



# SECURE THE RIGHT CAPABILITIES

SAS's journey of change and increased digitalization raises new demands on SAS's compiled expertise. We therefore endeavor to ensure we have the right skills to develop SAS further to meet future demands and needs. A more efficient production platform has enabled us to expand investment in long-haul routes, which has led to our recruitment of a large number of cabin crew and pilots in 2015/2016.

**70 YEARS**  
OF STRONG EMPLOYEE  
COMMITMENT

**6**  
PERCENTAGE POINT IN-  
CREASE IN THE EMPLOYEE  
COMMITMENT INDEX<sup>1</sup>

**3,000**  
PILOTS IN OUR  
CV DATABASE

**8,000**  
APPLICATIONS FOR 590  
NEW CABIN CREW  
POSITIONS

<sup>1</sup> The most recent survey was carried out in February 2016



## HOW WE CREATE THE RIGHT CONDITIONS FOR OUR EMPLOYEES

- We reinforce employee commitment through frequent surveys and targeted measures to increase employee satisfaction.
- We develop leadership by way of training courses, internal networks and mentor programs.
- We ensure a supply of talent through mentorship, training courses and a focus on internal mobility.
- We create an attractive workplace using improved tools, processes and strong leadership.



## 70 YEARS OF STRONG EMPLOYEE COMMITMENT

Those of us who work at SAS today share one thing in common: we will lead SAS into the future. We share our customers' passion and interest for travel, which also drives our efforts to strengthen our offering.

Over the last few years, SAS has undergone major structural changes to meet increasing competition, which sets new requirements for leadership and competence within SAS. To create the right preconditions for our employees and to attract new talents, we have identified four areas to focus on: strengthen employee commitment, develop leadership, secure talent supply and create an attractive workplace. We apply a targeted approach to all four areas to create a broad view of organizational development needs.

Our employees are the most important precondition when it comes to the future of SAS. Their strong commitment to our customers, to the Scandinavian idea and to developing SAS has been crucial to SAS's historical success and is just as important looking ahead to the future.

### STRENGTHEN EMPLOYEE COMMITMENT

SAS conducts regular surveys of employee satisfaction and commitment in the organization. The last survey was carried out in 2016 and shows a positive trend among employees throughout the organization, with employee commitment increasing from 58 to 64. In addition to the employee survey, we introduced a new measurement tool during the year whereby SAS personnel can answer local questions on motivation and working environment via an app. This allows for even more frequent follow-up that will help us to more rapidly initiate measures to increase staff satisfaction and strengthen leadership locally.

Each year we highlight employees and teams through SAS Awards, in accordance with our leadership and employee model whereby we award "SAS Person," "SAS Leader," "SAS Team Achievement" and "SAS Lean Achievement of the Year" and "SAS Safety".

### DEVELOP LEADERSHIP

SAS is strengthening leadership through a number of measures and initiatives: leadership training has been modified, pursers have been trained in leadership and a mentor program has been introduced to strengthen networking and contribute to a culture whereby managers have a structured approach to their involvement in the development of employees. The program is rated highly and SAS Group Management are also involved as mentors.

Another initiative is the Forum 50 network, where key individuals from various parts of operations meet to increase business understanding and to create an open dialog between employees and Group Management in a more relaxed format. We have also worked strategically with a number of managers at SAS with the aim of strengthening communicative leadership, commitment and understanding of SAS's strategy. In 2015, we began work on integrating Lean principles into our operational processes, with 64 managers completing a Lean training course during the year. We are planning a mentor program for first officers as a new element in their training ahead of becoming captains, the aim being to secure the right skills on the flight deck and develop leadership.

### SECURE TALENT SUPPLY

Parts of the organization's competence have been mapped in a people review process to manage talent supply and ensure that the company has the right skills in both the short and long term. The annual process has identified talents and resulted in many employees now having new positions or increased responsibility, and SAS as a company having a clearer image of our compiled skills and future needs. In parallel, all senior managers have worked actively to identify one or two internal successors with the aim of securing an efficient succession and promoting internal mobility.

A mentor program has been initiated among pilots for the newly recruited pilots that aims to ensure competence levels and smooth integration into SAS.

