. Where relevant, information regarding service responsibility is disclosed as a part of the SAS Group's social responsibility on pages 128-131, otherwise they are commented on in the GRI Cross-reference list.

All page references herein refer to the SAS Group's Annual Report & Sustainability Report 2010

GRI cross reference list

Reported
Partially reported
Not reported

Core Indicator	Page reference	Reported	Comments
Profile			
Strategy & Analysis			
1.1 Statement from the most senior decisionmaker of the organization about the relevance of sustainability to the organization and its strategy	6-7		
1.2 Description of key impacts, risks, and opportunities.	50-52, 114, 118-121		Description of major risks identified and corresponding actions are described on pages 50-52. The impact of aviation and the SAS Group on the environment is described on page 114 and 118-121.
Organizational Profile			
2.1 Name of reporting organization	Inside back cover		
2.2 Primary brands, products, and/or services.	13, 34		Primary brands are presented on page 13 and 34.
2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	4-5, 20, 31-37, 108		Operational structure on pages 4-5 and 108, Joint Ventures and Partners on page 20. Divisions and operating companies on pages 31-37.
2.4 Location of organization's headquarters.	Inside back cover		SAS koncernen Kabinvägen 5, Arlanda, 195 87 Stockholm
2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	23-26, 31-36, 128		The main markets for the SAS Group is described on page 23-26. Each subsidiary provides a description of main markets on pages 31-36. A map detailing all locations is to be found on page 30. Geographical breakdown of employees is described on page 128.
2.6 Nature of ownership and legal form.	42-44, 108		Largest shareholders on pages 42-44 and legal form on page 108.
2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	23-26, 31-36, 30		The main markets for the SAS Group is described on page 23-26. Each subsidiary provides a description of main markets on pages 31-36. A map detailing all locations is to be found on page 30.
2.8 Scale of the reporting organization, including: • Number of employees; • Net sales (for private sector organizations) or net revenues (for public sector organizations); • Total capitalization broken down in terms of debt and equity (for private sector organizations); and • Quantity of products or services provided.	4-5, 66, 69, 77		<ul style="list-style-type: none"> • Number of employees on page 77 (Note 3) • Net sales on page 66 • Total capitalization broken down in terms of debt and equity on page 69 • Passengers served on pages 4-5

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
2.9 Significant changes during the reporting period regarding size, structure, or ownership including: <ul style="list-style-type: none"> • The location of, or changes in operations, including facility openings, closings, and expansions; and • Changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) 	10-13		
2.10 Awards received in the reporting period.	1, 3, 123		
Report Parameter			
Report Profile			
3.1 Reporting period (e.g., fiscal/calendar year) for information provided.	Front cover		
3.2 Date of most recent previous report (if any).	135		Previous reports can be obtained from the SAS Group webpage (www.sasgroup.net).
3.3 Reporting cycle (annual, biennial, etc.)	Inside front cover		
3.4 Contact point for questions regarding the report or its contents.	Inside front cover, 135		Inquiries regarding the Annual Report are handled by Investor Relations and inquiries regarding the Sustainability Report are handled by the Director of Environment and Sustainability.
Report Scope and Boundary			
3.5 Process for defining report content, including: <ul style="list-style-type: none"> • Determining materiality; • Prioritizing topics within the report; and • Identifying stakeholders the organization expects to use the report. 	Accounting Principles for Sustainability Reporting 2010, Sustainability Report – GRI Content Index		Accounting Principles for Sustainability Reporting 2010 and Sustainability Report - GRI Content Index are available on the SAS Group webpage www.sasgroup.net under the headline “Sustainability”.
3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	135, Accounting Principles for Sustainability Reporting 2010		
3.7 State any specific limitations on the scope or boundary of the report.	135, Accounting Principles for Sustainability Reporting 2010		
3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	72-77, Accounting Principles for Sustainability Reporting 2010		The accounting principles of the SAS Group's Annual Report is described on page 72-77. If the Sustainability Report deviates from these principles that will be described in the Accounting Principles for Sustainability Reporting 2010.
3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	72-77, Accounting Principles for Sustainability Reporting 2010		The accounting principles of the SAS Group's Annual Report is described on page 72-77. If the Sustainability Report deviates from these principles that will be described in the Accounting Principles for Sustainability Reporting 2010.

