



AKL 4NZ

 Auckland
Airport

Annual Report 2021

We are working for
Marlene and her family



**We are working
for New Zealand.**

We are committed to growing our country's success in travel, trade and tourism, building a vibrant economic hub that will create enduring value for generations to come.



Our success is built on New Zealand's success.

Trade to and from New Zealand has faced significant challenges. We are working hard to keep our country connected to world markets.

We are working for New Zealand businesses, large and small



New Zealand's health and safety is our priority.

Our safe border management has helped to keep our country moving, supporting domestic tourism and the restart of international travel.



We are working for the Berry family

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Creating value for our business, shareholders, partners, customers and New Zealand



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Creating value for future generations and protecting the planet

Photography – Annual Report 2021
Richard Maher, Alan Gibson,
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ABOUT THIS REPORT

Welcome to our 2021 annual report – AKL | 4NZ

This report provides a look inside one year of disruption, resilience, and adaptation for Auckland Airport as we worked through the pandemic to keep New Zealanders safely connected to each other and the world.

In the past, Auckland Airport has published an annual report, financial statements and a stand-alone sustainability report. We know that our people, shareholders, business partners and the community are interested in our track record across all of these aspects, which is why we have combined our operational, sustainability and a summary of our financial performance into one report for the first time.

Using the combined approach, we have prepared this report to align with our sustainability framework: Purpose, Place, People and Community. In addition to the financial summary in this report, detailed financial statements and notes can be found in the separate financial report.

A second change to this annual report is the inclusion of climate change-related information following the guidelines of the Taskforce for Climate-related Financial Disclosures (TCFD). We have taken the step of publishing our approach to carbon and related climate-risk in order to prepare ourselves and our investors for mandatory climate-related risk reporting in 2023. The full climate change disclosure report can be found on our website: www.aucklandairport.co.nz Finally, we have incorporated elements of the Integrated Reporting framework. We see advantages in progressively adopting the Integrated Reporting approach, which is focused on explaining to shareholders how the company creates value from invested capital and human and natural resources.

We welcome your feedback on this report. Please send any comments or suggestions to investors@aucklandairport.co.nz.

2021 / key numbers

Our performance in the
12 months to 30 June 2021

6.44m

Passengers

Domestic

5.84m

▼ 17.1%

International

559k

▼ 92.8%

International transits

43k

▼ 94.1%

Revenue

\$281.1m

▼ 50.4%

Operating
EBITDAFI

\$171.5m

▼ 34.1%

Reported profit

\$464.2m

▲ 139.4%

Underlying profit/(loss)

(\$41.8m)

▼ 122.2%

Dividend per share

0.0c

Interim 0.0c Final 0.0c

Underlying earnings/(loss)
per share

(2.8) cents

▼ 119.0%

Five-year average annual
shareholder return

4.5%

Net capex additions¹

\$195.7m

▼ 47.2%

¹ Net capital expenditure additions after \$1.4 million of write-offs and impairments

2021 / key statistics

Health and safety

▲ 28.7%

above target

safety observations and
hazards reported

2,356

Auckland Airport became a
Quarantine Free Travel Airport
specified under the COVID-19
Public Health Response

Auckland Airport achieved the
Airport Council International's
Airport Health Accreditation in
November 2020

Auckland Airport's 200-plus
front-line employees completed
more than 5,600 nasopharyngeal
tests in FY21

Diversity

37%

of overall workforce is female

62.5%

of Board is female

25%

of leadership team is female

43%

of senior leaders¹ are female

5%

of people leaders² are of
Maori/Pasifika ethnicity

¹ Direct reports to the leadership team with
substantive roles
² Staff members with at least one direct report

Setting sustainability pathway

In the 2021 financial year we updated our approach to sustainability, identifying the four key pillars of Purpose, Place, People and Community and setting new company sustainability goals and targets including achieving Net Zero Carbon by 2030. See p14-p15 for further details.

Purpose
Kaupapa

Place
Kaitiakitanga

People
Whānau

Community
Hapori

Environment

4,705

 (tonnes CO₂e)

▼ 22%

Scope 1 and 2 carbon emissions
(tonnes CO₂e)

129,514

 (m³)

▼ 59%

Water usage (m³)

844

 (tonnes)

▼ 18%

Waste to landfill (tonnes)

Auckland Airport
Community Trust

\$325,431

granted to community projects by the
Auckland Airport Community Trust to
support learning, literacy and life skills in
South Auckland

Nau mai and welcome

Auckland Airport is working for New Zealand and throughout our half-century of service, we've connected our nation to the world, linked our exporters to global markets, brought travellers to our shores and – in times of crisis – welcomed Kiwis home.

