



A STAR ALLIANCE MEMBER 

2010

COMMUNICATION ON PROGRESS



GLOBAL COMPACT TEN PRINCIPLES

PRINCIPLE 1:

Businesses should support and respect the protection of internationally proclaimed human rights.

We support and respect human rights while conducting our activities where we operate.

PRINCIPLE 2:

Businesses should ensure that they are not complicit in human rights abuses

We are not complicit in direct, beneficial or silent human rights violations.

PRINCIPLE 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

We assure compliance with national standards and regulations.

PRINCIPLE 4:

Businesses should support the elimination of all forms of forced and compulsory labour.

We do not allow the use of any form of forced or compulsory labour.

PRINCIPLE 5:

Businesses should support the effective abolition of child labour.

We have established a clear policy regarding the minimum age for employment, which complies with national law.

PRINCIPLE 6:

Businesses should support the elimination of discrimination in respect of employment and occupation.

We are committed to ensuring equal treatment and opportunities for all our employees.

PRINCIPLE 7:

Businesses should support a precautionary approach to environmental challenges.

We have established and implement an Environmental Management System.

PRINCIPLE 8:

Businesses should undertake initiatives to promote greater environmental responsibility.

We have achieved ISO 14001/2004 certification for passengers' service and aircraft maintenance.

PRINCIPLE 9:

Businesses should encourage the development and diffusion of environmentally friendly technologies.

We watch the efforts for the development of new technologies and their potential applications in air transport.

PRINCIPLE 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

We are committed to compliance with anti-corruption standards and to maximum transparency.

STATEMENT OF CONTINUED SUPPORT

Aegean has signed the Global Compact initiative and is thus committed to supporting the ten principles which cover issues related to human rights, labour standards, the environment and anti-corruption. Today it becomes more perceptible that our society is increasingly considering the environmental and social impacts of the activities of the companies. This means that attention will be concentrated on companies providing more information on their practices and records and not exclusively on their financial performance.

Our wish to improve consciously, continuously and voluntarily the performance and the effectiveness of our company is a permanent objective and obligation that we owe to our stakeholders and especially to our passengers. We have gained their confidence and trust with the application of highest standards of ethics, integrity and professionalism in everything that we do. We have set standards, with which we are determined to work, that go beyond the simple compliance with laws and regulations. We manage our efforts and we emphasize on human rights, labour and anti-corruption issues and the environmental sustainability. This perception is diffused throughout the company and influences the processes, the priorities and the development of our plans.

2010 has been a year of important changes. The remaining Boeing 737 aircraft and two Avro RJ100 were withdrawn from our fleet and a new Airbus A320 was added. The remaining four, Avro RJ100, are planned to be withdrawn from our fleet in 2011. The withdrawal of Boeing 737 and Avro RJ100 aircraft, the most aged of our fleet, will further decrease the average age of our fleet with subsequent positive impact on environmental performance.

On June 30, Aegean became the 28th member of the Star Alliance network. Through this membership Aegean enjoys worldwide recognition and passengers are offered extended air travel opportunities, accumulation and redemption of miles on any member airline and many other travel benefits across the alliance network.

Aegean during 2010 conducted flights in fifty domestic and international airports, with almost 200 flights per day and carried 6.23m passengers, presenting a 5% decrease in comparison with 2009. This past year was the most difficult economic period in the Greek economy, which made the need for continuous improvement more pressing than ever. Thus, we are obliged to strive still more to achieve higher efficiency and productivity, improved passengers service and better environmental performance. We are confident that we will succeed in our efforts.

Dimitris Gerogiannis
CEO

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.

Principle 2: Businesses should ensure that they are not complicit in human rights abuses.

Commitment

Aegean is committed to operating in accordance with all applicable national regulations and laws with reference to human rights. All relevant standards are reflected in our Corporate Employment Rules.

Brief Description of our systems

There is a general acceptance in our company for the value of human rights and our management and employees agree that, the respect to these social, economic and cultural rights is important for creating a better work environment and securing dignity and equality for all.

