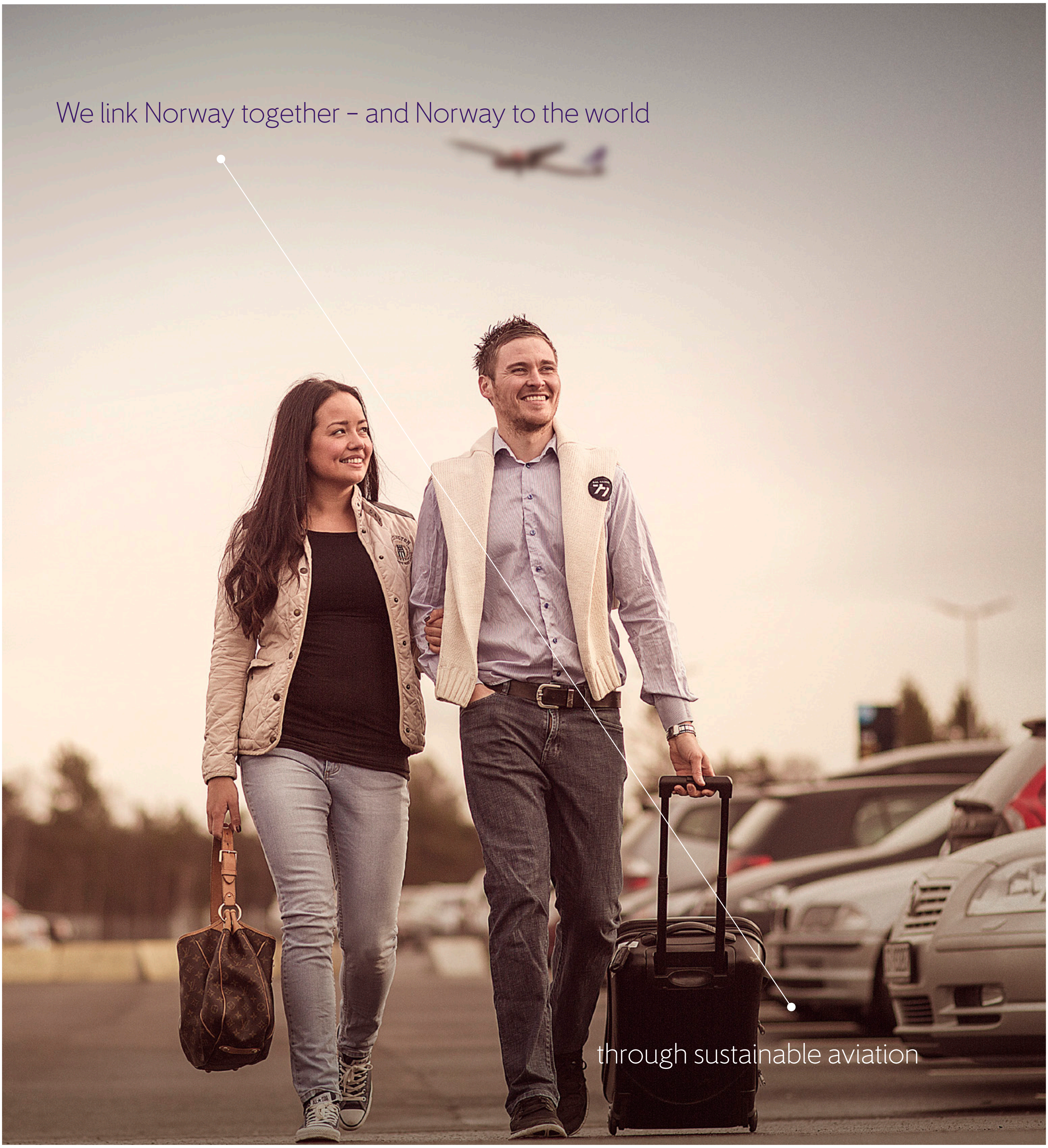
Annual and Sustainability Report 2021

AVINOR



22,400,000
PASSENGERS
10 PER CENT FROM 2020

563,955
DEPARTURES AND ARRIVALS
8.4 PER CENT FROM 2020

2,744
PERMANENT EMPLOYEES
2,858 IN 2020

47,079
OVERFLIGHTS
29.2 PER CENT FROM 2020

88 PER CENT*

PUNCTUALITY

92 PER CENT IN 2020

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

Our results

Operating income

9,314

NOK MILLIONS

Operating expenses

6,289

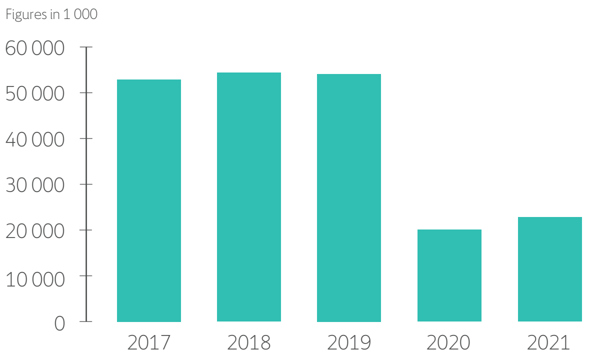
NOK MILLIONS

Profit/loss after tax

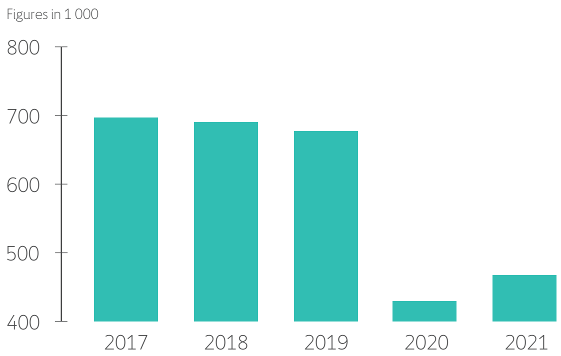
208

NOK MILLIONS

NUMBER OF AIR PASSENGERS



NUMBER OF AIRCRAFT MOVEMENTS

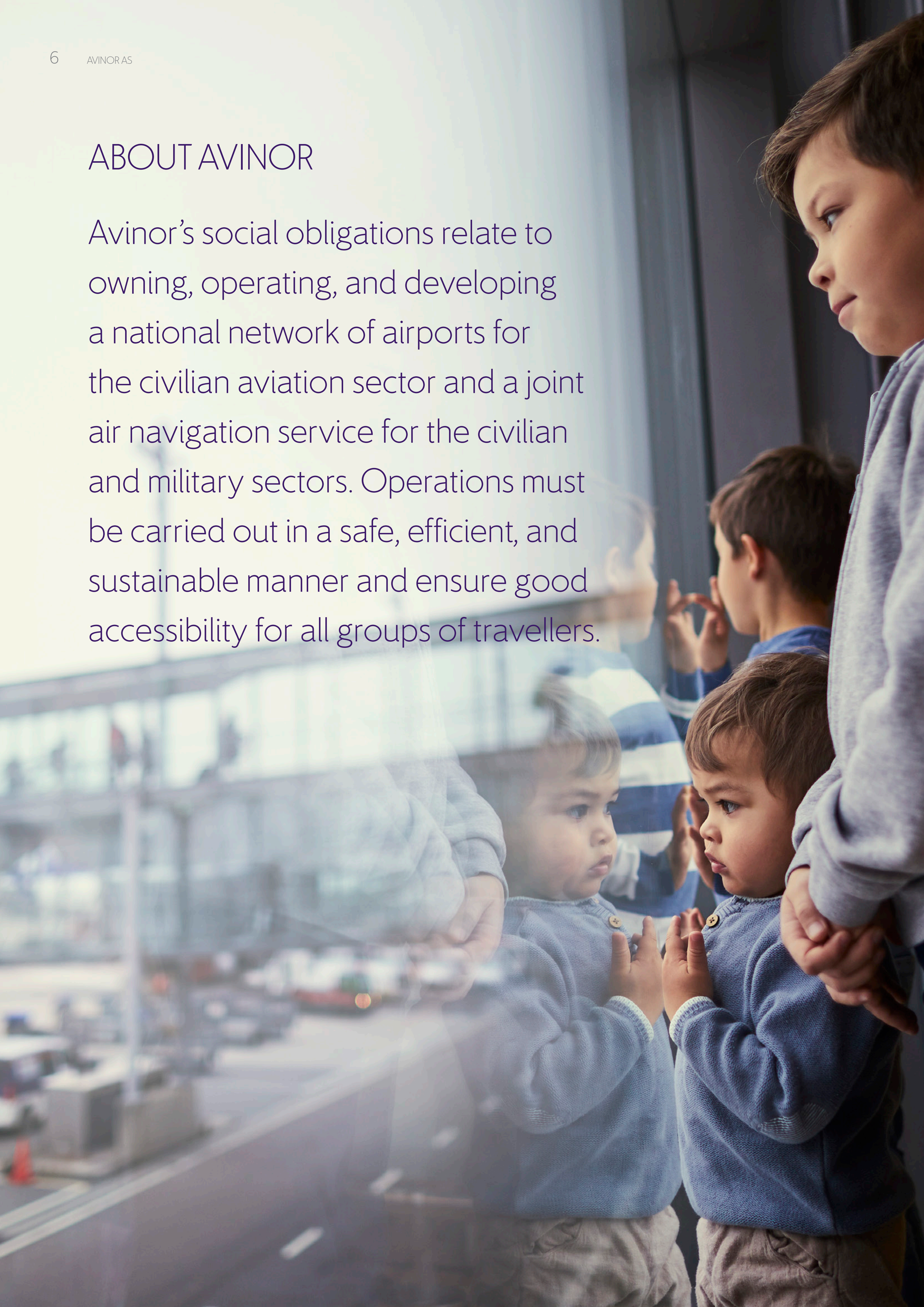


NOK MILLIONS	2021	2020	2019	2018	2017
Operating income airport operations	4,396	3,658	10,357	10,303	10,162
Operating income air navigation services	1,576	1,460	2,100	2,107	2,085
Total group operating income	9,314	8,183	11,785	11,724	11,526
EBITDA Group [1)]	3,025	1,850	3,634	4,201	3,126
Profit/loss after tax	208	-724	702	1,170	499
Number of air passengers (figures shown in thousands)	22,400	20,000	54,099	54,387	52,885
Number of aircraft movements (figures shown in thousands)	564	428	677	690	697

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

Contents

Avinor's annual and sustainability report for 2021 is the Group's joint report on its operations, finances, and sustainability. This is the fifth time that the Group has chosen to present a combined report, previously published under the title of Annual and Corporate Social Responsibility Report. Work around sustainability is an integral element in Avinor's strategic planning and in the management of the Group. Avinor's work on sustainability is based on expectations set for its activities in the Avinor Articles of Association, guidelines issued by the government as a result of their direct ownership of the Group (known as Eierskapsmeldingen) and the Norwegian Accounting Act. Avinor takes the OECD's guidelines for responsible business as the basis for its sustainability efforts, and it signed up to the UN Global Compact in 2014. Avinor's efforts cover areas such as human rights, employee rights and social conditions, the external environment, and combatting corruption. Avinor reports on its sustainability work in accordance with the principles of the Global Reporting Initiative (Standards/Core).



ABOUT AVINOR

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

Avinor owns 43 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is leased to an external operator and Fagernes Airport is set to be sold. Avinor is usually self-financed through traffic revenues from airlines, revenues from commercial tenants, and direct sales to passengers. A smaller component of the Group's revenue stems from assignments for other organisations, such as the Norwegian Armed Forces. Airport operations are run as a single financial unit, whereby the large financially profitable airports finance the rest of the airport network. This is known as the Avinor model. Commercial revenues accounted for around 54 per cent of operating revenues in 2019 (the last normal year of operations), while traffic revenues from airlines account for roughly 46 per cent. Just as in 2020, it was necessary to use operating subsidies from the owner in 2021 to cover parts of the revenue losses incurred due to the impact of pandemic on air travel and on Avinor's revenues.

Avinor received NOK 3.8 billion in Q1-Q3 2021, but further operating subsidies were not awarded in Q4 2021. The lack of operating subsidies in Q4 2021 resulted in Avinor receiving approval from the owner to deviate for the rest of the year from the 40 per cent equity ratio requirements stipulated in section 5 of the provisions to the company's articles of association. In December 2021, the owner also extended this approval to deviate from section 5 of the provisions of the articles of association for Q1 2022.

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

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

A total of 22.4 million passengers travelled to, from, or via Avinor's airports in 2021, which is an increase of 10 per cent compared to the previous year.

Norway's primary airport, Oslo Airport, had 9,4 million passengers in 2021, which is an increase of 4 per cent compared to 2020.

Oslo Airport is the hub of Norwegian aviation and a transit airport for traffic between Norway and the rest of the world. The profit generated by Oslo Airport is crucial for the financing of the network of airports spread across Norway.

There were a total of 563,955 movements (take-offs and landings) at Avinor's airports in 2021, which is an increase of 8.4 per cent compared to 2020. Domestic air transport movements fell by 10.2 per cent, while international air transport movements increased by 3.2 per cent.

The change in the number of passengers and aircraft movements reflects the development of the pandemic and the applicable COVID restrictions in place at any point.

The number of overflights during 2021 totalled 47,079, an increase of 29.2 per cent compared with 2020.

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the corporate governance of the Norwegian state, determines Avinor's financial framework, and regulates aviation fees. The ministry also lays down the Civil Aviation Authority's regulations that have consequences for Avinor's operations. Avinor's head office is located in Oslo.

AVINOR'S AIRPORTS

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

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

Oslo Airport's runways are 3600 metres long. At the other large airports, the runways are between 2600-3000 metres long, which means they can be used by larger jet aircraft. 27 of Avinor's airports have short runways of between 800 and 1200 metres. These are used by smaller aircraft types such as the Bombardier Dash 8, air ambulances, and private aircraft. These airports are of huge importance in ensuring the habitation and economies of remote areas. Avinor operates a heliport on the island of Værøy.

VISION

We link Norway together – and Norway to the world – through sustainable aviation.

MISSION

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

VALUES

- Open
- Responsible
- Dynamic
- Customer-oriented

Message from the CEO

2021: The pandemic continues to significantly influence aviation and Avinor

2021, like the year before, has not been an ordinary year. It was seriously affected by the pandemic, travel restrictions, uncertainty and a challenging economic situation for Avinor and aviation as a whole.

We opened 2021 with strict COVID measures and new travel restrictions thanks to the progression of the pandemic. January, February and March were all greatly impacted by the pandemic. Oslo Airport saw its lowest number of passenger for the year on 13 February with only 2,508 passengers. As vaccination rates picked up and COVID restrictions were eased over the spring and summer, domestic travel in particular increased, though foreign travel increased as well.

We entered summer in a state of considerable suspense in relation to issues such as the management of travel restrictions, safety requirements and increased domestic and international air travel. Overall, things went better than expected, which can mainly be attributed to exceptional planning and thorough preparation across the entire organisation. Traffic continued to increase in the lead up to the autumn half-term, but with rising case numbers and new variants came uncertainty and new travel restrictions, which had a negative impact towards the end of the year. A total of 22.4 million passengers travelled to, from, or via Avinor's airports in 2021. This is a 10 per cent increase compared with the year before, but still 59 per cent below the figures for 2019, the last year before the pandemic.

FINANCIAL SITUATION

The financial situation for Avinor, airlines and other partners continues to be challenging. As in 2020, we received operating subsidies from the owner to cover almost half of the substantial fall in revenue caused by the pandemic. The loss of revenue amounts to NOK 6–7 billion compared with a normal operating year. Avinor did not receive operating subsidies for Q4. In the autumn of 2021, Avinor did receive temporary dispensation from the owner to deviate from the 40 per cent equity requirement as a result of the loss of revenue and increased pension obligations.

At the same time, we introduced measures to reduce costs on a temporary and permanent basis as well as to reduce investments. Between 2019 and 2021, we reduced our operating costs by NOK 1.3 billion in nominal figures. Investment costs have similarly been reduced in accordance with the initial budget. Restructuring and efficiency improvements will continue to be a clear focus for the organisation in the future and are central to our new corporate strategy being rolled out from 2022. One of our objectives is to satisfy our equity requirements and become self-financed once more.

Despite the pandemic, 2021 has been a year of high commercial activity for Avinor. Multiple high-value contracts were agreed by Avinor and our partners. These include: NOK 2 billion parking contract at Oslo Airport. The parking facility at Oslo Airport is the largest in the Nordic region with 21,000 parking spaces. The facility also features the world's largest electric car charging facility. A new baggage handling system at Oslo Airport worth NOK 1.4 billion, new tax-free agreements worth a combined NOK 30 billion for all of our international airports and new safety contracts at Stavanger, Bergen and Trondheim.

These examples highlight both the breadth of Avinor's activities and the large values they entail.

FOCUSING ON THE FUTURE OF AVIATION

Even though daily operations and pandemic management have taken up considerable resources in 2021, Avinor wants to be at the forefront of innovation. Important milestones in a number of strategic and future-oriented projects were reached during the year:

Autonomous snowploughs

In 2021, Avinor took a step into the future of winter operations by entering a contract worth up to NOK 400 million for the purchase of autonomous snowplough solutions for Avinor's airports. The first autonomous snowploughs entered into operation at Oslo Airport over winter 2021/2022 and experiences gained here will be important for the wider roll-out of the ploughs. I am proud that we are one of the first companies in the world to implement this concept. It is important for Avinor to have an offensive approach to further developing our concept for winter operations.

Remote towers

Right now, remote towers are in operation at Røst and in Berlevåg, Hasvik and Vardø. Remote tower operations at these airports are going well, and we are feeling positive about the opportunities provided by this technology in a long-term perspective. As with most innovative technology projects, we believe updates and adjustments need to be made as we gain experience during the project. The plan for the continued roll-out was therefore revised in autumn 2021 and includes the installation of the new tower in Bodø, now planned for the first half of 2022. The switch of four further airports to remote operations is planned for the same time period.

Sustainability and fossil-free aviation

Norwegian aviation has set a common goal of being fossil-free before 2050. This means that from 2050, on scheduled flights in and from Norway, fossil fuels will not be used. At Avinor, we have been working on climate initiatives for the aviation sector for a number of years, and as part of this partnership we are specifically responsible for ensuring that all necessary infrastructure is in place.

Avinor's role here is to facilitate and drive forward sustainable aviation. We will adapt our infrastructure for both electrification and sustainable aviation fuel, and actively work on promoting measures and creating incentives to realise this. We are also working actively on our own operations and have committed to a target of having fossil-free airports by 2030.

Development projects

Avinor's building portfolio in 2021 was extensive and there were significant variations between each project. Oslo Airport was in the final stages of the expansion of the new non-Schengen area that is set to be finished on time in summer 2022. The expansion of the main terminal at Tromsø Airport is on track and due to open in 2023. The development of the new airport in Mo i Rana has been decided on, financed and an enterprise contact has been signed. We are now gearing up for construction of the airport using future-oriented technology solutions to deliver good transport infrastructure to the wider Helgeland community.

Due to Avinor's serious financial situation resulting from the pandemic and continued uncertainty about future economic developments, it was decided in January 2022 to postpone the decision on the development of a new airport in Bodø by one year. Avinor needs to bring more clarity to its long-term financial situation before a decision can be made about the Bodø project. A postponement will provide a better opportunity to strengthen the project and reduce the associated risk by securing its framework conditions.

STABLE DELIVERIES DURING AN UNPREDICTABLE YEAR

2021 has been a year full of unpredictability. This has impacted processes and dialogues with partners, stakeholders and the wider community, and our financial framework conditions.

Nevertheless, Avinor operates socially critical infrastructure every day on a foundation of safe, stable and efficient operations.

At the same time, as a company we are focusing on long-term development during a short-term pandemic. We execute and deliver construction and technology projects, develop processes and new concepts, work on constantly improving co-operation and enter into long-term revenue-creating contracts.

In autumn 2021, we also worked to prepare Avinor for the future at an organisational level and mapped out a long-term direction and priorities through a new corporate strategy set to be rolled out in 2022. The new strategy sets an even clearer focus on which measures the organisation needs to work on to promote sustainable development in aviation, how we should develop both new and existing revenue streams, optimise costs, take advantage of data and digital infrastructure in the most effective way, and on the type of organisation, skills and culture we need in order to realise our goals. I feel optimistic for both Avinor and aviation. We are ready to face the challenges and opportunities ahead in both the short and longer term.

Even though daily operations and pandemic management have taken up considerable resources in 2021, Avinor wants to be at the forefront of innovation.

Abraham Foss,
CEO

UN GLOBAL COMPACT
WE SUPPORT

Corporate Governance in the Avinor Group

STATEMENT ON CORPORATE GOVERNANCE

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

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

BUSINESS

Avinor is a group of companies that operates in the Norwegian transport sector. The parent company, Avinor AS, is wholly owned by the Norwegian state, represented by the Ministry of Transport and Communications. The Group's head office is in Oslo. The company's activities are set out in its Articles of Association, which are available via www.avinor.no.

Avinor is responsible for operating a unified system of 43 airports and the joint air navigation service for the Norwegian civilian and military aviation sector. The business is based on fulfilling and building on key social obligations in all parts of the country, and it must be operated with safety as a high priority and with an emphasis on environmental considerations. In autumn 2021, the Group's Board of Directors adopted a new corporate strategy consisting of six key areas. New strategic measures and action plans need to be determined for each of these ambitions.

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

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

The Group's ethics guidelines were most recently revised in the spring of 2020. Furthermore the guidelines express the Group's attitudes in its interaction with customers, suppliers, colleagues, and the wider community.

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

Avinor is a member of Transparency International Norway.

EQUITY AND DIVIDENDS

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

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

No authority has been granted to the Board to raise capital.

EQUAL TREATMENT OF SHAREHOLDERS

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

Intra-group agreements are entered into pursuant to the arm's length principle on ordinary commercial terms and principles. All such agreements are made in writing.

The state as shareholder

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

GENERAL MEETING

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

The Annual General Meeting is held each year by the end of the month of June. In accordance with the Articles of Association, the Annual General Meeting must approve the annual report and financial statements, including the distribution of dividends.

It also considers approval of the auditor's remuneration, determines the remuneration of the Board for the upcoming period, provides a declaration on the determination of salaries and other remuneration to senior executives, appoints shareholder-elected members of the Board, and considers any other matters that, according to law or the Articles of Association, must be dealt with by the General Meeting.

The members of the Board of Directors, the CEO, and the auditor who audited the previous year's financial statements are invited to the Annual General Meeting. The Chair of the Board and the CEO are obligated to attend the General Meeting. The other Board members, as well as the auditor and the Office of the Auditor General, are entitled to attend the meeting.

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

The minutes of the General Meeting are available to the public.

NOMINATION COMMITTEE

The General Meeting of Avinor AS consists of the Norwegian state represented by the Ministry of Transport and Communications. The General Meeting has not appointed a nomination committee.

CORPORATE ASSEMBLY AND BOARD OF DIRECTORS – COMPOSITION AND INDEPENDENCE

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

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

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

The Chair of the Board is elected by the General Meeting. All Board members are elected for a term of two years.

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

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

At the turn of the year 2021/2022, the Board of Directors consisted of:

- Chair of the Board since 2018 – Anne Carine Tanum
- Vice-Chair of the Board since 2012 – Ola H. Strand
- Board member since 2011 – Eli Skrøvset
- Board member since 2016 – Linda Bernander Silseth
- Board member since 2021 – Rolf Gunnar Roverud
- Employee-elected Board member since 2011 – Heidi A. Sørum
- Employee-elected Board member since 2015 – Bjørn Tore Mikkelsen
- Employee-elected Board member since 2017 – Olav Aadal

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

10 board meetings were held in 2021. The meetings were fully attended, with only a few exceptions.

WORK OF THE BOARD OF DIRECTORS

The Board of Directors follows the requirements stipulated for the management and supervision of the company pursuant to the Norwegian Limited Liability Companies Act. In accordance with the Articles of Association, the Board of Directors must ensure that the company exercises corporate social responsibility, which is referred to within this report as responsibility for sustainability. The Board of Directors' tasks are stipulated in separate directives. These directives are reviewed annually and updated in the event of changes to the relevant regulations or otherwise as required. The Board of Directors sets out an annual agenda for its work, with a special focus on goals, strategies, and their implementation. The Board of Directors assesses its work and competence on an annual basis.

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

Avinor has Directors' liability insurance that indemnifies the Board of Directors and leading employees against any claims for compensation that they may be subject to as a result of negligence. This Directors' liability insurance also covers legal costs in the event of compensation claims against the Board, and is an essential component of the insurance coverage. The insured amount is based on a general assessment of the risk entailed. All Boards of Directors in the Group are covered.

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

The Board has established an *Audit and Risk Management Committee* as a preparatory and advisory body for the Board of Directors with respect to its responsibility for financial reporting, auditing, internal control, and overall risk management. Four committee meetings were held in 2021.

At the turn of the year 2021/2022, the committee consisted of:
- Eli Skrøvset (Chair)
- Rolf Gunnar Roverud
- Heidi Sørum

The Board of Directors has established an *HR, remuneration, and HSE committee* to act as a preparatory subcommittee in matters relating to remuneration of executive employees of the company and HSE. The committee must prepare guidelines for and cases concerning the remuneration of executive employees, as well as assessing and monitoring the Group's policy in this area on an ongoing basis. The committee also supports the Board of Directors in its responsibility for internal controls, the Report of the Board of Directors and Annual Report, and the overall HSE risk situation. Four committee meetings were held in 2021.

At the turn of the year 2021/2022, the committee consisted of:
- Anne Carine Tanum (Chair)
- Linda Bernander Silseth
- Bjørn Tore Mikkelsen

RISK MANAGEMENT AND INTERNAL CONTROL

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

An annual risk assessment of the Group's activities is conducted, and measures to manage the risk situation are evaluated and implemented. The Board of Directors reviews the company's risk management and internal control on an annual basis.

As part of the Group's internal control system Avinor has established an internal audit function. The Group's internal audit function works in accordance with a mandate adopted by the Board and pursuant to standards laid down by the Institute for Internal Auditors (IAA). The Group Audit helps the organisation achieve its goals through the use of a systematic and structured method to evaluate and improve the effectiveness and appropriateness of the organisation's processes for risk management, internal audits and governance. The internal audit must provide targeted and structured feedback in relation to Avinor's compliance with established policies, Group standards, procedures and established measures in critical business areas. Furthermore, the internal audit must provide advice that contributes to improvements in Avinor's governance and audit processes, as well as helping to increase value generation within the Group.

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

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

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

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

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

REMUNERATION OF THE BOARD OF DIRECTORS

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

Remuneration to the Board members amounted to NOK 2,160,000 in 2021. The remuneration is broken down as follows: The Chair of the Board received NOK 470,000, the Vice-Chair NOK 286,000, and other Board members NOK 234,000.

Members of the Audit and Risk Management Committee received remuneration totalling NOK 156,000 in 2021, comprising NOK 72,000 to the Chair and NOK 42,000 to the other two members.

Members of the HR, Remuneration and HSE Committee received remuneration totalling NOK 80,000 in 2021, comprising NOK 36,000 to the Chair and NOK 22,000 to the other two members.

SALARIES AND REMUNERATION FOR EXECUTIVES

The Board of Directors sets guidelines governing the determination of salaries and other remuneration for executive employees in accordance with section 6-16a of the Norwegian Public Limited Liability Companies Act. Further guidelines are set in relation to the reporting of salaries and other remuneration for executive employees in accordance with section 6-16b of the Public Limited Liability Companies Act, as well as regulations on guidelines and reporting on remuneration for executive employees. The guidelines were presented for approval at the Annual General Meeting and were included as a note to the annual accounts.

INFORMATION AND COMMUNICATION

Public information on the Group is provided by the Group's management. Each year the Group prepares a financial calendar indicating the dates for publication of financial information. This financial calendar is available on the company's website and the

Oslo Børs website. Financial information is published in the form of a stock exchange notice before it is made available on www.avinor.no.

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

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

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

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

TAKE-OVERS

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

AUDITOR

Avinor has an independent external auditor appointed by the General Meeting based on a recommendation from the Board of Directors as a whole. The auditor submits a plan for the auditing work to the Board of Directors annually. Each year the auditor prepares a letter to the Board of Directors (Management Letter) summarising the audit of the company and the status of the company's internal control.

The auditor has an annual meeting with the Board of Directors without managerial presence. The auditor also has an annual meeting with the audit and risk management committee without managerial presence. The auditor is entitled to attend the company's General Meeting.

The auditor's remuneration is broken down into auditing and other consulting services, and it is specified in note to the financial statements. The General Meeting must approve the auditor's remuneration.

Annual Report of the Board of Directors

HIGHLIGHTS OF 2021

(Last year's figures in parentheses)

As the previous year, 2021 has been a challenging year for Avinor. The corona pandemic has had a significant impact on operating revenues,operating costs as well as investments. In 2021, passenger traffic through Avinor's airports was 59 per cent lower than in 2019 In total, 22 million passengers travelled to, from or via Avinor's airports in 2021. Total number of passengers increased by 10 per cent compared to 2020. The number of aircraft movements in 2021 increased by 8.4 per cent compared to 2020. Domestic aircraft movements increased by 10.2 per cent, while international aircraft movements decreased by 3.2 per cent. Throughout 2021, travel restrictions have been continuously reduced, but the pandemic continues to have negative effects on aviation. Through the pandemic, airlines have adjusted route production, which has affected Avinor's revenues considerably.

The Group's results and financial strength are also significantly affected by the corona crisis. Avinor has a close dialogue with its owner about measures to ensure that the Group's liquidity and equity are sound and that statutory requirements for equity are complied with. During 2021, Avinor received grants of NOK 3 800 million, which is recognised as government grants in its entirety. Avinor continues to streamline operations to ensure the Group's financial strength in the longer term. As of 2020, a programme has been initiated to reduce costs and investments. The programme looks at opportunities for standardisation, rationalisation, remote control, automation and alternative operating models.

In the extraordinary general meeting on 29 March 2022 Avinor was given a time-limited permission to deviate from claims in Article 5 of the Articles of Association, so that the requirements for equity, has been adjusted from a minimum of 40 to a minimum of 35 per cent until 31 December 2022.

As of 31 December 2021, the Group's statutory equity ratio was 39.4 percent.

Further work is being carried out on the financing of new airports in Bodø and Mo i Rana. Both airports are discussed in the 2022 state budget. In addition to Avinor's funding, the intention is funding by the state and local contributions. Due to Avinor's weakened financial strength as a result of the pandemic, and uncertain future prospects, the Board of Directors decided in January 2022 to postpone decisions on the development of Bodø by one year.

ABOUT AVINOR

Avinor AS is a state-owned limited liability company with the task of facilitating safe, sustainable, and efficient aviation across Norway. The business has a network of 43 airports, which includes Værøy Heliport, Haugesund Airport (which is leased). The business also provides air navigation services throughout Norway, which are provided through Avinor's wholly owned subsidiary Avinor Flysikring AS.

As of 31 December 2021, the company's balance sheet amounted to around NOK 46 billion. Permanent employees totalled 2744 (2858).

The shares in Avinor AS are wholly owned by the Norwegian state as represented by the Ministry of Transport and Communications. The Ministry of Transport and Communications manages the ownership of the Norwegian state and determines Avinor's financial framework. The Ministry of Transport and Communications is the highest authority for Norwegian aviation and lays down the Norwegian Civil Aviation Authority's regulations that have consequences for Avinor's operations.

Avinor's head office is located in Oslo.

ECONOMY AND FINANCES GROUP

The Group's operating revenues in 2021 amounted to NOK 9 314 million (NOK 8 183 million) with a profit after tax of NOK 208 million (minus NOK 724 million). As a result of the corona crisis, Avinor received a total of NOK 3 800 million as government grants in 2021, which is included in operating revenues.

Within the airport business, operating revenues were increased year-on-year by 20.2 per cent in 2021. Within the air navigation service, operating revenues increased by 7.9 per cent as a result of increased traffic volume.

Operating costs in 2021 amounted to NOK 6 289 million (NOK 6 343 million). Total depreciation, amortisation and impairment charges in 2021 amounted to NOK 2 197 million (NOK 2 199 million).

Operating profit (EBIT) in 2021 amounted to NOK 829 million (minus NOK 359 million). The increased operating profit was due to mainly increased operating revenues. The Group's net financial result in 2021 was minus NOK 561 million (minus NOK 566 million).

In 2021, the Group had cash flow before changes in debt minus NOK 621 million (minus NOK 1028 million).

Interest-bearing debt at 31 December 2021 was NOK 22 977 million and has been reduced by NOK 3 428 million since 31.12.2020.

The Group's total capital as of 31 December 2021 amounted to NOK 46.4 billion (NOK 49.7 billion) with an equity percentage of 26.9 (26.6). The articles of association-defined equity as a percentage of the sum equity and net interest-bearing debt amounted to 39.4 per cent (40.6 per cent) as of 31 December 2021.

Based on developments in fixed income markets and other factors, equity is charged NOK 924 million after tax as of 31 December 2021 through extended results. The main part of this is negative estimate deviation when calculating pension liabilities.

As of 31 December 2021, the Group's liquidity reserve was NOK 6 957 million, divided into NOK 2 657 million in bank deposits and NOK 4 300 million in unused drawing rights.

Based on forecasts and estimated present value of estimated future cash flows, the annual accounts have been prepared on the basis that the company will continue to operate.

For further details please refer to Note 10 in the accounts.

ECONOMY AND FINANCES AVINOR AS

In 2021, the parent company Avinor AS had NOK 8 314 million (NOK 7 365 million) in operating income with a profit after tax NOK 435 million (minus NOK 486 million).

Based on valuations (see note 10), the value of the shares in Avinor Flysikring AS was written down by NOK 620 million.

The parent company's balance sheet as of 31 December 2021 amounted to NOK 44 307 million (NOK 48,256 million) with an equity ratio of 29.6 percent (27.2 percent).

Avinor AS had a cash flow of 2021 before the change in debt of NOK 74 million (minus NOK 1 128 million). Total interest-bearing debt at 31 December 2021 amounted to NOK 22 948 million (NOK 27 663 million).

RISK FACTORS

Risks related to air traffic volume

Avinor's traffic revenues are affected by changes in geopolitical conditions, route setup, passenger development and other factors outside the Group's control. No special contracts have been established with airlines that use Avinor's airports and therefore airlines are not under obligation to maintain a particular traffic volume.

A small number of airlines account for a substantial share of the traffic volume of Avinor's airports. Significant business decisions or financial difficulties related to these airlines may have a significant financial effect for Avinor.

Avinor has a high proportion of fixed costs that to a limited extent are affected bychanges in traffic volume and capacity utilisation. Group earnings and financial value are therefore affected by changes in traffic.

Revenue from services and services to passengers are of central importance to the Group's financing. Changes in traffic volume will have a direct effect on the extent of these revenues.

The corona pandemic and uncertainty related to both duration and more long-term consequences of this affect the Group's revenues and the value of the Group's assets. The war in Ukraine further increases the uncertainty around these estimates.

Risks associated with investment activities

The Group has a continuous investment programme to maintain and adapt infrastructure in the airport and aviation security activities. Built-in project risk, changes in financial inflation and political guidelines may affect the financial basis for these investments and thus the Group's financial position.

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

Credit risk

The Group has credit risk against the airlines and related to these. There is a risk that airlines cannot fulfil their obligations. Default among airlines will have an effect on the Group's operations, financial position and earnings.

The Group has guidelines for minimizing losses. It has not been set guarantees for obligations that do not belong to companies in the Group.

Financial risk

Currency risk
The Group is exposed to risks associated with the value of Norwegian kroner against other currencies through income, expenses and financing in foreign currency. Exposure to the Euro is of most importance.

En route revenues are in euros, while some of the Group's purchase contracts are in foreign currency. In addition, the Group is exposed to foreign exchange risk as a significant proportion of the Group's long-term funding is in Euros. The Group's total currency risk has been partially reduced by subjecting the Group's revenues and costs to the same currency risk, as well as through currency hedging, of the Group's long-term debt in foreign currency.

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

Liquidity and financing risk
In order to fulfil financial obligations in the event of maturity, Avinor depending on external funding of development plans and projects, as well as to refinance existing debt. There may be uncertainty related to the availability and pricing of capital markets. For Avinor, however, this has not been a challenge so far.