The 2021 financial year has been like no other on record for Auckland Airport, but our commitment to doing the best for our country remains steadfast. This is all thanks to our airport team.

We could not be prouder of the way our team has responded to the COVID-19 crisis. They have worked hard to maintain New Zealand's airlinks to the world while doing all they can to contain a virus that has taken the lives of millions of people around the globe. Our people adjusted their approach where necessary to always meet public-health requirements for safe operations even as the apparent risks of COVID-19 and the protocols for managing it were constantly shifting.

Auckland Airport would not be in the position it is today if it weren't for the remarkable efforts of our team through such uniquely trying times. In recognition of this we will be giving our permanent employees \$1500 in shares. We offer our continued and sincere thanks to our employees and to our shareholders for their ongoing support.

Our strategy

In the 2020 financial year we outlined a three-stage plan for through and beyond the pandemic: Respond, Recover, Accelerate. Through careful financial management Auckland Airport was able to regroup so we could plan and begin our recovery in the best possible shape. This included a comprehensive approach to scaling down the business: reducing operating and capital expenditure; suspending or deferring major infrastructure projects; restructuring our bank debt; and raising \$1.2 billion of new equity from shareholders.

The 2021 financial year has been another difficult period for Auckland Airport. International traffic remains extremely low and we have gone further to reset the business to ensure it reflects our new operating environment. This includes continuing to prioritise health and safety, control costs and support our business partners [see p24-p29]. We recognise that many organisations have a stake in Auckland Airport and our long-term success will be dependent on the stability of our relationships and working closely together on the recovery.

Our recovery pathway

To chart a course through recovery, we established two key areas of focus for the business in the 2021 financial year:

- Recovery of the tourism sector, including supporting the Government in safely reopening the border for quarantine-free travel with low-risk countries
- Resetting our infrastructure development plan, ensuring capital works are aligned with the recovery in aviation and forecast aeronautical demand and financial performance.

An airport is a complicated system with many moving parts. We have taken a partnership approach with the airport community of airlines, border agencies, essential service providers (retail and food and beverage), government departments and ground operators, working together to ensure the reopening of borders was handled as safely and effectively as possible.

This means Auckland Airport was able to assist the Government in its decision-making with an understanding of the practical needs of the aeronautical sector. With our aviation partners and government agencies on both sides of the Tasman, we helped to design a risk-based quarantine-free travel system to support airlinks between New Zealand and other low-risk countries. This work underpinned the plan supporting quarantine-free travel with Australia and the Cook Islands, and involved Auckland Airport splitting the international terminal into two areas to protect the safety of travellers, airport workers and our community [see p24-p25].

This work was a huge achievement for our team, not only in keeping people safe but also in steering our organisation towards our recovery path. By 30 June 2021, 316,000 international and transit passengers had passed through the split terminal since it went live on 16 April 2021 – still a fraction of pre-pandemic



international travel numbers but a sign that we are moving forward.

The opening of quarantine-free travel with Australia and then with the Cook Islands marked our transition into the 'recover' stage of our strategic plan.

The suspension of the trans-Tasman bubble and the Cook Islands bubble serve as a strong reminder that higher vaccination rates will be necessary to support the recovery of international travel. As vaccination rollouts gather momentum over the coming months we expect demand for international travel to gradually build during the 2022 calendar year.

We were also encouraged by the return of domestic travel in the 2021 financial year, achieving 78% of pre-COVID-19 levels in the final quarter. We continue to take great care in creating protocols that support safe air travel at all alert levels, including during this week's level 4 lockdown.

Infrastructure development

When COVID-19 began its march around the globe, our team moved quickly to suspend and preserve work on our capital projects so these could be restarted when conditions made it possible to do so.

The low-demand environment created by COVID-19 has provided a unique opportunity for us to bring forward activities focused on the upgrade and renewal of core infrastructure. Taking advantage of reduced air and road traffic and to minimise disruption, in the 2021 financial year we invested:

- \$26 million in runway slab replacement and in pavement upgrades to the airfield
- \$69 million in upgrades to our core roading network and construction of high-occupancy vehicle lanes along State Highway 20B
- \$7 million in upgrades to the airfield fuel network.

Recognising the uncertainty around future aeronautical demand, our people also carried out significant work in the 2021 financial year to reprioritise and reset our infrastructure development programme.

Our refreshed plan reconfirms our commitment to our key anchor infrastructure projects, but restarting some of these developments will be determined by the longer-term recovery in aviation and we will align construction with growth in demand [see p32].