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods).	60-65, 72-77, Accounting Principles for Sustainability Reporting 2010		Any significant re-statements regarding the financial report is disclosed in the Board of Directors Report on pages 60-65 or in the accounting principles on pages 72-77. Re-statements regarding the Sustainability Report is disclosed in Accounting Principles for Sustainability Reporting 2010.
3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	Accounting Principles for Sustainability Reporting 2010		
GRI Content Index			
3.12 Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: <ul style="list-style-type: none"> • Strategy and Analysis 1.1 – 1.2; • Organizational Profile 2.1 – 2.10; • Report Parameters 3.1 – 3.13; • Governance, Commitments, and Engagement 4.1 – 4.17; • Disclosure of Management Approach, per category; • Core Performance Indicators; • Any GRI Additional Indicators that were included; and • Any GRI Sector Supplement Indicators included in the report. 	This report "Sustainability Report – GRI Cross Reference List"		
Assurance			
3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).	112, 135		The Auditor's Report of the Annual Report can be found on page 112. The auditor's review of sustainability report can be found on page 135.
Governance			
Governance			
4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	101-108, 116		The Corporate Governance report on pages 101-108 discloses detailed information on governance structure. On page 116 it is possible to find the Sustainable Development organization and management structure.
4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).	110-111		Fritz H. Schur, the SAS Group Chairman, does not hold any executive position in the SAS Group.
4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	110-111		A majority of the members of the Board of Directors are defined as independent from major shareholders as described on pages 110-111. All of the members of the Board of Directors are non-executive except for the union representatives whom are elected through the trade unions' own process.
4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	101-106, 128		The annual meeting is the main mechanism for shareholders to provide recommendations or direction to the board of directors which is described on pages 101-106. The SAS Group have union representatives on the Board of Directors as described on page 128.

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	78-79		As stated on pages 78-79 the executive compensation only consists of a fixed part as of 2010.
4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.	104, 110-111		A majority of the members of the Board of Directors are defined as independent from major shareholders as described on pages 110-111. The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on page 104.
4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	104, 110-111		The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on page 104. The Board of Directors prior and current engagements are disclosed on page 110-111.
4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	9, 116, 122, 134		
4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	104, 116		The Board of Directors have sustainable development on their agenda as described on page 104. The organization and structure of the SAS Group's sustainability work is described on page 116.
4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	103-104		The Nomination Committee evaluates the work, competence and composition of the Board of Directors on an ongoing basis as described on page 104. The Annual Meeting is the main forum for all shareholders evaluation of the board of directors as described on pages 103-104.
Commitments to External Initiatives			
4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.	116, 126		The SAS Group has joined the UN Global Compact, which prescribes the precautionary approach as one of their ten principles. The precautionary approach is also a principle of the Rio Declaration which is a part of both the SAS Group's Code of Conduct and the SAS Group's Purchasing Policy. The SAS Group's commitment to the UN Global Compact is described on page 116. Examples of how the precautionary approach has been applied is described on page 126 regarding SGH's deicing activities and on 126 regarding SAS Tech's activities for reduction and substitution of chemicals.
4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	115-117, 120, Accounting Principles for Sustainability Reporting 2010		
4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond routine membership dues; or • Views membership as strategic. 	117, 133		The SAS Group and its subsidiaries are members of several industry and business organizations. The memberships stated on page 117 and 133 are considered the most important ones.