Hedging
Financial hedging instruments are used to limit risk related to changes in interest rates, exchange rates and electricity prices. The value of the hedging instruments changes in accordance with the prices in the market, and, to the extent that hedging accounting is not used, may have a profit and loss effect. When placing the Group's surplus liquidity, emphasis is placed on the issuer's financial strength and the liquidity. The Group's liquidity holdings are placed on negotiated terms.

Regulatory risk
Avinor's operations are aimed at safe operation of air traffic with procedures and measures to minimise the likelihood and consequences of accidents and serious incidents. Developments in national and international regulatory matters may have financial consequences for the Group. Avinor meets national public policy goals. The state sets guidelines for a number of factors, including airport structure, emergency preparedness requirements, level of aviation taxes and community-imposed tasks for other sectors. The scope and orientation of public policy guidelines may change over time.

NEW AIRPORT IN BODØ

In the national budget for 2022, proposals for a funding plan for a new airport in Bodø have been discussed in order to make available land for urban development. Project execution is dependent on funding. Funding for the development is planned based on a division between the State, Bodø municipality and Avinor. The new airport will not be economically profitable for Avinor on its own, and entails a financial risk. The extent of the risk will depend on Avinor's share of the financing and the extent to which Avinor can take into account the effect of calculating flight fees. Because of Avinor's weakened financial strength as a result of the pandemic as well as uncertain future prospects, the Group Board in January 2022, decided to postpone a decision on the development of a new airport in Bodø by one year.

PENSION
From 1 January 2019, the Group's performance-based public pension scheme closed. After this date, employees are registered in a private deposit-based scheme. As of 1 January 2019, approximately 45 per cent of employees switched to the new scheme. As of 1 January 2020, the public pension scheme was changed for everyone born after 1962, to a scheme more similar of a private deposit scheme. All employees born after 1962 who are still members of the public scheme and all who as of 1 January 2019 switched to a new private benefit scheme, have acquired an entitlement based on the old scheme.

The new pension scheme, effective 1 January 2020, does not contain complete provisions on a new AFP scheme or new rules for special age pensions.

There are financial and regulatory risks associated with calculated pension obligations, where minor changes in assumptions could have a major effect on the Group's equity ratio.

ENVIRONMENTAL CONDITIONS

Aviation affects both local and global environment. The local environmental impact of aviation is primarily related to aircraft noise, air quality and water and ground pollution, while the global primarily relates to greenhouse gas emissions.

Aviation greenhouse gas emissions undermine the industry's reputation and will be able to influence national and international framework conditions, as well as travel activity.

Over time, Avinor has implemented measures to reduce greenhouse gas emissions from its own operations, and is a driving force in reducing greenhouse gas emissions from air traffic. Assessments are also made relating to the authorities' and other stakeholders' expectations for Avinor's work with and reporting on sustainability/ESG, for example for the purposes of EU taxonomy and Task Force on Climate-related Financial Disclosures (TCFD).

The airports have emission permits that require risk assessments for acute pollution with a risk of damage to the external environment. Ongoing efforts are being made to reduce the risk of environmentally harmful incidents, while at the same time carrying out mapping and clean-up of previous pollution. Environmentally harmful additives (PFAS) have been uncovered in fire foams that have spread to the environment around the airports. Future clean-up costs are depending on regulatory requirements, types of measures, quantities and prices. The Norwegian Environment Agency has issued orders for measures and action plans at some airports and has informed of expectations for clean-up at the remaining airports. Reference is made to Note 20 for a more detailed description.

EFSA (EU food safety body) has introduced new and stricter PFAS limit values. The Norwegian authorities are considering the implications of these for further management of PFAS contaminants in Norway. There is a risk that the Norwegian Environment Agency will impose stricter requirements for clean-up at Avinor's airports and that more pollution must be handled than previously anticipated.

CORPORATE GOVERNANCE IN AVINOR

Good corporate governance in Avinor shall ensure the greatest possible value creation and reduce company risk. Company values and ethical guidelines are fundamental premises for Avinor's corporate governance.

The state as owner focuses on state-owned companies following "Norwegian Code of Practice for Corporate Governance". The Board of Directors emphasizes corporate governance in the Group following this recommendation as far as relevant. The Norwegian Code of Practice for Corporate Governance is available at www.nues.no.

Avinor has issued bonds listed on Oslo Børs and Luxembourg Stock Exchange. Oslo Børs has been chosen as the Group's domestic market. The Group follows Oslo Børs' recommendations for corporate governance and company management as far as they are relevant. Section 3-3b of the Accounting Act stipulates that companies under a statutory accounting obligation, which issues securities in accordance with Section 5-4 of the Value Paper Trading Act shall explain their principles and practices regarding corporate governance in the annual report or in a document referenced to in the annual report. Section 3.10 of the Oslo Stock Exchange document "Bond Rules – listing requirements and continuing obligations" decide that the borrower shall explain his/her principles and practices on corporate governance in a similar manner. The Accounting Act is available on www.lovdata.no. Oslo Børs regulations are available on www.oslobors.no.

For a more detailed discussion of corporate governance in Avinor, please refer to the chapter "Corporate governance".

SUSTAINABILITY

Avinor's work on sustainability is based on the expectations set for work on corporate social responsibility in Avinor's articles of association, the Accounting Act and the state's ownership report (Report no. St. 8 2020-2020). The OECD Guidelines for Responsible Business is the basis of Avinor's work on sustainability. Avinor joined the UN Global Compact in 2014. From 2022 Avinor will also report according to the EU taxonomy. The work includes safeguarding human rights, labour rights and social conditions, the external environment and combating corruption. Most of the UN Sustainable Development Goals are in line with Avinor's defined sustainability and corporate social responsibility goals. In particular, this applies to SDG number 9 on innovation and infrastructure and SDG number 13 to stop climate change.

For a more detailed account of Avinor's work on sustainability, including climate, environment, aviation safety, HSE, impartiality, anti-corruption and safe notification, please refer to the sustainability chapter. Cf. The Accounting Act's Section 3-3c.

RESEARCH AND DEVELOPMENT

Avinor's new strategy aims to be customer-driven and innovative through partnerships with others. The Group has several collaborative projects both nationally and internationally.

At the same time, several innovation projects are underway related to more efficient airport operations, environment, IT and digitalisation.

As part of Avinor's sustainability work, in the coming year new projects within sustainability and climate will be evaluated.

HUMAN RESOURCES & ORGANIZATION

At the end of the year, there were 2,744 permanent employees in the Group. The average age of employees in the group is 47.5 years. The proportion of women among permanent employees is 21.4 per cent. The proportion of women in senior positions is 25 percent. The development of the proportion of women is followed up closely. Avinor's recruitment policy contains clear guidelines for promoting gender balance, from the design of job advertisements via the interview situation of the actual selection.

In December 2021, the Group Management adopted the superior principles for equality and diversity and against discrimination. Avinor wants diversity in the employee groups that to a greater extent than today reflects our customers. Emphasis is placed on employees having equal opportunities in the Group, and that discrimination does not occur regardless of gender, age, functional ability, ethnicity cultural background. Avinor has systematized performance talks to ensure a neutral wage and career development. Employee surveys confirm that employees experience similar facilities. The group's involvement is high.

Work on cost reductions throughout the Group has continued from 2020. The traffic situation has suggested that there has been less use of layoffs in 2021 than in 2020. In 2021, a process was carried out to reorganise the Group to meet future needs. There is dialogue with elected representatives both during ongoing operations and change processes.

As a security organisation, Avinor is dependent on having the right expertise and a good overview of available competence at all times. The follow-up of this depends on good support from the Group's IT systems. In 2021, Avinor switched both learning and competence system. The transition to new systems has been demanding, and a support team has been established to assist the airports in the period ahead while working in parallel with measures to improve the systems. In 2021 Avinor has continued Office 365 training in digital meetings. The Teams interaction tool has been a particular focus. As a result of the pandemic, expertise in digital interaction increased significantly in all parts of the company through 2020 and 2021.

Avinor has in 2021 initiated a mentoring program with 11 middle managers as participants. Support was given to 20 employees to follow part-time study in aviation management at Nord University. Furthermore, access to digital development for all employees has been facilitated through relevant course offers via Digital Norway. Through Digital Norway, Avinor participates in forums for lifelong learning, among other things.

Avinor is committed to an Inclusive Working Life (IA) and emphasizes the prevention of exclusion from working life. Special arrangements are made for employees who, due to illness or other circumstances, no longer meet physical and medical requirements.
Sickness absence in 2021 was 4.7 per cent.

Active efforts have been made to follow up violations of the working hours provisions in the Working Environment Act. In the Group as a whole, there has been a slight increase in the number of violations of the working hours provisions. This is being followed up.

FUTURE PROSPECTS AND FRAMEWORK CONDITIONS

The corona pandemic has put the entire aviation industry in a state of emergency. Avinor's main focus has been to ensure continuity and continuous operation during the corona pandemic. Operations have been adapted to a reduced traffic volume. Avinor expects a gradual increase in traffic from 2022 onwards. However, there is still a large uncertainty with respect to air traffic forecasts.

The war in Ukraine (2022 event) increases forecast uncertainty for travel activity and overflight income over the Norwegian airspace. The duration and ripple effects of the pandemic, as well as an increased focus on climate and sustainability can lead to lasting changes in people's travel habits.

The Group's strategic priorities, including the level of operating costs and investments, will be adapted to a long-term situation picture for aviation. Through updated corporate strategy, work is being carried out to clarify what goals and ambitions Avinor will work towards in the period 2022–2025. The aim is to safeguard the Group's financial solidity in the shorter and longer term.

Mobility and efficient air transport are central to societal development and crucial in the development of Norwegian travel and business. New technology will change aviation as we know it today. Avinor's social mission entails that the Group facilitates further development and expected changes in air traffic.

Avinor is aware of the challenges the Group faces when growth and greenhouse gas emissions shall be united in sustainable value creation. Aviation shall contribute to development and restructuring within the Norwegian society and business. At the same time, the industry is depending on innovation and technology improvements to unite targets for emission cuts and expected traffic growth.

The need to strengthen equity and liquidity will be central to Avinor's corporate strategy and action plans going forward. Avinor has an ongoing dialogue with its owner on measures to strengthen the Group's equity and liquidity in addition to separate measures within operations and investments.

The war in Ukraine has so far had limited operational consequences for Avinor. In the long term, a combination of insecurity, reduced purchasing power, energy crisis and economic downturn can result in lower traffic as well as less revenue. Avinor follows the situation closely and analyses conceivable challenges and situations.

The Board thanks all employees and partners for their good efforts in 2021.

Oslo, 4 April 2022
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the board

Ola H. Strand
Vice Chair

Rolf G. Roverud

Eli Skrøvset

Linda Bernander Silseth

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

Sustainable value creation

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

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

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

Aviation is fundamental to Norway's development. Thus, for several years, Avinor has been an active contributor in national and international efforts relating to the climate alongside the airlines, the Civil Aviation Authority, and other stakeholders in aviation. The electrification of aviation and increased use of sustainable aviation fuels are key elements in these efforts. The industry united around a clear goal for Norwegian aviation to fossil-free by 2050.

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

ASSESSMENT OF KEY FACTORS

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

Avinor primarily assesses key factors in connection with the review of the Group's strategic plans. This work involves the owner, Board, executive management, and employees, as well as Avinor's primary stakeholders. In autumn 2021, a new corporate strategy for the period 2022-2025 was drawn up. It will be rolled out from spring 2022. The key areas of Avinor's new corporate strategy are as follows:
- Sustainable development
- Development of existing and new revenue streams
- Data and digital infrastructure
- Organisation, skills and corporate culture

A new vision for Avinor was also established as a part of this strategic work, highlighting how essential sustainability is for Avinor and Norwegian aviation in the future:

We link Norway together – and Norway to the world – through sustainable aviation.

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

DIALOGUE WITH STAKEHOLDERS

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

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

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

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

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

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

Dialogue with passengers takes place by way of regular customer surveys and meetings with stakeholder organisations. Passengers are especially concerned about punctuality and regularity, airport services, parking, and surface access. In 2021, safe COVID management has also been high on the agenda and will continue to be going into 2022.

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

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

FOUR KEY AREAS IN SUSTAINABILITY EFFORTS

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

- Fulfilment of Avinor's social obligation: ensure good aviation services for the whole of Norway in a safe, efficient, and sustainable way
- Be an advocate and facilitator of sustainability efforts in aviation
- be a good and professional employer
- ensure sustainable finances and responsible business conduct

SUSTAINABILITY REPORTING

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

UN's Sustainable Development Goals

In 2015, the UN adopted new sustainable development goals (SDGs) for the period to 2030. The 17 goals and 169 sub-goals, which concern most areas of society, see the environment and climate, economy, and social development as a whole. Most of the UN's Sustainable Development Goals (SDGs) are in line with Avinor's goals for its sustainability. In particular, this applies to SDG 9 on innovation and infrastructure, and SDG 13 to stop climate change. The overview of goals and results on pages 62-64 documents how Avinor's own goals cohere with other SDGs.

From 2022, the EU taxonomy and Corporate Sustainability Reporting Directive will also have an impact on Avinor's sustainability reporting.

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


SGH
DYE

Avinor must ensure good aviation services for the whole of Norway

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

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

CONTRIBUTING TO THE SUSTAINABLE GROWTH OF NORWAY AND ITS REGIONS

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

Freight has experienced a steady increase throughout the pandemic. This has primarily been driven by significant global demand for fresh Norwegian seafood and strong growth in the e-commerce sector. Oslo Airport is one of the very few airports in Europe to have managed to increase its general freight capacity throughout the entire pandemic.

CREATING VALUABLE EXPERIENCES FOR PASSENGERS AND VISITORS

Good experiences are important for passengers

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

Increased attention to a safe and straightforward journey

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

During the pandemic, this perceived safety was challenged by new expectations about preventing COVID infections. There was a critical need for information regarding how passengers should adhere to the new rules, guidelines and reduced service offering. The focus during the pandemic has therefore been directed to the experience of safety in the form of infection prevention measures, as well as to informing passengers on an ongoing basis via digital channels and customer service channels on how to behave when travelling. Non-compliance reports and other information from our websites and social media channels were updated on a continuous basis in addition to providing physical and digital information at airports. Despite this, Avinor has experienced 3-4 times more inquiries per passenger than usual, showing that travel and COVID restrictions and changes to the service offering have been hard for passengers to keep up with. Given the increased attention paid to safe travel and a reduced service offering, work on passengers' travel experiences has been toned down during the pandemic.

Good results in Airport Service Quality (ASQ)

The ASQ survey (Airport Service Quality) is a worldwide survey that provides airports with specific feedback relating to passenger satisfaction across several different categories. Around 350 airports from all over the world participate in the survey, making it a valuable tool for measuring Avinor's performance against other airports. Avinor conducted this survey at its four largest airports. Due to infection prevention measures and low passenger numbers, the survey was put on pause for most of 2020, but was run in 2021.

Compared with 2019, the last "normal" year of operations, overall satisfaction at Avinor's airports, weighted by the number of passengers, decreased slightly from 4.17 (out of a maximum of 5) in 2019 to 4.12 in 2021. The greatest decrease was seen at Oslo Airport with -0.09. Bergen and Stavanger Airports remained relatively unchanged, -0.05 and -0.02 respectively, while Trondheim saw a positive increase of +0.21. In all, Avinor's airports as a whole fell slightly below the European average.

These customers receive newsletters from Avinor on a monthly basis featuring updated travel advice, tips and details about commercial offers. These newsletters are adapted on the basis of which airport the customer lives closest to. The response to the newsletters confirms that our customers are interested in information and offers from Avinor and want a relationship beyond what they experience at the airport itself.

All of Avinor's digital passenger communications are subject to applicable privacy legislation.

Avinor in social media

Avinor works on a daily basis to share travel-related information and tips to passengers via social media using informative content that helps to form knowledge among and entertain our followers. At the end of 2020, Oslo Airport's Facebook page had more than 183,000 followers and is the largest social channel in the Group. Inquiries from passengers via social media channels are responded to on a continuous basis. Activity and customer service via social media helps to make passengers' journeys more straightforward.

Avinor's sponsorships

Avinor's sponsorships are primarily targeted at local recreational activities, social initiatives, and sports for children and young people in the areas surrounding our airports. In addition, each airport has local agreements with teams and organisations in the local area related to the return of deposit bottles.

At our head office in Oslo, Avinor works with the Church City Mission through the Neighbour Co-operation in Bjørvika project. There are also separate activities for children and young people under the auspices of the Church City Mission, with which Avinor employees are involved. This year's Christmas present went to the Church City Mission while we also extended our collaboration with them by a further two years.

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

DEVELOPING A COMPETITIVE COMPANY

Avinor operates and develops a nationwide network of airports that are subject to challenging weather and topographic conditions. Safe, stable, and efficient operations are always the first priority. At the same time, the business must be continuously developed to meet the demands and expectations of its owner, public authorities, airlines, passengers, and the surrounding areas of the airports. An increasingly stronger focus on sustainability, together with the need for increased efficiency, and not least the consequences of the pandemic, places great demands on short and long-term planning.

Developing Oslo Airport

Traffic to and from Oslo Airport was strongly affected by COVID-19 in 2021. The reduction in traffic in terms of passenger numbers was 67 per cent compared with 2019. 9.4 million passengers travelled to and from Norway's main airport in 2021, compared with 28.6 million in 2019. The number of commercial aircraft movements (departures/arrivals of scheduled, charter and freight flights) in 2021 was 118,712. This is a decrease of 51 per cent from 2019, the last normal year.

Therefore, operations at Oslo Airport have been strongly affected throughout the year, and, as a result, parts of the terminal were temporarily closed. The airport also switched to single runway operations as a result of the significant reduction in traffic. Avinor will continue its efforts to safeguard and develop Oslo Airport as an important national and international hub. As Norway's main airport, Oslo Airport continues to be an important national and international hub.

An important aspect of Avinor's corporate social responsibility is to ensure that Norwegian businesses and residents have the same opportunities to access effective and competitive transportation as would be the case in countries that are natural benchmarks for Norway. Avinor has set a goal of accommodating increased freight to and from Oslo Airport as a key requirement for Norwegian business in the years to come. Norway has the strongest domestic market in the Nordic region and this is a good foundation for several international routes important for both passengers and business. One objective is that as many passengers as possible are able to reach their final destination as easily and efficiently as possible.

An independent committee will be established by the Norwegian Ministry of Transport. Avinor will take this into account and expects to be involved in an expert capacity once the process begins. For Avinor, it is also important that the assessment takes its point of departure from Oslo Airport's function as a national traffic hub.

On 1 October 2018, work started on the extension project Expansion of non-Schengen East at Oslo Airport and work remains on schedule to open before the summer season starts in earnest in 2022. The project consists of a building of about 30,000 square metres linked to the eastern end of the terminal. The new terminal will be able to handle somewhere in the region of 8 million passengers per year and will be a vital addition to managing the forecasted growth in traffic from outside the Schengen area.

Oslo Airport is almost 25 years old and many systems are nearing the end of their working life and therefore need to be replaced or modernised. In October 2020, the Group's Board of Directors resolved that the ongoing feasibility project relating to the replacement of the old baggage handling system at Oslo Airport should be sped up due to the volume of traffic. This ramping up of the project will mean the replacement is completed two years sooner than planned and will result in an estimated cost saving for Avinor of NOK 700 million for the entire project. Through 2021, the old baggage handling system was disconnected, disassembled and removed. The feasibility project is now in its final phase and a decision will be taken in summer 2022 on construction.

New Bodø airport

In connection with the Norwegian Armed Forces decommissioning of the Bodø airbase, Avinor will build a new airport south of the current one and free up large areas of land for urban development. The development of a new airport will be carried out as a collaboration between Bodø Municipality, Avinor and the Norwegian Defence Estates Agency. The relocation of the airport was included in the National Transport Plan (NTP) 2022-2033. The state agreed that the project should go forward and that funding responsibility for the new airport should be shared by the government, Avinor AS and local contributions. Quality assurance (KS2) for the feasibility project and the funding model was carried out in 2021 according to the Norwegian

Ministry of Finance guidelines. The Storting adopted this framework for the project in its 2022 state budget. This encompasses a management goal including site costs (P50) totalling NOK 5.6 billion, and a cost framework (P85) worth NOK 6.6 billion. Furthermore, it is advised that the funding model recommendations from KS2 are adopted. Avinor's share of this is estimated at NOK 2.2 billion (P50). Furthermore, Avinor must cover standard project risk up to a value of NOK 1.0 billion.
A state grant of NOK 200 million was also made to Avinor for 2022 to enable further planning.

In addition the costs of the new airport, there will also be consequential costs relating to a new base for the state-owned helicopter rescue services, a new access road to the airport, the needs of private stakeholders, the needs of the Norwegian Armed Forces at the new airport, and the additional costs incurred by the Norwegian Armed Forces in dealing with environmental contaminants in the ground.
The progress plan previously assumed a decision would come from Avinor in Q1 2022 and that new airports could be ready by Q3 2028. After almost two years of the pandemic, Avinor faces a serious financial situation and there remains continued and significant economic uncertainty going forward. The project's size, the responsibility Avinor has for aviation nationwide, and the critical financial situation that the company finds itself in are why Avinor has chosen to postpone the decision to build the new airport in Bodø by 12 months. This means that the new airport could be commissioned in the second half of 2029.

Other airports

Work on the new terminal at Tromsø began in May 2021 and is expected to be completed in December 2023. The project will provide extra capacity for 2.7 million passengers and it will provide foreign passengers with better travel experiences when they fly to Tromsø. The project has a cost framework of NOK 1 billion.

On 7 October 2021, the extended runway at Kirkenes was brought into operation. The runway at Kirkenes used to be 1,605 metres long, which resulted in limitations during winter time. The extension has provided better operational conditions, increased safety and fewer overflights. This has resulted in increased seat and freight capacity at the airport and it is now better suited for tourist traffic.

Avinor has been commissioned by the Ministry of Transport to design and construct a new airport in Mo i Rana. This new airport will replace the current airport at Røsvoll and will be able to handle the jet aircraft currently in use on Norwegian routes.

As a part of its work on the NTP 2022-2033, Avinor carried out a choice of concept study for a future airport solution for Hammerfest and recommended a solution involving the use and development of the current airport. The Ministry of Transport later carried out quality assurance on the choice of concept (QS1) which backed up Avinor's conclusion.

In collaboration with the Norwegian Public Roads Administration and as a contribution to the NTP 2022 – 2033, Avinor carried out an examination of potential future transport solutions for Lofoten, Ofoten and Vesterålen. The solution proposed was to build a new road between Svolvær and Leknes in order to then build a large, new airport in Leknes to replace the current local airports in Leknes and Svolvær.

In 2012, the Norwegian Armed Forces decided to decommission the military airbase in Bodø and to create a new base at Ørland Airport and an advanced base for the new F-35 fighter jets at Harstad/Narvik Airport, Evenes. The Norwegian Armed Forces also decided to decommission Andøya Air Station in Andenes used for Orion surveillance aircraft and to place the new P8 Poseidon surveillance aircraft at Evenes. Avinor is working with the Norwegian Armed Forces to plan future operations at Harstad/Narvik Airport, Evenes and Andøya Airport.

Andøya Airport currently operates civilian routes and military aircraft activity. Once the base used for surveillance aircraft has been decommissioned, the Norwegian Armed Forces will continue to need Andøya Airport to serve as base in the event of an emergency. Avinor is working on finding a future solution for the use of the airport that will cover the needs of civilian aviation and the Norwegian Armed Force's emergency capabilities.

Operations at Fagernes Airport were formally closed down on 1 July 2018 and the Storting later agreed that Avinor could sell the airport by way of an open tender. Assessments were carried out in relation to the state aid regulations in dialogue with the Ministry and the ESA. These were debated by the Storting in connection with the 2022 National Budget, and Avinor is awaiting further directions.

TASKS CARRIED OUT BY AVINOR ON BEHALF OF THE NORWEGIAN STATE

Beyond its corporate social responsibility, Avinor has a number social tasks. These tasks are not paid for by the user and the costs related to these services makes up a significant part of Avinor's total operating expenses. The tasks include announcement services for airports and airspace, domestic transfers at Oslo Airport (customs), studies for the Ministry of Transport and Communications, emergency preparedness for ambulance aircraft, activities related to defence operations, and various tasks related to air navigation services. These tasks cost the Group in the region of NOK 900-1,100 million per year. Avinor currently finances these costs in part through aviation fees and in part through commercial revenues.

AIR NAVIGATION

Avinor's air navigation operations were separated into a separate subsidiary, Avinor Flysikring AS, (Avinor ANS) in 2014 in order to facilitate competition for tower services, establish a clear distinction between supplier and recipient in relation to air navigation services, and adapt the business in relation to pan-European requirements for streamlining the service. Avinor ANS is responsible for air traffic control services and critical infrastructure in Norwegian airspace, and provides services to both civilian and military aviation. The Ministry of Transport and Communications wishes to assess alternative ownership structures for the air navigation business, but has postponed this due to COVID-19. Over the course of 2021, Avinor carried out a review of the its corporate strategy. Avinor ANS was a part of this process. This process set the ball rolling on an organisational change, with the arm's length principle between parent company and subsidiary being removed since the competitive situation is not a relevant topic for the period ahead. With this in place, a decision was taken to combine a number of professional teams within Avinor ANS and its parent company Avinor AS, such as staff functions and project- and technology-related teams. At the same time, it was decided that the AFIS service should be transferred from Avinor AS to Avinor ANS. Thanks to this, all operational teams have been gathered under a single organisation. Avinor ANS will remain as a separate limited company, but will move from being a commercially competitive company to only managing the operation of air traffic control services at air traffic control towers and centres.

POSTPONEMENT OF TENDER FOR TOWER SERVICES

While international en-route navigation services are primarily supplied by the state service provider within national airspace, competition has been introduced in several countries in respect of tower/flight control, approach and air navigation services. So far, Avinor AS has put tower services for Ålesund Airport and Kristiansand Airport out to tender. The Spanish company SAERCO won the tender and operates these facilities. Putting out additional areas of air traffic control services to tender is not under consideration at this time.

INVESTMENT IN REMOTE TOWERS AND NEW ATM SYSTEM

Remote towers In collaboration with Avinor ANS, Avinor AS has invested in and developed remote towers. On 19 October 2019, Røst Airport became the first to have its tower remotely operated from the Remote Tower Centre (RTC) based in Bodø. In 2020, tower operations at Vardø, Hasvik and Berlevåg were transferred to the centre in Bodø. A wider rollout of remote towers is expected to continue through 2022. In autumn 2020, Avinor AS formally assumed ownership of the Remote Towers programme, including the new RTC centre in Bodø. Avinor ANS is responsible for the operation of air traffic control services at the RTC.

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

New technology in en-route navigation services

Avinor ANS is investing in new technology for en-route navigation services through partnerships with other European air navigation providers. In addition to meeting pan-European requirements, this shift in technology will help to improve security and efficiency and reduce prices for airspace users. The pandemic has delayed the implementation of new technology services. This will, in turn, lead to delays in benefit realisation. This, along with the fall in revenue resulting from the downturn in traffic, has led to the Avinor Group having a reduced financial framework to invest in.

COVID-19 and efficiency improvements

The COVID-19 pandemic has resulted in a significant downturn in traffic and a sharp reduction in revenues. The pan-European organisation for safety in air navigation, Eurocontrol, is responsible for collecting fees from airlines in respect of en-route navigation services. Due to the fall in revenues, Eurocontrol's member states implemented a temporary deferral of fees in 2020. Due to reduced traffic, the fall in revenues and cost-cutting requirements imposed by the authorities, Avinor ANS has implemented a cost-cutting programme titled "Profitable Air Navigation after COVID-19", which ran from 2020 right through 2021. This helped to reduce costs both temporarily and permanently by NOK 203 million in 2020 and NOK 115 million in 2021. The company has had to furlough employees throughout 2021 due to COVID-19.

Future framework conditions for en-route navigation services

In 2021, Norwegian authorities confirmed through a national performance plan that en-route navigation fees in Norway would not increase in 2022, despite the fact that costs related to the operation of en-route navigation services for Avinor ANS were higher than its expected revenue base.

The Single European Sky regulations stipulate requirements in relation to en-route navigation services through performance requirements for what is known as Reference Period 3 (RP3).

The COVID-19 situation has resulted in a need for changes in the performance and fee regimes, and a supplementary scheme for RP3 was approved by the European Commission in November 2020. This includes mechanisms for ensuring that service providers' revenue losses for 2020 and 2021 are covered over a 5-7 year period in order to reduce the risk of major fluctuations in en-route navigation service fees. Norwegian authorities decided not to make use of these mechanisms due to the pandemic. The result of this is that the en-route services charge has been kept artificially low. For its part, Avinor ANS has helped make cost reductions to ensure that the gap between expenses and revenues is as small as possible.

FLIGHT SAFETY

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

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

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

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

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

DRONES

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

Avinor ANS has acquired a traffic management system, Unmanned Traffic Management (UTM), for drones that entered into operation in 2020 and was implemented at all airports with air traffic control towers through 2021.

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

INNOVATION AND R&D

As a result of the pandemic, Avinor has seen a far lower number of new activities initiated in relation to research and development in 2021. At the same time, the situation has emphasised the need to continue active work in this area.

The ambition of the Group's new strategy is to be customer-driven and innovative by entering into partnerships with others. We will develop our revenue-generation agenda with new and attractive offers together with our partners, and we will utilise the power of digitisation and data sharing.

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

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

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

ACCESSIBILITY FOR ALL – UNIVERSAL DESIGN

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

Through a previous monitoring process pursuant to the Regulations on the universal design of airports and the rights of disabled people in relation to air transport of 16 July 2013, Avinor obtained an overview of the current situation which has formed the basis for further measures. Avinor's building stock, especially at local and regional airports, was largely built before universal design became a central concept. Consequently there is a substantial step up to meet current requirements. Based on the deviations found, building-related measures are being implemented as part of Avinor's maintenance programme. The maintenance programme launched in 2019 and continued its efforts during 2021. It will extend to 2025. Oslo Airport, as well as Bergen, Stavanger and Trondheim Airports are working on an ongoing basis to improve universal design for passengers through the implementation of changes – big and small – in their terminal buildings.

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

Through standardised solutions, Avinor wants to help make its airports as predictable and readable as possible for all travellers. Efforts are made to link our standards with international standards so that foreign passengers are also catered for.

Terminal design and boarding solutions are key to getting passengers on board aircraft effectively. There is an emphasis on universal design in connection with the development of new types of technical solutions, commercial requirements, and desired passenger flows. While passenger bridges will be adapted at large and medium-sized airports, ramps and electric stair climbers will work for smaller airports. This will enable everyone to board aircraft in a way that is adapted to them.

Avinor's assistance service, combined with universal design, provides passengers with reduced mobility a safe framework in which to travel. This is a comprehensive offering from arrival at the airport until the individual in question is safely on board their aircraft, and it encompasses both booking and undertaking the trip.

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

Average punctuality for all Avinor airports in 2021 was 88 per cent, down from 91 per cent in 2020. Avinor's Group-wide targets for punctuality (departure within 15 minutes of scheduled departure) is 88 per cent. Achieving this target depends on the concerted efforts of the airports, airlines, and providers of airport-related services. The weather also plays a role. Climate change is presenting ever more challenging weather conditions. Reduced punctuality is also linked to traffic challenges in Europe as well as internal challenges among the operators within Avinor's network. Reduced traffic as a result of the COVID-19 pandemic at first led to increased punctuality in 2020, while the gradual increase in traffic in 2021 has led to a decrease.

For regularity – which measures the percentage of scheduled flights that actually operate – Avinor has a target of 98 per cent. In 2021, the rate of regularity for all the airports was 98 per cent, an increase from 95.9 per cent in 2019. The COVID-19 pandemic resulted in a sharp uptick in cancellations in 2020 which negatively affected the rate of regularity, while fewer cancellations in 2021 have had a positive effect.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS

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

There were no aviation accidents with or without personal injury or serious aviation incidents in Norwegian aviation to which Avinor was a contributing party in 2021.

Reporting in terms of flight safety has been good and maintained in relation to production during the pandemic, and the degree of severity of those aviation incidents reported has been lower.

ACCIDENTS AND SERIOUS AVIATION INCIDENTS 2019–2021

	SERIOUS AVIATION INCIDENTS	AVIATION ACCIDENTS INVOLVING PERSONAL INJURY	AVIATION ACCIDENTS NOT INVOLVING PERSONAL INJURY
2021	0	0	0
2020	1	0	0
2019	0	0	0

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

AUDITS

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

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

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

The 2021 audit programme did not reveal serious non-compliance (level 1) in respect of laws, regulations, or Avinor's governing documents that reduces the level of or poses a risk to safety.

SECURITY

Throughout the year, Avinor has continued its ongoing upgrades to X-ray capacity for checked baggage. The shift to X-ray machines with a higher capacity is innovative and will ensure better item detection and will allow for increased efficiency improvements in the future. Alongside this, a development project has been established where Avinor and suppliers test and develop generic methods of communication between different equipment suppliers.
This pioneering work will allow for increased utilisation of capacity across suppliers and airports.

In access and area control, a modern concept has been developed to handle the increased use of fully-automated processes for issuing access cards. The use of digital passes and a reduction in manual process steps will create greater capacity for follow-up and quality control, as well as increased accountability of users of digital passes.

PREPAREDNESS AND CRISIS MANAGEMENT

Over the last period, Avinor has worked continuously on managing the COVID-19 pandemic. Development of a business continuity plan has continued and new emergency measures have been introduced on an ongoing basis. This includes the necessary testing capacity and routines around internal COVID cases, and a controlled and limited use of exemption clauses in current regulations.

The establishment of communication capacity on a high-grade platform has been delayed due to delivery issues with external suppliers and will continue to be a focus of Avinor's efforts going forwards.

Adjustments have been made for international and national police service drills as well as suppliers of C-UAS equipment at Oslo Airport. The police detection equipment has been installed pending Avinor procuring its own equipment.

The emergency organisation has, beyond leading the efforts to handle the pandemic, performed several drills including PSGM21 where our liaisons with the Norwegian Armed Forces Joint Headquarters have ensured good interaction between the Armed Forces and the Avinor Group. Our partnership with the Norwegian Armed Forces is expected to be further strengthened and is a priority as part of the Group's preparedness work.

GENERAL DEFENCE

Avinor plays an active role in general defence through its ongoing co-operation with, among others, the Norwegian Joint Headquarters, the defence staff, the Royal Norwegian Air Force, the Norwegian Directorate for Civil Protection, and other key civilian stakeholders. The CEO has been an active contributor to the Central General Defence Forum and Avinor has contributed to a range of applicable professional forums in co-operation with the Norwegian Armed Forces and other general defence stakeholders.

HUMAN TRAFFICKING

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


AVINOR

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

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

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

GREENHOUSE GAS EMISSIONS

Greenhouse gas emissions are a global issues and cause irreversible climate change. To achieve the targets in the Paris Agreement, we must have an almost zero-emission society by 2050. This requires comprehensive measures in all sectors, including in aviation.

By the end of 2022, Avinor aims to halve its total controllable greenhouse gas emissions as compared with 2012 and contribute to reduce emissions from surface access and air traffic. Furthermore, Avinor has set a target for its own activities (airport operations) to be fossil-free by 2030 and the entire Norwegian aviation industry has set a target for all Norwegian air traffic to be fossil-free by 2050.

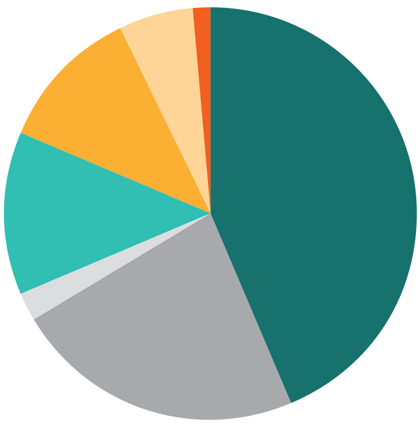
The largest aviation-related greenhouse gas emissions come from air traffic itself, followed by passenger and staff transportation to and from the airport (surface access) and finally emissions linked to airport operations.