We identify, understand and manage corporate impacts in the field of human rights by conducting an internal human rights impact assessment. This process helps us to improving relations, increasing satisfaction and motivation of employees and maintaining a good company reputation due to the appreciation of working within a company that integrates ethics and values in its daily activities. In this way we believe that we ensure the respect of human rights within our workplaces for the benefit of all.

We acknowledge that a bad working environment can influence the physical situation of our employees and thus contribute in the increase of illnesses of themselves and the public. We also acknowledge that a preventive approach is of critical importance and deter the creation of possible accidents and the appearance of occupational diseases. There can never be a compromise of the health and safety of an employee for the sake of profit therefore we aim to maintain a high level of working conditions and a proper environment for all our employees. In achieving this we have established and applied an analytical and comprehensive Health and Safety Management System that is proactive, relevant, and effective in managing the complex, diverse and changing health and safety needs of our employees. We ensure that responsibilities which result from the relative program are precisely defined and that managers and supervisors possess the required knowledge so that they understand and carry out their responsibilities effectively. At the same time they supervise that employees take reasonable required self-protection measures, comply with their obligations and make use of all provided personal protective means in accordance with directives (gloves, uniforms, helmets, ear muffs, eye and face protection etc). With continuous and systematic audits in all workplace elements (environment, equipment and processes) and the improvements that result from the treatment of possible observations we ensure the maintenance of a high level working environment.

We are in good collaboration with all our major suppliers. We examine in order to be assured that they meet the expected standards with regard to the rights of their employees in the work, which are reflected in their policies and published reports. We have also begun to introduce corporate responsibility clauses in the contracts of our suppliers that were to be renewed in 2010.

In relation to the right of privacy we ensure adequate protection and preservation of personal data held by the company and we guarantee of an individual's right not to have his confidential information exposed. We value privacy and we limit the access, the control and the use of personal data only to authorized personnel.

Activities implemented in the last year

Aegean applies an occupational health and safety management system at workplaces according to the national regulations and laws. With this system we established all requirements related to health and safety of our employees, we improved the results in both areas and we exercised greater control in the prevention of occupational risks by reducing the hazards. To provide the best possible service we managed to have the right people in place with the right training and attitude. In order to improve our sensitivity and efficiency in 2010, senior cabin crew personnel have attended extra external training

courses, learning the meaning of effective and creative communication. We promote in this way the positive behaviour and attitude of our crews by making use of their knowledge and skills.

Our employees have received educational briefings referring to the respect, protection and fulfillment of human rights, while at the same time they have been requested to verify the observance of the standards of human rights and they have been encouraged to report any exception or violation. Thus we ensure that our employees are aware of their own obligations and they are not complicit in human rights abuses.

Performance

Aegean after evaluation of its occupational health and safety management system has achieved OHSAS 18001:2007 certification in all its installations, thus minimizing the possibilities that deviations from work standards, practices, procedures and regulations will happen, that either directly or indirectly could lead to injury or illness, property damage or damage to the workplace environment.

GRI Indicators: HR1, HR2, HR3, LA6, LA7, LA8, LA9.

Labour standards

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Principle 4: Businesses should support the elimination of all forms of forced and compulsory labour.

Principle 5: Businesses should support the effective abolition of child labour.

Principle 6: Businesses should support the elimination of discrimination in respect of employment and occupation.

Commitment

Aegean is committed to providing impartial treatment, equal opportunities and no discrimination policy to all its employees by applying all relevant national regulations and laws.

Brief Description of our systems

According to national legislation we are monitored by labour inspection services for legal compliance, dealing with work and employment. Thus we strictly apply all national regulations and laws related to labor standards as are defined in our Corporate Employment Rules. We provide to all our employees the proper environment, the suitable work conditions and the training they need. We seek to create relations of confidence and we strive for their stability, success and development. We maintain therefore a permanent and open communication between the management and our employees. In this way we offer the possibility of asking advices, solving problems and placing questions and concerns on issues that might affect them.

All terms of employment are described in open ended contracts which are voluntarily accepted by our employees. We follow daily and monthly time limits of employment as are defined by national regulations and we remunerate all overtime work. We are implementing the national social regulations on labour issues for aiding women in maternity period, parents with underage children, employees caring for family members with special needs and students attending university or college courses.