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
Stakeholder Engagement			
4.14 List of stakeholder groups engaged by the organization.	117		
4.15 Basis for identification and selection of stakeholders with whom to engage.	117		General selection criterions are not used due to the fact that the SAS Group never denies a stakeholder an opportunity for dialogue.
4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	117		The approach to stakeholder engagement is described on page 117. In the table on page 117 specific dialogues with stakeholders are described where the frequency varies depending on the nature of the dialogue.
4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	117		
Performance Indicators			
Economic			
Economic Performance			
EC1. Economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	66, 132-133		Economic value generated and distributed is disclosed on page 66. Sustainability specific economic values are disclosed on pages 132-133.
EC2. Financial implications and other risks and opportunities for the organization's activities due to climate change.	118-121, 132-133		Perspectives on climate change, including risks and opportunities, are described on pages 118-121. The SAS Group's activities to handle climate change is described throughout the report. The financial implications of environmental related costs are described on pages 132-133.
EC3. Coverage of the organization's defined benefit plan obligations.	85-86		The SAS Group's defined benefit pensions are disclosed in note 16 on pages 85-86 in accordance with IAS 19.
EC4. Significant financial assistance received from government.	39, 42-43		The SAS Group receives no significant subsidies. Within the airline industry, all operators can be eligible to a discount during the first months of operation on a new flight connection. Some connections to smaller airports, notably in Norway and in Sweden, are subject to a public bidding process where the winning bid gives the operator a fixed sum for operating a flight connection under given frequencies, airplane sizes and timeframes. Due to the open bidding process, SAS does not consider this to be a form of subsidy. The Scandinavian governments are major shareholders of the SAS Group as reported on pages 42-43. A rights issue was finalized in June 2010 as described on page 39.
Market Presence			
EC5. Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	128, 130		The indicator is not deemed material for the SAS Group since a vast majority of SAS Group employees are covered by collective bargaining agreements and a majority of all employees are stationed within the Nordic countries.
EC6. Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.			The SAS Group promotes the consideration of locally based suppliers. Fuel is for example never sourced from only one supplier since the SAS Group's Purchasing Policy promotes using multiple suppliers for significant purchases. Catering and waste disposal is for example usually provided by locally-based suppliers. However, the SAS Group does not collect data on group level on this indicator.
EC7. Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.	128		More than 90% of SAS Group employees are based in the Nordic countries as described on page 128. The SAS Group seek to attain as high as possible level of locally hired management due to both better knowledge of local markets and lower cost compared to expatriates. However, the SAS Group does not collect data on group level on this indicator.

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
Indirect Economic Impacts			
EC8. Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	131		The SAS Group's airline operations are an important part of the transportation infrastructure in all countries where it operates. All in-kind or pro-bono engagement regarding infrastructure, e.g. free or subsidized airline tickets, is performed by each subsidiary by themselves since they are the ones best suited to decide which engagements to support. However, the SAS Group does not collect data on group level on this indicator. Examples of humanitarian assistance and partnerships are described on page 131.
EC9. Understanding and describing significant indirect economic impacts, including the extent of impacts.	133		Research and development is described on page 133. The SAS Group's contribution to the economy is described on page 133.
Environmental			
Materials			
EN1. Materials used by weight or volume.	114, 124-126, More EMAS		Materials used are reported on the following pages: Jet Fuel – page 124 Diesel/Petrol – page 125 Glycol – page 125 For more detailed information see "More EMAS" available on the SAS Group webpage www.sasgroup.net under the headline "Sustainability".
EN2. Percentage of materials used that are recycled input materials.			Since the main input for the SAS Group is fuel this indicator is not considered material. However, all waste rendered by the Group's operations is handled according to national laws and regulations, ensuring that all recyclable waste is taken care of.
Energy			
EN3. Direct energy consumption by primary energy source.	114, 124-126, More EMAS		The jet fuel consumed by the Group's airlines is the completely dominant source of energy for the SAS Group. All certified jet fuels are fossil based. Direct energy consumption is reported on the following pages: Jet Fuel – page 124 Diesel/Petrol – page 125 For more detailed information see "More EMAS" available on the SAS Group webpage www.sasgroup.net under the headline "Sustainability".
EN4. Indirect energy consumption by primary source.	114, 125, More EMAS		The SAS group reports energy use in kWh or GWh, as applicable. The SAS Group does not convert these figures into joule. Reporting this indicator by primary source is not considered relevant due to the fact that jet fuel is the completely dominant source of energy for the SAS Group.
EN5. Energy saved due to conservation and efficiency improvements.	121, 124-126		The SAS Group's airlines reports on efficiency as fuel consumption relative to passenger kilometers on pages 124-126. The fuelsave program is described on page 121.
EN6. Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	121, 124-127		The SAS Group's airlines reports on efficiency as fuel consumption relative to passenger kilometers on pages 124-127. The fuelsave program is described on page 121. The possibility for the customer to offset the CO ₂ emissions from their flight is described on page 121. The research for a jet fuel partly based on renewable resources is described on page 123.
EN7. Initiatives to reduce indirect energy consumption and reductions achieved.	121		Indirect energy consumption (excluding purchased electricity) is not considered material for the SAS Group. In regards to employee business travel, a vast majority of all flights conducted by employees are accounted for in direct greenhouse gas emissions and all employee business travel is CO ₂ -compensated.
Water			
EN8. Total water withdrawal by source.	114, 125		Water withdrawal as a total figure is disclosed on page 125. Dividing it by source is not deemed material.
EN9. Water sources significantly affected by withdrawal of water.			The SAS Group does not consider any water source to be significantly affected by the Group's withdrawal of water
EN10. Percentage and total volume of water recycled and reused.			The SAS Group does not consider recycled and reused water to be material.