GREENHOUSE GAS EMISSIONS FROM AIRPORT OPERATIONS

Since 2007, Avinor has prepared a carbon footprint report in accordance with The Greenhouse Gas Protocol and works on an ongoing basis to reduce greenhouse gas emissions from its own operations. In the years ahead, Avinor will work to identify various sources of emissions from third party activities at Avinor's airports.

In 2021, Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 9,000 tonnes of CO_2 equivalents. This means that Avinor's 2021 greenhouse gas emissions have been reduced by approximately 43 per cent compared with those for 2012. Avinor's biggest source of emissions is the consumption of fuel for its own vehicles, followed by energy consumption and business travel. Svalbard Airport stands out in particular in the climate accounts because the airport's heating and most of its electricity are provided by a coal-fired power plant. Other sources of among the Group's own controllable greenhouse gas emissions include the discharge of chemicals for runway de-icing and fuel for use in firefighting exercises. Avinor purchases annually offsets (carbon credits).

Greenhouse gas emissions from Avinor's own operations in 2021. In line with the usual calculation methods in Norway, Avinor assumes that greenhouse gas emissions from advanced biodiesel/biofuel oil are counted as zero. Avinor's electricity consumption is not included as a source of emissions here. Consumption is listed in the table of key figures.



Total 9,099 tonnes CO_2 equivalents

● Vehicle ● Runway de-icing ● District heating ● Thermal energy ● Fire drill ● Svalbard (electricity and district heating) ● Business trips

Emissions from Avinor's operations depend heavily on the weather conditions in the winter, which defines the need for snow ploughing, heating, and the use of de-icing chemicals. An important measure in reducing greenhouse gas emissions from Avinor's own operations has been the introduction of advanced biodiesel, since almost half of Avinor's greenhouse gas emissions come from its fleet of vehicles. Advanced biodiesel is used in large, heavy vehicles, such as snow blowers and sweepers, and have no zero-emission alternatives. Avinor only blends advanced biodiesel free from palm oil or palm oil products and conforms with the EU's sustainability criteria. In line with the usual calculation methods in Norway, Avinor assumes that greenhouse gas emissions from advanced biodiesel/biofuel oil are zero.

At Oslo Airport there has been a gradual use of advanced biodiesel starting from a test project initiated in 2015 to a 100 per cent uptake in 2021. In addition to the use of biodiesel at Oslo Airport, Avinor also used this fuel at the following airports in 2021: Trondheim, Stavanger, Bergen, Ålesund, Kristiansand and Molde.

When Avinor procures vehicles, an assessment is always to be made as to whether a vehicle with an internal combustion engine (ICE) can be replaced by a zero emission vehicle or biogas. Regardless of the type of machinery being procured, bidders are invited to submit proposals that will reduce Avinor's greenhouse gas emissions deriving from its own fleet of vehicles.

In 2021, Avinor purchased 20 new administrative vehicles, both large and small, of which 14 were electric and 6 were fossil fuel based. The main reason why ICE vehicles continue to be purchased is due to the lack of available suitable electric vehicles. In order for Avinor to further accelerate the phasing in of smaller electric vehicles, electric cars must reach the market that offer a combination of four-wheel drive and spacious boots, in addition to electric minibuses (able to carry up to 8+1 passengers). Enova's funding of the purchase of electric vans has helped to increase the proportion of electric goods vehicles within Avinor.

In 2021, Avinor entered into a new framework agreement for sweepers. The new vehicles for Oslo Airport are wider than their older generation equivalents and make it possible to reduce the number of sweepers by two (or four internal combustion engines) in one plough group and by one vehicle in another group.

This will reduce fuel consumption by a total of six internal combustion engines per operation. Furthermore, Avinor's goal is for snow ploughing to be carried out in a more seamless and efficient manner in the future, thereby also reducing idling time.

Electric UTVs at Brønnøysund Airport.

Brønnøysund Airport received its first electric UTV in 2021. The Utility Terrain Vehicle (UTV) has several areas of application and it has had its tow bar adapted to tow five types of trailers. Since the UTV has a roll bar and safety cables on its roof, it is a safer version of the All-Terrain Vehicle (ATV) and it is specially adapted for use in rough terrain. The new vehicle can carry out a fence inspection efficiently and be used for many other tasks at the airport.

New, higher-capacity plough/blowing machine at Oslo Airport.

Demonstration of new chemical sprayers.

Over the coming years, it will be important for Avinor to follow market developments, be a driver of zero-emission/biogas vehicles and co-operate with different partners so that new concepts can be tested out. Fully electric sweepers, trucks and wheel loaders will be available in larger classes in the future, and it should be possible to establish test projects within some of these segments.

In order to reduce greenhouse gas emissions within Avinor, it is necessary to transition to renewable energy in the Group's building stock. For example, Svalbard Airport has, since 2012, carried out multiple successful energy conservation projects to reduce electricity and district heating consumption. Over the period 2015-2019, the airport expanded both its solar and wind energy facilities. To reduce greenhouse gas emissions in operations at Svalbard Airport and help provide information on the green transition in Longyearbyen, a concept survey to explore the possibility of establishing a pilot facility for electric and thermal energy production from biogas, hydrogen or ammonia was carried out in 2021. The concept report recommended Avinor to adopt a solution based on the production of heat and electricity from micro gas turbines and liquid biogas. Other measures for reducing energy consumption at Avinor's airports are discussed in the section on energy.

The use of runway de-icing chemicals (formate) is included in Avinor's climate accounts because the chemicals are based on fossil carbon sources and greenhouse gas emissions are calculated based on their degradation. Climate change has resulted in the increased use of runway de-icing chemicals in recent years. Avinor wants to use runway de-icing chemicals produced from fossil-free carbon sources as long as they are able to meet all other quality requirements Avinor has for these chemicals. In 2021, new chemical sprayers with GPS functionality were purchased for Bergen, Evenes and Tromsø. This provides greater precision in disbursing formates and resulting in lower consumption. The chemical sprayer has a long range and can disburse formates up to 42 metres.

A plan was drawn up for how Avinor will fulfil its goal of fossil-fuel free airport operations by 2030. A simplified version of this plan was published at the ACI Annual Assembly and Congress in October 2021 Net-Zero-Caron-Avinor-2030.indd (aci-europe.org). The measures proposed in the plan are due to be examined further and revised on an ongoing basis – and at a minimum annually. Technology development is highly significant for the final choice of solution for the different emissions sources, but is also important for costs related to various climate initiatives.

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

GREENHOUSE GAS EMISSIONS FROM SURFACE ACCESS

In order to boost the range of services to passengers, reduce greenhouse gas emissions, and improve local air quality, Avinor wants to be a driving force behind enabling as many journeys as possible to and from the airports to be made by public transport and other means of transport that do not cause emissions. It is Avinor's goal that surface access (to and from airports) should be greener, and Avinor will therefore create a long-term plan to identify how this can be best achieved. Examples of measures that Avinor is looking into in the near future are the prioritisation of zero-emission taxis and employing zero-emission buses in places where it is possible to electrify shuttle buses in connection with parking activities.

Most measures for increasing the use of public transport fall outside of Avinor's areas of responsibility and require co-operation with a number of other stakeholders. Avinor's most important contribution is to provide infrastructure at its airports and useful information about services to passengers. It has been important for Avinor to facilitate the charging of electric vehicles in Avinor's parking areas, so that those who drive them can do so with the lowest possible greenhouse gas emissions. This work was started in 2014, and almost 1300 charging points have now been established. Avinor is the world's largest airport operator when it comes to charging for electric cars. At several airports, for example at Bergen, Stavanger and Trondheim, fast charging has also been implemented. Avinor still aims to provide more charging facilities for electric vehicles at more airports and to guarantee a service suited to the future fleet of cars.

Due to the pandemic, including reductions in air traffic and the authorities' recommendation to avoid public transport, it is not appropriate to make comparisons for 2021 (and 2020) with the preceding years as has been customary in past annual reports.

GREENHOUSE GAS EMISSIONS FROM AIR TRAFFIC

The most important emissions-reducing measures for aviation are related to fleet renewal, airspace efficiency improvements, sustainable aviation fuel, and the introduction of electric and hybrid-electric aircraft. Additionally, hydrogen as an energy carrier in aviation is now receiving increased attention.

According to Statistics Norway, greenhouse gas emissions from all domestic civil aviation in 2020 (most recent official figures) corresponded to 1.5 per cent of total domestic emissions (0.73 million tonnes out of a total of 49.3 million tonnes of CO_2 equivalents). It is these emissions which are covered by the Kyoto Protocol and which are reported in Statistics Norway's statistics on greenhouse gas emissions from Norwegian territory. This principle is used in all countries.

Greenhouse gas emissions from international traffic, i.e. from Norwegian airports with the first destination abroad, amounted to 0.5 million tonnes of CO_2 equivalents in 2020. These emissions are reported annually by the Norwegian Environment Agency to the United Nations Framework Convention on Climate Change (UNFCCC).

Total greenhouse gas emissions from all jet fuel for civil purposes sold at Norwegian airports in 2020 (most recent official figures) is equivalent to around 2.5 per cent of Norway's total emissions, in the order of 1.25 million tonnes of CO_2 equivalents. According to Statistics Norway, in 2020 there was a reduction in the emissions from both domestic and international traffic when compared with 2019. In all, there was a reduction in emissions of 55 per cent, primarily due to the COVID-19 pandemic.

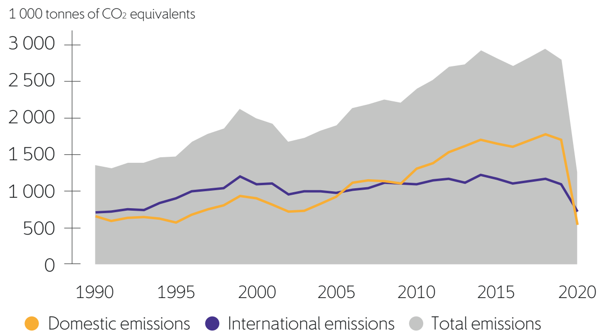
	SHARE OF PUBLIC TRANSPORT				
AIRPORT	2009	2018	2019	TARGET2020	TAXI2019
Oslo	64	71	72	70	4
Stavanger	14	22	21	30	24
Bergen	27	46	53	50	12
Trondheim	42	45	48	50	13

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

According to IATA, CO_2 emissions from all global civil aviation were 495 million tones in 2020, a significant reduction from 914 million tonnes in 2019. In 2020, aviation was responsible for around 1.4 per cent of CO_2 emissions (36 billion tonnes).

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

GREENHOUSE GAS EMISSIONS FROM NORWEGIAN AVIATION 1990–2020



New energy-efficient aircraft

Since passenger aircraft with jet engines were first used in the 1950s, emissions per passenger kilometre has reduced by 80 per cent. Aircraft manufacturers are developing brand new and more energy-efficient aircraft, but are also conducting extensive measures on existing models to reduce fuel consumption and greenhouse gas emissions. The Norwegian airlines continue to work on energy efficiency and the continuous renewal of their fleets. Over the 20 years before the pandemic, more energy-efficient engines, improved aerodynamics, lower weight and an increased number of seats contributed to the emissions per passenger kilometre being more than halved.

Airspace efficiency improvements

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

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

Norway, Sweden, Denmark, Finland, Latvia and Estonia have introduced "Free Route Airspace". This is an approach to organising airspace that means airlines no longer follow predefined routes, but can fly the most optimal route. This opens the way for potential reductions in fuel consumption and greenhouse gas emissions.

Avinor ANS works on environmental initiatives with other air navigation organisations internationally in the Borealis alliance, the CANSO interest group and in EUROCONTROL. Avinor ANS has further systematised and optimised its efforts with the external environment and became ISO-14001 certified in 2021.

Sustainable aviation fuels

There are no other known alternatives to fossil fuels other than sustainable aviation fuel for long-haul aviation. Sustainable aviation fuel also has the advantage that it can be used by existing fleets and infrastructure. Sustainable aviation fuels can either be produced with biomass (for biofuel) or from hydrogen and CO_2 using significant amounts of electricity for what are known as electrofuels (e-fuels).

Norway and Norwegian aviation has been early in adopting sustainable aviation fuels and Avinor as assumed a leading role in this area. In 2016, Oslo Airport was the world's first international airport to blend sustainable biofuel into the ordinary fuel system and to offer this to all airlines that refuelled there. Avinor has also led and financed knowledge development projects for sustainable aviation fuels in close collaboration with key stakeholders in Norwegian aviation. These projects have examined the potential of Norwegian production of sustainable fuels and potential tools for increased production and use of said fuels. In 2021, Avinor, together with SAS, Norwegian, Widerøe, the Federation of Norwegian Aviation Industries (NHO Luftfart) and the Norwegian Confederation of Trade Unions presented the "Programme for increased production and uptake of sustainable aviation fuels".

Current production of sustainable aviation fuels is very low. This is due to the significant additional costs related to sustainable aviation fuels relative to conventional fossil fuels. In 2020, Norway introduced a blending mandate for aviation meaning that 0.5 per cent of all aviation fuel sold in Norway had to be biofuel (with the exception of the Norwegian Armed Forces). Norway is the first country in the world to introduce this kind of blending mandate. The biofuel must be advanced, i.e. made from waste and residues. Sweden followed in July 2021 with a similar requirement, and the European Commission has put forward a common blending mandate that will come into force for flights to and from the EU from 2025.

Biofuel has been certified for use in civil aviation since 2009. In line with ever greater commitments from airlines and concrete policy proposals, developments are also being seen on the production side. Waste and by-products from Norwegian forestry could provide a basis for large-scale fuel production and cover up to 30-40 per cent of the fuel requirements of Norwegian aviation. There are a number of exciting projects aimed at establishing Norwegian production of biofuel based on by-products and waste from forestry, and a share of this production could go to aviation. Avinor has an agreement worth NOK 8 million for pre-purchase of fuel from Norwegian company Quantafuel. The agreement with Avinor and funding from Enova will enable Quantafuel to establish biofuel production using biomass from Norwegian forestry. The company will start with a pilot project.

Projects are also under development in Norway for the production of electrofuels, including at Herøya. One reason why Norway is particularly interesting in this context is the high share of renewable energy in the grid.

In the longer term, marine resources such as algae are pointed to as a resource that can be developed to be of great importance to Norway.

Avinor is working with environmental organisations, industry stakeholders, and research institutes with the aim of producing sustainable aviation fuel in Norway. The large-scale Norwegian production of sustainable fuel may be crucial in reaching Norwegian aviation's climate targets, but this depends on predictable long-term conditions that do not reduce the competitiveness of Norwegian aviation.

Electrification of aviation

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

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

Based on the information Avinor has obtained from aircraft manufacturers, it is a realistic expectation that the first electrified aircraft could enter the testing and development phase in domestic passenger services in Norway around 2025 and that the first flights could be electrified from 2026-27 before entering wider scheduled service around 2030. The commitment to the electrification of aviation by stakeholders in Norwegian aviation has attracted considerable national and international attention. Several aircraft manufacturers regard Norway as a relevant market for the first electrified passenger aircraft, which are expected to be small and have limited range.

Avinor's vision is to electrify domestic air traffic in Norway by 2040. The company has a responsibility to facilitate this development, especially with regard to charging capacity and other infrastructure at our airports. To this end, Avinor has established its own internal programme that will prepare the Group for new energy carriers (charging and hydrogen) for future fleets of aircraft at the company's airports. In 2020, Avinor surveyed current and future electrical capacity at the company's airports. This survey will be updated in 2022, and a similar survey of hydrogen deliveries to Avinor's airports will also be carried out.

Avinor is involved in the Enova-supported project Elnett21 in Stavanger. Elnett21 aims to facilitate zero-emission, electrical transportation through increasing local energy production, testing solutions for the storage and distribution of power and smart controls for energy that ensure optimised use of existing grids.

In 2021, Avinor and the Norwegian Association of Air Sports acquired a Pipistrel Velis Electro, the world's first type certified electric powered aircraft. Being type certified by European aviation authorities means that it can now be used for pilot training. The aircraft will be operated through a collaborative project between Avinor, the Norwegian Association of Air Sports, SAS, Widerøe and the climate foundation ZERO. The aircraft will replace Avinor and the Norwegian Association of Air Sports first electric aircraft, Pipistrel Alpha Electro, which needed to make an emergency landing during a demonstration flight in August 2019.

Hydrogen as an energy carrier

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

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

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

Hydrogen can be used to produce fuel that can replace today's fossil fuels, and can be used in existing aircraft and infrastructure. Hydrogen is already used in some contexts today to "enrich" biofuels to satisfy the requirements set for jet biofuels. Furthermore, the term "electrofuels" is derived from the use of hydrogen from electrolysis together with carbon from another source to produce synthetic fuel.

A more radical application of hydrogen is in a fuel cell or by means of direct combustion. If hydrogen is used in fuel cells to produce electricity for an electric aircraft engine, it falls within the definition we have used for an "electrified aircraft". The American start-up ZeroAvia is currently developing an aircraft powered by fuel cells, and Airbus' ZEROe project has set a target of having zero-emission aircraft on the market by 2035 by using hydrogen as the energy carrier.

Norwegian aviation is following the development of hydrogen as an energy carrier very closely, and Avinor will facilitate the supply of hydrogen at its airports as needed.

CO_2 DUTY AND EMISSIONS TRADING

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

Since 2012, civil aviation has been part of the EU's emission trading system, in line with the energy and industry sectors. Before the pandemic in 2019, around 90 per cent of emissions in and from Norway were covered by the EU Emissions Trading System. The EU's goal is that emissions in sectors subject to quotas be at least 55 per cent lower in 2030 than in 2005. The prices have fluctuated considerably in recent years. In 2021, it was around EUR 90 per tonne at its peak. The EU is expected to reduce the scope of available allowances in the lead-up to 2030 to ensure that targets are achieved. This will increase quota prices and, in the longer term, result in higher costs for Norwegian aviation.

Norway is one of the few countries in the world to impose a CO_2 tax on domestic aviation. In 2021, this amounted to NOK 1.51 per litre of jet fuel, or around NOK 592 per tonne of CO_2. In accordance with international agreements, a CO_2 duty cannot be imposed on international traffic.

A passenger duty was introduced for all departures from Norwegian airports on 1 June 2016. In 2021, this was set at NOK 204 for trips to destinations outside Europe and NOK 76.50 for trips within Europe, but is temporarily suspended until July 2022 due to the COVID-19 pandemic.

In 2020, Norway was the first country in the world to introduce a blending mandate for aviation. At the present moment, the requirement is at a 0.5 per cent blend of advanced biofuels.

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

CLIMATE ADAPTATION

In Norway, it is expected that climate change will result in a warmer, more volatile, and wetter climate with wide regional and local variations. The future climate must therefore be considered when planning infrastructure projects and also in the maintenance of existing infrastructure. The inability to make adaptations to infrastructure may have physical, operational and economic consequences.

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

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

Avinor's environmental risk analysis from 2014 was updated in 2021 to provide a good foundation for designing measures. This provides an updated picture of climate change in Norway, and clarifies the risk situation for each airport. The overall picture is that changes are at the higher end of estimates, that is, worse than previously assumed. For Avinor, it is important to identify areas where there is significant change and how to respond to these with changes in conditions and measures that can be added to the maintenance programme and new infrastructure projects.

A range of measures to reduce vulnerability to climate change have already been implemented, including the establishment of new design criteria for critical infrastructure. Avinor will continue this work.

New development projects must be reassessed at the master plan stage based on future scenarios relating to climate change. Through Avinor's Group-wide construction standards, there are requirements to ensure that all development projects are planned and delivered to meet future expectations on the impacts of climate change. In this regard, our partnership with research institutions is also important to bring about good climate solutions.

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

In 2021, the Office of the Auditor General conducted an investigation of the Svalbard companies' handling of climate challenges, which involved an assessment of Svalbard Airport. The investigation looked into the routines and processes at the airport for non-compliance management, and the measures already planned and implemented. Avinor is satisfied with the Office of the Auditor General's conclusion that the company has the skills and ability to implement measures to address climate change.

Avinor is experiencing increased interest from the financial markets in relation to sustainable development, and financial institutions are focused on what may happen in relation to climate change, which can in turn have an impact on the company's solvency. The EU taxonomy has six environmental objectives, one of which is climate change adaptation. Avinor is now examining how measures and information about the business's efforts on climate change adaptation should be communicated in the future to meet new requirements and expectations.

External environment

Avinor defines "external environments" through the fields waste, water and ground, noise and biodiversity. These fields are also closely linked to four of the six environmental objectives defined by the European Commission in the EU taxonomy.

Water and ground

Avinor's environmental goals for the field Water and ground for the period 2021-2025 is:

- *Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality.*
- *Avinor must reduce leaching of environmental contaminants at airports.*

Airport operations involve the use of various chemicals that may result in discharge.

De-icing chemicals are used to reduce levels of ice and snow on aircraft and runways thus ensuring conditions remain within the mandatory safety limits. The discharge of such chemicals may be detrimental if the tolerance levels of the water and ground, and their natural decomposition capacity, are exceeded. A contamination situation or deterioration of water quality may then occur. It is relevant to mention here that European regulations on winter operations were changed to increase safety and prevent adverse events on the runway. These entered into force in August 2021 and may lead to an increase in the use of runway de-icing chemicals at many Avinor airports.

All Avinor airports have their own discharge permits, pursuant to the Norwegian Pollution Control Act, which regulates the quantities of chemicals that are permitted for use in de-icing and firefighting drills and what level of discharges are permitted. The pollution authorities are therefore notified about situations involving potential excess consumption of chemicals. However, Avinor has applied for funding from the Research Council of Norway to develop data systems that may result in the increase not being as severe as expected.

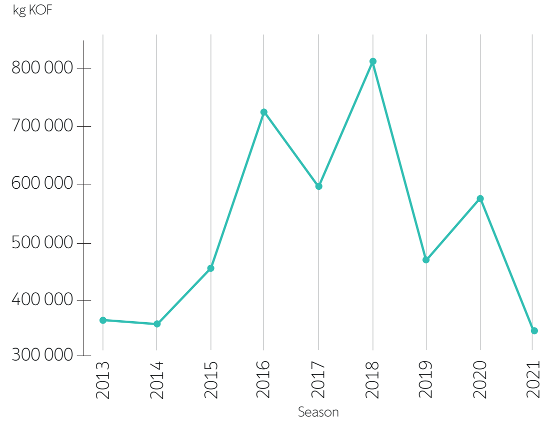
Avinor applied for and received a number of amended discharge permits over the last few years due to increased chemical usage, but also due to changed run-off conditions. Avinor's airports in Hammerfest and Namsos received amended permits in the last year. Some of the permits now require extensive investigations of the conditions of areas where activities take place to ensure that requirements in water regulations/the EU Water Framework Directive are satisfied. Such investigations have been performed at Rørvik, Tromsø, Kristiansand, Harstad/Narvik and Hammerfest over the last two years.

The results of these have shown that there are poor environmental conditions for recipients at individual airports, while it seems that operations at other airports have no impact on the surrounding environment. Where environmental impacts were negative, remedial actions are being evaluated. The pollution authorities can also order Avinor to adopt such actions, as they did at Tromsø Airport, where action at discharge pipelines and de-icing platforms is a requirement of the airport's discharge permits. The feasibility project for a new de-icing platform is under way and is scheduled for completion in 2025.

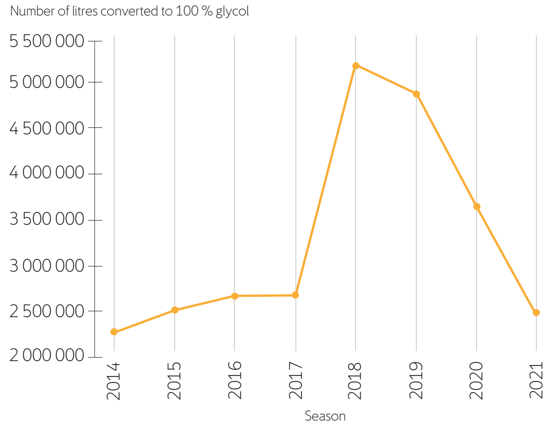
Over the last two years, the pandemic has led to a decrease in air traffic and thus the total consumption of de-icing chemicals. This applies to both aircraft and runway de-icing chemicals.

Over the course of 2021, conditions at two of Avinor's 43 operational airports were breached for aircraft de-icing and at two other airports for runway de-icing. The pollution authorities were informed of these breaches. No environmental consequences have been detected for this excess consumption. An amended permit will be applied for in 2022 for Kirkenes Airport.

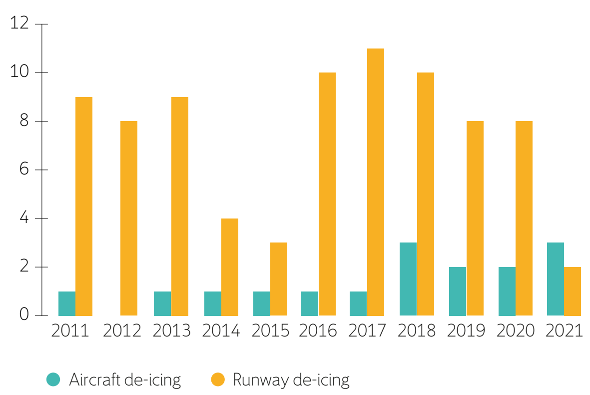
CONSUMPTION OF TRACK DE-ICING CHEMICALS



CONSUMPTION OF AVIATION DE-ICING CHEMICAL



AIRPORTS BREACHING TERMS APPLICABLE TO AIRCRAFT AND RUNWAY DE-ICING



Additionally, Oslo Airport breached its recipient-based discharge permit twice in 2021. Both incidents involved breaches of the limit for oil in groundwater and were related to two known old contaminated sites. Therefore, these are not considered as new non-compliance, but were still reported to the Norwegian Environment Agency. No breach of the limit for de-icing chemicals was detected at Oslo Airport in 2021. In 2021, a new monitoring programme was introduced for action-oriented groundwater monitoring in accordance with water regulations. The programme will help to provide an assessment of the total environmental impact on the groundwater reservoir.

The pandemic has resulted in slightly fewer development projects in 2021, but there were nevertheless projects that involved the management of contaminated ground. The handling of PFAS-contaminated materials is a particular cost driver in projects, and Avinor is working to identify such contamination in the early phases of projects so that the total project costs can be clarified. The focus on ground contamination is also incorporated into the development of a master plan for each airport, as contaminants can result in the bonding of certain areas.

The EU taxonomy proposed several activities relevant to the area of water and ground. The criteria that need to be met for these activities to be classified as sustainable have stricter conditions than the discharge permits. That is to say that operating in accordance with statutory requirements are not necessarily sufficient for an activity to be regarded as sustainable.

PFAS

Since 2001, Avinor has used PFOS-free firefighting foam and since 2012 has used completely fluorine-free firefighting foam. Nevertheless, historic use has led to ground contamination at Avinor's airports. The contamination is primarily related to active and decommissioned fire training sites, as well as other areas that were previously used for training exercises. This contamination means that some types of PFAS are still leaking out into the natural environments around the airports.

In May 2020, Avinor received an order from the Norwegian Environment Agency regarding our PFAS-contaminated sites, and since then, Avinor has undertaken significant additional surveys (earth, water, sediment and biota) at ten priority airports, including Svalbard. In 2021, Avinor received an order regarding the development of action plans on the clean-up of PFAS-contaminated grounds at Tromsø, Svalbard, Rørvik, Bergen and Ålesund. The action plans for Rørvik and Bergen have been submitted to the Norwegian Environment Agency and the others are being worked on.

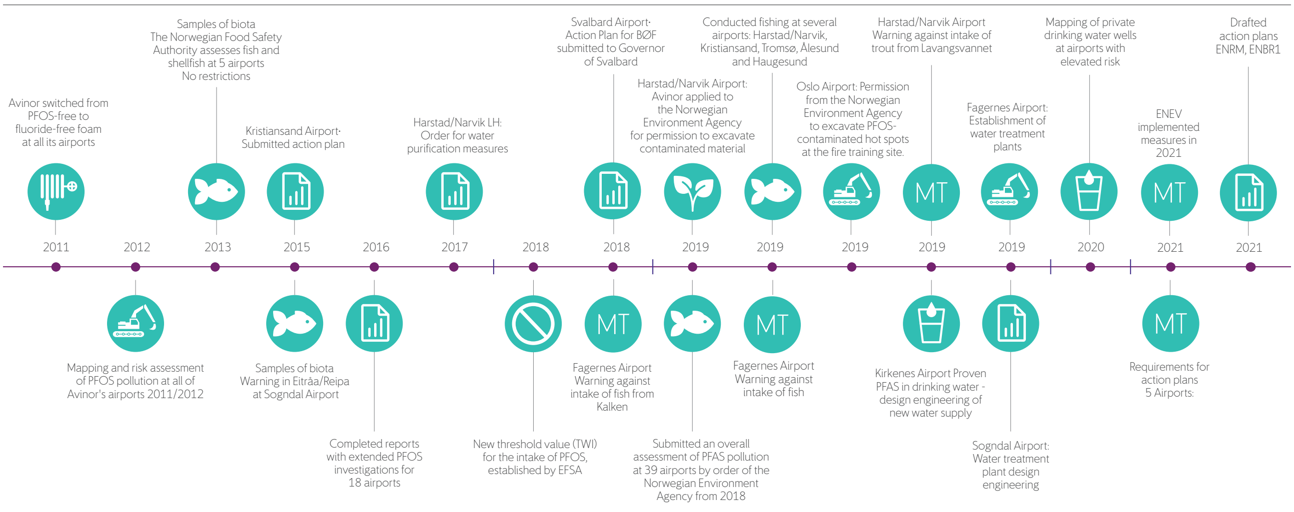
The clean-up of the PFAS-contaminated fire training site at Harstad/Narvik, Evenes was completed in the summer of 2021. The actions involved the removal of significant volumes of PFAS-contaminated materials and the final report concluded that in excess of 22 kg of PFAS was removed through these efforts. Part of the contamination had spread to an area of marshland and restoration of the marsh was included in the project. There is limited experience with this kind of restoration work and it will take time for the marsh to recover. This will be followed up on in the years ahead.

At Fagernes Airport, treatment of water from the decommissioned fire training site is under way, and the plant has delivered good results in terms of cleaning the water. A water treatment plant was also established at Sogndal Airport, and in 2021 improvements were under way to increase the results in terms of cleaning the water.

Treatment of groundwater is under way at Oslo Airport at PFAS-contaminated areas of the fire training site. The treatment captures PFAS chemicals that leach out from this site and helps reduce the risk to the local environment. In 2021, the plant treated 3,220 g of PFAS and has removed a total of 19.86 kg since its introduction in 2015.

In 2021, Avinor also engaged in market dialogue to enhance our knowledge around new and relevant remedial measures relating to PFAS-contaminated soil and/or water. Avinor has set a target of adopting remedial action methods that have lower CO_2 emissions and are more cost-effective than methods that have been employed up to this point (water treatment/excavation and landfill disposal).

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



AIRCRAFT NOISE

Avinor has an environmental goal in place to actively limit the impact of noise from aircraft and helicopter traffic on those living in the vicinity of airports. Noise is also included in the EU taxonomy under the "pollution prevention and control" objective. Criteria for several economic activities have been proposed, including for construction projects, around noise burden and how this should be managed for an activity to be regarded as sustainable.

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

In 2021, procedures to reduce noise from helicopters were introduced at Bergen Airport, Flesland.

At Oslo Airport, a noise and flightpath monitoring facility has been established which is used to monitor that flight movements adhere to the established procedures for the airport, as well as monitoring noise levels at specific locations in the vicinity of the airport. The airport has its own noise regulations which stipulate the presence of such a facility, as well as requiring monthly reporting on its findings. The results show that aircraft movements comply significantly more with stipulated procedures than they did previously.

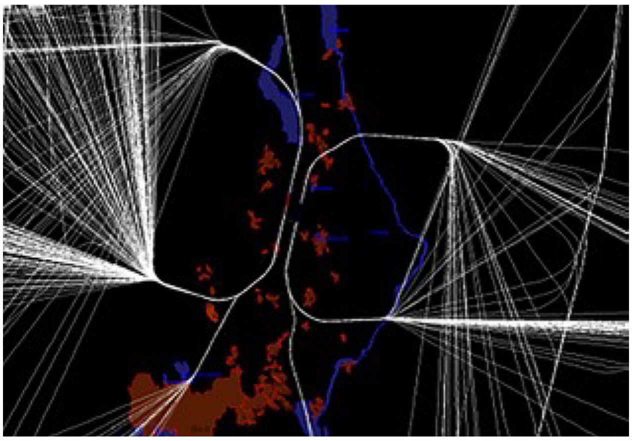
The proportion of curved approaches was 11.5 per cent in 2021.

At the airports in Bergen, Stavanger, and Trondheim, flightpath monitoring systems have been established to monitor whether the aircraft movements are in accordance with the procedures laid down for these airports. Noise-adaptation procedures are important measures for reducing the impact that noise has on residents at the airports. Consequently, the system is used to document whether these measures are being adhered to. Due to technical issues with Avinor's IT systems, these systems have not been operating satisfactorily and therefore there are no results available. It was planned that the necessary remedial actions be taken for the system to be up and running in 2021, but this target was not achieved. Avinor is co-operating closely with the system supplier to solve these problems.

Brief information about noise from aircraft at Oslo Airport

Noise from aircraft affects the local areas around our airports. Active efforts are underway at Oslo Airport to make aircraft noise predictable for our neighbours. Consequently, monthly traffic and noise level reports that are submitted to the public authorities are also made available to our neighbours via Avinor's websites. The Noise and Flightpath Monitoring Facility records flight movements and conducts continuous noise readings in the airport's local area. The data is assessed against the current regulations for approaches and departures to identify any non-compliance.

Oslo Airport's neighbour pages online are designed to enable the airport's neighbours to find traffic information, the airport's aircraft noise zone map, or to contact the airport regarding noise from aircraft. A summary of the enquiries and how traffic levels are affecting noise at the airport is reported to the Civil Aviation Authority in a monthly report from the Noise and Flightpath Monitoring Facility.



STATUS OF AIRCRAFT NOISE IN 2021

The graphic shows the trend for aircraft noise and traffic levels at Oslo Airport from 2000 to 2021. Total noise (Lden) from all recorded traffic is calculated for each year. The change in noise levels after 2000 is then calculated for each year and plotted along with the trend for total traffic levels. This representation gives a picture of noise levels over time, independent of the geographic areas that are affected.

The combined aircraft noise impact around Oslo Airport fell by 0.6 dB in 2021 compared with 2020, despite a 0.3 per cent increase in traffic. Even though there was a marginal increase in the 2021 traffic figures, the noise impact was lower. This is primarily down to the phasing out of older aircraft models and the introduction of newer and quieter models.

The noise level in 2021 was 5.2 dB below the level in 2000, based on the calculations for all recorded traffic. The traffic reduction between 2000 and 2021 of 80,492 aircraft movements corresponds to a decrease of 2.18 dB compared with traffic levels in 2000. This means that new, modern types of aircraft have more than compensated for the change in traffic.

Revised noise regulations developed by the Civil Aviation Authority came into force for Oslo Airport on 26 May 2016. The purpose of this regulation is to avoid unnecessary noise loads in areas around the airport, while maintaining safety levels, operational conditions, capacity, and other environmental conditions. The regulations permit the permanent use of curved approaches – as also referred to in the section on greenhouse gas emissions – as the flightpaths are located away from densely populated areas. The regulations also specify an adjusted departure corridor for departures from the airport's north-east corner.

Compliance with the new departure corridor exceeds 95 per cent. This adjustment makes it possible to maintain departure capacity at the airport while avoiding flying over densely populated areas around the airport.

In 2021, Oslo Airport received aircraft noise reports from 68 people. Residents of Ullensaker, Eidsvoll, and Nannestad account for the largest proportion of the reports. This corresponds with the number of complaints received in 2010.