We do not tolerate forced or compulsory labour, excessive overtime, hard behaviour and harassment. We definitely comply with national laws and requirements concerning minimum age of employment and do not employ any child or teenager in our workforce. We respect the rights of employees to participate in unions in accordance with provisions of national laws.

We support equality and diversity. By auditing our processes we assess and adjust our performance, consequently promoting equality. Our employees consist of different gender, age and background. We do not accept discrimination on the grounds of race, colour, age, gender, religion and other characteristics and we apply wide and comprehensive practices for the elimination of direct and indirect discrimination at work. Men and women are treated in the same way at work and are remunerated the same for work of equal value.

Our procedures with regard to recruitments, promotions and procurements are conducted in a fair, objective and transparent way. Each employee may pursue a higher position within the company. Whenever the occasion arises the equal opportunity principle applies for these prospects. Employees who demonstrate outstanding work performance are invited to participate in the selection process for the new higher position.

Activities implemented in the last year

We established open lines of communication and permanent dialogue between management and employees, encouraging an environment and a culture where everyone's voice can be heard. We conducted many communication sessions with our directors and employees through briefings, meetings, emails and internal newspaper to anticipate and to avoid any discrimination against their colleagues and the passengers. We consider training of employees as very essential because work force is our most valuable asset. Training is necessary because it raises morale, increases safety and productivity, reduces absenteeism and helps in the development of employees. We conducted thus extensive training and education programs with our employees in all

stages and specialities. We have in place a series of training programs (induction training, on the job training and refresher training) for the new entrant and the permanent personnel. In this way we achieved the maintenance of high levels of performance and standardisation and the assurance that our personnel will perform his duties with professionalism and skill.

Overall, during 2010 we delivered 768 training courses.

With regard to the training that was given to the people in the sector of flight operations we provided:

- the training of 19 new captains and initial training of 32 new first officers,
- the initial training of 35 new cabin crew members. On completion of their training all new entrants in aviation operations receive a professional qualification according to EU Ops common standards,
- the annual performance evaluations of our crews, which were conducted from our own instructors and examiners on the base of approved programs,

With regard to the training that was given to the people in the sector of ground operations we provided courses in the aircraft maintenance, handling, Cargo area and other ground activities during which 1469 employees were informed on proper procedures and practices. During the year seven modules were completed in 56 days and a total of 33 technicians participated in the modular training project in order to get their European Aviation Safety Agency (EASA) basic licence. We provided also training for the incorporation of 99 new technicians and other specialities for the ground personnel. Furthermore, 117 employees from Technical Department participated in self-study refresher training with certain questionnaires covering subjects per EASA issues, such as Legislation updates, Fuel Tank Safety updates, and Changes in Modification Standards. Finally, 150 employees received e-mail training in various ground operation issues.

We ensured a variety of benefits to our employees by applying a health benefits program of private insurance in addition to the existed public insurance. Typically, among others we offer alternative and complementary health care services such as medical care, hospital care, life insurance, accident insurance and disability protection. We offer also the possibility for the extension of these benefits to the members of their families.

With regular surveys we asked our passengers opinion for a wide range of issues with regard to the services we offer, helping us to evaluate our achievements in these areas and identify weaknesses which should be improved. We have been involved in some programs that encourage effective charitable activities with an emphasis on providing better education and care for certain children communities. These charitable institutions have been selected for their recognized social work and we believe that with our offer we contribute in the achievement of their objectives.

After long-lasting preparation and smooth collaboration with the Acropolis Museum and the Athens International Airport, Aegean realised the project "Aegean - Close to the Young Generation" giving to thousands of students from our country's frontier regions the possibility to know and admire the new Acropolis museum that includes some of the finest specimens of our country's cultural heritage and feel unique sentiments of pride.

Performance

With internal and external auditors we audited our operational activities against all standards we have adopted concerning labour issues. The results indicated that such processes like open-ended contracts, increased commitment to job security, high levels of training are highly appreciated by the employees and are positively correlated with good corporate performance. The supervisors who had the responsibility in these areas were also evaluated in order to certify the conformity with our policy.