We have reconfirmed our priority development as well: a new purpose-built domestic hub merged into the eastern end of the international terminal, providing a much-improved customer experience for travellers. During the 2021 financial year, we consulted with border agencies and airlines to design a development pathway for the \$1 billion-plus facility [see p32], which is supported by Air New Zealand and the Board of Airline Representatives of New Zealand (BARNZ).

We will take advantage of the current low passenger environment by progressing enabling works in early 2022 to demolish legacy infrastructure east of the

Working for New Zealand



Patrick Strange
Chair



Adrian Littlewood
Chief Executive



international terminal to make way for the development.

Meanwhile, we are also continuing to invest in the existing domestic terminal to increase its resilience and service level while the new facility is being built.

Creating value: Our purpose, place, people and community

From front-line staff in the terminals, to professional support workers and maintenance teams, our organisation is run by people who want to do the right thing. They are guided by strong values and a sincere belief in Auckland Airport's place at the heart of our city and community. They share a desire to be part of an organisation that is a good neighbour, a valued citizen and is respectful of its environment.

In the 2021 financial year we updated our approach to sustainability, identifying the four key pillars of Purpose, Place, People and Community

By embedding sustainability across all aspects of our business, our commitment is to protect, preserve and create value for the benefit of our stakeholders and future generations.



and setting some new company sustainability goals and targets, including being Net Zero Carbon by 2030. By embedding sustainability across all aspects of our business, our commitment is to protect, preserve and create value for the benefit of our stakeholders and future generations.

Results

Auckland Airport is a long-standing multi-generational business and we remain confident about our future, but our 2021 financial year results reflect the difficult operating conditions we currently face.

In the year to 30 June, revenue was down 50.4% to \$281.1 million, while earnings before interest expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI) was down 34.1% to \$171.5 million.

Total reported profit after tax was up 139.4% to \$464.2 million, underlying net profit fell by \$230.3 million to a loss of \$41.8 million, resulting in an underlying loss per share of 2.8 cents for the 2021 financial year. No final dividend will be paid in line with our banking covenant waivers.

Our property division continued to perform strongly in the 12 months to 30 June [see p34-p35]. Investment property rent roll has increased 12.5% to \$117 million, our portfolio value has grown 29% to \$2.6 billion, and our weighted average lease term has strengthened to 9.7 years.

In the 2022 financial year, capital expenditure is expected to be between \$250 million and \$300 million. Looking ahead, while operating expenses will remain well below levels seen in the 2019 financial year, we are forecasting a significant increase in operating expenditure in the 12 months to 30 June 2022 to facilitate the following:

- The expected increase in international travel in the 2022 calendar year as vaccination rates rise
- An intensive repairs and maintenance programme in the international terminal while traveller numbers are low
- Ensuring employee numbers are able to support quality delivery of our compliance and strategic activities.

Airline consultation

Our regulatory framework requires us to begin consultation with airlines on new aeronautical pricing for 2023 to 2027 by the end of the 2022 financial year. However, we are consulting with airlines regarding a potential deferral of the final pricing decision until we see a stronger recovery in aeronautical activity and there is more certainty on the future trajectory of growth in travel.

Looking ahead

With New Zealand's path to recovery ahead of us, it is important that Auckland Airport keeps delivering for our country. From safety protocols in the terminals to upgrading our infrastructure, this is the work that will ensure we deliver the strongest long-term prospects for New Zealand while helping to return our business to profitable and sustainable growth.

We are planning an exciting expansion to our precinct retail business [see p34]: the construction of a fashion outlet centre on the edge of the airport offering a net lettable area of more than 23,000m². Purpose-built fashion outlet centres are well-established at airports internationally and we have been exploring the concept for many years as part of our long-term planning. We believe it will be a great addition to the airport's eco-system.

Auckland Airport's performance is strongly linked to passenger volumes, so our recovery will be greatly influenced by the return of international travel. We continue to adopt more conservative planning assumptions than those of the International Air Travel Association (IATA), which is forecasting global travel to fully recover and exceed pre-pandemic levels in 2023. We believe a full recovery might take longer and we are also expecting further volatility in domestic and international aviation markets in the short term.

Because of uncertainty in the market, we are currently unable to provide underlying earnings guidance for the 2022 financial year.

Lastly, Justine Smyth will stand down as a director at the annual meeting later this year, a role she has filled since 2012. We sincerely thank her for her outstanding contribution.

Auckland Airport's journey through COVID-19 is not over yet, but thanks to the resourcefulness and determination of our people and the ongoing support of our community, customers and investors, we can be confident of the course we have set.