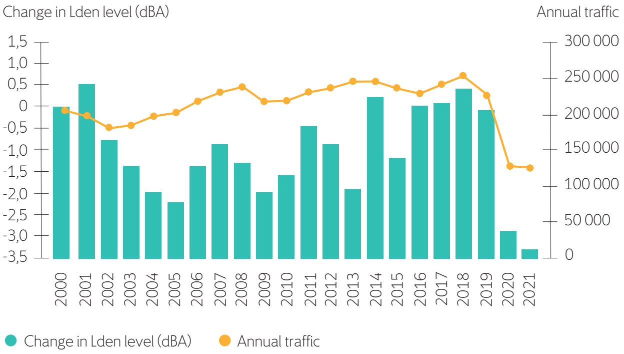
New approach and departure flightpaths for helicopters have been implemented at Bergen Airport Flesland, which means that there are variations in which areas are flown over. The principles for the new flightpaths are:

- Equal distribution and potential for unloading helicopter traffic over built-up areas
- Flightpaths should be routed across areas of low-density population to the greatest extent possible
- Avinor has attempted to shield schools and nurseries
- As far as possible, arrivals should happen at 3,000 feet and at 120 knots.

The number of inhabitants within 500 m of flightpaths has been reduced by 13 per cent according to a GIS analysis. The airport has organised traffic in such a way that it will be predictable by using defined flightpaths.

In addition, Avinor has carried out noise mapping at three airports on the basis of the requirements of T-1442 "Guidelines for noise management in land-use planning". These airports are Bergen, Rørvik and Molde.

AIR TRAFFIC AND NOISE AT OSLO AIRPOR



Noise from F-35s at Evenes

On 14 June 2012, the Storting (Norwegian Parliament) voted that the new F-35s should be stationed at Ørland. Four aircraft are to be stationed at Evenes as a base for Quick Reaction Alert (QRA) and high level air defence readiness. The Storting's decision means that

The figure shows the extend of harmful levels of noise.

Evenes will resume operating as a permanent military airbase. It has been detected that F-35 departures result in noise levels in the area around the terminal building over LpASMax 115 dBA, which the government zoning plan regards as potentially harmful to hearing. The high noise levels occur during departures of F-35s with afterburners.

Avinor is working on measures to shield passengers, employees and other airport visitors against the harmful levels of noise. Comprehensive physical measures are required such as passenger bridges to aircraft, a parking garage and improvements to facades of existing buildings in addition to organisational measures.

ENERGY

Avinor has a target for the period 2019–2025 of reducing its purchases of energy for buildings and facilities at its airports down to 225 GWh by the end of 2025. Purchases of energy for vehicle, bus and aircraft charging are excluded from this target. Each airport has identified its own areas for savings potential and proposed appropriate measures. The Group-wide target can be achieved by reducing energy consumption and increasing its production of renewable energy on top of managing measures from a central team so that the reduction of purchases of energy can be carried out in the most cost-effective manner.

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

Through its energy efficiency efforts, Avinor is also working towards SDG 7, "Clean energy for everyone". By reducing its own energy consumption and switching to self-generated renewable energy, Avinor can use this energy in other areas in order to cut emissions further, such as by switching from ICE to electric vehicles. By emphasising innovation in its choice of energy solutions, Avinor is helping to develop the energy market in a renewable direction.

In preparation for the first electric flights, Stavanger Airport is now at the halfway point of its six-year Enova-supported Elnett21 innovation and demonstration project. Large stakeholders such as ports, industrial parks and airports are working together to prepare themselves for the large power outlets that the charging of transport solutions will entail. It is hoped local energy production and storage, smart management and regional co-operation will quickly lead to a successful electrification of transport and reduce/stabilise the burden on the power grid. Elnett21 is developing business models that will strengthen the economics of stakeholder microgrids and has suggested improvements to the Norwegian Energy Regulatory Authority (RME). Co-operation between transmission system operators and major customers (airports/ports/industrial parks) contributes to knowledge and experience that be used by the rest of the country. Experiences from Elnett21 will provide knowledge to other airports in the Group in the process of preparing for the upcoming electrification of aviation.

In 2021, the oil-fired heating facility in the Rubb Hall at Røros Airport was decommissioned. The oil-fired heating system was replaced with a heat pump. At the end of the year, Avinor received an exemption for oil-fired heating at Kirkenes Airport. The exemption is valid until the end of 2024.

2021, like 2020, has been a very different year, including in relation to efforts around energy. Due to lower volumes of traffic and the resultant impact, the focus at our airports has been on adapting energy consumption to match these new activity levels. This has delivered positive results, including at Oslo Airport Gardermoen where energy purchases were reduced by 15 per cent in 2021 compared with 2019.

WASTE

Avinor hopes to be part of the transition to a circular economy for the best possible utilisation of resources and reduced extraction of raw materials. This also involves the prevention of waste and wastage and a vision of zero waste, only resources in cycles. Resources must be used much more efficiently so that we reduce the need to extract more resources and extend the lifespan of products as much as possible by repairing, upgrading and reusing them. When products cannot be reused in their original state, waste must be recycled into new materials and used for new production. By reusing products and waste, the same resources get used multiple times and as little as possible go to waste.

Avinor's environmental goals for the 2021-2025 period are:

- Zero residual waste: The airports will halve the quantity of unsorted waste generated by ordinary operations by 2025, with a zero vision for unsorted waste in 2030. By this we mean zero residual waste – i.e. 100per cent for reuse or material recycling (of the volume that is suitable and/or possible to separate).
- Cut food waste: Food should be reduced by 50 per cent per passenger by 2030 and 30 percent by 2025.
- Construction and engineering projects: Recovery and reuse rate should increase. A minimum 70 per cent recycling/reuse of materials by 2025. A pilot project for waste-free construction projects should be completed by 2025. Increase the share of reused or recycled materials in our projects.

In 2021, we began replacing the baggage handling system at Oslo Airport. A top priority for the project is the good use of resources. Much of the old system was granted a new life at other Avinor airports. Other parts will be handed over to upper secondary schools in Eastern Norway to use in vocational subjects. Once the reusable parts have been dealt with, it is estimated that 95 per cent of the remaining materials are sorted for recycling.

All airports sort their waste at source. 49 per cent of waste generated by operations was sorted during 2021. Waste fractions such as waste from aircraft and cleared grit are regarded as mixed waste, this amounts to a total of around 20 per cent of waste reported as not sorted according to source in 2021. Airports generated a total of 4,427 tonnes of waste, including 379 tonnes of hazardous waste. Of the waste generated by the airports' ordinary operations in 2021, 29.5 per cent was recycled into new materials, 65.5 per cent was recycled into energy, and 5 per cent was sent to landfill.

2021 was characterised by low traffic due to COVID-19 and many planned measures therefore had to be postponed. A large proportion of the opportunities for waste reduction, reuse and recycling of materials are already settled at the point that airports procure products and services. Therefore, Avinor also sets environmental requirements for procurement and contracts.

One of the environmental objectives in the EU taxonomy is the transition to a circular economy, and relatively strict criteria for reuse and recycling of waste and materials in different types of activities relevant to Avinor have already been set. Avinor's environmental goals for waste are in many instances equivalent to "no significant damage", but the criteria in the EU taxonomy to "contribute significantly" are stricter in many cases.

Plastic carrier bags

Avinor charges a fee for plastic bags in order to reduce their use. This was introduced in 2019 and led to a reduction in the use of plastic bags. Some of the proceeds from bag sales go to the Norwegian Retailers' Environment Fund. The rest goes to Avinor's environmental fund and are earmarked for environmental initiatives under the auspices of Avinor and its partners. Large shopping bags are now manufactured in Sweden using 80 per cent recycled plastic; small bags will also be manufactured in this manner once current stock has been used. 2021 was characterised by low traffic due to COVID-19, however, NOK 854,100 was nevertheless paid out to the Norwegian Retailers' Environment Fund which supports projects that reduce plastic waste, increase plastic recycling and reduce the use of plastic carrier bags.

BIODIVERSITY

Many of Avinor's airports are located in or around areas rich in biodiversity. These areas include conservation areas with rare species, salmon rivers, and salmon fjords. Several airports host habitats for endangered species, such as the ***Bombus distinguendus*** bumble bee (critically endangered) at Oslo Airport or the ***Carex bigelowii subsp. arctisibirica*** (vulnerable) at Svalbard Airport. Avinor airports are also home to endangered habitats such as hayfields (critically endangered) at Kristiansand Airport and sea meadows (vulnerable) at Namsos Airport.

Avinor's operations, development and projects affect biodiversity in and around airports in many ways. Abandonment, drainage, discharge of microplastics, use of chemicals, etc. are negative impacts of these. In some instances, we do observe positive influences, for example in areas where sandy, large meadows or similar areas which may be habitats for rare or endangered species are preserved or developed.

In order to maintain an overview of the natural values of Avinor's properties and areas of influences, Avinor conducted biodiversity surveys at all of its airports over the period 2009 – 2014. The results of the surveys are publicly available via the Naturbase online database. This information is used in operations, master plans and projects and the administrative advice from the surveys is followed up on within the framework of safe and efficient airport operations. Measures are being implemented in several areas to protect or improve biodiversity. Measures are being introduced against non-native and invasive species.

Avinor has multiple ongoing and planned construction and engineering projects. The largest planned projects are the new airports at Mo i Rana and Bodø and will lead to extensive natural abandonment.

In 2021, Avinor was running one restoration project. Excavation of PFAS-contaminated materials at an area of rich marshland was carried out at Evenes Airport. Marsh materials and the surface layer of vegetation from other rich marshland was used to help restore this area. The marsh materials used were excess materials from another project under the auspices of the Norwegian Defence Estates Agency.

Restoration of rich marshland at Harstad/Narvik Airport, Evenes. Image: Ijaz Ahmed

Key figures climate and environment 2017–2021

GREENHOUSE GAS EMISSIONS[1)]

		2017	2018	2019	2020	2021
Avinor monitors	tonnes CO_2-equiv.	16,300	15,780	13,530	9,100	9,000
Avinor monitors/passenger	g CO_2-equiv./passenger	308	290	250	437	401

ENERGY

		2017	2018	2019	2020[6)]	2021[7)]
Electric Power	GWh	245	243	238	205	218
District Heating	GWh	25	26	24	21	33
Oil heating	GWh	6.0	4.1	2.6	1.7	1.7
Standby power	GWh	0.8	1.0	1.0	1.0	1.2
Total	GWh	276	274	265	229	254

VEHICLES – FUEL AND OTHER ENERGY

		2017	2018	2019	2020	2021
Diesel	litres	2,598,254	2,555,823	1,966,264	1,433,316	1,300,000
Petrol	litres	59,460	65,261	60,052	54,175	53,600
Biodiesel	litres	199,730	320,082	1,253,304	648,739	1,182,290
Electric vehicles	km	58,595	80,368	106,933	137,868	174,772
Hydrogen vehicles	km	10,914	7,848	-	-	-

WASTE

		2017	2018	2019	2020	2021
Sorted waste (tonnes)	tonnes	7,542	5,301	5,028	2,618	2,169
Sorted waste (tonnes)	tonnes	5,654	5,086	4,947	2,318	2,258
Total amount of waste (tonnes)	tonnes	13,195	10,387	9,975	4,937	4,427
Sorting grade (%)	%	57	51	50	53	49
Hazardous waste (tonnes)	tonnes	381	512	624	484	379

FIRE/ACCIDENT CHEMICALS

		2017	2018	2019	2020	2021
Jetfuel- A1/Paraffin	litres	73,852	55,840	36,155	44,662	51,671
Diesel Petrol	litres	2,560	5,742	3,029	346	3,434
Propane	kg	4,064	2,271	1,196	1,166	1,242
Fire-fighting foam	litres	25,916	24,398	13,983	14,558	6,702
Training foam	litres	1,006	187	285	286	168
Training foam	kg	19,563	18,417	10,933	9,771	8,574
Technical alcohol	litres	872	1,502	1,520	891	1,012
Kindling wood	kg	3,892	3,400	1,925	3,116	2,075

DE-ICING CHEMICALS

		2017	2018	2019	2020	2021
Aircraft de-icing						
100 % ethylene glycol	litres	3,646,921	5,071,245	5,425,837	2,258,505	3,274,425
Runway de-icing						
Formate (liquid form) [3]	litres	4,313,719	3,549,226	3,238,999	2,654,390	2,935,226
Formate (solid) [3]	kg	742,529	663,503	600,910	161,825	310,171
Environmental impact measured as COD [4]	tonnes O_2	731,565	614,005	559,279	382,290	452,919

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

		2017	2018	2019	2020	2021
Aircraft de-icing	number	11[5]	10[5]	8[5]	8[5]	2
Runway de-icing	number	1[5]	3[5]	2[5]	2[5]	2

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

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


SOGN
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EMERGENCY EXIT

Avinor must be a professional and attractive employer

Avinor's behavioural values are open, responsible, dynamic and customer-oriented and should be consistent across our activities.

Avinor's value platform and ethical guidelines provide clear requirements for employee performance, both internally in the workplace, as well as in dealings with customers, business contacts and others who are affected by our operations.

The overall results from the employee survey 2021 show satisfactory results in the most key areas. There was a high survey response rate among Avinor employees (84 per cent).

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

AVINOR GROUP RESTRUCTURING

In the second half of 2021, efforts around organisational changes in Avinor began, as did efforts to change the composition of Group Management.

In short, Avinor's aim is to merge individual areas across the Group to optimise and improve efficiency in operations at all levels. Furthermore, organisational changes should support the Groups strategic direction and also be a central tool in achieving Avinor's future goals.

Organisational changes are executed through different sub-projects. Aspects of the changes, including changes to Group Management, were implemented on 1 January. The target dates for the remaining changes are at various points through 2022.

Throughout the process, good procedures are and have been important, including strong dialogue with and involvement of employees, employee representatives and safety organisations.

Turnover and staff redundancies

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

COLLABORATION

Avinor has a high level of trade union membership. Avinor AS and Avinor Flysikring AS have collective agreements with their respective unions. The employee representatives are key partners in achieving the Group's targets.

In 2021, Avinor maintained close co-operation with employee representatives with respect to ongoing administrative procedures as well as to more extensive change processes. The impacts of the pandemic are still causing challenges for the business. The parties have worked together to maintain good working conditions, stable operations and cost-effectiveness across the Group and together developed digital modes of co-operation while restrictions were in place.

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

COMPETENCE

Good management that contributes to employee development is a cornerstone of Avinor's work. Cost-effective measures in the shape of digital training and by using internal resources, and manager mentoring programme was also introduced.

A new strategy was approved by the Group's Board of Directors in December 2021. Comprehensive efforts around skills development, as well as management and employee development are in the pipeline in order to support the implementation of this new strategy. New concepts for management evaluation and succession planning were developed at the end of 2021 and will be implemented throughout 2022.

As a safety organisation, Avinor is dependent on having the right expertise in place and a good overview of its skills available in-house at any given time. Skills stipulated by the authorities constitute a significant portion of Avinor's training activities. Follow-up in this regard is dependent on good support from the Group's IT systems. In 2021, Avinor replaced its learning and skills systems, and carried out digital training in this context for managers, training coordinators and operational employees. The switchover to the new system has been challenging, and a support team has been set up to assist airports in the period ahead. In 2022, a pronounced effort will be made to improve both the system and its structure along with closer follow-up at airports.

Avinor has many roles that are dependent on having the right skills to be able to provide safe and stable operations. Therefore, in 2021, a tailor-made training plan was put together for Evenes Airport due to operational changes and increased staffing related to the delivery of snow ploughing services for the Royal Norwegian Air Force.

The revised state budget approved NOK 10 million for a one-year skills boost across aviation. Avinor contributed to the employer side by defining training needs in aviation and the types of training that should be included in the skills boost. Our partner, TASK, was awarded funds to design the course "*In the air and on the ground - psychology in practice*." This will start in early 2022 and be done in collaboration with Avinor, Flyr, Norwegian, Avarn and Menzies.

Avinor established 3 new internship places in 2021, two at Oslo and one at Stavanger. There were a total of 10 apprentices at Avinor in 2021. Of these, 4 passed their vocational exams during the year.

Digitisation

In 2021, Avinor became a co-owner of Digital Norway, which offers digital courses developed in collaboration with universities and higher education colleges. The courses are freely accessible for all Avinor employees and the service acts as a tool for skills development.

INCLUSION, EQUALITY AND DIVERSITY

Avinor is working actively, purposefully, and systematically to promote equal opportunities and diversity and to prevent discrimination. Additionally, we are working to prevent bullying, harassment, gender-based violence and sexual harassment with a specific focus on awareness-raising efforts. All employees should have the same opportunities in the Group and we have zero tolerance for any form of discrimination. Increased equality and diversity in the Group is a tool to strengthen Avinor's status as a desirable place to work that is able to attract and develop talented and motivated personnel.

Group Management has adopted a detailed equality and diversity action plan. The term "diversity" covers all dimensions used in wider society when discussing this issue. Avinor wants the diversity of its employees to better reflect that of its customers. The overall targets in the action plan are to integrate equality and diversity into management and governance, increase the proportion of women in leadership roles, enhance the recruitment process, ensure equal opportunities for career development within Avinor, strengthen inclusion and integration, and prevent ejection from working life. Measures have been set for each target area, for example, succession planning for managerial positions and highlighting female role models.

In 2021, the Group's Board of Directors adopted overriding principles for diversity, equal opportunities and to prevent discrimination.

See here for Avinor's principles relating to diversity and gender equality.

To meet these goals and ambitions, Avinor is working to:
- Ensure that goals, regulations and policies protect equal rights and opportunities.
- Ensure that we have and utilise prescribed tools and procedures in recruitment, and in building and maintaining diversity.
- Further develop a culture of diversity in the Group and management.

GENDER BALANCE

There were 2,908 employees in the Group as of the end of 2021, including permanent (2,744) and temporary employees (164). There are 1,980 employees in Avinor AS, including 405 women and 1,575 men. There are 928 employees in Avinor ANS, including 223 women and 685 men. It has been a long-term priority to raise the percentage of

	AVI		Avinor ANS		Group		
	Women	Men	Women	Men	Women	Men	
Company gender balance W/M	20.4%	79.6%	23.4%	76.6%	21.4%	78.6%	(This includes both permanent, temporary, AFIS and air traffic controller students, full-time and part-time)
Share W/M in temporary positions	6.8%	93.2%	0.0%	100.0%	6.6%	93.4%	(Temporary full-time and part-time only)
Share W/M in part-time positions	43.8%	56.2%	40.0%	60.0%	43.2%	56.8%	(This includes both permanent, temporary, AFIS and air traffic controller students, full-time and part-time)
Share W/M who took parental leave	39.3%	60.7%	33.6%	66.4%	37.2%	62.8%	
Salary survey (at least every other year)							
Survey of the use of involuntary part-time work (at least every other year)							

The table above shows the distribution of women and men in permanent, temporary, full-time or part-time positions.
The figures include AFIS students (Avinor) and trainee air traffic controllers (Avinor ANS).

women employees. The Group saw a low turnover of employees of 4.4 per cent in 2021. Consequently, increasing the proportion of women through new employees is protracted. Few women are qualified within Avinor's predominant professional groups, such as airport operations, firefighting, rescue, air traffic control and technical fields. Avinor has increased its focus on these professional groups to attract more female candidates, but recognises that this is something that needs to be worked on actively and in a long-term perspective, something which is reflected in the way the Group is approaching this.

At the turn of year, there were 164 temporary positions across the Group, which constitutes 5.6 per cent of employees. In Avinor, 160 (8.1 per cent) (W 26, 0.9 per cent/M 134, 4.7 per cent). In Avinor ANS 4 (W 0, 0 per cent/M 4, 0.4 per cent). Temporary positions are primarily used for seasonal work, such as winter maintenance at airports.

At the turn of the year, there were 74 part-time employees across the Group, which constitute 2.5 per cent. Of this, there are 57 people in Avinor AS, which constitutes 2.9 per cent of employees. (W28, 1.1 per cent/M29, 1.4 per cent) employees and in Avinor ANS the figure is 17 which constitutes 1.8 per cent (W5, 0.5 per cent/M12, 1.3 per cent) of employees. The survey shows that Avinor AS has 10 employees working in involuntary part-time positions, 8 women and 2 men. It appears that no one is in involuntary part-time work at Avinor ANS. The opportunity of part-time work is used to accommodate employee needs. Due to redundancies, the use of part-time positions has increased to a degree.

Use of parental leave in the Avinor Group displays an uneven gender balance. Women who took parental leave took 21 weeks on average, and men took 8.6 weeks. The total use of parental leave in the Avinor Group shows that men took 60.7 per cent of the total time used, while women took 39.3 per cent. This is down to the significantly lower proportion of women in the Avinor Group as a whole. Women take out proportionally more parental leave per child.

The distribution of the use of parental leave in Avinor AS shows that, on average, women took 22.4 weeks, while men, on average, took 9 weeks. The distribution of parental leave in Avinor ANS shows that, on average, women took 19.5 weeks, while men, on average, took 8 weeks.

RECRUITMENT

Avinor must have good recruitment processes that ensure the right person is in the right position. Avinor will work to dismantle barriers that contribute to bias and discrimination in recruitment. Avinor will lay the groundwork for us to attract relevant candidates who reflect society and who contribute Avinor executing its tasks in the best manner possible.

Avinor must have an open recruitment process capable of seeing the value of diversity. As far as possible, people of both sexes should be involved in the selection of candidates, and new steps have been taken to attract qualified candidates of both sexes and from different backgrounds. Avinor is focusing on the diversity of its final candidates. Among the measures introduced are the formulation of job adverts, contracts with recruitment agencies with requirements around diversity (where possible) and highlighting female role models. Avinor's recruitment policy contains strict guidelines to ensure objectivity.

PROMOTIONS, DEVELOPMENT OPPORTUNITIES AND CAREERS

Avinor shall provide its employees with career opportunities based on unbiased and non-discriminatory evaluations that support the company's skills needs and promote diversity.

Promotion and advancement shall be awarded based on qualifications and experience relevant to the position.

Avinor wants employees to grow and develop their own skills. Systematised performance reviews and follow-up contribute to neutral salary and career development in the Group. In line with our targets, diversity is sought in selections for employee programmes/internships. Relevant digital courses are freely accessible to all employees.

The proportion of women in managerial positions is somewhat higher than the total proportion of women in the Group at 25 per cent. The proportion of women in Group Management stands at 36 per cent, and the proportion of women on the Board at the end of 2021 was 50 per cent. A new and more streamlined Group Management has resulted in a reduced proportion of women in Group Management.

The Group has set a target that the proportion of women in managerial positions up to and including level 4 should be 40 per cent by 2028. To achieve this, candidates from both sexes must be put forward during succession planning.

In 2021, Avinor introduced a mentoring programme. It also provided financial support to 20 employees in pursuing part-time studies in Aviation Management. When selecting schemes, we also account for the target of increasing diversity and the proportion of women when recruiting for managerial positions. There will be follow-up if managers actively promotes diversity in the performance of their management role, including when putting together teams and project groups. The action plan has been operationalised within HR through the development of tools, templates and guidelines and is subject to biannual follow-up with the CEO as part of Avinor's corporate governance structure.

See here for more information about employee groups in Avinor.

ACCOMMODATING STAFF NEEDS

Avinor will accommodate people with disabilities by developing workspaces with a universal design and use of ICT as far as this is possible. Avinor shall accommodate employees with special needs relating to pregnancy as far as possible. A number of functions at our airports require specialised skills such as the fire and rescue service and in control towers, and these areas are adapted accordingly.

Avinor works to make sure that requirements for universal design are followed in its infrastructure and has carried out analyses and introduced measures, both physical and digital. The purpose of this is to allow more people with disabilities to be included and have positive travel experiences. The assistance service can also act as a good supplement when travelling.

POTENTIAL OF COMBINING WORK AND FAMILY LIFE

Work-life balance is a topic covered in the employee survey and should be included in dialogue between managers and employees. Collective agreements contain provisions on working hours. Deviations from these provisions are regularly reported to governing bodies and to the Work Environment Committee and central work environment committee. Any non-compliance is followed up on.

Since so many people are working from home, guidelines have been drawn up concerning working hours. Focus has been place on dialogue between managers and employees.

BULLYING, SEXUAL HARASSMENT AND GENDER-BASED VIOLENCE

Avinor has a zero-tolerance policy for harassment and bullying in the workplace. Avinor works to prevent harassment, sexual harassment and gender-based violence inflicted through the use of words, actions, conduct and neglect, even when such instances are unintentional.

Harassment and bullying are examined in the annual employee survey. Employees who answer these questions in the affirmative are referred to our whistleblowing channels. All employees are made aware of whistleblowing routines, and Avinor works actively on following-up the reports we receive. However, the most important thing to do is focus on preventative and awareness-raising efforts.

Compared with other businesses, there is nothing to indicate that Avinor has systematic problems relating to harassment and unwanted sexual attention in any area of the organisation.

SALARY SURVEY

Avinor must pay men and women equal pay for equal work and work of equal value. There should be transparency around criteria for salary adjustments.

Avinor is subject to collective agreements which cover all groups of employees in the Group. Avinor's largest, male-dominated professions have collectively agreed salaries and pathways for raises. Management and female-dominated salaried groups generally have individually agreed salaries. Avinor will look more closely at any wage disparities between professions and the reasons for them.

Avinor will regularly carry out surveys of women's and men's salaries in the Group to guarantee equal pay for equal work.

Avinor has surveyed wage disparities between men and women at the Group level. Group employees were divided into 11 groups for the survey. The responsibilities, workload and complexity of the position was accounted for when assigning the groups. The survey shows that, on average, women earn 96.3 per cent of what men do. One explanation for this may be that men are overrepresented in operational professions that receive unsocial hours pay supplements. Within operational professions, men and women have collectively agreed schemes that ensure equal treatment. The survey shows that it is prudent to carry out further investigation within individual groups. This will continue to be worked on throughout 2022, and action plans will be drawn up if these investigations uncover any imbalances. Avinor does not have pay bonuses or other tax-related benefits in kind.

See here for further information about gender balance and wage differences.

ACTIVITIES IN 2021

RAISING AWARENESS

In 2021, International Women's Day and Pride were celebrated digitally. It was important demonstrate the Group's attitudes even though the opportunity to mark these days was severely limited. The Group marked

Pride for the first time in 2021. For International Women's Day, the CEO and Stine Westby, Director of Oslo Airport, streamed a conversation about Avinor's efforts around equality for all employees in the Group. These actions contribute to building awareness and good attitudes among our employees. Avinor participates in the SHE Index, which ranks companies equality efforts.

INVOLVEMENT AND CO-OPERATION

Avinor's Group Management are actively following developments in work relating to enhancing diversity and preventing discrimination.

- Annual reports are delivered on progress and activities for submission to the Board's HR, Remuneration and HSE Committee, as well as to the Group Management.
- An annual process has been drawn up to ensure the continuity of these efforts.
- These efforts involve long-term work and require patience and focus in order to stay the course.
- Governing documents and guidelines have been developed to prevent discrimination. There must be follow-up with managers through management dialogue.
- There are good gender-neutral welfare schemes including full sick pay, parental leave and for child illness, among others.

A working group comprising employees from different parts of the organisation is working to strengthen focus and awareness around diversity and equality. This working group provides advice to the HR team and management on the implementation of strategic measures related to diversity and equality within the Group. The working group has actively contributed to the Group's equality and diversity efforts, resulting in the implementation of various initiatives.

All employees are encouraged to submit proposals for how the Group can achieve its goal of increased diversity. Employee representatives and safety personnel are involved in these efforts by providing input on the overriding principles of diversity and equality and to prevent discrimination.

There was an investigation as to whether there are risks of discrimination or whether there are other barriers to equality in Avinor. Employee representatives have participated in these efforts and all situations and grounds of discrimination were assessed. Groups of employees have been set up to assess pay for equal work and work of equal value. The greatest risk area appears to be in recruitment. The challenge lies in the fact that few women are trained in the professions that Avinor recruits for. The survey shows that Avinor has established schemes to counteract discrimination. We will continue to monitor whether extensive home working causes any unintended consequences in terms of workplace equality and diversity. Another finding shows that there is an uneven gender balance between the various professions and that this may impact the salary level between women and men across all Avinor companies.

Other measures include clearly communicated ethics rules, gender balance in recruitment processes and more.

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

Avinor shall be a workplace that accommodates differences and shall contribute to efforts to encourage more people to enter the labour market. Avinor offers relevant schemes to contribute to job training and has set a specific target of at least 12 places per year. This goal was not achieved during 2021 due to the COVID-19 pandemic. Avinor also worked with the Church City Mission in 2021.

HEALTH, SAFETY, AND ENVIRONMENT EFFORTS (HSE)

Avinor's 2021 HSE work threw up a number of unique challenges – primarily related to the consequences of COVID-19 and infection prevention.

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

The elements of the systematic HSE efforts have been further developed throughout 2021 to make HSE a natural part of the company's activities at every level.

The most important KPIs within Avinor's HSE work are the H1 value (number of injuries causing absence per million hours worked), the H2 value (number of injuries causing absence and not causing absence per million hours worked) and the N value (number of near misses per million hours worked). Results for 2021 show a marked decline in the number of injuries. The H1 value at the end of 2021 was 2.3, compared with 4.8 in 2020. The target is an H1 value of <3. The H2 value at the end of 2021 was 6.6, compared with 7.7 the year before. The target is an H2 value of <10. The N value is 21.9 – no target has been set for this. During the period, there were 7 injuries that resulted in absence from Avinor AS (compared with 15 in 2020). There was one serious injury. Internal investigation have been carried out following five HSE incidents over the course of the year.

The most important activities have been:

- Implementation of the "Bry deg – si ifra!" [Care – speak up!] campaign, including these elements: Closer follow-up after personal injury incidents, the introduction of safety inspections and personal safety involvement conversations, the improvement of the app for Safe Job Analysis, an increased focus on reporting near misses and the planning of an HSE mobile game. The aim of the campaign is to permanently improve our culture of personal safety.
- Professional assistance and information in relation to infection prevention measures for employees and passengers in relation to COVID-19. Safeguarding the working environment for employees working from home.
- A number of risk assessments related to the working environment have been carried out in connection with the restructuring process.
- HSE training for managers, safety representatives, and Work Environment Committee members was carried out in line with the aims of the company's HSE competence plan. However, there are challenges around the tools used for skills management.
- Improved safeguarding in relation to HSE around supplier management, e.g. during procurement processes and in the exercise of Avinor's coordination responsibilities.
- Implementation of new framework agreements relating to occupational health services, safety training and chemical safety card libraries.

SAFETY ORGANISATION

Avinor is divided up into specific safety areas, with a safety co-ordinator for each area. Larger airports and head office all have multiple safety co-ordinators. Working environment committees have been established at the central, division, and local unit-based levels. The committees consist of an equal number of representatives from among employees and management, the safety co-ordinator and occupational health service participate on a permanent basis.

A chemicals committee, Inclusive Labour Market committee, AKAN (prevention of alcohol and drug problems in the workplace) committee and a CISM/Co-worker support scheme were set up as sub-committees to the central work environment committee.

BREACH OF WORKING HOURS PROVISIONS

It is important that Avinor does not breach the working hours provisions of the Work Environment Act or collective agreements. The Group systematically monitors how working hours are planned. There has been an increase within certain units in the number of breaches of the working hours provisions, and there has been special focus and follow-up for these units.

The workplace and COVID-19.

The pandemic has significantly impacted Avinor. Temporary redundancies have been made as a result of reduced traffic. 149 employees in the Group were fully or partially furloughed. COVID restrictions have meant that administrative staff have mostly been working from home. Avinor decided to provide a one-time payment for broadband costs to all administrative employees who were required to work from home in 2021.

Home working

Since many people had to work from home and picked up digital skills and changed their habits, there are many who want to keep partly working from home after the pandemic is over. The general rule in Avinor will be that work should be performed on Avinor premises, where, as the employer, it can provide the necessary equipment. If agreed with their manager, employees can fulfil a portion of their working hours from home. A written agreement needs to be signed including associated guidelines defining the framework for this flexibility. Managers are responsible for safeguarding the working environment, skills development, efficiency and innovation during a hybrid working day.

SYSTEMATIC EFFORTS TO REDUCE ABSENCE DUE TO ILLNESS

Avinor has good procedures for absence due to illness. Efforts relating to absence due to illness are a priority, with systematic efforts being made throughout the organisation to keep absence as low as possible.

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

Absence due to illness was 4.7 per cent, in line with the Group's target.

EMPLOYEES – KEY FIGURES

Avinor Group as at 2021	2021	2020	2019, from the annual report	2018	2017
Permanent employees as at 31 December 2021	2,744	2,858	3,012	3,099	3,098
Temporary full-time equivalents as at 31 December 2021	164	154.4	199.1	199.9	209.2
Average age of permanent employees	47.5	47.2	46.8	46.7	46.6
Total turnover	4.4%	5.3%	4.6 %	4.2%	3.0%
Proportion of women	21.4%	21.8 %	22.6 %	22.5%	22.0%
Percentage of women in managerial positions	25.0%	22.8 %	21.2 %	20.5%	20.1%
Percentage of women in executive management	36.0 %	33.3 %	41.7 %	33.3 %	25.0%
Percentage of women on the Group's Board of Directors	50.0 %	50.0 %	50.0 %	50.0 %	50.0 %
Company gender balance (number of women and men)	21.4 % women/ 78.6 % men	21.4 % women/ 78.6 % men			
Share of women and men in part-time positions (number or per cent)	32 women/ 42 men 43.2 % women/ 56.8 % men	82 women/ 76 men			
Average number of weeks of parental leave taken by women	21	22 weeks			
Average number of weeks of parental leave taken by men	8.4	12 weeks			
Absence due to illness – Group	4.7 %	4.7 %		4.7 %	4.5%
Absence due to illness – Avinor ANS	4.5%	4.0%			
Absence due to illness – Avinor	4.9%	5.0%			
Distribution of women/men recruited	31/110	35 new employees in 2020, 8 women and 27 men			
H1 value	2.3				
Avinor as an attractive company (scale 1–5)	4.0				

FURTHER DETAILS ON AGE DISTRIBUTION

Age distribution	30	30–50	50
Number of permanent employees, excluding trainee air traffic controllers	128	1,439	1,177
Board of Directors	0.0%	0.0%	100.0%
Executive management	0.0%	27.3%	72.7%
Permanent employees	4.7 %	52.4 %	42.9 %
Total staff turnover broken down by age	11%	41 %	48 %
Number of employees who left the Group	14	50	58
Staff turnover by age group	10.9 %	3.5%	4.9%
Turnover broken down by age	0.51 %	1.82 %	2.11 %


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AVINOR

Avinor must ensure sustainable finances and responsible business conduct

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

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

SUSTAINABLE FINANCES

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

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

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

In addition, Avinor owns substantial amounts of land and has been able to realise important values as a result of earlier real estate investments. In the coming years, developments in the airport's neighbouring areas will contribute to the development of the airports' attractiveness as hubs and to local development. A more detailed account of the Group's financial statements and results follows the Board's annual report and the presentation of the financial statements and accompanying notes.

Avinor is committed to ensuring full compliance with all statutory obligations and full disclosure to the tax authorities. Avinor acts in accordance with the arm's length principle, does not engage in artificial tax schemes, and actively assesses all aspects of tax planning. Avinor's operations fall entirely within the sphere of Norwegian taxation. Avinor follows a tax strategy that is based on established principles, that is transparent and sustainable, and that is in accordance with Avinor's ethics principles. The Group's tax strategy is outlined on our website.

ZERO-TOLERANCE POLICY IN RELATION TO ALL FORMS OF CORRUPTION

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

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

Avinor has implemented a corruption risk-monitoring element within the Group's system for strategic corporate governance. As a developer, Avinor always has major development projects ongoing at many of our airports. The building and construction sector has been the subject of a number of incidents relating to corruption and price fixing in Norway. Consequently, Avinor's risk exposure to corruption and misconduct is always relevant. Avinor is represented throughout the country and has a broad sphere of influence as a major purchaser and as an administrator of large commercial contracts. This is an additional factor that further increases the risk of corruption and misconduct. Various control and prevention activities have been established which, together, are intended to reduce the Group's risk of being involved in or exposed to corruption and misconduct.

Avinor has conducted a risk-and-vulnerability analysis for corruption and misconduct in project management teams in its development department and IT team. The risks identified are managed by way of relevant measures following discussions with the compliance officer and professionals. The following up of measures and their impact are reported through the Group's corporate governance system.