GRI Indicators: HR4, HR5, HR6, HR7, LA1, LA2, LA3, LA4, LA5, LA7, LA8, LA9, LA10, LA12, LA13, LA14.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges.

Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility.

Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies.

Commitment

Aegean is committed to improving its environmental performance, minimizing consumption and preventing pollution.

Brief Description of our systems

We aim to minimize the environmental impact of our operations by complying with all applicable laws, guidelines and aviation industry standards. We implement our Environmental Management System aimed at achieving long term goals as well as at addressing current objectives and targets by reducing emissions, recycling solid waste and protecting the environment from hazardous materials. We take reasonable steps to preserve the environment through responsible practices.

We have established an electronic ticketing system. This form replaced the old multi-layered paper ticket with an electronic one which provides many benefits (online access to a passenger's reservation for amendments, online/telephone/self-service kiosk check-in, early check-in and boarding passes at locations other than the airport, reduced possibility of losing a ticket, profit in time and comfort).

Similarly, our flight crews use electronic appliances decreasing thus the amount of required paper documents and manuals. The money that we were spending in the reproduction, distribution and maintenance of this paper documentation was quite high, not to mention the environmental impact. It became more cost effective and preferable to the crews the provision of the information they need in an electronic format. In this way we achieved not only to operate in a paperless environment which saves space and weight, but it also offers operational advantages.

We have established a fuel consumption task group and we have worked with air traffic control authorities to investigate opportunities to reduce unnecessary fuel wastage. As a result we have seen a small downward trend in CO₂ emissions due to reduction of fuel consumption. This largely depends on our pilots applying some ground and flight operational practices, in close cooperation with air traffic controllers, when it is operationally possible according to weather and traffic conditions and environmentally beneficial. Up to today we have improved the departure, on route and landing procedures to make flights more fuel efficient, we have sought the simplification of air traffic control so that aircrafts remain in the air for less time, we have reduced the time the auxiliary power units operate on the ground and we have implemented other measures concerning unnecessary weight onboard and careful adjustment of our aircraft loads and balance.

We have been tracking carbon emissions for the last four years and we have prepared a plan, which has been approved by the responsible national authorities, for monitoring and reporting our annual emissions data according to the allowances that have been granted, in a format compliant with EU regulations. This has helped us to control our emissions, as well as preparing the company for the inclusion of aviation into the existing European Trading Scheme that will determine all CO₂ emissions offset.

We have also improved fuel efficiency by regularly washing the body and engines of our aircrafts. Dirtiness (Dust, sand, salt, chemicals, hydrocarbons and insects) on aircraft exterior surfaces and engines increases drag over the course of time, thereby reducing their performance. By washing the engines with the use of pure hot water using an eco-friendly engine wash system by Pratt and Whitney, we extend their life due to cleaner compressors, vanes and turbines while we get good performance improvements and saves in fuel consumption. With this system we perform frequent engine washes without long ground times and without producing any polluted water. The water that is used for the engine wash is recycled automatically by the eco-wash equipment. Furthermore, a waste control system is in place in our maintenance hangar, collecting all waste in specially designed tanks to keep the ground water levels unpolluted. The hangar has been constructed in such a way that if there will be an accidental spill of chemicals or hazardous waste, no leak could pass into the environment.

We have installed special Spillage Control Kits and personnel are trained how to use them in case of spillage, avoiding environmental damages. All chemical spillages are treated with special bioremediation substances that neutralize the spilled substances and it can then get disposed as common waste. Chemical Storage is done in special rooms with adequate ventilation and with door systems that are completely sealed off in case of accidental spillage or fire.

The buildings consume a certain amount of energy which is used for the essential building functions such as lighting, heating, cooling, ventilation and other. There is a significant potential for reduction in this sector. We strive to reduce energy consumption by managing the air conditioning systems and the electricity use. We educate our employees to get used to applying easy energysaving habits such as unplugging seldom-used appliances and chargers when they are not charging, switching off appliances and computers when they are not in use, turning off the lights when they are not needed and enabling the standby mode on computers automatically after certain time of inactivity.