Patrick Strange
Chair

Adrian Littlewood
Chief Executive

Underlying net profit / (loss)

(\$41.8m)
122.2%

The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors know that comparisons against different companies can be made with confidence and that there is integrity in our reporting approach. However, we believe that an underlying profit measurement can also assist investors to understand what is happening in a business like Auckland Airport, where revaluation changes can distort financial results or where one-off transactions, both positive and negative, can make it difficult to compare profits between years.

For several years, Auckland Airport has referred to underlying profit alongside reported results. We do so when we report our results, but also when we give our market guidance (where we exclude fair value changes and other one-off items) or when we consider dividends and our policy to pay 100% of underlying net profit after tax (excluding unrealised gains and losses arising from revaluation of property or treasury instruments and other one-off items).

In referring to underlying profits, we acknowledge our obligation to show investors how we have derived this result. The reconciliation between underlying profit and reported profit for the current reporting period can be found on p67.



Chief Executive's farewell

Earlier this year, I announced my decision to step down as chief executive.

It's been an absolute honour to lead Auckland Airport for almost nine years through times of incredible growth and more recently during a stern test of our resilience.

I never imagined my final year in this role would be marked by the closing of New Zealand's border, but I wouldn't have wanted to be anywhere else during these difficult times and I have been constantly impressed by the commitment and resilience of our team.

My sincere thanks go to everyone who helped get the business through the challenges of the past 19 months. I also want to acknowledge my gratitude to employees, Board members, shareholders, business partners and our community for their support throughout my time at Auckland Airport. I'll be staying in the role until later this year while the recruitment process continues.

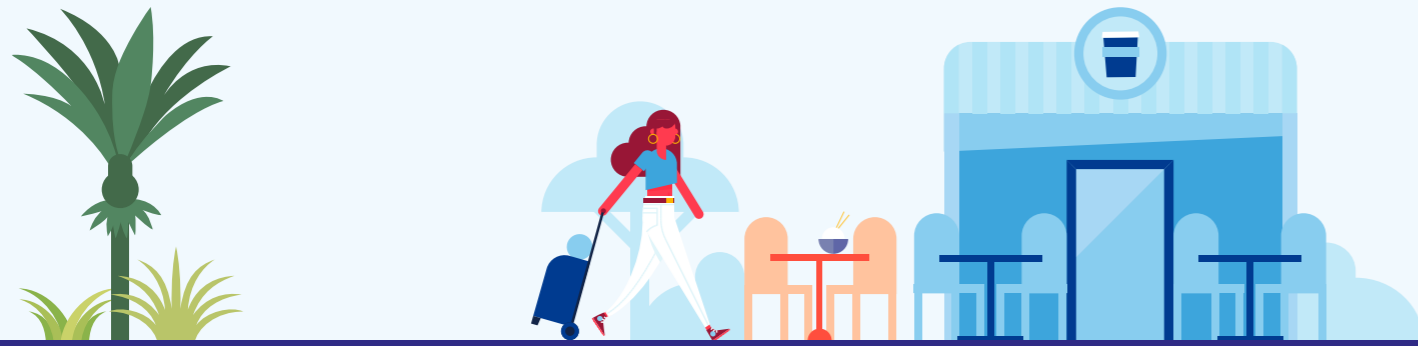
As aviation and tourism move into a recovery phase and our substantial development programme gears up again the years ahead will be really exciting for Auckland Airport. I look forward to watching the business rebuild and grow again.

Adrian Littlewood
Chief Executive

The Board is currently part-way through an international search for a new chief executive, to be appointed later this year.

Time to set some new sustainability goals

As a long-term multi-generational business, it is natural for us to take a long-term approach to our place in the world, the New Zealand economy and the local environment and community in which we operate.



Our long-term ambitions

Our aspiration is to create natural, social, cultural and wider-economic value as well as direct economic value. We will know we are there when:

Around the world we are a good global citizen who our peers look to for guidance and direction, and investors seek out based on our financial performance, risk management, environmental, social and governance (ESG) performance, and the creation of long-term value.

In our country we are recognised as an important New Zealand business that leads the way in transforming our business model to create non-financial value as well as direct economic value for our shareholders. We are known as a responsible business that is fair and open.

Our neighbours are proud that we are part of their community. We grow and prosper together with a focus on employment, education and the environment. We use our place, position and partnerships to recognise the importance of, and to work alongside, mana whenua, and to improve the well-being of the local and wider New Zealand communities.

At home (our employees, tenants and customers) we have the benefit of a diverse workforce and an inclusive culture and we continue to be a place where others aspire to work. We are creating a vibrant business and community hub where other businesses choose to be.