In 2021, we updated our risk and audit matrix for corruption and misconduct across six defined areas of risk. The effect of existing audit measures has been evaluated and further measures to reduce risk have been identified. These have been implemented into processes on an ongoing basis.

COMPLIANCE FUNCTION

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

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

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

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

In 2021, we further developed our training programme around the issues of ethics and anti-corruption. This training programme comprises a review of the Group's ethical guidelines and a related course. The course is updated annually with new dilemmas to avoid the course becoming repetitive. Because of this, we believe that we reach a wider target group. The full organisation is invited to submit ethical dilemmas for inclusion in the new course.

In addition to a mandatory review of ethics guidelines and associated e-learning courses, all personnel undergo dilemma training adapted to the risk at their level of the organisation that they may be exposed to, for instance during the course of participation in major procurements.

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

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

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

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

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

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

Avinor takes a risk-based approach to managing suppliers and other third parties. Topics covered by the risk assessment will be whether the third party has been involved in serious events relating to human rights, working standards, HSE, the external environment and prohibited business practices, cf. our principles for responsible business conduct. In 2021, Avinor developed and published guidelines for when it needs to carry out background checks of new contracting parties. These Integrity Due Diligence analyses help guide our decision making process for awarding contracts.

Avinor has concluded a co-operation agreement with the Norwegian Tax Administration regarding the intensification of efforts to combat violations of labour market legislation. The purpose of the agreement is to establish ongoing collaboration that reinforces and develops the effect of the parties' action to combat violations of labour market legislation. The agreement should ensure that all Avinor suppliers and subcontractors for building, construction and cleaning duly fulfil their legal obligations. This allows Avinor to check suppliers' tax obligations and to inspect their certificate for tax and VAT. Large development projects should be audited on an ongoing basis in accordance with this collaborative agreement, and we have set up regular meetings with the Norwegian Tax Administration to monitor this.

In 2020, we acquired a support tool (HMSREG) which helps us to monitor our suppliers in relation to their work around seriousness, including the Working Environment Act, regulations relating to pay and working conditions in public-sector contacts, and tax legislation. The system helps us to register staff more easily and provides us greater oversight of who is working on a project at any given moment, and can be used in seriousness checks. HMSREG makes it possible to monitor whether companies we have contracts with are compliant with laws and regulations, adhere with working hours and pay all applicable taxes. All development projects must employ HMSREG. Procedures for contract monitoring must ensure that all procurements taking place
in building and construction projects are subject to the regime requiring the collection of extended tax certificates in accordance with the collaborative agreement reached with the Norwegian Tax Administration and that they are members of StartBANK.

In 2020, we entered into a two-year agreement with the coordinator for preventive and controlling activities in terms of labour-related criminality on our largest projects. The agreement will be extended once it expires at the end of the year.

In 2021, someone was employed to manage work relating to seriousness and labour-related criminality in order to further contribute to these efforts. Work is taking place on an ongoing basis to establish good procedures in this key area that will apply to all our projects.

Procedures relating to efforts around seriousness and labour-related criminality were adopted and came into force on 1 November 2021. The procedure was developed to ensure that Avinor as a contracting authority and/or developer is responsible for promoting seriousness and ensuring a responsible labour market with equal competitive conditions. The requirements relating to seriousness are a part of Avinor's own requirements for supplier's corporate social responsibility during the procurement process. The principal supplier is responsible for communicating requirements around corporate social responsibility and seriousness in their agreements with subcontractors directly involved in the fulfilment of work for the duration of the contract.

Avinor participates in a nationwide co-operation forum against labour-related criminality in the construction sector, founded on a background the Solberg government's revised strategy against labour-related criminality (measure 16) from 2021. An equivalent forum is set to be established in 2022 for the building sector and Avinor also hopes to participate in it as well.

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

Avinor Notification Institute Notifications can be submitted regarding inadequate safety procedures, bullying and harassment, careless administrative procedures, working conditions that contravene the Work Environment Act, or corruption and other financial misconduct. The person submitting the notification can choose to remain anonymous. The committee has established routines for the proper processing of notifications. The committee has also developed procedures and technical solutions that make it possible for external actors to notify Avinor of reprehensible conditions.
These notifications must be handled according to the same procedures as notifications from employees of the Group.
Avinor complies with the Norwegian Personal Data Act regarding the processing of personal data received by way of its notification scheme.

The committee received 30 notifications in 2021. All the notifications have been processed. There is no basis to conclude that there are any circumstances worthy of criticism present in any of the cases raised for consideration on the grounds that there may be circumstances worthy of criticism. Follow-ups take place at the relevant level in the organisation. Responses and sanctions depend on the incident and its severity, etc. It is important that lessons learned in each incident benefit the business as a whole so as to avoid similar incidents elsewhere in the organisation.

AVINOR WILL WORK TO COMBAT ANTI-COMPETITIVE BEHAVIOUR

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

AVINOR SHALL ENSURE THE RESPONSIBLE PROCESSING OF PERSONAL DATA

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

In 2021 Avinor reported three personal data security breaches (non-compliance) to the Norwegian Data Protection Authority.
All instances of non-compliance were resolved. We did not receive any complaints concerning breaches of its customers' privacy in 2021.

Sustainability goals and results 2021

Avinor must ensure good aviation services for the whole of Norway

SDGs	AVINOR'S GOALS	RESULTS 2021
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Punctuality: 88 per cent Regularity: 98 per cent	· Punctuality 88 per cent · Regularity 98 per cent.
	All airports must be certified in accordance with the ISO 14001:2015 standard.	· Centralised environmental management and airport operations are certified in accordance with the ISO 14001:2015 standard · In 2019, the certification company Rise conducted a certification audit, and Avinor was re-certified for a further three-year period.
	Air transport must be accessible by everyone	· Survey conducted pursuant to regulations on universal design · Building-related measures implemented · Maintenance programmes initiated in 2019 continued during 2020 and will extend to 2025 · Analyses exploring which digital solutions may be worth investing in
	Avinor must streamline, modernise, and invest in increased capacity	· Facilitating increased non-Schengen traffic at Avinor Oslo Airport · A new terminal has been approved for Tromsø Airport · Remote towers: As of 31 December 2021, tower operations at Røst, Hasvik, Vardø and Berlevåg have been transferred to remote control. The centre for remotely operated towers in Bodø opens · Tower service at Kristiansand and Ålesund taken over by Spanish operator SAERCO in February 2019 for a 5-year period. · The centre for remotely operated towers in Bodø opens 1 June 2022
	Oslo Airport aims to be among the top 10 in Europe for customer satisfaction	· Compared with 2019, the last "normal" year of operations, overall satisfaction at Avinor's airports, weighted per passenger, decreased somewhat from 4.17 (out of a maximum of 5) in 2019 to 4.12 in 2021. In all, Avinor's airports as a whole fell slightly below the European average
	Avinor must prevent undesired incidents and ensure good emergency preparedness	· There were no aviation accidents in 2021 · There were no aviation accidents with or without personal injury or serious aviation incidents in Norwegian aviation to which Avinor was a contributing party in 2021

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

SDGs	AVINOR'S GOALS	RESULTS 2021
13 CLIMATE ACTION	By 2022, Avinor must halve its total controllable greenhouse gas emissions as compared with 2012 and help to reduce emissions from surface access and air traffic	· Avinor's own verifiable greenhouse gas emissions from airport operations totalled approximately 9100 tonnes of CO_2 equivalents · Greenhouse gas emissions from all jet fuels for civilian purposes produced 2.8 million tonnes of CO_2 equivalents in 2019 (last official figures) · Due to the pandemic, a comparison of 2021 with previous years is not applicable. The 2021 goals were in fact achieved in 2019 across most of Avinor's airports
7 AFFORDABLE AND CLEAN ENERGY	Avinor has a target for the 2019–2025 period of reducing its purchases of energy for buildings and facilities at its airports down to 225 GWh before the end of 2025.	· Oslo Airport reduced its purchases of energy by 15 per cent in 2021 compared with 2019. · In 2021, the oil-fired heating facility in the Rubb Hall at Røros Airport was decommissioned · Svalbard Airport is involved in a project to replace coal energy with emission-free energy sources · The Elnett21 project in Stavanger is working on solutions relating to increased electricity needs resulting from greater electrification of services
14 LIFE BELOW WATER	Activities at Avinor's airports must not result in any new ground contamination or worsening of water quality	· Breaches of aircraft de-icing conditions at two airports as well as runway de-icing conditions at two airports Additionally, Oslo Airport breached its recipient-based discharge permit twice in 2021
15 LIFE ON LAND	Avinor shall work actively to reduce the impact of noise from aircraft and helicopter traffic on those living in the vicinity of airports	· The proportion of curved approaches was 11.5 per cent in 2021, down from 15.7 per cent in 2020 and up from 6.1 per cent in 2019

Avinor must be a professional and attractive employer

SDGs	AVINOR'S GOALS	RESULTS 2021
8 DECENT WORK AND ECONOMIC GROWHT	Absence due to illness of 4.5 per cent or lower	· 4.7 per cent
	H1 value < 2 H2 value < 10	· H1 value 2.3 · H2 value 6.6
	Reduce breaches of working hours provisions	· During 2021, there was a slight increase across the Group in the number of breaches of working time provisions compared with 2020, with a total of 1,557 in 2021 against 1,137 in 2020, and contractual breaches in 2021 were 231 as opposed to 163 in 2020.
5 GENDER EQUALITY	In the course of the next eight years, Avinor will ensure that 40 per cent of its leadership roles in the top four tiers are filled by women	· The proportion of women within the company is 21.4 per cent · Percentage of women in managerial positions 25 per cent
	Prevent HSE non-compliance, personal injuries, and work-related illness	· During the period, there were 7 injuries that resulted in absence from Avinor AS, one of which was serious. Internal investigations have been carried out following five HSE incidents.

Avinor must ensure that it conducts its business responsibly.

SDGs	AVINOR'S GOALS	RESULTS 2021
8 DECENT WORK AND ECONOMIC GROWHT	Employees, suppliers, and partners must be familiar with and comply with Avinor's ethics guidelines	· Further development of our training programme around the issues of ethics and anti-corruption in 2021. This training programme comprises a review of the Group's ethical guidelines and a related course that is updated annually with new dilemmas. · Corruption risk monitoring implemented · Risk-and-vulnerability analysis implemented for corruption and fraud
	Avinor shall have effective procedures for the management of reprehensible actions or situations in all parts of the organisation	· Avinor is subject to public procurement regulations · Group-wide guidelines have been established to supplement the regulations to ensure competition in the conclusion of individual contracts. · Committee set up to process reports · The committee received 30 notifications in 2020. All the notifications have been processed · Compliance function established
	Avinor will work to combat anti-competitive behaviour	· Development of electronic courses · Avinor's contracting parties must sign an agreement on responsible business practices
	Avinor shall ensure the responsible processing of personal data	In 2021 Avinor reported three personal data security breaches (non-compliance) to the Norwegian Data Protection Authority. All instances of non-compliance were resolved · Avinor did not receive any complaints concerning breaches of its customers' privacy in 2021.

Overview of GRI indicators

This report has been prepared in line with GRI Standards/Core. Avinor's annual accounts (company accounts and consolidated accounts) for 2021 have been audited by Ernst & Young AS. The auditor's report can be found on page 143.

A detailed report on the reporting standard and the various indicators can be found on GRI's website: www.globalreporting.org/standards

About Avinor and Avinor's work regarding corporate social responsibility

STRATEGY AND ANALYSIS

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

ORGANIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-1	Name	Avinor AS
102-2	Product	p. 6-7
102-3	Main offices	Oslo
102-4	Presence	Avinor has only operations in Norway
102-5	Ownership	p. 7
102-6	Markets	p. 7
102-7	Size	p. 4
102-8	Employees	p. 51-54
102-48	Collective agreements	p. 51
102-9	Supply chain	p. 23, 59-61
102-10	Amendments	p. 15-16, 19-20
102-11	Conditions	https://avinor.no/konsern/miljo-og-samfunn/miljomal/
102-12	Support for the CSR Initiative	p. 26
102-13	Interest-org.	Spekter: Transportation Sector CouncilNational Programme of Supplier Development: Partner

PRIORITIZATION

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-45	Overview, Company	p. 7 The report concerns activities that the Group manages in airport operations and flight safety, but not activity in other subsidiaries.
102-46	Define report-content	p. 5, 22-23
102-47	Prioritization	p. 22-23
103-1	Delimitation	All topics that have been considered important are relevant to all Avinor operations.

DIALOGUE WITH PARTNERS

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

ABOUT THE REPORT

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-50	Applies to	2021
102-51	Previous report	2020
102-52	Interval	Annual
102-53	Contact:	post@avinor.no
102-54	Type of GRI-report	GRI Standards/Core
102-55	GRI indicator overview	p. 66-71
102-56	Revision	The annual report has been audited by ERNST & YOUNG AS

CORPORATE GOVERNANCE AND COMPANY MANAGEMENT

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

ETHICAL GUIDELINES

STANDARD-STATEMENT	INDICATOR-KEYWORDS	PAGE NUMBER OR URL
102-16	Ethics guidelines	p. 59-61 https://avinor.no/konsern/om-oss/konsernet/visjon-og-verdier

FINANCIAL PERFORMANCE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 15-20 (The Board of Director's report) p. 10-13 (Corporate governance and company management)
201-1	Financial performance	p. 4, 76-141

INDIRECT ECONOMIC IMPACT

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 22-23
203-1	Infrastructure-investments	p. 25-29
203-2	Indirect economic impact	p. 25-29

ENERGY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 45-46
302-1	Energy consumption	p. 45-46
302-4	Energy conservation	p. 45-46

BIODIVERSITY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 46-47
304-1	Property adjoining areas with high biodiversity value	p. 46-47
304-2	Impact of biodiversity	p. 46-47
304-3	Improvement – habitat	p. 46-47

AIR EMISSIONS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 35-41
AO5	Air quality	p. 35-41
305-1	Direct greenhouse gas emissions	p. 35-41
305-2	Indirect greenhouse gas emissions	p. 35-41
305-5	Reduction of greenhouse gas emissions	p. 35-41

EMISSIONS AND WASTE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 41-43, 46
306-2	Waste	p. 46
306-3	Accidental emissions	p. 41-43
AO6	De-icing fluid	p. 42

COMPLIANCE WITH LEGISLATION – ENVIRONMENTAL

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 41-47
307-1	Fines/sanctions	No fines or similar

NOISE

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 44
AO7	Noise	p. 44

MONITORING OF SUPPLIERS/ENVIRONMENT

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 60-61
308-1	Screening suppliers	p. 60-61
308-2	Monitoring of existing suppliers	p. 60-61

HSE I AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 56
403-1	HSE-organization	p. 56
403-2	Sick leave/H-value	p. 56

INTERNAL COMPETENCE BUILDING

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 51-52
404-1	Who is offered training?	p. 51-52

EQUAL OPPORTUNITIES IN AVINOR

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52
405-1	Equal opportunity on the Board, in management, among employees	p. 51-53

MONITORING OF SUPPLIERS/WORKING CONDITIONS AND HUMAN RIGHTS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 60-61

NOTIFICATION CHANNELS

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-2	Policy/management system	p. 61

NON-DISCRIMINATION

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 52-54
406-1	Discrimination-cases	No cases

NON-DISCRIMINATION

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 25-29

CORRUPTION PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 59-61
205-2	Anti-corruption training initiatives	p. 59-61
205-3	Corruption cases	No cases

ANTI-COMPETITIVE BEHAVIOUR PREVENTION MEASURES

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 61
206-1	Cases, violation of regulations	No cases

REGULATORY COMPLIANCE – FINANCES AND SOCIETY ENERGY

GRI-INDICATOR	INDICATOR KEYWORDS	PAGE NUMBER OR URL
103-1 103-2 103-3	Policy/management system	p. 59-61
419-1	Fines, sanctions	No cases

PRODUCT LIABILITY – SAFETY

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

REGULATORY COMPLIANCE – PRODUCT LIABILITY

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

Group Management

ABRAHAM FOSS
CEO

STINE RAMSTAD WESTBY
Large airport

JAN GUNNAR PEDERSEN
Avinor Air Navigation Service

PETTER JOHANNESSEN
Strategy
& Corporate Governance

MARI HERMANSEN
HR and support

JOACHIM LUPNAAV JOHNSEN
Commercial & Development

JOHN-RAGNER AARSET
Communications
& Public Affairs

ANDERS KIRSEBOM
Regional airports

THORGEIR LANDEVAAG
Sustainability, Concept &
Infrastructure development

ØYVIND HASAAS
Technology

Board of Directors

ANNE CARINE TANUM
Chairman

OLA HENRIK STRAND
Vice-Chairman

LINDA BERNANDER SILSETH
Board member

ELI SKRØVSET
Board member

ROLF G. ROVERUD
Board member

HEIDI ANETTE SØRUM
Board member
(employee representative)

BJØRN TORE MIKKELSEN
Board member
(employee representative)

OLAV AADAL
Board member
(employee representative)

Financial statements and notes

INCOME STATEMENT

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2020	2021		NOTE	2021	2020
		Operating income:			
1 588.2	2 101.8	Traffic income	3,4	2 922.9	2 247.4
3 600.2	3 800.0	Government grants	3,4	3 800.0	3 600.2
2 176.5	2 412.1	Other operating income	3,4	2 591.3	2 335.7
7 364.9	8 313.9	Total operating income		9 314.1	8 183.3
		Operating expenses:			
74.0	154.4	Raw materials and consumables used	3	204.8	110.6
2 082.3	2 159.6	Employee benefits expense	3,5	3 562.7	3 401.9
3 162.2	2 824.2	Other operating expenses	3,7	2 521.3	2 830.7
5 318.5	5 138.2	Total operating expenses		6 288.8	6 343.2
2 046.5	3 175.8	EBITDA		3 025.3	1 840.1
2 042.8	2 039.9	Depreciation, amortisation and impairment charges	10,11	2 196.6	2 199.5
3.7	1 135.9	Operating profit/(loss)		828.7	-359.4
46.7	667.3	Finance income	8	29.7	50.8
649.2	1 229.8	Finance costs	8,11,18	590.3	616.8
-602.5	-562.5	Net finance costs		-560.6	-566.1
-598.8	573.4	Profit before income tax		268.2	-925.5
-130.7	138.5	Income tax expense	9	60.1	-201.8
-468.1	434.9	Profit for the year		208.1	-723.6
		Attributable to:			
-468.1	434.9	Owners of the parent		208.1	-723.6

STATEMENT OF OTHER COMPREHENSIVE INCOME

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2020	2021		NOTE	2021	2020
-468.1	434.9	Profit for the year		208.1	-723.6
		Other comprehensive income:			
		Items that will not be reclassified to profit or loss:			
-935.8	-644.4	Actuarial gains/(losses) on post employment benefit obligations	15	-1 245.1	-1 542.4
205.9	141.8	Tax effect	9	274.0	338.3
-730.0	-502.6	Total items that will not be reclassified to profit or loss, net of tax		-971.2	-1 204.1
		Items that may be subsequently reclassified to profit or loss:			
-210.5	60.6	Cash flow hedges	13	60.6	-210.5
46.3	-13.3	Tax effect	9	-13.3	46.3
-164.2	47.3	Total items that may be subsequently reclassified to profit or loss, net of tax		47.3	-164.2
-894.2	-455.4	Other comprehensive income for the year, net of tax		-923.9	-1 368.3
-1 362.3	-20.5	Total comprehensive income for the year		-715.8	-2 091.9
		Attributable to:			
-1 362.3	-20.5	Owners of the parent		-715.8	-2 091.9

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2020	31.12.2021		NOTE	31.12.2021	31.12.2020
		ASSETS			
		Non-current Assets			
		Intangible assets:			
1 426.0	1 409.3	Deferred tax assets	9	2 197.0	2 009.7
334.8	374.3	Other intangible assets	10	453.9	407.5
0.0	0.0	Assets under construction, intangible	10	724.0	565.6
1 760.8	1 783.6	Total intangible assets		3 374.9	2 982.8
		Property, plant and equipment:			
31 667.8	30 727.4	Property, plant and equipment	10	32 414.6	33 320.8
2 789.6	3 632.8	Assets under construction	10	4 662.7	3 606.1
492.5	532.0	Right-of-use assets	11	568.4	431.5
34 949.8	34 892.3	Total property, plant and equipment		37 645.7	37 358.4
		Financial assets:			
1 763.7	1 575.6	Investments in subsidiaries	18	0.0	0.0
230.0	365.0	Loans to group companies	22	0.0	0.0
1 638.4	1 381.3	Derivative financial instruments	13	1 381.3	1 638.4
168.2	183.5	Other financial assets	13	184.7	169.6
3 800.4	3 505.5	Total financial assets		1 566.1	1 808.0
40 511.0	40 181.3	Total non-current assets		42 586.6	42 149.2
		Current Assets			
24.7	27.0	Inventories		32.9	38.7
1 073.6	1 387.8	Trade and other receivables	13	1 043.9	796.0
648.2	54.4	Derivative financial instruments	13	56.0	648.2
5 998.7	2 656.2	Cash and cash equivalents	13	2 657.4	6 017.9
7 745.2	4 125.5	Total current assets		3 790.1	7 500.8
48 256.2	44 306.8	Total assets		46 376.7	49 650.0

STATEMENT OF FINANCIAL POSITION

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
31.12.2020	31.12.2021		NOTE	31.12.2021	31.12.2020
		EQUITY AND LIABILITIES			
		Equity			
		Restricted equity:			
5 400.1	5 400.1	Share capital	19	5 400.1	5 400.1
5 400.1	5 400.1	Total restricted equity		5 400.1	5 400.1
		Retained earnings:			
7 747.1	7 726.6	Other equity	14	7 071.1	7 787.0
7 747.1	7 726.6	Total retained earnings		7 071.1	7 787.0
13 147.2	13 126.7	Total equity		12 471.2	13 187.1
		Liabilities			
		Provisions:			
3 037.7	3 634.3	Pension liabilities	15	6 895.1	5 621.0
1 007.3	943.9	Other provisions	16	945.8	1 010.3
4 045.0	4 578.2	Total provisions		7 840.9	6 631.3
		Non-current liabilities:			
1 194.2	749.8	State loan	13	749.8	1 194.2
22 574.5	20 747.3	Other non-current liabilities	13	20 747.3	22 574.5
420.7	851.1	Derivative financial instruments		851.1	420.7
447.4	489.5	Lease liabilities	11,13	525.3	390.9
24 636.8	22 837.7	Total non-current liabilities		22 873.6	24 580.3
		Current liabilities:			
349.9	419.1	Trade payables		500.4	418.2
73.9	171.6	Public duties payable		296.9	178.5
5.0	11.2	Derivative financial instruments	13	12.5	5.0
3 381.5	891.5	First annual installment on long-term liabilities	13	891.5	3 381.5
65.6	66.7	Lease liabilities	11,13	63.4	57.8
2 551.4	2 204.3	Other current liabilities	16,17	1 426.3	1 210.4
6 427.2	3 764.2	Total current liabilities		3 191.0	5 251.3
35 109.0	31 180.2	Total liabilities		33 905.4	36 463.0
48 256.2	44 306.8	Total equity and liabilities		46 376.7	49 650.0

The notes (note 1 to 23) are an integral part of these consolidated financial statements.

Oslo, 4. April 2022
Boards of Directors of Avinor AS

Anne Carine Tanum
Chair of the board

Ola H. Strand
Vice Chair

Rolf G. Roverud

Eli Skrøvset

Linda Bernander Silseth

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR AS			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2020	5 400.1	-469.7	9 579.0	**14 509.4**
Profit for the year	0.0	0.0	-468.1	**-468.1**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-730.0	0.0	**-730.0**
Cash flow hedge - net of tax	0.0	-164.2	0.0	**-164.2**
Total comprehensive income for the year	0.0	-894.2	-468.1	**-1 362.3**
Balance at 31 December 2020	5 400.1	-1 363.8	9 110.9	**13 147.2**
Profit for the year	0.0	0.0	434.9	**434.9**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-502.6	0.0	**-502.6**
Cash flow hedge - net of tax	0.0	47.3	0.0	**47.3**
Total comprehensive income for the year	0.0	-455.4	434.9	**-20.5**
Balance at 31 December 2021	5 400.1	-1 819.2	9 545.8	**13 126.7**

STATEMENT OF CHANGES IN EQUITY

All amounts in MNOK

	AVINOR GROUP			
	SHARE CAPITAL	OTHER RESERVES	OTHER EQUITY	TOTAL EQUITY
Balance at 1 January 2020	5 400.1	-886.6	10 765.5	**15 279.0**
Profit for the year	0.0	0.0	-723.6	**-723.6**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-1 204.1	0.0	**-1 204.1**
Cash flow hedge - net of tax	0.0	-164.2	0.0	**-164.2**
Total comprehensive income for the year	0.0	-1 368.3	-723.6	**-2 091.9**
Balance at 31 December 2020	5 400.1	-2 254.9	10 041.9	**13 187.1**
Profit for the year	0.0	0.0	208.1	**208.1**
Actuarial gain/(loss) on pension liabilities - net of tax	0.0	-971.2	0.0	**-971.2**
Cash flow hedge - net of tax	0.0	47.3	0.0	**47.3**
Total comprehensive income for the year	0.0	-923.9	208.1	**-715.8**
Balance at 31 December 2021	5 400.1	-3 178.8	10 249.9	**12 471.2**

For specification of other reserves, see note 14.

STATEMENT OF CASH FLOWS

All amounts in MNOK

AVINOR AS				AVINOR GROUP	
2020	2021		NOTE	2021	2020
		Cash flow from operating activities			
2 504.3	2 181.6	Cash generated from operations [1]		3 215.1	2 262.0
25.9	24.4	Interest received		26.1	27.8
-230.9	6.6	Income tax paid		14.7	-298.8
2 299.3	2 212.6	Net cash generated from operating activities		3 255.9	1 991.1
		Cash flow from investing activities			
-2 003.7	-1 993.6	Investments in property, plant and equipment (PPE)		-2 543.1	-2 379.2
25.2	21.7	Proceeds from sale of PPE, including assets under construction [2]		21.8	26.2
-680.0	-135.0	Group loans		0.0	0.0
0.1	-1.3	Group interests		0.0	0.0
0.8	649.5	Net group contribution/dividend		0.0	0.0
-30.3	22.7	Change in other investments		21.3	-29.4
-2 687.9	-1 436.0	Net cash used in investing activities		-2 500.0	-2 382.5
		Cash flow from financing activities			
7 526.6	0.0	Proceeds from borrowings	13	0.0	7 526.6
-930.2	-3 416.4	Repayment of borrowings	13	-3 427.8	-940.6
-16.1	-17.0	Intra group repayment of lease liabilitites		0.0	0.0
-600.0	0.0	Proceeds from short term borrowings (commercial papers)	13	0.0	-600.0
-627.0	-685.8	Interest paid		-688.6	-629.8
-5.9	0.0	Other borowing charges		0.0	-5.9
5 347.4	-4 119.2	Net cash generated/used in financing activities		-4 116.4	5 350.2
4 958.7	-3 342.6	Net (decrease)/increase in cash, cash equivalents and bank overdrafts		-3 360.5	4 958.8
1 040.0	5 998.7	Cash, cash equivalents and bank overdrafts at beginning of year		6 017.9	1 059.1
5 998.7	2 656.2	Cash, cash equivalents and bank overdrafts at end of year	13	2 657.4	6 017.9

STATEMENT OF CASH FLOWS

All amounts in MNOK

[1] CASH GENERATED FROM OPERATIONS

AVINOR AS			AVINOR GROUP	
2020	2021		2021	2020
-598.8	573.4	Profit before income tax	268.2	-925.5
2 042.8	2 039.9	Depreciation [2]	2 196.6	2 199.5
-0.4	-9.3	(Profit)/loss on disposals of non-current assets	6.2	-1.3
7.5	-59.8	Changes in value and other losses/(gains) - net (unrealised)	-59.9	11.3
602.2	562.5	Net finance costs	560.5	576.3
-0.3	-14.0	Forein exchange gain/-loss on operating activities	-28.8	10.3
550.8	-85.2	Change in inventories, trade receivables and trade payables	-111.9	433.9
81.3	-47.8	Difference between pension cost and amount paid/received	27.6	105.8
-114.1	247.8	Change in other working capital items	356.6	-148.3
-66.7	-1 025.8	Change in group receivables and payables	0.0	0.0
2 504.3	2 181.6	Cash generated from operations	3 215.1	2 262.0

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

24.8	12.4	Net book amount	28.0	24.9
0.4	9.3	Profit/(loss) on disposals of property, plant and equipment	-6.2	1.3
25.2	21.7	Proceeds from disposal of property, plant and equipment	21.8	26.2

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 General information

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

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

The company and group financial statements for Avinor AS for the financial year 2021 were approved by the Board of Directors on 4 April 2022.

NOTE 2 Summary of significant accounting policies, assumptions and key conditions

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

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

BASIS OF PREPARATION

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

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

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

For the airport operation unit, the group's economic model assumes that there is full cross-subsidization between profitable and unprofitable airports as well as all areas of operations (overall system). The group has a distinct expressed objective to develop, within the overall system, commercial activities in order to provide capital for unprofitable activities (social considerations/ responsibilities) and reduce the level of traffic charges. Revenues from commercial activities are consequently included in the basis for Avinor's revenue regulation. Based on this, the group's operations, exclusive of the air navigation services, is considered as one cash generating unit (airport operations).

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

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

- Valuation of deferred tax assets
- Value in use of property, plant and equipment
- Depreciation of property, plant and equipment
- Net pension obligation
- Provisions for environmental pollution

FOREIGN CURRENCY TRANSLATION

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

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

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

KEY CONDITIONS

The Avinor group has had a substantial loss in income through the corona pandemic in 2020 and 2021. In addition, the groups pension liabilities have increased. In 2020 and 2021 the group has received in total 7,400 in government grants. Even after received grants, the financial solidity for the group is strongly negatively affected.

The group's profit and financial position has been strongly negatively affected by the corona pandemic in 2021. It is unclear when we are back in an almost normal situation. According to the latest traffic scenarios developed by the groups traffic development department, it is expected that the traffic will return to normal levels in 2024/2025.

Equity according to the articles of association

The group has conditions related to the equity ratio set in the articles of association and on covenants on some of the debt issued. The group complies with all debt covenants at 31 December 2021, and the group is in dialogue with the owner in order to implement necessary measures to ensure compliance with the equity ratio set in the articles of association. Further information is given in the report of the board of directors.

The group has and considers implementing several measures to safeguard the financial solidity. Measures considered includes additional cutting in costs and investments, sale of assets and increased aviation charges.

In note 12 the equity conditions are described and calculated.

Impairment tests

The corona pandemic and its ripple effects, including lasting changes in travel activity, is considered an impairment indicator for the group's cash-generating units. Management has carried out impairment tests to assess whether the cash generating units are impaired.

As of 31 December 2021, no impairments are recognised.

Further information is presented in note 10 regarding impairment tests.

CLIMATE AND SUSTAINABILITY

Climate changes and consequences of public measures implemented to reduce the emission of greenhouse gases and form a basis for the establishment of low carbon and climate adjusted economies, poses a significant risk but also possibilities for Avinor.

Risk and possibilities are integrated in the groups risk management and strategy processes. Risk reducing measures and new business areas are considered and developed, and relevant scenario analyses are continuously developed.

The risks for Avinor related to climate changes can be classified as transaction risk and physical risk:
- Transaction risk is risk arising from the transition to a low carbon and climate adjusted economies.
- Physical risk is risk arising from climate change.

Transaction risk and physical risk may affect Avinor in several ways and result in significant changes in the assessment of value of assets. This implies that thorough assessments must be carried out to estimate such effects. The effects may involve a reassessment of the useful life of tangible and intangible assets and changes in the assumptions for the valuation of such assets.

By approval of the financial statements for 2021 the future financial consequences of such changes are highly uncertain.

Avinor has initiated measures to reduce the climate footprint from own operations. This includes:
- Development of own power production
- Streamlining the airspace to reduce greenhouse gas emissions
- Driver of new energy carriers in tomorrow's airline fleet
- Contribute to increased production of sustainable aviation fuel (SAF)

Further information is given in the Sustainability report, which is part of the annual report for Avinor.

NOTE 3 Segment information

All amounts in MNOK

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

The Avinor group's operations include aviation security services and 45 airports including Oslo Airport. The operating segments are determined based on the reports used by the group management to evaluate presentations and profitability at a strategic level. The segment information shows the operating profit/(loss) distributed according to the internal organising of the group.

For management purpose the group is organised in one air navigation service unit and one airport operation unit according to the group's cash generating units. To better the evaluation of the airport operation unit, the management has chosen to present the airports in Oslo, Bergen, Stavanger, Trondheim and the rest in addition to property development and hotels separately. Property developments and hotels consists of rental income from office buildings and hotels.

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

Revenue from the three main customers were of approximately NOK 0.76 billion, NOK 0.66 billion and NOK 0.58 billion, total NOK 2.00 billion in 2021 (2020: NOK 0.73 billion, NOK 0.65 billion and NOK 0.46 billion, total NOK 1.85 billion). This is approximately 36 per cent of total operating income, exclusive government grants (2020: 40 per cent). Revenue from the second largest customer (largest in 2020) is attributable to Oslo Airport, Bergen Airport, Stavanger Airport and Trondheim Airport. Revenue from the largest (second largest in 2020) and third largest customers are attributable to all segments.

AVINOR GROUP AS AT 31 DECEMBER 2021:

	OSLO AIRPORT	BERGEN AIRPORT	STAVANGER AIRPORT	TRONDHEIM AIRPORT	OTHER AIRPORTS	TOTAL AIRPORT OPERATIONS
Traffic income	842.5	320.6	228.1	181.3	536.9	2 109.3
Government grants	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	1 303.6	221.7	162.3	134.8	376.3	2 198.7
Inter-segment income	3.5	0.5	8.6	3.5	71.6	87.6
Total income	2 149.6	542.8	399.0	319.5	984.7	4 395.6
Employee benefits expenses	437.1	106.3	92.4	85.6	749.6	1 471.0
Other operating expenses	804.6	180.5	128.5	97.7	843.4	2 054.7
Inter-segment expenses	347.7	115.5	94.7	74.0	573.3	1 205.2
Total expenses	1 589.4	402.4	315.6	257.3	2 166.3	4 730.9
EBITDA	560.2	140.5	83.4	62.2	-1 181.6	-335.3
Depreciation and amortisation	948.0	302.5	122.7	109.5	437.3	1 920.0
Operating profit/(loss)	-387.8	-162.0	-39.4	-47.3	-1 618.9	-2 255.3
Property, plant and equipment*	16 283.4	5 171.1	1 669.9	1 626.3	6 201.7	30 952.4

AVINOR GROUP AS AT 31 DECEMBER CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	2 109.3	813.6	0.0	0.0		2 922.9
Government grants	0.0	0.0	0.0	3 800.0		3 800.0
Other operating income	2 198.7	173.8	97.2	121.6		2 591.3
Inter-segment income	87.6	588.2	21.5	676.7	-1 374.0	0.0
Total income	4 395.6	1 575.6	118.7	4 598.2	-1 374.0	9 314.1
Employee benefits expenses	1 471.0	1 375.2	0.0	716.6		3 562.7
Other operating expenses [1)]	2 054.7	343.3	16.2	311.9		2 726.1
Inter-segment expenses	1 205.2	105.2	0.9	62.7	-1 374.0	0.0
Total expenses	4 730.9	1 823.6	17.1	1 091.2	-1 374.0	6 288.8
EBITDA	-335.3	-248.1	101.6	3 507.0		3 025.3
Depreciation and amortisation	1 920.0	138.9	33.2	104.6		2 196.6
Operating profit/(loss)	-2 255.3	-387.0	68.5	3 402.5		828.7
Property, plant and equipment*	30 952.4	848.2	692.1	375.8		32 868.5

* Inclusive other intangible assets, exclusive assets under construction.

1) Other operating expenses includes a net reduction in losses on accounts receivable of MNOK 68.3 in 2021. This is distributed with MNOK 11.7 in the segment Air Navigation Services and MNOK 56.6 in the segment Others.