The environmental awareness training covers the main issues that we face in our efforts to better manage the environmental risks and helps employees to understand the positive role they can play in meeting compliance obligations and lessening environmental impacts. Training our employees in environmental issues and how their actions can help reduce pollution and emissions has a positive impact on our company's performance. We are raising internal awareness and encouraging the personal commitment among our employees on recycling and reducing waste. Recycling is good, but using less is even better. Aegean follows developments in aviation industry technology that addresses issues of safety of flights, noise, emissions and fuel consumption. We have demonstrated a preference for such technologies in our airplanes. The average age of Aegean Airlines' fleet is 4 years, currently one of the youngest in South Eastern European area.

Activities implemented in the last year

Aegean Technical Department has installed a new computer system, with structural equation modeling software (AMOS), to control all maintenance activities and reduce the use of paper.

Water preservation and reduction of electric energy consumption have become an integral part of the activities in Aegean daily operations. With the implementation of certain good practices and the proper maintenance of the installations by a specific team of technicians, a reduction in the usage has been achieved which is mainly attributed in the efforts and the awareness of the personnel. Additionally, with the implementation of established techniques and processes, as mentioned above, another significant reduction of water consumption has been achieved at the Technical Base.

We have been recycling all recoverable materials (glass, aluminum and plastic) on international flights into Athens Airport. Flight attendants have been collecting large quantities of material for recycling each month. We have also successfully reduced by 6% the volume of waste products not recycled, while we have established an agreement with Athens International Airport for the responsible disposal of our hazardous materials and waste. We have been recycling hazardous materials, such as batteries, oil, chemicals, toner cartridges, fluorescent lamps and other items from periodic offices, vehicles and aircrafts maintenance. All quantities of oil and hydraulic fluid removed from the aircraft are collected in special airport bins and they are recycled or reused in other industries. Also, fluorescent lamps, containing mercury are considered hazardous wastes and are collected in special metal bins to avoid breaking and release of mercury. Rags used for maintenance reasons and contaminated by various chemicals are also collected in special bins and they are getting recycled.

During the year, in the context of environmental education, we held a number of group outings in the countryside with intention to bring our employees close to nature in order to develop the essential and necessary skills and attitudes that are required for the understanding and appreciation of the interdependence between man, culture and environment. In this way we try to increase their experiences, concerns, awareness and involvement to what is called "ecological crisis" to address the ever increasing and growing environmental impact.

Performance

The effect of emissions and energy consumption has become a very important issue. Aegean is certified according to ISO 14001/2004 which means that a third party regularly audits the company to see that it reaches its goals on reducing its impact on the environment.

With the implementation of the Environmental Management System and other optimization efforts we succeeded to reduce our ecological footprint at our facilities through the right handling of energy and water consumption, emissions, waste, awareness and engagement of employees and major suppliers.

Overall the company has attained qualitative and quantitative performance improvement in the following areas:

- Reductions in air pollutant emissions, waste generation and other negative environmental impacts.
- Improvements to environmental processes such as employee training and awareness, compliance assurance and preventive action programs.
- Improvements in company's relations and cooperation with all parties involved.

GRI Indicators: EN1, EN3, EN4, EN5, EN8, EN9, EN16, EN17, EN18, EN22, EN26, EN27.

Anti-corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Commitment

Aegean fundamentally opposes any kind of corruption and bribery.

Brief Description of our systems

Corruption in all forms is harmful to a business and constitutes a serious threat. It undermines economic development, generates considerable distortions, results in the inefficient provision of services and complicates environmental protection.

It becomes acceptable that corruption in Aegean has never existed. For many years no case has been reported. However, we continue our efforts in order to ensure that this situation will not change. We use ethical management, transparency of information and open procedures. The involvement of managers for the successful implementation of the anti-corruption policy is very essential, thus we send a message from above that corruption is not acceptable in our company.

Activities implemented in the last year

We increased the awareness of our employees on core subjects to give them a clear understanding of our intentions and their obligations that should follow. We also requested them to undertake personal responsibility for confronting corruption and bribery by adopting strong position and refusing, resisting and reporting any possible attempt or offer.

Performance

For a series of years, cases of corruption have not been recorded, neither allegations for suspected fraud, bribery or market abuse have been reported.

GRI Indicators: SO2, SO3.

If you have any question or comments please contact:

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