2030 TARGETS

Auckland Airport was one of New Zealand's early adopters of sustainability principles and has made considerable progress in the areas of emissions reductions, energy savings and waste management. With these objectives largely met, we are lifting our sights and challenging ourselves again by setting new sustainability targets, setting out how we will create value for our people and communities; contribute to the economy; and help tackle global challenges such as climate change.

As our business steadily recovers from the impact of COVID-19 the challenge is to ensure Auckland Airport is fit for the future and positioned to:

- Identify and successfully manage emerging risks and opportunities
- Meet regulatory requirements and stakeholder expectations
- Create environmental, social, cultural and wider-economic value as well as direct economic value.

To understand our future challenges and where we should focus our energies over the next decade, we embarked on a four-stage process. This process comprised a review of the wider business environment and relevant trends, a materiality assessment to understand what matters most to our business and to our communities, a benchmarking review and, finally, development of a new sustainability strategy.

How we talk about sustainability

Our overarching business strategy is aligned with our sustainability strategy which has four key pillars: Purpose, Place, People and Community. It is also framed by Auckland Airport's guiding star, the single ambition that unites and drives us as we work to safely connect New Zealand to the world:

We are working for New Zealand. We are committed to growing our country's success in travel, trade and tourism, building a vibrant economic hub that will create enduring value for New Zealand and generations to come.

1. Purpose Kaupapa

Creating value for our business, shareholders, partners, customers and New Zealand

2. Place Kaitiakitanga

Creating value for future generations and protecting the planet

3. People Whānau

Creating value for our employees

4. Community Hapori

Creating value for Auckland

Purpose Kaupapa

85%

CUSTOMERS RATE THEIR OVERALL EXPERIENCE AS 'EXCELLENT' OR 'VERY GOOD' BY 2030

100%

OF PROCUREMENT ACTIVITY IS ALIGNED WITH SUSTAINABLE PROCUREMENT GUIDELINES ISO20400 BY 2030

TSR

ROLLING 3 YEAR TOTAL SHAREHOLDER RETURN EXCEEDS COST OF EQUITY BY 1%

Place Kaitiakitanga

Net Zero

SCOPE 1 AND 2 CARBON EMISSIONS BY 2030

20%

REDUCTION IN POTABLE WATER USE BY 2030 FROM 2019 LEVELS

20%

REDUCTION IN WASTE TO LANDFILL BY 2030 FROM 2019 LEVELS

People Whānau

40 | 40 | 20

GENDER BALANCE ACROSS AUCKLAND AIRPORT'S BOARD, LEADERSHIP TEAM AND ITS DIRECT REPORT POPULATIONS BY 2025

Safety

YEAR ON YEAR IMPROVEMENT IN NUMBER OF HIGH-QUALITY SAFETY OBSERVATIONS PER EMPLOYEE

20%

OF PEOPLE LEADERS OF MAORI/PASIFIKA ETHNICITY BY 2030

Ethnicity

WORKFORCE REFLECTIVE OF THE ETHNICITY OF NEW ZEALAND BY 2030

Community Hapori

40%

OF EMPLOYEES PARTICIPATING IN COMMUNITY VOLUNTEER PROGRAMME BY 2030

Apprenticeship

CREATE A PATHWAY FOR WOMEN, MAORI AND PASIFIKA INTO TRADES, WITH 30% OF TOTAL TRADE STAFF SOURCED FROM A TARGETED APPRENTICESHIP SCHEME BY 2030



What matters most

In 2020 we carried out a comprehensive review of the issues and topics that matter most to our business and our stakeholders. We looked at matters that were materially important and to those issues that we, as a business, have influence over. This review was undertaken just as COVID-19 was beginning to impact New Zealand and it was completed August 2020 following the long autumn lockdown.

Our material issues

Auckland Airport considers material issues as those that are important to us and our many stakeholder groups; those that we can influence; and the environmental or social issues that we have an impact on.