Avinor group as at 31 December 2020

AVINOR GROUP AS AT 31 DECEMBER 2020:

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

AVINOR GROUP AS AT 31 DECEMBER 2020 CONTINUED:

	TOTAL AIRPORT OPERATIONS	AIR NAVIGATION SERVICES	PROPERTY DEVELOPMENT AND HOTELS	OTHERS	ELIMINATION	TOTAL
Traffic income	1 593.0	654.5	0.0	0.0	0.0	2 247.4
Government grants	0.0	0.0	0.0	3 600.2	0.0	3 600.2
Other operating income	1 979.0	178.0	72.6	106.0	0.0	2 335.6
Inter-segment income	86.3	627.4	21.5	633.6	-1 368.9	0.0
Total income	3 658.3	1 459.9	94.2	4 339.8	-1 368.9	8 183.3
Employee benefits expenses	1 454.5	1 294.4	0.0	653.0	0.0	3 401.9
Other operating expenses [2)]	2 014.3	333.9	3.4	589.8	0.0	2 941.3
Inter-segment expenses	1 209.0	92.5	1.0	66.3	-1 368.9	0.0
Total expenses	4 677.8	1 720.8	4.4	1 309.1	-1 368.9	6 343.2
EBITDA	-1 019.5	-260.9	89.7	3 030.7		1 840.0
Depreciation and amortisation	1 915.6	139.4	35.2	109.2		2 199.5
Operating profit/(loss)	-2 935.1	-400.3	54.5	2 921.4		-359.5
Property, plant and equipment*	31 839.2	773.6	725.1	390.5		33 728.4

* Inclusive other intangible assets, exclusive assets under construction.

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

2) Other operating expenses includes a provision of MNOK 207.8 for estimated losses on accounts receivable in 2020. The provision is distributed with MNOK 148.7 in the segment Others and MNOK 59.1 in the segment Air Navigation Services.

NOTE 4 Operating income and other income

All amounts in MNOK

REVENUE FROM CONTRACT WITH CUSTOMERS

Traffic income, income from sale of goods and services and income from sale of property is recognised to reflect the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

RENTAL INCOME

Revenue from property leases with fixed lease payment is recognised in the period the services are provided, using a straight-line basis over the term of the contract. Revenue from property leases with revenue-based lease payments is recognised when it is earned.

GOVERNMENT GRANTS

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

The grants are considered receivable and given for the purpose of providing immediate financial support without future associated expenses or future conditions attached to it.

Government grants are presented separately in the income statement.

TRAFFIC INCOME

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

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

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

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

OTHER OPERATING INCOME

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

Revenue from contracts with customers

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

Rental income

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

Lease agreements related to duty free, parking, restaurants and other sales of goods are turnover-based agreements where turnover-based lease constitutes the most significant part of the income, while fixed lease constitutes a smaller part. The lease agreements have established thresholds for payment om minimum lease. In connection with the corona pandemic in 2020 and 2021, reductions have been established for revenue-based lease and minimum lease. Some of the lease agreements for various tenants at the airport are exclusively based on fixed lease. These lease agreements compose a smaller proportion of Avinor´s rental income.

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

SPECIFICATION	AVINOR AS 2021	AVINOR AS 2020	AVINOR GROUP 2021	AVINOR GROUP 2020
Traffic income				
Takeoff charges	690.0	422.3	692.8	423.7
Terminal charges	522.9	418.9	525.1	420.5
En route charges	0.0	0.0	813.6	654.5
Security charges	562.5	442.0	565.1	443.8
Terminal navigation charges	326.4	305.0	326.4	305.0
Total traffic income	2 101.8	1 588.2	2 922.9	2 247.4
Government grants	3 800.0	3 600.2	3 800.0	3 600.2
Other operating income				
Revenue from contracts with customers:				
Duty free	12.1	21.4	12.1	21.4
Parking	0.1	0.1	0.2	0.1
Other	614.9	441.5	709.6	539.9
Total revenue from contracts with customers	627.1	462.9	721.9	561.4
Rental income:				
Duty free	594.4	638.1	594.4	638.1
Parking	436.2	327.8	436.2	327.8
Other	754.5	747.7	838.8	808.3
Total rental income	1 785.0	1 713.6	1 869.3	1 774.3
Total other operating income	2 412.1	2 176.5	2 591.3	2 335.7
Total income from contracts with customers	2 728.9	2 051.1	3 644.8	2 808.8
Total rental income	1 785.0	1 713.6	1 869.3	1 774.3
Government grants	3 800.0	3 600.2	3 800.0	3 600.2
Total operating income	8 313.9	7 364.9	9 314.1	8 183.3

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

All amounts in MNOK

	AVINOR AS 2021	AVINOR AS 2020	AVINOR GROUP 2021	AVINOR GROUP 2020
Salaries and personnel costs				
Salaries	1 511.9	1 471.5	2 500.9	2 396.4
Payroll tax	231.0	207.7	386.2	332.8
Pension costs (exclusive plan amendments)	361.1	348.0	592.8	594.4
Other personnel costs	55.5	55.1	82.9	78.3
Total	2 159.6	2 082.3	3 562.8	3 401.9
Reduction of total salaries and personnel costs:				
Salaries and personnel costs recognised in the balance sheet	80.3	80.2	190.7	178.2
Average number of man-years employed	1 900	1 971	2 830	2 724

Group management

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

On termination or changes in conditions of employment or board appointment no obligations exist to give the group management or the board any distinct compensation, beyond what is stated in note 6.

Nor are there any arrangements concerning bonuses, profit sharing or share-based payments. No loans or guarantees have been given to the members of the group management or the board. None of the members of the group management have received any remunerations or economic benefits from other companies in the group, other than shown in the table below. There is no additional remuneration to executives for special services other than normal operations, see note 6.

REMUNERATIONS TO GROUP MANAGEMENT AND BOARD 2021

	BOARD FEE	SALARY	OTHER BENEFITS	ESTIMATED PENSION COST	TOTAL
Group management *					
Abraham Foss, CEO (as of 15.02.2021)	0	2 886 381	12 293	124 317	**3 022 991**
Dag Falk-Petersen, CEO (until 14.02.2021) **	0	657 053	20 425	475 144	**1 152 622**
Øyvind Hasaas, Executive Vice President operations and infrastructure	0	2 306 755	18 849	750 723	**3 076 327**
Stine Ramstad Westby, Airport Director Oslo airport	0	2 444 737	22 841	368 268	**2 835 845**
Helge Eidsnes, Airport Director Bergen airport	0	1 898 228	12 125	135 272	**2 045 624**
Anette Sigmundstad, Airport Director Stavanger airport	0	1 906 034	13 625	185 502	**2 105 161**
Marit Helene Stigen, Airport Director Trondheim airport	0	1 969 970	22 241	135 272	**2 127 482**
Mari Hermansen, Executive Vice President HR, legal and business support	0	1 943 369	31 173	500 482	**2 475 023**
Petter Johannessen, Executive Vice President strategy and business management/CFO	0	2 039 953	37 786	708 802	**2 786 541**
Anders Kirsebom, Managing Director Avinor Flysikring AS	0	2 391 018	18 601	476 730	**2 886 348**
Thorgeir Landevaag, Executive Vice President national, regional and local airports	0	2 114 552	12 125	168 004	**2 294 681**
Joachim Lupnaav Johnsen, Executive Vice President commercial	0	1 932 202	22 195	135 272	**2 089 669**
Egil Thompson, Executive Vice President communications and marketing (until 31 October 2021)	0	1 946 302	21 281	453 452	**2 421 035**
Total	0	26 436 551	265 560	4 617 239	**31 319 350**
Board					
Anne Carine Tanum, chair of the board	498 500	0	0	0	**498 500**
Ola H. Strand, Vice-chair	281 500	0	0	0	**281 500**
Rolf Gunnar Roverud, board member (from 1 July 2021)	138 000	0	0	0	**138 000**
Herlof Nilssen, board member (until 30 June 2021)	134 000	0	0	0	**134 000**
Linda Bernander Silseth, board member	252 000	0	0	0	**252 000**
Eli Skrøvset, board member	301 500	0	0	0	**301 500**
Olav Aadal, employee elected board memeber	230 500	1 690 863	7 088	201 374	**2 129 825**
Heidi Anette Sørum, employee elected board member	272 000	856 792	12 125	215 013	**1 355 930**
Bjørn Tore Mikkelsen, employee elected board member	252 000	1 067 788	12 125	435 117	**1 767 030**
Total	2 360 000	3 615 443	31 338	851 504	**6 858 285**

* Group management as at 31 December 2021. From 1 January 2022 there has been changes in the group management.

** Dag Falk-Petersen was employed as senior consultant in the Avinor group in the period from stepping down as CEO 14 February 2021 and until he retired 31 August 2021. Total compensation in the table above is for the entire period 1 January 2021 until 31 August 2021.

REMUNERATIONS FOR MANAGEMENT AND BOARD 2020

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

NOTE 6 Declaration on the determination of salaries and other remuneration for the executive employees in the Avinor group

THE BOARD OF DIRECTORS' DECLARATION ON THE DETERMINATION OF SALARIES AND OTHER REMUNERATION FOR EXECUTIVE EMPLOYEES OF THE AVINOR GROUP – FOR THE FINANCIAL YEAR 2022

1. General

These guidelines are prepared by the Board of Directors in Avinor AS, in accordance with article 8 of the company's articles of association. The guidelines are applicable for all companies in the Avinor group ("Avinor" or "Avinor group").

According to article 8 of the company's articles of association, the declaration shall contain the contents specified in section 6-16a of the Public Limited Companies Act, and the associated Regulation on Guidelines and Report on Remuneration to Executive Employees (FOR-2020-12-11-2730). Starting in 2023, the board of directors shall also submit a report giving an overall overview over paid and outstanding remuneration covered by the guidelines in section 6-16a, cf. the Public Limited Companies Act section 6-16b. This will be done for the first time related to the financial year 2022. For the financial year 2021, the board issues a statement which explains whether the Avinor group guidelines for renumeration for executive employees for 2021 has been followed.

Avinor's executive remuneration policy must comply with the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies (as set out by the Ministry of Industry and Fisheries, effective as from 30.04.2021).

Agreements already established with executive employees that deviates from the Avinor group's internal guidelines or the Government's policy for the remuneration of leading personnel in state-owned enterprises and companies, are not affected by these guidelines.

2. Business strategy, long term interests and financial sustainability for Avinor

The guidelines for renumeration of executive personnel shall contribute to Avinor being able to reach its business strategy, long term interests and financial sustainability.

An overall principle for executive renumeration in Avinor is that the renumeration shall be suitable for attracting and retaining skilled leaders, without being leading when compared to similar companies. The Avinor group renumeration system shall be understandable and acceptable. The arrangement of renumeration is reviewed annually.

Avinor's values forms the basis for everything Avinor does. These values are: open, accountable dynamic and customer focused. This is an important base for Avinor to recruit, develop and keep skilled employees. The Avinor group should be an attractive and interesting workplace, that attracts the right competence in an increasingly specialized world.

The executive renumeration in the Avinor group shall be competitive but not leading compared to other Norwegian companies it is natural to compare with. The compensation policy is based on equal pay for male and female employees for equal work or work of equal value. There is a goal to coordinate the wage determination in the Avinor group.

Executive renumeration shall contribute to goal achievement both financially and operationally. By having only fixed salary without variable elements to executive employees, there is low risk of conflicts for interests and/or excessive risk taking.

3. Scope

These guidelines are applicable for executive employees in the Avinor group. Executive employees are defined as in section 6-16a of the Public Limited Companies Act.

For the Avinor group this means that the board of directors' guidelines is applicable for and includes the executive employees in Avinor AS and wholly owned subsidiaries of Avinor AS, including members of the board in Avinor AS and wholly owned subsidiaries for renumeration received for being board member in the Avinor group.

Renumeration for other employees than executive employees are not covered by these guidelines.

The guidelines are applicable for the financial year 2022 and will be valid until new guidelines are decided by the general meeting of Avinor.

Agreements with executive employees entered into before these guidelines were established are not affected.

4. Avinor's principles of renumeration to executive employees

4.1. Renumeration to members of the board

The board's renumeration is determined by the general meeting, cf. section 6-10 of the Companies Act.

4.2. Renumeration to executive employees in the Avinor group

The company uses fixed salary to attract and retain skilled leaders. The company does not use variable renumeration, bonuses, options or share programs. It is a clear ambition that the executive renumeration, mainly the fixed salary, shall be competitive but not leading. The company mainly compares with other Norwegian companies it is natural to compare with for the individual recruitment processes.

4.2.1. Base salary

The main element in the Avinor group renumeration policy is the fixed salary (base salary).

The base salary is determined based on the responsibility for the position, complexity, qualification requirements and the seniority of the employee.

4.2.2. Board fee
No compensation is provided to executive employees for board positions in other companies in the Avinor group.

4.2.3. Benefits in kind
An administrative arrangement for benefits in kind to executive employees is established. The company is free to make changes in this arrangement. The principle is that executive employees shall receive the benefits in kind that are common for comparable positions. These may include a car allowance, free newspapers/magazines, free phone, laptop, printer and free broadband service.

4.2.4. Pension plans
Executive employees shall participate in the group's general pension plan. For new employees this means participation in a defied contribution scheme in Nordea. The basis for calculating pension entitlements shall not exceed 12G (where G = National Insurance Scheme's basic amount). The terms shall be similar to the terms that apply for other company employees. A defined benefit plan in Statens Pensjonskasse (the Norwegian Public Service Pension Fund) for employees in the Avinor group does also exist, but this pension plan is closed and does not apply to new employees.

A defined contribution scheme for salaries above 12 G and a disability pension scheme ("top-hat" pension) is established for members of the group management in the Avinor group before the Government's policy for the remuneration of leading personnel dated 13.02.2015. No new executive employees shall be offered such schemes.

For members of the group management employed after 13.02.2015, the general pension plan for pension entitlements until 12 G is the only applicable arrangement. No pension costs shall be incurred, beyond what may follow from a tax-favoured benefit scheme, for group management no longer employed in the Avinor group.

4.2.5. Termination and severance pay
There is a three-month notice period applicable to both parties, including executive employees, calculated from the first day of the month after notice is given, unless the law provides for a longer notice period. Notice shall be given in writing.

For the CEO, as the company's top executive, an agreement on severance pay against renouncing the protection against dismissal shall be included in the employment agreement. Such a clause can be validly agreed in advance, cf. the Working Environment Act paragraph 15-16 (2).

The Avinor group, as a starting point, does not use severance pay beyond salary during notice period in accordance with the Working Environment Act. However, severance pay can in some cases be a good alternative for all parties.

For executive employees other than the CEO, there will be a clause in the employment contract stating "reasonable severance pay" that will be concretized and take effect if the employee does not dispute the dismissal, should that be actualized.

For all executive employees, severance pay will as a starting point only be paid out if it is Avinor who takes the initiative to terminate the employment, the severance pay is considered reasonable, and the sum of severance pay and salary during the notice period does not in total exceed 12 months' salary. In addition, any salary the employee receives during the severance period, beyond the notice period, shall be deducted krone for krone in the agreed severance pay.

It must be considered in the specific case if CEO of subsidiaries shall have a clause of severance pay, cf. the Working Environment Act paragraph 15-16 (2), a prior agreement on severance pay that will be concretized by termination or ordinary protection against dismissal and no clause regarding severance pay in accordance with the Working Environment Act paragraph 15-7.

Executive employees are, in the same way as other employees, covered by Avinor's internal principles in the event of organizational changes in the group. In accordance with these principles, executive employees can be granted severance packages or gift pensions on the same terms as other employees. The size of such compensations will be determined by age and service seniority.

5. Determination of compensation to executive employees
A sub-committee to the group management has been established: the HR-, compensation and HMS-committee. This sub-committee has the mandate to on a running basis consider and monitor the compensation policy in the Avinor group.

The sub-committee shall also, in accordance with article 8 in the Articles of Association, perform the following tasks:
- Compensation to the CEO, and the following assessment criteria's/score cards
- Consider and provide input to the CEO regarding wage adjustments to executive vice presidents
- Pension
- Termination and severance pay
- Guidelines for renumeration to executive employees and statement/report regarding the practice of the group's practice of the guidelines

6. Decision-making process for approval of the guidelines
The ordinary general meeting approves the guidelines. Before the guidelines are presented to the general meeting, group management must consider the guidelines, including consideration in the HR-, compensation and HMS-committee.

7. Annual compensation report
Starting from 2023, the board of directors must ensure that a report is prepared, giving a total overview over paid and outstanding remuneration to executive employees during the previous financial year. The report shall include renumeration that former, current and future executive employees has received or has outstanding during the financial year. The information must be individualized.

Auditor shall, before the compensation report is presented to the general meeting, check that the compensation report contains the information required by current regulations.

8. Deviation from and changes in the guidelines
In extraordinary circumstances, the board may decide to deviate from these guidelines. The rationale for such deviation must be objectively motivated in the group's interest in keeping key personnel or in some other way safeguard the group's interests and sustainability.

Changes in the guidelines must be described in new and updated guidelines approved by the general meeting. If changes are made in the guidelines, Avinor must always consider the applicable Government's policy for the remuneration of leading personnel in state-owned enterprises and companies.

9. Publication
The guidelines are dated the same day as the general meeting approves the guidelines.

The guidelines are available at Avinor's homepage and in a note to the annual financial statements for the Avinor group.

THE BOARD OF DIRECTORS' DECLARATION REGARDING SALARY AND OTHER RENUMERATION TO THE CEO AND OTHER EXECUTIVE EMPLOYEES IN THE AVINOR GROUP FOR THE PREVIOUS FINANCIAL YEAR – 2021.

The renumeration policy for executive employees in the Avinor group for 2021 is carried out in accordance with the guidelines approved at the annual general meeting 21 June 2021.

Abraham Foss took office as new CEO with effect from 15 February 2021, and consequently had no salary adjustment in 2021. For the other members of the group management, including the group management in Avinor Flysikring AS and CEO in Svalbard Lufthavn AS, the salary adjustments as a whole were conducted in accordance with the general wage settlement in Norway and the same framework as for other employees in Avinor (2.7 per cent). The wage settlement for executive employees takes place on a basis on performance, which entails a variation in the percentage increase for the individual members of the group management.

Executive employees are, in the same way as other employees, covered by Avinor's internal principles in the event of organizational changes in the group. In accordance with these principles, executive employees can be granted severance packages or gift pensions on the same terms as other employees. The size of such compensations will be determined by age and service seniority. Some severance agreements are granted in 2021, in accordance with the principles for organizational changes for executive employees.

The remuneration and other benefits received by executive employees in 2021 are provided in note 5 of the annual financial statement for 2021.

NOTE 7 Other operating expenses

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
SPECIFICATION OF OTHER OPERATING EXPENSES	2021	2020	2021	2020
Other operating expenses				
Management/maintenance buildings	635.8	568.9	687.1	610.5
Repairs, maintenance operational materials	341.3	366.9	394.4	415.8
Control/security/guard services	489.5	512.7	492.0	515.5
Meteorological services	3.0	2.6	60.7	44.2
Consulting services	230.2	252.9	240.8	257.7
Other external services	310.0	310.1	336.7	335.0
Losses on receivables	-58.1	148.3	-70.2	208.3
Changes in value energy contracts	-65.3	57.2	-65.6	59.2
Other operating expenses	285.4	251.4	445.4	384.5
Inter-company expenses	652.4	691.1	0.0	0.0
Total	2 824.2	3 162.2	2 521.3	2 830.7

CHANGES IN VALUE ENERGY CONTRACTS AND CURRENCY

The group uses derivative financial instruments related to the purchase of energy and foreign currency. None of these derivatives qualify for hedge accounting. Changes in the fair value of the derivatives that do not qualify for hedge accounting were previously recognised in the income statement as "Other expenses"

At year-end 2021 a review and change has been made in the classification of costs that previously were classified as "Other expenses". Elements related to energy contracts are considered operational and classified as other operating expenses, while changes in value on foreign currency are considered financial and presented as finance income and finance cost.

The figures for 2020 have been restated.
The table below shows how the elements are restated:

RECLASSIFICATION OTHER EXPENSES

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Other operation expenses	-65.3	57.2	-65.6	59.2
Finance income	0.0	0.9	0.1	15.4
Finance costs	14.0	1.2	28.9	5.1
Total - previously classified as Other expenses	-51.3	57.5	-36.8	48.9

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

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Statutory audit fee	1.8	2.3	2.4	3.2
Other attestation services	0.3	0.8	0.5	1.0
Tax advisory services	0.0	0.0	0.0	0.0
Other services	0.1	0.0	0.1	0.0
Total	2.2	3.1	2.9	4.2

NOTE 8 Finance income and costs

All amounts in MNOK

Dividend income

Dividend income is recognised when the right to receive payment is established.
Accounting principles regarding finance items are described in note 13.

	AVINOR AS		AVINOR GROUP	
SPECIFICATION OF FINANCE INCOME AND COSTS	2021	2020	2021	2020
Finance income				
Interest income (excluding group receivables)	26.4	31.9	28.1	33.7
Interest income on loans to group companies	8.4	12.7	0.0	0.0
Group contributions	631.4	0.0	0.0	0.0
Changes in value on foreign currency (see note 7)	0.0	0.9	0.1	15.4
Other finance income	1.1	1.2	1.5	1.7
Total finance income	667.3	46.7	29.7	50.8
Finance costs				
Interest expense	609.0	624.5	608.0	623.8
Interest expense on loans from group companies	5.0	8.9	0.0	0.0
Interest expense on lease liabilities	14.8	16.1	13.7	14.1
Other borrowing expenses	7.0	6.1	7.0	6.1
Borrowing costs capitalised (see note 10)	-53.9	-29.1	-81.6	-53.9
Other finance costs	14.0	21.5	14.3	21.7
Impairment of investment in subsidiary (see note 18)	620.0	0.0	0.0	0.0
Changes in value on foreign currency (see note 7)	14.0	1.2	28.9	5.1
Net fair value gains/losses on bank borrowings including derivatives	167.2	35.7	167.2	35.7
Fair value loss on financial instruments (note 13)				
- interest rate swaps: cash flow hedges, transfer from equity	0.0	0.0	0.0	0.0
- interest rate swaps: fair value hedges	-167.2	-35.7	-167.2	-35.7
Total finance costs	1 229.8	649.2	590.3	616.8
Finance income/(costs) - net	-562.5	-602.5	-560.6	-566.1

NOTE 9 Income tax expense and deferred income tax

All amounts in MNOK

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

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

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

Net deferred tax asset

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

Loss carried forward

Svalbard Lufthavn AS have a loss carried forward of MNOK 112.2. The tax effect of the loss is not included due to the uncertainty regarding the utilization of the loss

INCOME TAX EXPENSE

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Income tax expense				
Current tax on profit for the year [1)]	61.2	0.0	0.0	0.0
Current tax on adjustments in respect of prior years [2)]	-6.6	0.2	-13.2	0.0
Current tax on group contributions	-1.4	-14.4	0.0	0.0
Deferred tax on origination and reversal of temporary differences	85.3	-116.5	73.3	-201.8
Total income tax expense	138.5	-130.7	60.1	-201.8
Effective tax rate reconciliation				
Profit before income tax	573.4	-598.8	268.2	-925.5
22 % tax on profit before income tax	126.2	-131.7	59.0	-203.5
Effect of adjustments prior years	0.0	0.2	0.0	0.2
Permanent differences	12.4	0.8	1.1	1.5
Income tax expense	138.5	-130.7	60.1	-201.8
Effective tax rate	24.2 %	21.8 %	22.4 %	21.8 %

1) Avinor AS will in 2022 give a group contribution to the subsidiary Avinor Flysikring AS of in total MNOK 600. The group contribution given with tax effect is similar to the taxable profit for the year in 2021. According to IFRS, group contributions are recognized when the right to receive payment is established, which is the year when the group contribution is decided in an annual shareholders meeting. However, the tax effect of the group contribution is presented in the financial statements at year end 2021. Taxes payable for Avinor AS at 31 December 2021 is therefore zero in the statement of financial position.

2) Current tax on adjustments in respect to prior years consists of the effect of a package of measures from the government in connection with the corona virus pandemic for 2021. The tax effect of losses up to MNOK 30 in 2021 were immediately set of against tax profit for previous years and paid to the companies in connection with the tax assessment for 2020. Avinor AS and Avinor Flysikring AS had taxable profit in 2019 and taxable deficit in 2020, and therefore got a payment of MNOK 6.6 each in connection the tax assessment for 2020.

AVINOR AS:
SPECIFICATION OF DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2021	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COMPREHENSIVE INCOME	AT 31 DECEMBER 2021
Receivables	-32.7	36.4	0.0	3.7
Non-current assets	-459.4	2.2	0.0	-457.2
Right-of-use assets	108.3	8.7	0.0	117.0
Lease liabilities	-112.9	-9.5	0.0	-122.4
Borrowings	-387.5	305.7	0.0	-81.7
Provisions	-238.5	8.3	0.0	-230.2
Pension benefits	-668.3	10.5	-141.8	-799.5
Group contributions (payables)	-14.4	0.0	59.8	45.4
Profit and loss account	-6.3	-4.2	0.0	-10.5
Derivative financial instruments	409.4	-296.6	13.3	126.2
Loss carried forward	-23.7	23.7	0.0	0.0
Deferred tax asset(-)/liability (net)	-1 426.0	85.3	-68.6	-1 409.3

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

	2021	2020
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-1 471.4	-1 664.7
Deferred tax asset to be recovered within 12 months	-230.2	-279.0
Total deferred tax assets	-1 701.6	-1 943.7
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	243.2	517.8
Deferred tax liability to be recovered within 12 months	49.1	0.0
Total deferred tax liabilities	292.3	517.8
Deferred tax asset(-)/liability (net)	-1 409.3	-1 426.0

AVINOR GROUP:
SPECIFICATION OF DEFERRED TAX ASSETS AND LIABILITIES

	AT 1 JANUARY 2021	RECOGNIZED IN THE INCOME STATEMENT	RECOGNIZED IN OTHER COMPREHENSIVE INCOME	AT 31 DECEMBER 2021
Receivables	-47.4	41.3	0.0	-6.1
Non-current assets	-394.9	6.6	0.0	-388.3
Right-of-use assets	94.5	25.2	0.0	119.6
Lease liabilities	-98.5	-25.8	0.0	-124.3
Borrowings	-387.5	305.7	0.0	-81.7
Provisions	-241.8	9.7	0.0	-232.1
Pension benefits	-1 234.9	-6.4	-274.0	-1 515.3
Profit and loss account	-6.7	-5.8	0.0	-12.5
Derivative financial instruments	409.4	-296.5	13.3	126.2
Loss carried forward	-101.8	19.2	0.0	-82.6
Deferred tax asset(-)/liability (net)	-2 009.7	73.3	-260.6	-2 197.0

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

	2021	2020
Deferred tax assets		
Deferred tax asset to be recovered after more than 12 months	-2 191.4	-2 211.0
Deferred tax asset to be recovered within 12 months	-251.4	-302.5
Total deferred tax assets	-2 442.8	-2 513.5
Deferred tax liabilities		
Deferred tax liability to be recovered after more than 12 months	245.8	503.8
Deferred tax liability to be recovered within 12 months	0.0	0.0
Total deferred tax liabilities	245.8	503.8
Deferred tax asset(-)/liability (net)	-2 197.0	-2 009.7

NOTE 10 Intangible assets, property, plant and equipment

All amounts in MNOK

INTANGIBLE ASSETS

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

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

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

Computer software

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

AIR TRAFFIC MANAGEMENT SYSTEMS, AIRSPACE ORGANIZATION

	AVINOR AS	AVINOR GROUP
At 1 January 2020		
Cost	132.5	477.7
Accumulated amortisation and impairment	-55.0	-244.0
Net book amount	77.5	233.7
Year ended 31 December 2020		
Opening net book amount	77.5	233.7
Additions	277.3	213.8
Disposals	0.0	0.0
Amortisation charge	-20.0	-39.9
Closing net book amount	334.8	407.5
At 31 December 2020		
Cost	409.7	691.5
Accumulated amortisation and impairment	-74.9	-283.9
Net book amount	334.8	407.5
Year ended 31 December 2021		
Opening net book amount	334.8	407.5
Additions	79.0	121.8
Disposals	0.0	-22.4
Amortisation charge	-39.5	-53.0
Closing net book amount	374.3	453.9
At 31 December 2021		
Cost	488.8	790.9
Accumulated amortisation and impairment	-114.5	-337.0
Net book amount	374.3	453.9
Estimated useful life	10 years	10 years
Method of depreciation	Straight-line	Straight-line

PROPERTY, PLANT AND EQUIPMENT

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

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

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use.

Each material component of an asset is evaluated separately for the object of depreciation. The materiality is assessed from the cost of a component in relation to the cost of the whole asset.

Land and housing are not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

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

The assets' residual values and useful lives are estimated based on experience, history and judgements, and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

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

Government grants

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

Borrowing costs

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

Capitalised borrowing costs for Avinor AS and the group in 2021 amounted to MNOK 53.9 and MNOK 81.5, respectively (2020: MNOK 29 and MNOK 53.9).

The average capitalisation rate for Avinor AS and the group was 2.62 per cent in 2021 (2020: 2.93 per cent).

PROPERTY, PLANT AND EQUIPMENT, AVINOR AS:

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2020							
Cost	1 133.9	24 202.5	14 561.3	1 505.8	7 707.0	3 443.4	**52 554.0**
Accumulated depreciation	-1.8	-7 939.3	-4 936.5	-656.6	-5 046.4	-1 476.2	**-20 056.7**
Net book amount	1 132.1	16 263.2	9 624.8	849.3	2 660.6	1 967.2	**32 497.3**
Year ended 31 December 2020							
Opening net book amount	1 132.1	16 263.2	9 624.8	849.3	2 660.6	1 967.2	**32 497.3**
Additions	10.7	488.3	308.2	183.6	312.7	27.8	**1 331.3**
Disposals	-6.6	-172.1	-13.2	-1.7	-5.0	0.0	**-198.6**
Depreciation charge	0.0	-759.0	-468.2	-88.2	-536.4	-110.4	**-1 962.2**
Closing net book amount	1 136.3	15 820.3	9 451.6	943.0	2 431.9	1 884.5	**31 667.8**
At 31 December 2020							
Cost	1 138.1	24 428.6	14 846.9	1 658.6	7 934.8	3 470.3	**53 477.4**
Accumulated depreciation	-1.8	-8 608.3	-5 395.4	-715.6	-5 502.8	-1 585.8	**-21 809.6**
Net book amount	1 136.3	15 820.3	9 451.5	943.0	2 431.9	1 884.5	**31 667.8**
Year ended 31 December 2021							
Opening net book amount	1 136.3	15 820.3	9 451.5	943.0	2 431.9	1 884.5	**31 667.8**
Additions	5.8	300.6	307.0	160.1	195.6	42.6	**1 011.6**
Disposals	0.0	-7.3	0.0	-3.2	-1.7	-0.2	**-12.4**
Depreciation charge	0.0	-762.2	-458.6	-97.5	-512.2	-109.1	**-1 939.6**
Closing net book amount	1 142.1	15 351.5	9 299.9	1 002.4	2 113.6	1 817.8	**30 727.4**
At 31 December 2021							
Cost	1 143.9	24 673.0	15 151.6	1 776.9	7 478.3	3 511.9	**53 735.5**
Accumulated depreciation	-1.8	-9 321.5	-5 851.6	-774.5	-5 364.7	-1 694.1	**-23 008.1**
Net book amount	1 142.1	15 351.5	9 300.0	1 002.4	2 113.6	1 817.8	**30 727.4**
Estimated useful life		10–50 years	15–50 years	10–20 years	5–15 years	5–40 years	
Method of depreciation	NA	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

PROPERTY, PLANT AND EQUIPMENT, AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	VEHICLES	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2020							
Cost	1 804.6	24 826.9	14 098.3	1 595.0	9 188.4	3 087.6	**54 600.9**
Accumulated depreciation	-2.4	-7 917.8	-4 484.1	-710.8	-6 013.9	-1 227.3	**-20 356.3**
Net book amount	1 802.2	16 909.2	9 614.2	884.2	3 174.5	1 860.3	**34 244.5**
Year ended 31 December 2020							
Opening net book amount	1 802.2	16 909.2	9 614.2	884.2	3 174.5	1 860.3	**34 244.5**
Additions	10.7	502.3	308.2	200.2	399.0	27.8	**1 448.3**
Disposals	-12.8	-194.8	-13.2	-1.9	-43.3	0.0	**-266.0**
Depreciation charge	0.0	-807.7	-472.2	-93.8	-620.7	-111.5	**-2 106.0**
Closing net book amount	1 800.2	16 408.9	9 437.0	988.7	2 909.4	1 776.5	**33 320.8**
At 31 December 2020							
Cost	1 802.6	25 038.9	14 383.9	1 761.2	9 460.2	3 114.5	**55 561.2**
Accumulated depreciation	-2.4	-8 630.0	-4 946.9	-772.4	-6 550.7	-1 338.0	**-22 240.4**
Net book amount	1 800.2	16 408.9	9 437.0	988.7	2 909.4	1 776.5	**33 320.8**
Year ended 31 December 2021							
Opening net book amount	1 800.2	16 408.9	9 437.0	988.7	2 909.4	1 776.5	**33 320.8**
Additions	5.8	326.1	309.1	160.5	392.6	42.7	**1 236.8**
Disposals	0.0	-7.3	0.0	-3.2	-43.6	-0.2	**-54.3**
Depreciation charge	0.0	-805.4	-462.6	-103.0	-607.6	-110.1	**-2 088.7**
Closing net book amount	1 806.0	15 922.4	9 283.5	1 043.1	2 650.8	1 708.9	**32 414.6**
At 31 December 2021							
Cost	1 808.4	25 308.8	14 690.7	1 879.1	9 025.2	3 155.7	**55 867.9**
Accumulated depreciation	-2.4	-9 386.4	-5 407.2	-836.0	-6 374.4	-1 446.8	**-23 453.3**
Net book amount	1 806.0	15 922.4	9 283.5	1 043.1	2 650.8	1 708.9	**32 414.6**
Estimated useful life		10–50 years	15–50 years	10–20 years	5–15 years	5–40 years	
Method of depreciation	NA	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

ASSETS UNDER CONSTRUCTION

	AVINOR AS	AVINOR GROUP
At 1 January 2020		
Cost	2 234.5	3 264.8
Accumulated depreciation	0.0	0.0
Net book amount	2 234.5	3 264.8
Classified as intangible	0.0	622.4
Year ended 31 December 2020		
Opening net book amount	2 234.5	3 264.8
Additions	2 163.6	2 355.2
Reclassification	-1 608.5	-1 448.3
Closing net book amount	2 789.6	4 171.7
At 31 December 2020		
Cost	2 789.6	4 171.7
Accumulated depreciation	0.0	0.0
Net book amount	2 789.6	4 171.7
Classified as intangible	0.0	565.6
Year ended 31 December 2021		
Opening net book amount	2 789.6	4 171.7
Additions	1 933.9	2 573.5
Reclassification	-1 090.6	-1 358.6
Closing net book amount	3 632.8	5 386.6
At 31 December 2021		
Cost	3 632.8	5 386.6
Accumulated depreciation	0.0	0.0
Net book amount	3 632.8	5 386.6
Classified as intangible	0.0	724.0

As at 31 December 2021 Avinor AS and the group have several assets under construction, of various sizes and durations. The largest projects at year-end are the expansion of the non-Schengen terminal area at Oslo Airport and the development of remote-controlled towers. In the group, these two projects constitute for about half of the capitalized assets under construction.

SECURITY

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

Intangible assets, property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised if the recoverable amount of the group's assets is less than its carrying amount. The recoverable amount is the highest of the cash-generating unit's fair value less cost to sell and its value in use. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The group estimates value in use based on the present value of future cash flows. Value in use is the present value of future cash flows derived from existing assets. For the purpose of assessing impairment the whole group is defined as two cash generating units (CGU's), see note 2.

The assessment requires a great degree of professional judgement. Among other things, an assessment must be made of how long a period of time the impairment may last, the estimation and valuation of future cash flows in addition to the financial position and expected development in the market, including operating and financing cash flows.