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
Biodiversity			
EN11. Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	20, 117, 118, More EMAS		<p>The SAS Group's impact on biodiversity is described on page 118 and in "More EMAS" that can be found on www.sasgroup.net under "Sustainability". The SAS Group does in general not own land. On locations where the SAS Group's operations can have an indirect significant impact on biodiversity the Group involves in dialogues with the airport operators as described on page 117.</p> <p>The SAS Group, through Star Alliance, has a partnership agreement – Biosphere Connections – with a group of international organizations such as UNESCO, IUCN and Convention of wetlands (Ramsar) as described on page 20.</p>
EN12. Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	117, 118, More EMAS		<p>The SAS Group's impact on biodiversity is described on page 118 and in "More EMAS" that can be found on www.sasgroup.net under "Sustainability". The SAS Group does in general not own land. On locations where the SAS Group's operations can have an indirect significant impact on biodiversity the Group involves in dialogues with the airport operators as described on page 117.</p>
EN13. Habitats protected or restored.	20, 117, 118, More EMAS		<p>The SAS Group's impact on biodiversity is described on page 118 and in "More EMAS" that can be found on www.sasgroup.net under "Sustainability". The SAS Group does in general not own land. On locations where the SAS Group's operations can have an indirect significant impact on biodiversity the Group involves in dialogues with the airport operators as described on page 117.</p> <p>The SAS Group, through Star Alliance, has a partnership agreement – Biosphere Connections – with a group of international organizations such as UNESCO, IUCN and Convention of wetlands (Ramsar) as described on page 20.</p>
EN14. Strategies, current actions, and future plans for managing impacts on biodiversity.	20, 117, 118, More EMAS		<p>The SAS Group's impact on biodiversity is described on page 118 and in "More EMAS" that can be found on www.sasgroup.net under "Sustainability". The SAS Group does in general not own land. On locations where the SAS Group's operations can have an indirect significant impact on biodiversity the Group involves in dialogues with the airport operators as described on page 117.</p> <p>The SAS Group, through Star Alliance, has a partnership agreement – Biosphere Connections – with a group of international organizations such as UNESCO, IUCN and Convention of wetlands (Ramsar) as described on page 20.</p>
EN15. Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	117		<p>The SAS Group does in general not own land. Thus, the SAS Group does not list IUCN Red List Species. On locations where the SAS Group's operations can have an indirect significant impact on biodiversity the Group involves in dialogues with the airport operators as described on page 117.</p>
Emissions, Effluents, and Waste			
EN16. Total direct and indirect greenhouse gas emissions by weight.	114, 124-125, More EMAS		<p>The SAS Group reports on direct greenhouse gas emissions for the airlines on pages 124-125 and for ground operations in "More EMAS".</p> <p>For more detailed information see "More EMAS" available on the SAS Group webpage www.sasgroup.net under the headline "Sustainability".</p>
EN17. Other relevant indirect greenhouse gas emissions by weight.			<p>The SAS Group does not consider other indirect greenhouse gas emissions to be material in comparison to the direct emissions which is the most significant environmental impact of the SAS Group's operations. In regards to employee business travel, a vast majority of all flights conducted by employees are accounted for in direct greenhouse gas emissions.</p>
EN18. Initiatives to reduce greenhouse gas emissions and reductions achieved.	114, 120, 122-123, 124-127		<p>Greenhouse gas emissions are the most significant environmental impact of the SAS Group. Thus, initiatives to reduce greenhouse gas emissions are presented throughout the report. Reductions achieved, both absolute and relative, are presented on pages 114 and 124-127.</p>
EN19. Emissions of ozone-depleting substances by weight.	121		<p>SAS Airline operations have an exemption to use halons and submit annual reports to the authorities. The reason for the exemption is that there are no safe alternatives to halons as a fire extinguishant. The amount of halons used is disclosed on page 121. Any emissions of halons will be disclosed in the Sustainability Report.</p>
EN20. NO _x , SO _x , and other significant air emissions by type and weight.	114, 124-127		<p>The SAS Group reports NO_x emissions. Other types of emissions are not considered material in relation to the emissions of CO₂ and NO_x.</p>