<p>1. Health, safety and security</p> <p>Auckland Airport is a Port of First Arrival and major infrastructure operator; therefore, the health, safety and security of our people, airport workers, customers and visitors to the precinct is our first priority. We have a key role to play in protecting New Zealand and its people from diseases and biosecurity threats, something that has been highlighted in the 2021 financial year with the outbreak of COVID-19 and its impact on our operations, people and customers.</p>	<p>2. Wider economic contribution</p> <p>As New Zealand's largest international airport we are a key driver of travel, trade and tourism, boosting the country's economy as well as employment in the Auckland region. As the border gradually re-opens we will play a vital role in helping the economy and community to re-build.</p>	<p>3. Customer experience</p> <p>The welcome and farewell experience travellers receive when they arrive at or depart from New Zealand is overseen by Auckland Airport. We are committed to making journeys better for our guests; listening to and responding to their needs; and delivering infrastructure in the right place at the right time.</p>	<p>4. Aircraft noise</p> <p>We continue to work with our airline and air navigation partners to manage aircraft noise and the impact it has on the community. Although aviation activity has decreased during the past year, the impact of aircraft noise on people living and working beneath flight paths is ongoing and this was amplified by the return of flights after lockdowns in 2020 and 2021. Auckland Airport funds a comprehensive noise mitigation programme to reduce the impact of aircraft noise on the community.</p>	<p>5. Responsible employer</p> <p>We strive to be a good employer. We work hard to create a diverse and inclusive environment where people want to work, providing new opportunities to develop, support and empower our people. This is especially important following the restructuring of our workforce after the outbreak of COVID-19.</p>	<p>6. Climate change risk and adaptation</p> <p>We acknowledge that the aviation sector contributes to climate change and are working with our aviation partners to reduce this impact. The effects of climate change, including rising sea levels and unpredictable weather patterns will impact our business, community, country and the planet.</p>	<p>7. Minimising our environmental footprint</p> <p>As a large-scale business we work hard to reduce the impact our operations have on the surrounding environment by implementing best practice environmental controls and ongoing monitoring of our environmental performance. In addition, we implement resource use efficiency and waste minimisation measures. For new infrastructure we draw on sustainable design to guide our decision-making through the planning, design and construction phases.</p>	<p>8. Community and mana whenua involvement</p> <p>Auckland Airport's location is of historical and cultural significance to Māori. Building strong and enduring relationships with mana whenua is important to us. We also strive to be a good neighbour and play an active part in creating value for the whole community.</p>
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Who we are and what we do



Auckland Airport is New Zealand's largest owner and operator of an airport, providing infrastructure and services to facilitate the movement of aircraft, passengers and cargo. Prior to the outbreak of COVID-19, over 75% of international passengers arrived at or departed from New Zealand through Auckland Airport, generating more than 21 million domestic and international passenger movements. Traditionally, the aeronautical business segment contributes approximately 50% of total company revenue.

Today Auckland Airport is still the busiest airport in the country with 6.4 million passenger movements, the vast majority being domestic travellers.

Auckland Airport's consumer segment includes the provision of amenities for retail businesses both in the terminal and within the surrounding precinct. It also includes the operation of car parking facilities and two hotels on the airport precinct, the Novotel and Ibis, and digital channels. These activities enhance our customer proposition by providing important services in and around the airport that are valued by customers travelling through the precinct.

The investment property portfolio has grown strongly in recent years, through developing and managing in excess of 500,000m² of new facilities ranging from logistics and distribution warehouses to office buildings. This property portfolio is now valued at \$2.6 billion, with an annual rent roll of \$117 million. Auckland Airport has 185 hectares available for investment property development.

Our value creation model outlines how we create value for our key stakeholders through our business activities, and identifies the inputs that we rely on to enable us to deliver that value and meet our strategic objectives.

We own and operate Auckland Airport

14

international airlines servicing 27 destinations in FY21¹

6.4m

Passenger movements overall in FY21²

98,689³

Aircraft movements in FY21³

166,441T

of cargo in FY21⁴

- 31.4% of total revenue from aeronautical income
- 40km roads
- 1.4 million m² of runway and pavement
- Two terminals with over 170,000m² of floor area

We provide important services to consumers, our tenants and their employees

24/7

Service providing aviation, fire, medical and marine search and rescue services

120

Terminal-based retail tenants

- 145 business tenants outside the terminal
- Enhanced digital shopping services introduced in response to COVID-19
- Two hotels
- Car-parking facilities with over 13,000 car parks

1 29 airlines serving 41 international destinations pre-pandemic in FY19
 2 21.1 million in FY19
 3 178,771 in FY19
 4 190,905 tonnes in FY19

We are a property developer and owner

\$2.6b



Real estate, including logistics and distribution warehouses, office buildings, and shopping centres