Basis for the measurement of recoverable amount – impairment evaluation

The corona pandemic has had major negative effects on Avinor and significantly affected the number of air passengers and the group's revenues in 2020 and 2021.

Uncertainty regarding the long-term effects of the pandemic, environmental risks and the regulation of Avinor's revenues, increase the sensitivity to the assumptions used in the impairment assessments, and result in less headroom between the recoverable amount and the carrying amount of the group's assets for the cash-generating units.

The group, and the two cash-generating units (airport operations and air navigation services), are long-term and regulated infrastructure business where a decrease in traffic in the short / medium term will not entail a need for impairments. However, the uncertainty regarding the long-term changes in travel habits might lead to impairment of assets.

The group operates in its entirety in Norway and the present value of future cash flow is therefore estimated in NOK.

The future cash flow is then discounted based on a weighted average discount rate relevant for the group's type of operations and cash generating unit.

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

The most important assumptions used in the impairment tests as of 31 December 2021 are described below, and represent updated forecasts, including the managements assumptions of most probable outcome.

	AIRPORT OPERATIONS	AIR NAVIGATION SERVICES
Key assumptions		
Operating margin 2022	1.3 %	2.7 %
Operating margin 2027	20.0 %	7.2 %
Revenues 2022 as a % of 2019 *	69.6 %	96.0 %
Revenues 2027 as a % of 2019 *	103.1 %	121.7 %
Operating expenses 2022 as a % of 2019 *	73.3 %	90.1 %
Operating expenses 2027 as a % of 2019 *	93.9 %	96.5 %
Etarnal growth in terminal value	1.9 %	1.9 %
Post-tax rate of return requirement	5.1 %	4.5 %

* 2019 the last normal year before the pandemic. Changes inludes expected growth in consumer price index.

Cash flows in the first year in the measurement period is based on management's best estimate. Cash flows for years 2-6 are calculated based on management approved forecasts, which are based on current regulations and updated forecasts for air traffic volume, related commercial revenues and cost level. In the estimate for charges, an expectation of regulation of the charges in accordance with consumer price index through the entire measurement period is assumed. Cash flow from year 6 onwards is extrapolated with an eternal growth of 1.9 % based on expectations in future travel activity and inflation. The expectations are based on Avinor's own assessments as well as analysis from reputable industry- and analysis organizations. In Norway, aviation is in a strong position, with long distances and population structure and topography that indicate long-term growth. At the same time, aviation fees will be regulated based on level of costs. Airport charges are based on current regulations.

Impairment tests – results

The results of the impairment tests show that the value in use exceeds the book value of assets by MNOK 3,100 for airport operations and MNOK 950 for air navigation services. Consequently, no impairment loss has been recognised at the end of 2021.

Impairment tests - sensitivity analyses

At year end 2021 there is still uncertainty about how the pandemic and its ripple effects, as well as increased focus on environment and sustainability, will affect future travel activity. Minor changes in several of the assumptions can have a significant effect on value in use and possible impairment. Consequently, there is a high degree of uncertainty in current expectations used in the calculations.

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

The sensitivity to changes in operating margin, income, terminal growth and post-tax rate of return is summarised in the table below:

	AIRPORT OPERATIONS		AIR NAVIGATION SERVICES	
IMPAIRMENT TESTS	VALUE IN USE	IMPAIRMENT	VALUE IN USE	IMPAIRMENT
Changes in assumptions				
Operating margin: -1,0 %	39 600	0	2 050	0
Operating margin: -2,0 %	35 100	1 400	1 450	250
Operating income: -1,0 %	37 300	0	1 950	0
Operating income: -2,0 %	35 050	1 450	1 250	450
Terminal growth rate: -0,5 %	34 350	2 150	2 100	0
Terminal growth rate: -1,0 %	30 350	6 150	1 750	0
Post-tax rate of return requirement: +0,5 %	34 100	2 400	2 050	0
Post-tax rate of return requirement: +1,0 %	29 950	6 550	1 650	50

NOTE 11 Leases – right-of-use assets and lease liabilities

All amounts in MNOK

THE GROUP AS LESSEE – CAPITALIZED LEASES

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

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

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

THE GROUP AS LESSOR – OPERATING LEASES

A significant portion of Avinor's commercial income consists of rental income that is recognised in accordance with IFRS 16. The rental income consists of fixed rental amounts as well as turnover-based rent that is recognised as income over the lease period in line with the delivery.

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

CAPITALIZED LEASES

The group's assets under capitalized leases mainly include buildings and other real estate, runways and land. The group's total lease obligation of MNOK 558.7, includes the rent of office premises in Bjørvika, Oslo (head office) amounting to MNOK 265.6 and the rental of Bodø Airport from Forsvarsbygg amounting to MNOK 169.5. The corresponding numbers for 2020 were 285.8 and 90.5, respectively. The rental agreement for Bodø Airport was at the end of 2021 extended until at the maximum 31.12.2030.

In addition to the rental payments, the group has obligations due to operation/maintenance and insurance of the assets, which are considered as service contracts and not recognised in the lease obligation. The lease agreements do not contain restrictions on the company's dividend policy or financing options. The group does not have any substantial residual value guarantees attached to its leases.

New lease agreements are recognised with a discount rate equal to the group's incremental borrowing rate at the time of establishment of the lease. Avinor and the group's incremental borrowing rate at 31 December 2021 is estimated at 2.70 per cent (2020: 2.67 per cent).

RIGHT-OF-USE ASSETS, AVINOR AS

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2020						
Cost	26.0	480.4	102.2	4.8	0.8	**614.0**
Accumulated depreciation	-2.4	-41.8	-15.6	-1.1	-0.1	**-60.9**
Net book amount	23.6	438.6	86.6	3.7	0.6	**553.1**
Year ended 31 December 2020						
Opening net book amount	23.6	438.6	86.6	3.7	0.6	**553.1**
Additions	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassification	0.0	0.0	0.0	0.0	0.0	**0.0**
Depreciation charge	-0.9	-42.7	-15.6	-1.4	-0.1	**-60.7**
Closing net book amount	22.8	395.8	71.0	2.3	0.5	**492.5**
At 31 December 2020						
Cost	26.0	480.4	102.2	4.8	0.8	**614.0**
Accumulated depreciation	-3.3	-84.5	-31.1	-2.4	-0.2	**-121.6**
Net book amount	22.8	395.8	71.0	2.3	0.5	**492.5**
Year ended 31 December 2021						
Opening net book amount	22.8	395.8	71.0	2.3	0.5	**492.5**
Additions	6.4	8.5	84.8	0.0	0.6	**100.3**
Disposals	0.0	0.0	0.0	0.0	0.0	**0.0**
Depreciation charge	-0.9	-42.7	-15.7	-1.4	-0.1	**-60.8**
Closing net book amount	28.3	361.6	140.2	0.9	1.0	**532.0**
At 31 December 2021						
Cost	32.4	488.8	187.0	4.8	1.4	**714.4**
Accumulated depreciation	-4.1	-127.3	-46.8	-3.8	-0.3	**-182.3**
Net book amount	28.3	361.6	140.2	0.9	1.0	**532.0**
Estimated useful life	7–21 years	1–17 years	9 years	1–9 years	9 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

RIGHT-OF-USE ASSETS, AVINOR GROUP

	LAND	BUILDINGS	RUNWAYS AND OTHER RELATED ASSETS	FURNITURE, FITTINGS AND EQUIPMENT	INFRA-STRUCTURE	TOTAL
At 1 January 2020						
Cost	23.4	405.4	102.2	4.8	0.8	**536.5**
Accumulated depreciation	-1.0	-33.7	-15.6	-1.1	-0.1	**-51.4**
Net book amount	22.4	371.7	86.6	3.7	0.6	**485.0**
Year ended 31 December 2020						
Opening net book amount	22.4	371.7	86.6	3.7	0.6	485.0
Additions	0.0	0.0	0.0	0.0	0.0	**0.0**
Reclassification	0.0	0.0	0.0	0.0	0.0	**0.0**
Depreciation charge	-1.0	-35.5	-15.6	-1.4	-0.1	**-53.6**
Closing net book amount	21.5	336.1	71.0	2.3	0.5	**431.5**
At 31 December 2020						
Cost	23.4	405.4	102.2	4.8	0.8	**536.5**
Accumulated depreciation	-1.9	-69.3	-31.1	-2.4	-0.2	**-105.0**
Net book amount	21.5	336.1	71.0	2.3	0.5	**431.5**
Year ended 31 December 2021						
Opening net book amount	21.5	336.1	71.0	2.3	0.5	**431.5**
Additions	6.6	99.6	84.8	0.0	0.6	**191.7**
Disposals	0.0	0.0	0.0	0.0	0.0	**0.0**
Depreciation charge	-1.0	-36.6	-15.7	-1.4	-0.1	**-54.8**
Closing net book amount	27.1	399.1	140.2	0.9	1.0	**568.4**
At 31 December 2021						
Cost	30.1	505.0	187.0	4.8	1.4	**728.2**
Accumulated depreciation	-2.9	-105.9	-46.8	-3.8	-0.3	**-159.8**
Net book amount	27.1	399.1	140.2	0.9	1.0	**568.4**
Estimated useful life	4–21 years	1–20 years	9 years	1 - 9 years	9 years	
Method of depreciation	Straight-line	Straight-line	Straight-line	Straight-line	Straight-line	

LEASE LIABILITIES

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

AVINOR AS

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL	INTRA-GROUP INCLUDED IN TOTAL
At 31 December 2021					
Rental agreement HQ Oslo (Oslo Atrium AS)	22.2	118.0	130.3	270.5	0.0
Rental agreement Bodø Airport (Forvarsbygg)	19.6	104.0	67.5	191.0	0.0
Rental agreements other premises	23.9	120.6	12.1	156.6	133.9
Other rental agreements	1.9	5.9	13.2	21.0	4.1
Total - rental payments at nominal value	67.6	348.4	223.1	639.1	138.0
Total - rental payments at present value	66.7	315.1	174.4	556.2	125.7
At 31 December 2020					
Rental agreement HQ Oslo (Oslo Atrium AS)	21.8	115.7	154.8	292.3	0.0
Rental agreement Bodø Airport (Forvarsbygg)	18.7	78.7	0.0	97.5	0.0
Rental agreements other premises	23.4	119.5	37.0	180.0	154.8
Other rental agreements	2.7	6.7	14.4	23.7	4.3
Total - rental payments at nominal value	66.6	320.6	206.2	593.4	159.1
Total - rental payments at present value	65.6	290.1	157.2	513.0	142.7

AVINOR GROUP

	LESS THAN 1 YEAR	BETWEEN 1-5 YEARS	OVER 5 YEARS	TOTAL
31.12.2021				
Rental agreement HQ Oslo (Oslo Atrium AS)	29.1	150.6	130.3	309.9
Rental agreement Bodø Airport (Forvarsbygg)	19.6	104.0	67.5	191.0
Rental agreements other premises	13.6	59.3	103.3	176.2
Other rental agreements	2.0	6.3	10.7	19.0
Total - rental payments at nominal value	64.3	320.1	311.8	696.2
Total - rental payments at present value	63.4	290.0	235.3	588.7
31.12.2020				
Rental agreement HQ Oslo (Oslo Atrium AS)	28.5	151.3	158.6	338.4
Rental agreement Bodø Airport (Forvarsbygg)	18.7	78.7	0.0	97.5
Rental agreements other premises	8.7	30.8	24.6	64.2
Other rental agreements	2.7	6.9	11.9	21.5
Total - rental payments at nominal value	58.7	267.8	195.1	521.6
Total - rental payments at present value	57.8	242.6	148.2	448.7

	AVINOR AS		AVINOR GROUP	
CHANGES IN LEASE LIABILITIES	2021	2020	2021	2020
Balance at 1 January	**513.0**	562.2	**448.7**	492.2
Additions/changes in the period	**95.1**	0.0	**186.3**	0.0
Repayments	**-51.9**	-49.2	**-46.3**	-43.5
Interest payments	**-14.7**	-16.1	**-13.6**	-14.1
Finance cost on lease liabilities	**14.7**	16.1	**13.6**	14.1
Reclassifications	**0.0**	0.0	**0.0**	0.0
Total lease liabilities at 31 December	**556.2**	513.0	**588.7**	448.7
Short-term lease liabilities	**66.7**	65.6	**63.4**	57.8
Long-term lease liabilities	**489.5**	447.4	**525.3**	390.8
Net cash-flow from lease liabilities	**-66.6**	-65.3	**-59.9**	-57.6

THE GROUP AS A LESSEE - NON-CAPITALIZED LEASE AGREEMENTS

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Specification of current year's rental cost				
Operating expenses in the period related to short-term leases (including short-term low value leases)	7.6	11.0	8.8	12.1
Operating expenses in the period related to intangible assets (not applying IFRS 16)	170.9	175.7	202.9	203.4
Total lease cost presented as other operating expenses	178.5	186.7	211.7	215.5

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

Practical solutions used

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

OPTIONS TO EXTEND A LEASE AND PURCHASE OPTIONS

As of 31 December 2021, there are no significant future potential lease payments that are not included in the lease obligations as a result of extension or purchase options.

NOTE 12 Financial risk factors

All amounts in MNOK

The group's activities expose it to a variety of financial risks. Financial risks include liquidity risk, interest rate risk, foreign exchange risk, credit risk, power price risk and refinancing risk. The group's overall risk management programme seeks to minimise the volatility of the group's financial performance. The group uses derivative financial instruments in addition to borrowings with fixed interest rates to hedge certain risk exposures.

Financial risk management is carried out by a central treasury department under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. Guidelines have been established that regulate the overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, power trading, relief of financial risk when purchasing property and liability insurance as well as management of financing and excess liquidity.

For details about financial assets and liabilities including hedging, see note 13.

MARKET RISK

Foreign exchange risk

The group is exposed to foreign exchange risk with respect to the value of NOK against currencies caused by income and expenses in foreign currency. The group uses forward contracts to reduce the foreign exchange risk in cash flow nominated in foreign currency. The group is mainly exposed to EUR, USD, GBP, SEK and DKK.

The group's income from en route charges is exposed to foreign exchange risk. For Avinor Flysikring AS the risk is connected to the transfer of the revenue to Norway. The period from the determination of the exchange rate to the actual payment is about three months. Revenue in foreign currency is sold forward to the extent that it is not hedged by cash outflow in the same currency. The group also has foreign exchange risk connected to contractual payments in foreign currency.

Avinor AS has as part of the hedging of larger acquisitions, entered into forward foreign exchange contracts in connection with the development of the airport terminals. Foreign exchange rate derivatives do not normally qualify for hedge accounting.

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

As the foreign exchange risk in overall is assessed to be limited, the group has not estimated any sensitivities. For the notional principal amount of the outstanding foreign exchange contracts, see note 13.

Interest rate risk

The group is exposed to interest rate risk through its financial activities (see note 13). Parts of the borrowings are issued at variable rates, which means that the group is influenced by the changes in the interest rates.

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

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

At 31 December 2021 all interest rate swaps are adopted to the terms of specific loans and other conditions. When the interest rate swaps are taken into consideration, the group has 64 per cent of its long-term borrowings at a fixed rate of interest for at least 12 months.

At 31 December 2021 the group had interest rate swaps at a face value of MNOK 5,704.4 (2020: MNOK 8,194.4), where the group receives a variable rate and pays a fixed average rate of 2.98 per cent of face value. The group also have interest rate swaps at face value of MNOK 6,853.4 (2020: MNOK 6,853.4) where the group pays a variable interest rate of NIBOR and fixed Euro interest rate. Further, the group also have interest rate swaps at face value of MNOK 2,000 where the group receives a variable interest rate of NIBOR and pays a fixed interest rate. The interest rate swaps are used to hedge against volatility in the P&L reportings as a result of changes in the interest levels. All interest rate swaps are financial hedges for a cash flow. All interest swaps are carried at their fair value in the balance sheet. In addition to this, the group had at 31 December 2021 bonds and bank loans amounting to MNOK 3,200 with variable interest rate.

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

AVINOR AS AND AVINOR GROUP

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

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

AVINOR AS AND AVINOR GROUP

	CHANGES IN INTEREST LEVELS IN BASIS POINTS	IMPACT ON PRE-TAX PROFIT	IMPACT ON EQUITY
2021			
	+50	-19.7	-26.6
	-50	19.7	26.6
	+150	-59.1	-79.8
	-150	59.1	79.8
2020			
	+50	-17.2	-50.5
	-50	17.2	50.5
	+150	-51.6	-151.5
	-150	51.6	151.5

The average yield on financial instruments were as follows:

	2021 (%)	2020 (%)
At 31 December 2020		
Overdraft	NA	NA
State Loan	1.35	1.34
Bonds	2.69	2.70
Bank Loan	2.26	3.04

The figures include interest hedging derivatives.

At 31 December 2021 Avinor AS had total borrowings amounting to MNOK 22,388.6 (2020: MNOK 27,150.1) in addition to an overdraft of MNOK 0.0 (2020: MNOK 0.0).

Power price risk

The group is a consumer of electrical power. Avinor AS has entered into bilateral physical power contracts with Statkraft Energi AS to hedge parts of the power consumption. The contracts are not negotiable in the power market.

At 31 December 2021 approximately 100 per cent of the estimated consumption for 2022 is covered by such contracts. The group does not apply hedge accounting to these contracts. Power purchases are made in EUR.

The market value of power contracts is at year end 2021 estimated to MNOK 53.2 (2020: MNOK -4.0).

Sensitivity analysis of electrical power contracts at 31 December as a consequence of a 20 and 40 per cent increase in power price:

AVINOR AS AND AVINOR GROUP

	2021	2020
20 % increase in power price (effect on pre-tax profit)	42.2	17.2
40 % increase in power prive (effect on pre-tax profit)	84.3	34.3

CREDIT RISK

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

The group has credit risks related to three main customers. In a normal situation, the group assesses the risk that customers cannot fulfil their obligations as moderate, but a consequence of the corona pandemic is that this risk is increasing in 2020 and 2021 and is expected to be increased for the next few years.

The group has guidelines to limit exposure to possible losses.

The group has not made any third-party guarantees.

Maximum risk exposure is illustrated by the carried amount of the financial assets, including derivatives in the balance sheet. Since the opposite party in derivatives trading is normally banks, the credit risk connected to derivatives is assessed as small. The group's assessment is that the group's maximum credit exposure is illustrated by the carried amounts of trade receivables and other short-term assets. Reference is made to note 13 regarding trade receivables and associated provision for losses on receivables.

The group's main bank has external credit rating of Aa2 and AA- (Moody's and Standard & Poors).

Creditworthiness in trade receivables and intra-group accounts in detail

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

Classification of historical information (unimpaired trade receivables):

- group 1 – new customers/related parties (in the last six months)
- group 2 – existing customers/related parties (for more than six months) with no history of default
- group 3 – existing customers/related parties (for more than six months) with a history of default

There have been several cases where repayment schemes have been agreed with customers to settle overdue debt.

All intra-groups accounts are classified in group 2. No part of the loans to related parties is overdue or impaired.

LIQUIDITY RISK

Liquidity risk is the risk that the group will not be able to meet its financial obligations when they are due.

The group strategy is to meet the risk by having sufficient funds available at any time to be able to fulfil the financial obligations when they are due, both under normal and extraordinary circumstances, without risking unacceptable losses. The group shall have a liquidity reserve sufficient, at any time, to maintain business for at least twelve months without raising new loans. Unused credit facilities are described in note 13.

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

See note 13 for information about long - term loans and credit facilities.

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

AVINOR AS: MATURITY STRUCTURE OF FINANCIAL OBLIGATIONS

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 4 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
At 31 December 2021						
State, bond and bank borrowings*	28.4	133.9	1 287.1	8 381.0	15 832.7	**25 663.1**
Lease liabilities (see note 11)	5.6	11.3	50.7	348.4	223.1	**639.1**
Other commitments	1.5	2.9	13.1	300.8	643.1	**961.4**
Trade payables	280.8	138.3	0.0	0.0	0.0	**419.1**
Other current liabilities	338.6	166.8	0.0	0.0	0.0	**505.3**
Total	654.9	453.2	1 350.9	9 030.3	16 698.8	**28 188.1**
At 31 December 2020						
State, bond and bank borrowings*	23.9	2 708.8	1 321.4	7 894.1	17 756.6	**29 704.8**
Lease liabilities (see note 11)	5.5	11.1	49.9	320.6	206.2	**593.4**
Other commitments	0.9	1.9	8.4	300.0	707.2	**1 018.3**
Trade payables	234.4	115.5	0.0	0.0	0.0	**349.9**
Other current liabilities	343.6	169.3	0.0	0.0	0.0	**512.9**
Total	608.4	3 006.5	1 379.7	8 514.7	18 670.0	**32 179.3**

* Commercial papers and derivatives included

AVINOR GROUP: MATURITY STRUCTURE OF FINANCIAL OBLIGATIONS

	REMAINING PERIOD					
	LESS THAN 1 MONTH	BETWEEN 1 - 3 MONTHS	BETWEEN 4 - 12 MONTHS	BETWEEN 1 - 5 YEARS	OVER 5 YEARS	TOTAL
At 31 December 2021						
State, bond and bank borrowings*	28.4	133.9	1 287.1	8 381.0	15 832.7	**25 663.1**
Lease liabilities (see note 11)	5.4	10.7	48.2	320.1	311.8	**696.2**
Other commitments	1.9	3.8	17.0	301.1	644.7	**968.5**
Trade payables	335.3	165.1	0.0	0.0	0.0	**500.4**
Other current liabilities	357.8	176.3	0.0	0.0	0.0	**534.1**
Total	728.8	489.8	1 352.3	9 002.2	16 789.2	**28 362.3**
At 31 December 2020						
State, bond and bank borrowings*	23.9	2 708.8	1 321.4	7 894.1	17 756.6	**29 704.8**
Lease liabilities (see note 11)	4.9	9.8	44.0	267.8	195.1	**521.6**
Other commitments	1.4	2.8	12.4	300.9	709.4	**1 026.9**
Trade payables	280.2	138.0	0.0	0.0	0.0	**418.2**
Other current liabilities	356.6	175.6	0.0	0.0	0.0	**532.2**
Total	666.9	3 035.0	1 377.9	8 462.8	18 661.1	**32 203.7**

* Commercial papers and derivatives included

CAPITAL STRUCTURE AND EQUITY

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

1. Equity ratio: 40 per cent (according to article 5 of the company's Articles of Association)
2. Net asset value shall minimum be equal to the carried value of equity

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

At the time of approval of the financial statements for 2021, Avinor complies with all equity covenants.

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

	2021	2020
Interest-bearing debt	22 977.3	27 598.9
Interest rate swaps - liability	851.1	420.7
Interest rate swaps - asset	-1 381.3	-2 285.9
Lease liabilities	-588.7	-448.7
Cash and cash equivalents	-2 657.4	-6 017.9
Net interest-bearing debt - exclusive lease liabilities	19 201.0	19 267.1
Equity	12 471.2	13 187.1
Total equity and net interest-bearing debt - exclusive lease liabilities	31 672.3	32 454.1
Net debt to equity ratio*	39.4 %	40.6 %

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

Article 5 of the company's Articles of Association lays down the following financial limitation: Long-term borrowings for the funding of long-term assets may only be raised within a limit which ensures that the group's equity does not fall at any time below 40 per cent of the carrying amount of the group's net long-term interest-bearing debt plus equity. Lease liabilities are not included in the net interest-bearing debt when the calculating net debt to equity ratio set in the Articles of association.

In an extraordinary general meeting, held 29 March 2022, the group was given a time-limited permit to deviate from the equity ratio set in the articles of association. For the period until 31 December 2022 the equity ratio is adjusted from 40 to 35 per cent.

Equity covenants in loan agreements

Existing borrowings have covenants regarding amount of equity. The loan agreements with European Investment Bank, Nordic Investment Bank and the groups revolving credit facility requires equity ratio of at least 30 per cent. Lease liabilities are included in the net interest bearing debt in this calculation of the net debt to equity ratio.

There are no equity requirements for the bonds.

FAIR VALUE ESTIMATION

The fair value of foreign exchange forward contracts is based on market value at the balance sheet date. The fair value of all interest rate swaps is obtained from the group's treasury system and checked against market valuations made by the group's relationship bank.

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

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

Comparison of carrying amounts and fair value

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

AVINOR AS

	2021		2020	
SPECIFICATION	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Interest-bearing debt				
State loan	1 194.2	1 194.0	1 638.6	1 652.4
Bonds	16 868.2	17 874.4	20 738.3	22 278.5
Bank borrowings	4 326.1	4 435.7	4 773.2	5 244.9
Lease liabilities	556.2	556.2	513.0	513.0

AVINOR GROUP

SPECIFICATION	2021 CARRYING AMOUNT	2021 FAIR VALUE	2020 CARRYING AMOUNT	2020 FAIR VALUE
Interest-bearing debt				
State loan	1 194.2	1 194.0	1 638.6	1 652.4
Bonds	16 868.2	17 874.4	20 738.3	22 278.5
Bank borrowings	4 326.1	4 435.7	4 773.2	5 244.9
Lease liabilities	588.7	588.7	448.7	448.7

Financial instruments by level of fair value measurement hierarchy

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

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

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

The following table presents the groups, and in all essentials the company's, assets and liabilities that are measured at fair value, and assets and liabilities for which fair values are disclosed at 31 December 2021:

AVINOR GROUP

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Financial assets at fair value through profit or loss				
Foreign exchange contracts	0.0	2.8	0.0	2.8
Energy contracts	0.0	53.2	0.0	53.2
Derivatives used for hedging				
Interest rate contracts	0.0	1 381.3	0.0	1 381.3
Total assets	0.0	1 437.4	0.0	1 437.4
Liabilities				
Financial liabilities at fair value through profit or loss				
Bonds	0.0	4 620.7	0.0	4 620.7
Foreign exchange contracts	0.0	12.5	0.0	12.5
Derivatives used for hedging				
Interest rate contracts	0.0	851.1	0.0	851.1
Total liabilities	0.0	5 484.2	0.0	5 484.2
Liabilities for which fair values are disclosed				
Interest-bearing debt				
State loan	0.0	1 194.0	0.0	1 194.0
Bonds	0.0	17 874.4	0.0	17 874.4
Bank borrowings	0.0	4 435.7	0.0	4 435.7
Lease liabilities	0.0	588.7	0.0	588.7
Total	0.0	24 092.9	0.0	24 092.9

There were no transfers between levels during the year.

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

AVINOR GROUP

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

There were no transfers between levels during 2020.

NOTE 13 Financial assets and liabilities

All amounts in MNOK

FINANCIAL ASSETS

Classification

The group classifies its financial assets in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

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

Amortised cost

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

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

Other receivables consist of accruals of rental income.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the group commits to purchase or sell the assets. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss, except for trade receivables which are initially recognised at transaction price in accordance with IFRS 15. Thereafter they are carried at amortised cost. Financial assets carried at fair value through profit and loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

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

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

DERIVATE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

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

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

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

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

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

The group uses derivative financial instruments related to the purchase of energy and foreign currency. For energy physical bilateral contracts with Statkraft Energi AS is used. None of these derivatives qualify for hedge accounting.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The group applies fair value hedge for hedging activities where the group has entered into fixed interest rate borrowings in foreign currency that have been swapped to floating interest rates in NOK. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within 'finance costs'. Changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk are recognised in the income statement within 'finance costs'.

Cash flow hedge

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

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

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

FINANCIAL LIABILITIES

Classification

The group classifies its financial liabilities in the following categories: At fair value through profit or loss and amortised cost. The classification is determined based on the contractual cash flow characteristic of the instrument and the business model the instrument is held within. Management determines the classification of its financial liabilities at initial recognition.

Financial liabilities at fair value through profit or loss

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

Amortised cost

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

Categories of financial instruments in the balance sheet

AVINOR AS	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2021				
Assets				
Loans and receivables to group companies	1 027.5	0.0	0.0	**1 027.5**
Derivative financial instruments	0.0	54.4	1 381.3	**1 435.7**
Other financial assets	183.5	0.0	0.0	**183.5**
Trade receivables	579.3	0.0	0.0	**579.3**
Other receivables	55.1	0.0	0.0	**55.1**
Cash and cash equivalents	2 656.2	0.0	0.0	**2 656.2**
Total assets	4 501.6	54.4	1 381.3	**5 937.3**
Liabilities				
State loan	1 194.2	0.0	0.0	**1 194.2**
Bonds	16 868.2	0.0	0.0	**16 868.2**
Bank borrowings	4 326.1	0.0	0.0	**4 326.1**
Loans and payables to group companies	1 115.1	0.0	0.0	**1 115.1**
Derivative financial instruments	0.0	11.2	851.1	**862.3**
Lease liabilities	0.0	556.2	0.0	**556.2**
Trade payables	419.1	0.0	0.0	**419.1**
Other liabilities	522.8	0.0	0.0	**522.8**
Total liabilitites	24 445.6	567.4	851.1	**25 864.1**

AVINOR AS

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

AVINOR KONSERN

	AMORTISED COST	FAIR VALUE THROUGH PROFIT OR LOSS	DERIVATIVES USED FOR HEDGING	TOTAL
At 31 December 2021				
Assets				
Derivative financial instruments	0.0	56.0	1 381.3	**1 437.3**
Other financial assets	184.7	0.0	0.0	**184.7**
Trade receivables	845.9	0.0	0.0	**845.9**
Other receivables	76.2	0.0	0.0	**76.2**
Cash and cash equivalents	2 657.4	0.0	0.0	**2 657.4**
Total assets	3 764.2	56.0	1 381.3	**5 201.4**
Liabilities				
State loan	1 194.2	0.0	0.0	**1 194.2**
Bonds	16 868.2	0.0	0.0	**16 868.2**
Bank borrowings	4 326.1	0.0	0.0	**4 326.1**
Derivative financial instruments	0.0	12.5	851.1	**863.6**
Lease liabilities	0.0	588.7	0.0	**588.7**
Trade payables	500.4	0.0	0.0	**500.4**
Other liabilities	556.8	0.0	0.0	**556.8**
Total liabilitites	23 445.8	601.1	851.1	**24 898.1**

AVINOR KONSERN

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

For information about the credit quality of financial assets - see note 12.

DERIVATIVE FINANCIAL INSTRUMENTS

	AVINOR AS			AVINOR GROUP		
	2021	2020	CHANGE	2021	2020	CHANGE
Assets						
Interest rate swaps - cash flow hedges	**962.4**	1 860.7	-898.3	**962.4**	1 860.7	-898.3
Interest rate swaps - fair value hedges	**418.9**	425.2	-6.3	**418.9**	425.2	-6.3
Forward foreign exchange contracts	**1.2**	0.8	0.4	**2.8**	0.8	2.0
Forward energy contracts	**53.2**	0.0	53.2	**53.2**	0.0	53.2
Total assets	**1 435.7**	2 286.7	-850.9	**1 437.3**	2 286.7	-849.4
Liabilities						
Interest rate swaps - cash flow hedges	**851.1**	420.7	430.4	**851.1**	420.7	430.4
Forward foreign exchange contracts	**11.2**	1.0	10.2	**12.5**	1.0	11.5
Forward energy contracts	**0.0**	4.0	-4.0	**0.0**	4.0	-4.0
Total liabilities	**862.3**	425.7	436.6	**863.6**	425.7	437.9
Net change			-1 287.5			-1 287.3
Details of net change						
Changes in value and other losses/(gains)			47.4			47.7
Interest rate swaps - recognised in other comprehensive income			0.0			0.0
Interest rate swaps - recognised in other comprehensive income			60.6			60.6
Interests rate swaps - changes in value			-1 395.6			-1 395.6

AVINOR AS AND AVINOR GROUP

	CARRYING AMOUNT	CHARNGE IN CARRYING AMOUNT	RECOGNISED IN OCI	TOTAL HEDGING GAIN/LOSS(-) RECOGNISED IN OCI
31 December 2021				
Derivative financial instruments*				
Interest rate swaps - cash flow hedges	111.4	-1 328.6	-310.4	-375.5
Interest rate swaps - fair value hedges	418.9	-6.3	371.0	502.6
Total	530.3	-1 334.9	60.6	127.0

* Line item in the statement of financial position

AVINOR AS AND AVINOR GROUP

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

* Line item in the statement of financial position

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

All interest rate swaps, except for one fair value hedge, are designated as cash flow hedges. Forward foreign exchange and energy contracts are not defined as hedge accounting and are classified as a current asset and/or liability.

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

The interest rate swaps have a maturity of between 3.33 and 8.9 years as at 31 December 2021 (0.2 and 9.7 years at 31 December 2020).

The notional principal amount of the outstanding forward foreign exchange contracts at 31 December 2021 was MNOK 58 (2020: MNOK 69).

The notional principal amount of the outstanding forward energy contracts at 31 December 2021 was MNOK 157 (2020: MNOK 89).

The notional principal amount of the outstanding interest rate swaps contracts at 31 December 2021 were MNOK 14,557 (2020: MNOK 17,048). At 31 December 2021, the fixed interest rates vary from 1.05 per cent to 4.58 per cent (2020: 1.05 per cent to 4.62 per cent). The main floating rate is NIBOR and fixed Euro interest rate.

Gains and losses recognised in the hedging reserve in other comprehensive income (note 14) on interest rate swap contracts as of 31 December 2021 will be continuously released to the income statement until the repayment of the bank borrowings.

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

OTHER FINANCIAL ASSETS

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Other financial assets				
Other non-current receivables	183.5	168.2	184.7	169.6
Total	183.5	168.2	184.7	169.6

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

TRADE RECEIVABLES, OTHER SHORT TERM RECEIVABLES

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

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Trade receivables	587.2	549.7	902.1	853.4
Provision for impairment of trade receivables	-7.9	-149.2	-56.2	-216.2
Trade receivables - net	579.3	400.5	845.9	637.2
Receivables written off during the year	86.9	-1.3	93.5	-1.3

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

CHANGES IN THE PROVISION FOR IMPAIRMENT OF TRADE RECEIVABLES:

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
At 1 January	149.2	0.8	216.2	7.9
This years provisions for receivables impairment	5.5	147.1	8.2	207.0
Receivables written off during the year as uncollectible	-86.9	1.3	-93.5	1.3
Unused amounts reversed	-59.9	0.0	-74.6	0.0
At 31 December	7.9	149.2	56.2	216.2

Credit risk and foreign exchange risk are described in note 12.

AGE ANALYSIS OF ACCOUNTS RECEIVABLES

	TOTAL	NOT DUE	<30 D	31-60 D	61-90 D	>90 D
AVINOR AS						
2021	587.2	564.1	11.9	0.0	0.5	10.7
2020	549.7	404.5	7.8	20.3	7.7	109.4
AVINOR GROUP						
2021	902.1	802.7	14.3	0.9	1.0	83.2
2020	853.4	653.8	22.6	42.4	11.1	123.4

SPECIFICATION OF TRADE AND OTHER RECEIVABLES

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Trade and other receivables				
Trade receivables	579.3	400.5	845.9	637.2
Intra-group accounts	662.5	551.5	0.0	0.0
Accrued income	29.7	33.1	36.1	28.6
Prepaid expenses	90.9	59.3	121.8	80.4
Other short-term receivables	25.4	29.2	40.0	49.8
Total	1 387.8	1 073.6	1 043.9	796.0

TRADE AND OTHER RECEIVABLES IN FOREIGN CURRENCY

	AVINOR AS		AVINOR GROUP	
All amounts in MEUR	2021	2020	2021	2020
EUR	0.0	0.0	153.1	197.8
Total	0.0	0.0	153.1	197.8

CASH AND CASH EQUIVALENTS

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

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Cash and bank at hand	2 656.2	5 998.7	2 657.4	6 017.9
Short-term bank deposits	0.0	0.0	0.0	0.0
Total	2 656.2	5 998.7	2 657.4	6 017.9

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

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Cash and cash equivalents	2 656.2	5 998.7	2 657.4	6 017.9
Bank overdrafts	0.0	0.0	0.0	0.0
Total	2 656.2	5 998.7	2 657.4	6 017.9

Avinor AS has a credit facility of MNOK 4,000 and a bank overdraft limit of MNOK 300.