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Core Indicator	Page reference	Reported	Comments
EN21. Total water discharge by quality and destination.			The SAS Group does not report on discharges to water due to the fact that the Group's normal operations does not cause any material discharges.
EN22. Total weight of waste by type and disposal method.	114, 125		Waste is separated into unsorted waste and hazardous waste.
EN23. Total number and volume of significant spills.	64, 126		All significant spills are disclosed in the Sustainability report and/or the Report by the Board of Directors.
EN24. Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.			International regulations prohibits transport of hazardous waste on SAS's airlines. The waste SAS produces is handled by authorized waste management firms in accordance with national and international laws and regulations. Thus, indicators on how hazardous waste is treated is not reported.
EN25. Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.			The SAS Group does not report on discharges to water due to the fact that normal operations does not cause any material discharges.
Products and Services			
EN26. Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	120, 121-123, 124-127		The purpose of the SAS Group's environmental efforts are all focused on reducing the environmental impact of the services provided.
EN27. Percentage of products sold and their packaging materials that are reclaimed by category.			The products sold by the SAS Group are not considered material.
Compliance			
EN28. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	64-65, 125		The SAS Group discloses significant fines subsidiary by subsidiary and/or in the Report by the Board of Directors.
Transport			
EN29. Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	114, 124-127, More EMAS		<p>The fuel consumption of SAS ground operations' vehicles contains transportation of goods on the airports where SAS ground operations operates. The transportation of workforce members is included in the figures for the environmental impact of the SAS Group.</p> <p>The environmental impact of ground transportation of SAS Cargo is described in "More EMAS".</p>
Overall			
EN30. Total environmental protection expenditures and investments by type.	133		
Social Performance: Labor Practices & Decent Work			
Employment			
LA1. Total workforce by employment type, employment contract, and region.	77, 128		The workforce, in terms of number of employees, are reported in accordance with the SAS Group's Accounting Principles for Sustainability Reporting 2010. The SAS Group does only report total workforce by region, not by employment type and contract.
LA2. Total number and rate of employee turnover by age group, gender, and region.	77		Changes to number of employees by region are disclosed in note 3 on page 77. The SAS Group does not report detailed turnover figures.
LA3. Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.			The SAS Group does not have any material differences between benefits provided for full-time and part-time employees.

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Core Indicator	Page reference	Reported	Comments
Labor/Management Relations			
LA4. Percentage of employees covered by collective bargaining agreements.	108		In general, all SAS Group employees are covered by collective bargaining agreements. The main exception is top management on group level. The structure of labour unions having agreements with SAS AB or its subsidiaries is reported on page 108.
LA5. Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.	131		Information, consultation and negotiation procedures with employees over significant operational issues are regulated by national laws and regulations. Thus, minimum notice periods are not reported. Specific examples of negotiations are specified on page 131.
Occupational Health and Safety			
LA6. Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	129		Joint management-worker health and safety committees covers all employees in the SAS Group.
LA7. Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	54, 128-130, 133		
LA8. Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	129		The HMS-department described on page 129 assists all SAS Group personnel regarding health issues, for example stress or HIV/AIDS.
LA9. Health and safety topics covered in formal agreements with trade unions.			In general, all health and safety topics are covered by national laws and regulations, not by agreements with trade unions. Thus, health and safety topics covered in formal agreements with trade unions are not reported.
Training and Education			
LA10. Average hours of training per year per employee by employee category.	133		The SAS Group report total hours of training, not per employee or employee category.
LA11. Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	128, 131, 133		The SAS Group's efforts on skills management is described on pages 128, 131 and 133. Programs to support employees in career transitions is available through both the SAS Group's own effort and programs provided by local/regional/national governments. Sabbatical periods and severance pay is regulated through national laws and regulations. Since the Scandinavian countries have a long history of close cooperation between businesses, trade unions and government the solutions regarding restructuring etc. is handled in a dialogue with the parties concerned.
LA12. Percentage of employees receiving regular performance and career development reviews.	131		All employees have the right to get annual performance and career development reviews. The percentage of employees receiving annual performance and career development reviews is provided on page 131.
Diversity and Equal Opportunity			
LA13. Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	77, 109-111, 129		The board of directors and management is presented on pages 109-111. Gender breakdown of employees is presented on pages 77 and 129. No further indicators of diversity is aggregated on group level.
LA14. Ratio of basic salary of men to women by employee category.	130		A vast majority of all SAS Group employees are subject to collective bargaining agreements where the salary and other benefits are defined, equal for both women and men as described on page 130. Thus, no indicator on salary ratio is reported.
Social Performance: Human Rights			
Investment and Procurement Practices			
HR1. Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	121		<p>The SAS General Terms & Conditions includes clauses regarding Global Compact's 10 principles.</p> <p>A specific review of the most significant supplier contracts has been initiated to evaluate how the suppliers are working with sustainability related issues as described on page 121.</p> <p>It is the SAS Group's intention to report this indicator in more detail in coming years.</p>