\$117m

Rental income per annum



99%

Real estate average occupancy rate⁵



- \$415 million development completed in FY21
- 185ha available for development

We are a substantial employer and enabler of employment

441

Employees with diverse skills and capabilities

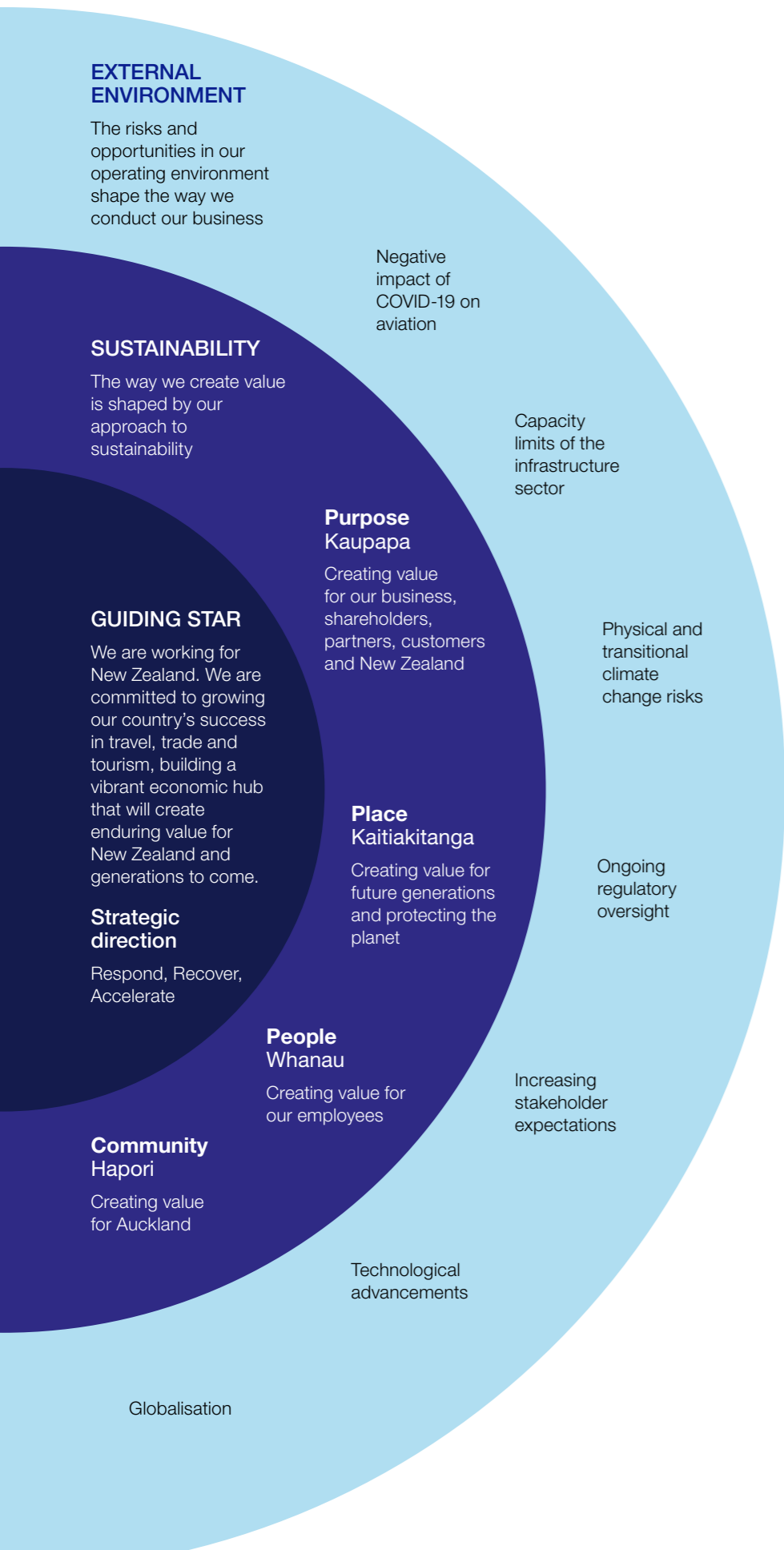


20,000

people typically employed on airport precinct

5 Landside property portfolio

Auckland Airport's business model



Inputs



OUR FINANCIAL CAPITAL

- Debt, equity
- Profit
- Credit rating



OUR ASSETS

- Airfield and associated aeronautical buildings
- Commercial property
- Roading, transport & utilities



OUR SKILLS AND KNOWLEDGE

- Established governance framework and operating model
- Project delivery methodology
- Data & business intelligence systems, involving IT infrastructure & crisis recovery systems



OUR EMPLOYEES

- 441 employees with diverse skills and capability
- Training for all staff
- Values-based culture



OUR COMMUNITY AND RELATIONSHIPS

- Relationships with broad range of stakeholders
- Brand & reputation
- Recognition of mana whenua values



OUR ENVIRONMENT

- Land for current and future growth
- Airspace
- Water, renewable and non-renewable energy utilised