Group bank account system

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

BORROWINGS

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

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Non-current borrowings and lease liabilities				
State loan	**749.8**	1 194.2	**749.8**	1 194.2
Bonds	**16 868.3**	18 248.4	**16 868.3**	18 248.4
Bank borrowings	**3 879.0**	4 326.1	**3 879.0**	4 326.1
Lease liabilities	**489.5**	447.4	**525.3**	390.9
Total long-term	**21 986.7**	24 216.1	**22 022.5**	24 159.6
Current borrowings				
First year instalment on long-term debt	**891.5**	3 381.5	**891.5**	3 381.5
Lease liabilities	**66.7**	65.6	**63.4**	57.8
Total current	**958.1**	3 447.1	**954.8**	3 439.3
Total current and long-term borrowings and lease liabilities	**22 944.8**	27 663.2	**22 977.3**	27 598.9

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Changes in borrowings				
Opening net book amount at 1 January	**27 663.2**	21 365.0	**27 598.9**	21 295.0
Proceeds from borrowings	***0.0***	*7 526.6*	***0.0***	*7 526.6*
Repayment of borrowings	***-3 381.5***	*-896.7*	***-3 381.5***	*-896.7*
Repayment of lease liabilities	***-51.9***	*-49.6*	***-46.2***	*-43.9*
Net proceeds/repayment of short term borrowings (commercial papers)	***0.0***	*-600.0*	***0.0***	*-600.0*
Net changes in borrowings with cash flow effect	**-3 433.4**	5 980.3	**-3 427.7**	5 986.0
Other changes in lease liabilities	**95.1**	0	**186.3**	0
Changes in value	**-1 380.1**	317.9	**-1 380.1**	317.9
Closing net book amount at 31 December	**22 944.8**	27 663.2	**22 977.3**	27 598.9

INFORMATION ABOUT STATE LOAN AND BANK BORROWINGS

	CURRENCY	EFFECTIVE INTEREST RATE
State loan	NOK	1.35 %
Bonds, inclusive commercial papers	NOK/EUR	2.69 %
Bank borrowings	NOK	2.26 %

The figures include interest hedging derivatives. The effective interest rate is calculated as a weighted average depending on the relative size of the borrowings. See note 12 for a description of interest risk.

REPAYMENT PROFILE BORROWINGS	2023	2024	2025	2026	2027	THEREAFTER	TOTAL
State loan	444.4	305.5					**749.8**
Bonds			2 530.0	1 000.0	4 439.0	8 899.3	**16 868.3**
Bank borrowings	527.1	527.1	527.1	527.1	527.1	1 243.5	**3 879.0**
Closing net book amount at 31 December	971.5	832.6	3 057.1	1 527.1	4 966.1	10 142.8	**21 497.1**

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

Bonds
The loans, as at 31 December 2021, are as follows:

- Face value MNOK 2,000, maturity date 8 May 2028, interest rate 4.45 per cent.
- Face value MEUR 300, maturity date 29 April 2025, interest rate 1.00 per cent.
- Face value MEUR 500, maturity date 9 February 2027, interest rate 1.25 per cent.
- Face value MNOK 1,000, maturity date 29 April 2026, interest rate NIBOR plus 1.20 per cent.
- Face value MNOK 1,000, maturity date 29 April 2031, interest rate 2.38 per cent.
- Face value MEUR 500, maturity date 1 October 2030, interest rate 0.75 per cent.

Bank borrowings
Bank borrowings in Avinor AS, as at 31 December 2021, are as follows:

- Loan of NOK 1.5 billion from the Nordic Investment Bank (NIB). The loan, disbursed in December 2011, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1,525.3 from the European Investment Bank (EIB). The loan, disbursed in June 2012, has a term of 16 years and is irredeemable for 4.5 years.
- Loan of NOK 1.0 billion from the Nordic Investment Bank (NIB). The loan, disbursed in November 2015, has a term of 20 years and is irredeemable for 8 years.
- Loan of MNOK 1,899.9 from the European Investment Bank (EIB). The loan, disbursed in April 2016, has a term of 12 years and is irredeemable for 3 years.

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

Commercial papers
Avinor AS does not have certificate loans as of 31 December 2021.

Drawing facilities
The group has an unused bank credit facility of MNOK 4,000 at a floating interest rate, expiring in 2026. As a part of the current main bank agreement, the group also has an unutilized overdraft limit of MNOK 300 at a floating interest rate.

NOTE 14 Other reserves

All amounts in MNOK

AVINOR AS

	PENSIONS	HEDGES	TOTAL
At 1 January 2020	-713.8	244.0	-469.7
Actuarial gains/(losses) on post employment benefit obligations	-935.8	0.0	-935.8
Tax effect	205.9	0.0	205.9
Fair value change cash flow hedge	0.0	-210.5	-210.5
Tax effect	0.0	46.3	46.3
At 31 December 2020	-1 443.8	79.8	-1 363.9
Actuarial gains/(losses) on post employment benefit obligations	-644.4	0.0	-644.4
Tax effect	141.8	0.0	141.8
Fair value change cash flow hedge	0.0	60.6	60.6
Tax effect	0.0	-13.3	-13.3
At 31 December 2021	-1 946.4	127.1	-1 819.2

AVINOR GROUP

	PENSIONS	HEDGES	TOTAL
At 1 January 2020	-1 130.4	244.0	-886.6
Actuarial gains/(losses) on post employment benefit obligations	-1 542.4	0.0	-1 542.4
Tax effect	338.3	0.0	338.3
Fair value change cash flow hedge	0.0	-210.5	-210.5
Tax effect	0.0	46.3	46.3
At 31 December 2020	-2 334.5	79.8	-2 254.9
Actuarial gains/(losses) on post employment benefit obligations	-1 245.1	0.0	-1 245.1
Tax effect	274.0	0.0	274.0
Fair value change cash flow hedge	0.0	60.6	60.6
Tax effect	0.0	-13.3	-13.3
At 31 December 2021	-3 305.7	127.0	-3 178.8

NOTE 15 Pension obligation

All amounts in MNOK

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

DEFINED BENEFIT PLAN

A defined benefit pension plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, dependent on one or more factors such as years of service and salary level.

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

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

A change in the benefits which refers to previous periods of earning implies a change in the pension plan which is a cost related to previous periods of earning. A negative cost occurs when the benefits are changed, and the present value of the projected benefits are reduced. Changes in the pension plans are recognised in the income statement as the changes are implemented.

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

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

The new law does not contain provisions on a new public AFP scheme or complete rules for special-age retirement pension. As a result, the accounting effects cannot be calculated until final rules have been adopted. Further information is given in note 20.

Gift pension

The group uses gift pension as a tool for employees who are considering early retirement. The cost for 2021 related to these schemes amounts to MNOK 89.8 for the group and MNOK 63.5 for the company. Total obligation related to the gift pension as at 31 December 2021 amounts to MNOK 147.4 for the group and MNOK 111.4 for the company. The scheme is financed through operations (unsecured) and is included in the defined benefit obligation specified in the tables below.

Pension fund

The pension scheme in Norwegian Public Service Pension Fund is not directly funded. The pension payments are guaranteed by the Norwegian government (Section 1 of the Pensions Act). Management of the allocated fund (fictitious fund) is simulated as if the funds were invested in long - term government bonds. Approx. 30 per cent of the fund related to Avinor AS and approx. 35 per cent of the fund related to Avinor Flysikring AS is simulated as invested in the Government Pension Fund Global. The pension scheme is not movable in the same way as private pensions schemes, and it is assumed that the pension scheme will be continued in SPK. In the simulation it is assumed that the bonds are held to maturity. The pension fund is therefore estimated at nominal value plus the return on the fund.

Net pension obligation

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

DEFINED CONTRIBUTION PENSION

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

DETAILS ON THE PRIVATE AFP SCHEME

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

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

The scheme is significantly underfunded. In addition, companies participating in the AFP scheme are jointly and severally responsible for two-thirds of future pension payments. Therefore, an increase in the premiums for the scheme is expected in the future. The 2022 premium will be 2.6 per cent (2.5 per cent in 2020 and 2021) of a salary basis, which is further defined in the scheme's articles of association.

PENSION COST

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
The amounts recognised in the income statement are as follows:				
Defined contribution pension and private AFP scheme	53.7	53.3	154.0	157.7
Current service cost	234.3	225.9	298.0	301.0
Interest cost	115.2	126.8	200.8	219.2
Return on plan assets	-72.0	-89.3	-115.6	-142.6
Contribution from the employees	-17.5	-18.4	-20.5	-21.9
Administration fee	2.7	4.4	3.2	5.3
Payroll tax, employers contribution	44.6	45.3	72.9	75.7
Total pension cost (Note 5)	361.1	348.0	592.8	594.4

NET PENSION OBLIGATIONS – DEFINED BENEFIT PLAN

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

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

PENSION OBLIGATIONS AND PLAN ASSETS

AVINOR AS

	2021			2020		
	FUNDED	UNFUNDED	TOTAL	FUNDED	UNFUNDED	TOTAL
Change in gross pension obligation:						
Obligation at 1 January	6 780.1	183.3	6 963.5	5 949.4	98.0	6 047.4
Reclassification of gift pension at 1 January	0.0	0.0	0.0	0.0	13.4	13.4
Current service cost	123.9	70.4	194.3	141.8	70.1	211.9
Interest cost	113.6	1.6	115.2	125.3	1.5	126.8
Actuarial losses/(gains)	593.1	8.2	601.3	750.6	8.2	758.8
Benefits paid	-201.3	-27.3	-228.7	-187.0	-7.9	-194.9
Gross pension obligation at 31 December	7 409.4	236.3	7 645.7	6 780.1	183.3	6 963.5
Change in pension funds:						
Fair value at 1 January	4 296.5	0.0	4 296.5	4 271.8	0.0	4 271.8
Expected return on plan assets	72.0	0.0	72.0	89.3	0.0	89.3
Employer contributions	256.8	0.0	256.8	183.7	0.0	183.7
Actuarial (losses)/gains	36.5	0.0	36.5	-61.3	0.0	-61.3
Benefits paid	-201.3	0.0	-201.3	-187.0	0.0	-187.0
Fair value of plan assets at 31 December	4 460.5	0.0	4 460.5	4 296.5	0.0	4 296.5
Net pension obligation	2 948.9	236.3	3 185.2	2 483.6	183.3	2 666.9
Payroll tax, employers contribution	415.8	33.3	449.1	344.9	25.9	370.7
Net pension obligation recognised in the balance sheet at 31 December	3 364.7	269.6	3 634.3	2 828.5	209.2	3 037.7
Actual return on plan assets last year	122.1		122.1	91.0	0.0	91.0
Expected employer/employee contribution next year	269.1		269.1	230.6	0.0	230.6
Expected payment of benefits next year	-205.9		-205.9	-191.1	0.0	-191.1

AVINOR GROUP

	2021			2020		
	FUNDED	UNFUNDED	TOTAL	FUNDED	UNFUNDED	TOTAL
Change in gross pension obligation:						
Obligation at 1 January	11 320.4	582.5	**11 902.9**	9 982.9	406.2	**10 389.1**
Reclassification of gift pension at 1 January	0.0	0.0	**0.0**	0.0	16.9	**16.9**
Current service cost	139.1	115.9	**255.0**	175.1	109.3	**284.4**
Interest cost	192.8	8.0	**200.8**	211.1	8.1	**219.2**
Actuarial (losses)/gains	1 104.2	50.7	**1 154.9**	1199.8	56.0	**1 255.9**
Benefits paid	-279.5	-37.8	**-317.2**	-248.6	-14.0	**-262.6**
Gross pension obligation at 31 December	12 477.0	719.3	**13 196.3**	11 320.4	582.5	**11 902.9**
Change in pension funds:						
Fair value at 1 January	6 967.6	0.0	**6 967.6**	6 900.4	0.0	**6 900.4**
Expected return on plan assets	115.6	0.0	**115.6**	142.6	0.0	**142.6**
Employer contributions	281.9	0.0	**281.9**	271.3	0.0	**271.3**
Actuarial (losses)/gains	63.7	0.0	**63.7**	-98.0	0.0	**-98.0**
Benefits paid	-279.5	0.0	**-279.5**	-248.6	0.0	**-248.6**
Fair value of plan assets at 31 December	7 149.3	0.0	**7 149.3**	6 967.6	0.0	**6 967.6**
Net pension obligation	5 327.6	719.3	**6 047.0**	4 352.8	582.5	**4 935.2**
Payroll tax, employers contribution	747.6	100.6	**848.2**	604.2	81.5	**685.7**
Net pension obligation recognised in the balance sheet at 31 December	6 075.2	819.9	**6 895.1**	4 957.0	663.9	**5 621.0**
Actual return on plan assets last year	207.8		**207.8**	170.0	0.0	**170.0**
Expected employer/employee contribution next year	356.8		**356.8**	250.6	0.0	**250.6**
Expected payment of benefits next year	-286.8		**-286.8**	-256.9	0.0	**-256.9**

Changes in the defined benefit obligation

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Change in the defined benefit obligation over the year:				
Obligation at 1 January	**2 666.9**	1 775.5	**4 935.2**	3 488.7
Reclassification of gift pension at 1 January	**0.0**	13.4	**0.0**	16.9
Pension cost charged to the income statement	**237.6**	249.6	**340.2**	361.0
Employer/employee contribution	**-259.5**	-188.2	**-285.1**	-276.5
Administration fee	**2.7**	4.4	**3.2**	5.3
Benefits paid - unfunded schemes	**-27.3**	-7.9	**-37.8**	-14.0
Actuarial (gains)/losses recognised in other comprehensive income	**564.8**	820.1	**1 091.2**	1 353.9
Liability in the balance sheet at 31 December	**3 185.2**	2 666.9	**6 047.0**	4 935.2
Actuarial (gains)/losses on pension liabilities:				
Actuarial (gains)/losses	**564.8**	820.1	**1 091.2**	1 353.9
Effect change in payroll tax rate	**79.6**	115.7	**153.9**	188.5
Total actuarial (gains)/losses on pension liabilities	**644.4**	935.8	**1 245.1**	1 542.4

Actuarial losses for 2021 can be broken down as follows:

	AVINOR AS	AVINOR GROUP
Changes in financial assumptions *	412.6	845.5
Social security settlement 2021 **	187.2	417.4
Other effects	44.6	-17.8
Totalt	644.4	1 245.1

* An increase in the discount rate in isolation will normally entail a decrease in the pension liability. However, the increase in the other parameters related to expected salary increases and regulation of pensions, has led to a net increase in pension obligations through 2021.

** Effect of change between expected and actual adjustment in the social security base rate and pension basis.

The pension obligation's weighted average duration is 23.5 years for the group and 20.5 years for the company. Assumptions regarding future salary and pension increases in addition to official pension benefit adjustments are based on updated recommendations from the Norwegian Accounting Standards Board (NASB). The discount rate is based on Norwegian covered bond interest rates.

	2021	2020
Discount rate	1.90 %	1.70 %
Future salary increases	2.75 %	2.25 %
Future pension increases	1.75 %	1.25 %
Early retirement scheme	15.00 %	15.00 %
Average turnover rate (under 50 years of age)	3.00 %	3.00 %
Average turnover rate (over 50 years of age)	0.20 %	0.20 %

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

Determination of premium levels

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

Pension obligation - sensitivities

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

AVINOR AS

	2021		2020	
	+ 1	- 1	+ 1	- 1
Discount rate	-1 361	1 794	-1 077	1 421
Future salary increase	395	-342	339	-298
Pension regulation	1 335	-1 060	1 027	-821

AVINOR GROUP

	2021		2020	
	+ 1	- 1	+ 1	- 1
Discount rate	-2 608	3 531	-2 071	2 781
Future salary increase	535	-456	458	-420
Pension regulation	2 903	-2 219	2 232	-1 732

NOTE 16 Provisions for other liabilities and charges

All amounts in MNOK

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

AVINOR AS

	RETIREMENT PAY	ENVIRONMENTAL POLLUTION	OTHER	TOTAL
At 1 January 2020	27.0	1 027.3	0.7	**1 055.0**
Reclassification of gift pension	-15.3	0.0	0.0	**-15.3**
Additional provision	13.1	0.0	0.0	**13.1**
Reversed	0.0	0.0	0.0	**0.0**
Used	-13.7	-20.0	-0.7	**-34.4**
At 31 December 2020	11.0	1 007.3	0.0	**1 018.3**
Short-term part	11.0	0.0	0.0	**11.0**
Long-term part	0.0	1 007.3	0.0	**1 007.3**
At 1 January 2021	11.0	1 007.3	0.0	**1 018.3**
Additional provision	35.3			**35.3**
Reversed	0.0			**0.0**
Used	-28.1	-64.2		**-92.3**
At 31 December 2021	18.3	943.1	0.0	**961.4**
Short-term part	*17.5*	*0.0*	*0.0*	***17.5***
Long-term part	*0.8*	*943.1*	*0.0*	***943.9***

AVINOR GROUP

	RETIREMENT PAY	ENVIRONMENTAL POLLUTION	OTHER	TOTAL
At 1 January 2020	74.2	1 029.4	0.7	**1 104.3**
Reclassification of gift pension	-39.5	0.0	0.0	**-39.5**
Additional provision	18.3	0.0	0.0	**18.3**
Reversed	0.0	0.0	0.0	**0.0**
Used	-35.4	-20.0	-0.7	**-56.2**
At 31 December 2020	17.5	1 009.4	0.0	**1 026.9**
Short-term part	16.6	0.0	0.0	**16.6**
Long-term part	0.9	1 009.4	0.0	**1 010.3**
At 1 January 2021	17.5	1 009.4	0.0	**1 026.9**
Additional provision	46.3	0.0	0.0	**46.3**
Reversed	0.0	0.0	0.0	**0.0**
Used	-40.0	-64.7	0.0	**-104.7**
At 31 December 2021	23.8	944.7	0.0	**968.5**
Short-term part	*22.7*	*0.0*	*0.0*	***22.7***
Long-term part	*1.1*	*944.7*	*0.0*	***945.8***

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

Retirement pay air navigation management

The group has entered into individual early retirement pay agreements covering 72 per cent of normal wages in the period 60-62 years. After this period the individuals will be covered by ordinary pension plans.

Early retirement pay others

This includes optional retirement pay in accordance with the group's policy related to restructuring.

Environmental pollution

A provision is made for cost related to surveys and mapping, as well as handling of contaminated land (see note 20).

NOTE 17 Other short-term liabilities

All amounts in MNOK

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Intra-group liability	1 115.1	1 579.6	0.0	0.0
Wages and social security (incl. holiday allowance)	234.7	218.1	377.3	352.9
Accrued operating and investment costs	331.8	229.8	492.3	308.6
Accrued interest costs	262.8	326.6	262.8	326.6
Advance from customers	176.2	172.9	207.6	197.3
Other short-term liability	83.8	24.4	86.4	24.9
Total	2 204.3	2 551.4	1 426.4	1 210.4

NOTE 18 Subsidiaries

All amounts in MNOK

AVINOR GROUP

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

As at 31 December 2021 all subsidiaries are wholly owned.

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

PARENT COMPANY

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

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

The consolidated financial statement of the group includes the following subsidiaries as at 31 December 2021:

DIRECTLY OWNED	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2021	PROFIT/ LOSS 2021
Svalbard Lufthavn AS	Norway	Longyearbyen	Airport operations	100 %	104.3	136.1	-2.7
Avinor Flysikring AS	Norway	Oslo	Air navigation services	100 %	797.2	-149.2	-305.1
Avinor Utvikling AS	Norway	Oslo	Real estate	100 %	670.0	593.6	0.7
Sjømatterminalen AS	Norway	Oslo	Real estate	100 %	4.1	2.1	0.0
Total					1 575.6	582.7	-307.0

INDIRECTLY OWNED SUBSIDIARIES	HOME COUNTRY	BUSINESS OFFICE	MAIN BUSINESS	OWNERSHIP/ VOTING SHARES	BOOK VALUE	TOTAL EQUITY 31.12.2021	PROFIT/ LOSS 2021
Flesland Eiendom AS	Norway	Oslo	Real estate	100 %	108.0	136.7	12.1
Værnes Eiendom AS	Norway	Oslo	Real estate	100 %	128.8	117.2	2.4
Sola Hotel Eiendom AS	Norway	Oslo	Real estate	100 %	86.7	144.5	16.0
Hell Eiendom AS	Norway	Oslo	Real estate	100 %	8.3	3.4	0.2
Hotell Østre AS	Norway	Oslo	Real estate	100 %	171.2	305.5	6.6
Flyporten AS	Norway	Oslo	Real estate	100 %	61.7	100.8	13.5
Total					564.8	808.0	50.7

In annual general meetings in 2022 the following dispositions will be suggested: Avinor Utvikling AS and Sjømatterminalen AS will give group contributions of MNOK 71.7 to Avinor AS, and Avinor AS will give a group contribution of MNOK 600 to Avinor Flysikring AS.

IMPAIRMENT OF INVESTMENT IN THE SUBSIDIARY AVINOR FLYSIKRING AS

Cost price of the investment in Avinor Flysikring AS has in 2020 and 2021 increased due to group contributions and debt conversion.

Impairment test performed at year end 2021 of the air navigation services as a cash generating unit, indicated that the value in use was lower than book value for investment in Avinor AS. Book value before impairment was MNOK 1,417.2, and the investment had at year end an estimated value in use of MNOK 797.2. An impairment of MNOK 620 was recognized in the financial statements for Avinor AS in 2021. The impairment is presented as finance cost in the income statement for Avinor AS.

See note 10 for further information regarding the impairment tests performed.

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

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

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

According to the impairment tests as at 31 December 2020, there is no need for impairment of the shares in Avinor Flysikring AS, as the estimated value in use of capital employed, less net debt, exceeds the book value of the investment for Avinor AS.

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

NOTE 19 Share capital, shareholder information, dividend and results

All amounts in MNOK

SHARE CAPITAL

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

SHAREHOLDER INFORMATION

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

DIVIDEND DISTRIBUTION

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the company's shareholders.

It is not proposed to the general meeting to pay dividend related to the 2020 or 2021 financial statements.

NOTE 20 Contingencies and uncertainties

INSURANCE SETTLEMENT PARKING GARAGE STAVANGER AIRPORT

The parking garage at Stavanger Airport was damaged in a fire on 7 January 2020. The parking garage was fully insured, and the insurance covers the cost of rebuilding a similar building in accordance with current regulations. The building of a new parking garage started in January 2022. Expected completion of the parking garage is in the summer of 2023.

In the financial statements for 2020, assets which were considered lost as a result of the fire based were fully impaired. The impairment as at 31 December 2020 amounted to NOK 176.1. Furthermore, a provision for expected demolition expenses of MNOK 20 was made. Avinor received in 2020 a preliminary insurance settlement that fully covered the costs mentioned. The preliminary insurance settlement was presented as a reduction of the impairment charge of MNOK 176.1 and demolition expenses of MNOK 20 in the income statement. The effect of the fire in the income statement for 2020 was therefore zero.

Avinor is in dialogue with the insurance company regarding the rest of the insurance settlement, but the final financial and accounting consequences of the fire will not be known until the insurance settlement is fully completed.

AIR STATIONS OWNED BY THE DEFENCE

The Norwegian Parliament (Stortinget) decided on 15 November 2016 that Andøya military air station will be shut down when today's P-3 Orion surveillance aircrafts are phased out and that a main base for surveillance/advanced base for fighter aircraft at Harstad/Narvik airport Evenes will be established.
Operations with F35 fighter jets started at the turn of the year 2021/2022. The F35-activity causes very high noise levels, in some areas there is a risk of hearing damage if exposed to the noise. Work is conducted to assess measures to implement, this might include the need for the establishment of extensive building constructions to protect travellers and other visitors.

The shutdown at Andøya military air station will lead to changes in the operational responsibility at Andøya airport. The Norwegian Defence aims at ending the daily operational military activity at Andøya by mid-2023. A process is established for the transfer of the airport operations to Avinor. The process will contribute to determine the framework for the transfer. An important factor is the financing of the additional costs and additional investments this leads to for Avinor.

EXTERNAL ENVIRONMENT

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

PFAS are fluorine organic compounds that were previously added to fire foam, and which have spread to the ground at the airports where they are now leaking out to the surrounding natural environment. These pollutants pose a risk of damage to the local natural environment and human health. Norway has committed internationally to reducing emissions and leakage of these compounds. Clean-up responsibility has been identified at 24 locations at 22 airports. The provision at year end 2021 is based on estimates of costs for excavation of contaminated land, transport and depositing at an approved landfill. The estimates are controlled by an external independent part. In addition, Avinor has added an uncertainty margin to the provision due to lack of delimitation of the pollutants, and a mark-up for further surveys, planning and rigging. Provisions are calculated based on an assessment of each airport including scope, cost related to clean-up, environmental impact and operation and rig.

Experiences from the clean-up at Evenes Airport and the preparation of action plans for clean-up at Bergen Airport and Rørvik Airport shows that the clean-up at the Avinor airports might be more costly than previously estimated, given the use of traditional clean-up methods consisting of excavation, transport and disposal at approved landfills. New knowledge and documentation for alternative methods shows that it is possible to clean up several airports at lower costs if the environmental agencies approve such methods. Avinor works actively to reduce the uncertainties by better defining the pollutants, maintaining a close dialogue with actors who can offer more cost-effective methods and piloting new methods. There is dialogue with the Norwegian Environment Agency about the further handling of the framework and the opportunity space using more cost-effective clean-up methods going forward. The Norwegian Environment Agency has signalised that they will start to impose clean-up for 14 locations in the period 2022-2030.

At the moment there is not enough data to quantify the uncertainty in terms of amounts. A project has been launched in 2022 that will provide Avinor with more reliable information on levels of costs, the use of alternative technology and uncertainty. The provision will be updated when new information is available. The provision will also reflect the expectation for price growth and discounting effects of the liabilities when it is clearer when the different locations and airports must be cleaned up. See further comments in note 16.

PENSIONS

New act on public occupational scheme

The new Act on public occupational pension scheme, with effect from 1 January 2020, was adopted by the Norwegian Parliament (Stortinget) in June 2019. The accounting consequences of the new law are, to the extent there are sufficient basis, recorded as of 31 December 2021. Regulation related to a new AFP scheme and special retirement pension are not included in the new law. Therefore, the full accounting consequences of the new law cannot be calculated until the final regulation have been adopted.

Private AFP scheme

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

Age pension

The Norwegian Parliament has adopted new principles for regulation of age pension for 2021. Age pension will be regulated with the average of price- and salary growth in the society, while previously the age pension was regulated with salary growth subtracted a factor of 0.75. All assumptions for calculation of age pensions for 2022 and forward are not yet ready.

The effect of changed regulation of age pension forward is not calculated as all assumptions to be able to estimate the effect is not yet ready.

NOTE 21 Commitments

All amounts in MNOK

The parent company and the group have contracted for capital expenditure not yet incurred at the end of the reporting period.

Specification of contracted capital expenditure:

	AVINOR AS		AVINOR GROUP	
	2021	2020	2021	2020
Property, plant and equipment	1 107.7	1 308.2	2 521.0	3 174.8
Total	1 107.7	1 308.2	2 521.0	3 174.8

NOTE 22 Related-party transactions

All amounts in MNOK

THE MINISTRY OF TRANSPORT AND COMMUNICATION

As the sole owner of Avinor AS the Norwegian State represented by the Ministry of Transport and Communication (SD) is a related party. The group has a long-term loan from the Norwegian State.

SD has the principal authority regarding the structure of the airport network and the traffic charges. Any closing down of an airport or other material changes in the airport structure shall be presented to SD. The final decision is made by the Norwegian Parliament (Stortinget). The charges regulation which decides the setting of air traffic charges shall be sanctioned by SD.

GROUP COMPANIES

Outstanding accounts between companies in the group. Outstanding amounts are stated before effects of group contributions and dividends given within the group.

AVINOR AS AS AT 31 DECEMBER 2021

	SVALBARD LUFTHAVN AS	AVINOR FLYSIKRING AS	SJØMAT-TERMINALEN AS	AVINOR UTVIKLING AS	FLESLAND EIENDOM AS	VÆRNES EIENDOM AS
Loans to group companies	100.0	0.0	0.0	0.0	0.0	15.0
Intra-group receivables	16.2	623.5	0.0	0.0	0.0	0.1
Total	116.2	623.5	0.0	0.0	0.0	15.1
Other short-term intra-group liabilities	42.0	871.9	0.9	10.5	33.5	2.1
Total	42.0	871.9	0.9	10.5	33.5	2.1

AVINOR AS AS AT 31 DECEMBER 2021 CONT.

	SOLA HOTEL EIENDOM AS	HELL EIENDOM AS	HOTELL ØSTRE AS	FLYPORTEN AS	TOTAL
Loans to group companies	0.0	0.0	250.0	0.0	**365.0**
Intra-group receivables	0.0	0.2	1.3	21.3	**662.6**
Total	0.0	0.2	251.3	21.3	**1 027.6**
Other short-term intra-group liabilities	22.9	2.1	71.8	57.4	**1 115.1**
Total	22.9	2.1	71.8	57.4	**1 115.1**

AVINOR AS PER 31.12.2020:

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

AVINOR AS PER 31.12.2020 CONT.

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

NOTE 23 Events after the reporting period

New information after the reporting period about conditions that existed at the end of the reporting period is recognised in the financial statement. Events after the reporting period affecting the group's future financial position are disclosed if material.

CONFLICT IN UKRAINE

The conflict between Ukraine and Russia affects the world economy, the aviation industry, and might also affect the Avinor group in the time ahead.

Norway and other countries have imposed multiple sanctions against Russia, amongst others are Russian airlines banned from the countries air spaces. In addition to inability to fly to or over certain countries, the conflict leads to increased prices on several input factors which again might lead to increased prices on air travel (amongst others fuel, insurance prices, costs related to increased security). The conflict might lead to reduced travel activity, which directly affects the revenues for Avinor.

At the time of the approval of the financial statements for 2021, it is too early to predict the full effects the conflict might have for the Avinor group. The situation is monitored on a running basis.

PENSION

Amendments to the basis for regulating old-age pension for 2022 and beyond, discussed under conditional outcomes in Note 20, were considered and adopted by the Storting in March 2022. The old-age pension for 2022 and beyond shall be regulated by the average price and wage growth in society. Amendments must be approved by the King in Council before they are made effective. This is expected to happen during the second quarter of 2022.

RESPONSIBILITY STATEMENT FROM THE BOARD OF DIRECTORS AND THE CEO

We confirm, to the best of our knowledge that the financial statements for the period 1 January to 31 December 2021 have been prepared in accordance with current applicable accounting standards, and give a true and fair view of the assets, liabilities, financial position and profit or loss of the entity and the group taken as a whole.

We also confirm that the Board of Directors' Report includes a true and fair view of the development and performance of the business and the position of the entity and the group, together with a description of the principal risks and uncertainties facing the entity and the group.

Oslo, 4 April 2022
The Board of Directors of Avinor AS

Anne Carine Tanum
Chair of the board

Ola H. Strand
Vice Chair

Rolf G. Roverud

Eli Skrøvset

Linda Bernander Silseth

Bjørn Tore Mikkelsen

Heidi Anette Sørum

Olav Aadal

Abraham Foss
CEO

Building a better
working world

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Avinor AS

Opinion

We have audited the financial statements of Avinor AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021 and the income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the audit committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 9 years from the election by the general meeting of the shareholders on 18th September 2013 for the accounting year 2013 (with at renewed election on the 31st January 2018).

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

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Pensions

Basis for the key audit matter
At the end of the accounting year, the parent company and the Group had gross pension obligations amounting to NOK 7 646 millions and NOK 13 196 millions, respectively.

The valuation of the pension obligations requires a considerable degree of judgment and technical competence, including the use of an external actuary to calculate the obligations. Even small changes in the most important assumptions applied in the valuation of the Group's pension obligations including salary growth, inflation, discount rate, pension regulations, mortality and withdrawals from the early retirement scheme (AFP) and special-age pension can significantly impact the calculation of the obligations.

Overall, these matters are of significant importance for the financial statements and therefore constitute a key audit matter.

Our audit response
Our audit of the parent company's and Group's treatment of pensions has included assessments of assumptions used as a basis in the calculation of the pension obligations, control procedures of input data, and evaluation of external expertise used in the estimation of the obligations.

We have, in particular:

- verified that assumptions related to inflation, discount interest and mortality are based on external and publicly available data from The Norwegian Accounting Standards Board
- compared assumptions related to salary growth with the Group's historical and expected future development
- assessed changes in assumptions for withdrawals of the early retirement scheme (AFP) and special age arrangements against historical information and expected future development
- considered the basis for increase in pension obligations related to future pensions regulations and the accounting treatment of these changes, hereby assessed the effects of the social security settlement for 2021
- reviewed the data components used as a basis in the calculation of the pension obligations
- assessed the basis and estimates for coordinating public occupational pension and the Norwegian national social insurance scheme
- evaluated the competence and objectivity of the Group's external actuary
- considered whether the recognition of pensions complies with the relevant framework for financial reporting (IAS 19)

Note 15 to the financial statements has additional information.

Impairment tests – fixed assets and intangible assets

Basis for the key audit matter
Travel restrictions and other measures in response to the Covid-19 pandemic have had significant negative consequences on Avinor's revenue and profitability. Management has identified indicators of impairment of fixed and

Our audit response
We have compared the assumptions in the cash flows with management and board approved forecasts, international available air traffic prognosis prepared by reputable trade associations, and Avinor's correspondence with

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intangible assets, and performed impairments tests by estimating recoverable amount, i.e. the higher of value in use and fair value less costs of disposal. The impairment tests are based on prognosis of future air traffic and related commercial revenues, government grants, airport charges, operating expenses, investments and discount rates. Due to considerable judgement, estimation uncertainty and assumptions applied in management's models of recoverable amount, impairment tests have been a key audit matter.

the Ministry of Transport and Communications. Further, we compared estimated operating expenses with historical data. We have assessed the discount rate against external market information on risk free rate on government bonds, sector specific beta and market risk premiums and company specific adjustments. We have recalculated the valuation models and also recalculated management's sensitivity analysis.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and CEO) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Oslo, 4th April 2022
ERNST & YOUNG AS

Trond Stian Nytveit
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been prepared for information purposes only.)

MORE ABOUT AVINOR

Interim reports and annual reports

Avinor publishes reports about its operations annually and quarterly. The interim reports present key figures and the financial statements, as well as a brief report on financial conditions. Avinor's interim reports and annual reports are available on Avinor's website.

The Section 10 plan

Section 10 of Avinor's Articles of Association states that the board of directors must prepare a report to the Ministry of Transport and Communications about the company's overall operations, which include its plans for the future. The document is publicly available and is known as the Section 10 plan.

Avinor's contribution to the National Transport Plan

The National Transport Plan (NTP) presents the Norwegian government's transport policy. It lays the foundation for comprehensive political assessments, the efficient use of tools, and improved interaction between the different modes of transport. Aviation infrastructure forms part of the report. The NTP is discussed by the Committee for Transport and Communications, which presents its opinion to the Norwegian parliament. The NTP for the period 2018 to 2029 was discussed in the Norwegian parliament in the spring of 2017 and can be found at www.ntp.dep.no.

Image: Catchlight, Avinor

Avinor owns 43 airports, including the subsidiary Svalbard Lufthavn AS and Værøy Heliport. Haugesund Airport is leased out and Fagernes Airport is due to be sold. This network links Norway together and links Norway to the world.

Avinor is a key proponent of environmental work taking place in the aviation sector and a driving force behind efforts to reduce overall greenhouse gas emissions in Norwegian aviation. The company plays a leading role in the work to develop and deliver sustainable biofuels for aircraft, as well as ongoing efforts relating to the electrification of aviation.

A total of 22.4 million passengers travelled to, from, or via Avinor's airports in 2021, which is an increase of 10 per cent compared to the previous year.

Avinor ensures that these trips take place in a way that is safe, efficient and as environmentally friendly as possible. A total of 2,744 employees are responsible for planning, developing and operating airports and aircraft safety systems. Avinor is financed by its users by means of aviation fees and sales at airports.

Skipnes.no Svanemerket trykksak, 2041 0731

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