We have developed project management concepts and training courses during the year, the aim being to ensure that we work in a uniform way and strengthen our internal project management skills, which are an increasingly important aspect of many areas of working life.

SAS's pilots and cabin crew employees receive regular training sessions: on average, pilots receive two weeks of training per year and cabin crew three days. In total, our pilots and cabin crew underwent 253,000 hours of training in 2015/2016. Every SAS employee also has access to a number of web-based courses, some of which are mandatory.

The restructure of the pilot corps that started in 2014 has, together with our investment in long-haul routes, led to the employment of 110 pilots in 2016 from an interest base of more than 3,000 pilots. This has resulted in a lower average age for employees and a reduction in the average cost. Moreover we recruited about 80 new pilots at Cimber.

Over the year, we have employed 590 cabin crew from 8,000 applicants. The primary reason for the increased need was the investment in long-haul routes.



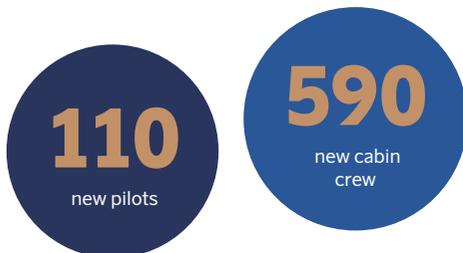
<sup>1</sup> New definition of leadership index.

## CREATE AN ATTRACTIVE WORKPLACE

Our latest personnel survey shows increased pride in SAS and that the company has become more attractive as a workplace. For example, one survey conducted in spring 2016 by Universum, which measures Norwegian university students' views regarding workplaces, showed that SAS was the ninth most attractive workplace out of all companies. Our investments in aircraft and cabin crew upgrades have also resulted in better working conditions for the crew, as have the improvements made to tools and processes.

SAS has also focused on reducing sick leave, which has resulted in the metric now being 6.2% (7.0) and long-term sick leave is now 4.2% (5.4). The reduction has been achieved by identifying problem areas, where we have initiated measures and provided effective rehabilitation.

The extensive investment in digitalization enables us to create an even more attractive workplace: in 2016 all cabin crew were equipped with their own iPad Mini. This tool will facilitate the everyday working lives of our cabin crew, while also contributing to a more individualized service for our customers.



## EMPLOYEES IN FIGURES

|  | Nov–Oct<br>2015–2016 | Nov–Oct<br>2014–2015 |
|--|----------------------|----------------------|
| Average number of employees            | 10,710               | 11,288               |
| of whom women, %                       | 39                   | 38                   |
| of whom men, %                         | 61                   | 62                   |
| Sick leave, %                          | 6.2                  | 7.0                  |
| Employee commitment according to index | 64                   | 58                   |



## THE RIGHT CAPABILITIES CREATE SUCCESS

Questions to Carina Malmgren Heander, Executive Vice President and Chief of Staff



### What does SAS do to attract and retain the right skills?

We have an extremely strong brand, we work in an attractive sector and have exciting future developments to talk about, which often makes us highly appealing. Retaining skills is very much about developing our employees, offering mentorship and training and encouraging internal mobility.

### Which skills does SAS need to strengthen over the coming years?

We have a structured annual process known as People Review, where we identify the skills we need to strengthen. We have

identified a significant need within purchasing and supplier and contract management, but also within business control and digital skills.

### How do you adapt in a sector that demands change and is highly exposed to competition?

SAS has lived with price pressure and intensifying competition for a long time, so continuously renewing, changing and challenging the status quo is in our DNA. As a manager and employee at SAS, you need to be innovative, challenge current working methods and pinpoint new solutions.

### What distinguishes the culture at SAS?

Our culture is distinguished by an incredibly strong commitment and loyalty to SAS and our customers. This can particularly be seen in the case of unforeseen incidents, the desire to step up is fantastic! Our DNA: Safety, Punctuality and Care permeate everything we do. Over the past few years we have worked very consciously on our employee and leadership models, and I see lots of signs that they are beginning to take root in the organization.



We have a structured annual process known as the People Review, where we identify the skills we need to strengthen.