GRI cross reference list

Core Indicator	Page reference	Reported	Comments
HR2. Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	121		The SAS General Terms & Conditions includes clauses regarding Global Compact's 10 principles. A specific review of the most significant supplier contracts has been initiated to evaluate how the suppliers are working with sustainability related issues as described on page 121. It is the SAS Group's intention to report this indicator in more detail in coming years.
HR3. Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	116		The SAS Group provides an e-learning program regarding Code of Conduct. The percentage of employees that have completed the program is reported on page 116.
Non-Discrimination			
HR4. Total number of incidents of discrimination and actions taken.	105		Incidents can be reported three ways. Through the whistleblower function which is described on page 105, through safety representatives and through management and HR representatives. Due to the potential confidentiality of the information incidents reported is not publicly reported.
Freedom of Association and Collective Bargaining			
HR5. Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	116		The SAS Group endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. The SAS Group endeavors to act responsibly in the countries and contexts where the Group operates. This means, among other things, that the Group is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self assessment regarding the Global Compact principles (among them human rights) is done by each subsidiary every year as described on page 116.
Child Labor			
HR6. Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	116		The SAS Group endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. The SAS Group endeavors to act responsibly in the countries and contexts where the Group operates. This means, among other things, that the Group is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self assessment regarding the Global Compact principles (among them human rights) is done by each subsidiary every year as described on page 116.
Forced and Compulsory Labor			
HR7. Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	116		The SAS Group endorses the UN Global Compact, whose ten principles are based on the UN Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the UN Rio Declaration on Environment and Development and the UN Convention against Corruption. The SAS Group endeavors to act responsibly in the countries and contexts where the Group operates. This means, among other things, that the Group is always to be associated with respect for human rights, acceptable labor standards, social considerations and sustained environmental work. A self assessment regarding the Global Compact principles (among them human rights) is done by each subsidiary every year as described on page 116.
Security Practices			
HR8. Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.			The SAS Group does not in its operations employ security personnel since it is the responsibility of the airport operators. However, the personnel at central security department at the SAS Group, that are responsible for group-wide security, are, as all SAS Group employees, introduced to the SAS Group's Code of Conduct.
Indigenous Rights			
HR9. Total number of incidents of violations involving rights of indigenous people and actions taken.			No incident of violations involving rights of indigenous people has occurred during 2010.

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Core Indicator	Page reference	Reported	Comments
Social Performance: Society			
Community			
S01. Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	117		The SAS Group is constantly involved in stakeholder dialogues to be able to assess and manage the impact on communities which is described on page 117.
Corruption			
S02. Percentage and total number of business units analyzed for risks related to corruption.	116		The SAS Group considers all business where valuable resources are handled to be at risk related to corruption. Thus, all employees are covered by the Group's Code of Conduct. Moreover, comprehensive guidelines are available for all employees regarding situations where risks related to corruption and other issues of unethical behavior is present. Hence, all business units are continuously analyzed for risks related to corruption.
S03. Percentage of employees trained in organization's anti-corruption policies and procedures.	116		The SAS Group provides an e-learning program regarding Code of Conduct. The percentage of employees that have completed the program is reported on page 116. All key personnel have been educated in SAS Competition Law Compliance Program
S04. Actions taken in response to incidents of corruption.	51, 63-64		The SAS Group discloses all significant legal actions, including corruption, see pages 56 and 67-68 for further details. The SAS Group takes substantial measures to ensure that ethical behavior is a core value in all business relationships through the Code of Conduct and SAS Competition Law Compliance Program.
Public Policy			
S05. Public policy positions and participation in public policy development and lobbying.	116, SAS Group's Code of Conduct		The SAS Group's Code of Conduct states that "communication work is to be conducted on a high, professional level and follow the laws and regulations that apply to listed companies. Internal and external communication is used to create insight, understanding, motivation, strength, willingness to change, sound labor standards and a good reputation. The main principle is that central Group functions are responsible for all communication affecting overarching issues in the SAS Group." Moreover, the public relations department manage all communication activities with authorities and politicians. Many of the organizations in which SAS Group is a member (AEA and IATA) carry out lobby activities. However, the SAS Group does not make any contributions or give other support, direct or indirect, to political parties or individual politicians. Nor are you allowed to make contributions at the Group's expense or provide assistance in the form of funds or resources from the Group. For more information, see also the SAS Group's Code of Conduct available at www.sasgroup.net under the heading "Sustainability".
S06. Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	SAS Group's Code of Conduct		Many of the organizations in which SAS Group is a member (e.g. AEA and IATA) carry out lobby activities. However, the SAS Group does not make any contributions or give other support, direct or indirect, to political parties or individual politicians. Nor are you allowed to make contributions at the Group's expense or provide assistance in the form of funds or resources from the Group. The SAS Group's Code of Conduct is available at www.sasgroup.net under the heading "Sustainability".
Anti-Competitive Behavior			
S07. Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	51, 63-64		The SAS Group has an extensive program, SAS Competition Law Compliance Program, to ensure that professional business relations are conformed to in the SAS Group. The SAS Group discloses all significant legal actions, including anti-competitive behavior, anti-trust, and monopoly practices, see pages 51 and 63-64 for further details.
Compliance			
S08. Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	51, 63-64, 125		The SAS Group discloses significant fines subsidiary by subsidiary and in the Report by the Board of Directors.

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Core Indicator	Page reference	Reported	Comments
Social Performance: Product Responsibility			
Customer Health and Safety			
PR1. Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	27, 123-125		The SAS Group does mainly offer services. Thus, life cycle analysis per se is not performed. However, the SAS Group's environmental impact chiefly compromises air emissions from the airline operations, see pages 124-125 for further details. To reduce the environmental impact the SAS Group is, among other things, involved in the development of jet fuel based on renewable resources, as described on page 123, and co-operation with Air Traffic Control, as described on pages 117 and 121. Flight safety is a main concern of the SAS Group, where all SAS Group airlines are certified in accordance to IOASA (IATA Operational Safety Audit). Further details about the SAS Group's approach to customer safety can be found on page 27.
PR2. Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	27		The SAS Group reports a risk index for SAS Scandinavian Airlines and deviations in accordance with ICAO's rules and regulations on page 27. The SAS Group consider flight safety to be the most relevant indicator for customer health and safety.
Products and Service Labeling			
PR3. Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.			All airline travel have substantial information requirements. The SAS Group comply to all laws and regulations regarding service information. However, data on information requirements are not publicly communicated.
PR4. Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.			All airline travel have substantial information requirements. The SAS Group comply to all laws and regulations regarding service information. However, data on information requirements are not publicly communicated
PR5. Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	31-35, 115		The SAS Group publishes results of their customer satisfaction surveys or other measures on customer satisfaction per entity and in total.
Marketing Communications			
PR6. Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	116		The SAS Group Code of Conduct and SAS Competition Law Compliance Program both include the subject of marketing and communications.
PR7. Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.			Regulations regarding marketing communications are adhered to by the SAS Group. However, data on marketing communications are not aggregated to group level.
Customer Privacy			
PR8. Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	29		For the protection of consumer privacy, the SAS Group carefully protects customer data in accordance with laws and regulations as described on page 29. However, data on customer privacy issues are not aggregated to group level.
Compliance			
PR9. Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	51, 63-64		The SAS Group discloses all significant legal actions, including fines for non-compliance concerning the provision and use of services, see pages 51 and 63-64 for further details.