Business Activities



Outputs and outcomes



VALUE DELIVERED FOR SHAREHOLDERS

- Financial performance, return on investment and dividends



ENDURING VALUE FOR NEW ZEALAND

- Active engagement in boosting New Zealand travel, trade and tourism
- Trigger-based infrastructure development plan in place to ensure sufficient capacity when required
- Attracting airlines servicing a variety of ports
- Keeping our country safe from biosecurity and health risks
- Supporting sustainable airline routes



WIN-WIN RELATIONSHIPS WITH OUR CUSTOMERS AND STAKEHOLDERS

- Being our passengers' favourite airport
- High occupancy and tenure in our property portfolio
- Constructive partnerships with mana whenua



A PROUD, DIVERSE, SAFE AND MOTIVATED WORKFORCE

- Strong employer proposition including remuneration, benefits and development
- High calibre, diverse workforce with a variety of skills, thoughts and capability
- Zero Harm health, safety and wellbeing culture



IMPROVING THE WELLBEING OF OUR LOCAL COMMUNITY

- Constructive partnerships focused on education, employment and the environment
- In kind and financial support for local community initiatives
- Recognition of mana whenua values



KAITIAKITANGA FOR THE ENVIRONMENT

- Reduced footprint across waste, water, energy and carbon
- Aircraft noise impact on the local community, mitigated with noise abatement packages
- No environmental breaches which result in prosecution under the relevant legislation

Purpose Kaupapa

Creating value for our business,
shareholders, partners,
customers and New Zealand

Auckland Airport is an organisation that strives to create value for New Zealand no matter what the circumstance.

Ordinarily, the efficient operation of an airfield relies on planning and order: a carefully designed network of systems and processes which comes together through the collaborative commitment of all the organisations that make up Auckland Airport.

But when the pandemic arrived, everything changed almost instantly. Since February 2020, COVID-19 has brought constant upheaval to almost every part of our business, but our team's determination to get the job done and go the extra mile for New Zealand has never faltered. In difficult circumstances they have continued to keep the terminals and airfield safe and secure, working through lockdowns as essential workers and fronting up for fortnightly nasopharyngeal tests for months on end to keep themselves and the community safe.

"COVID-19 created the perfect storm for our organisation and tested the character of our staff like no other," said Anna Cassels-Brown, Auckland Airport's General Manager Operations.

"I always knew we had an outstanding team here at Auckland Airport, and what they've had to deal with to keep the operation running smoothly through every extreme of the COVID pandemic, as well as keep themselves, whānau and community safe from COVID-19 is frankly incredible."

INNOVATION IN SALIVA TESTING

Almost half of Auckland Airport's staff work directly at the border, the front-line of New Zealand's efforts to keep the pandemic out of the country. With those staff required to have regular tests for COVID-19, the airport was quick to recognise the value of reliable, non-invasive testing methods for keeping the community safe.

That's why Auckland Airport co-funded New Zealand business Rako Science to trial a fast-turnaround, accurate saliva test, providing a site in the international terminal for airport workers to take part.

Auckland Airport's Health and Safety Advisor John Vazey joined the trials. "I took part in the trials because a reliable, non-invasive saliva test can help reduce the risk of outbreaks in the community by increasing the frequency of testing.

"If we're going to be dealing with this virus for a long time, we'll need easy, frequent and cost-effective ways to test large workforces," he said.

Throughout the pandemic, Auckland Airport has followed the Ministry of Health's protocols and guidelines to keep the community safe, and welcomes the Government's recent decision to introduce saliva testing for border workers. Staff who took part in the saliva tests did so on a voluntary basis and the saliva tests did not replace the nasal-swab testing required by the Government's border policies.



Adapting airport operations to meet New Zealand's needs

As COVID-19 sent much of the world into lockdown, the virus quickly pushed Auckland Airport in new and challenging directions.

"The world changed overnight and we had no choice but to change with it," Anna said. "Safety and security always comes first for us. We recognised early on that we would need to make big changes inside the international terminal in order to safely reconnect families and bring international travellers home," Anna said.

In 2020, the team at Auckland Airport began to re-imagine how our existing international terminal infrastructure could be repurposed to achieve two goals:

- The separation of incoming travellers potentially carrying COVID-19 into the country, from departing passengers and airport workers, recognising the key role airports play as a first line of defence against the spread of the virus
- Enabling New Zealand to open its borders again to quarantine-free travel with other low-risk countries, helping to reconnect whānau and support New Zealand's economic rebuild, and marking a critical first step in Auckland Airport's recovery.

We could not achieve this alone. A constellation of organisations deliver aviation services at Auckland Airport and significant operational changes would need everyone to work together.

"Well ahead of travel bubbles with Australia and the Cook Islands we were working closely with government border and health agencies, airline partners, ground handlers, cleaning companies

and transport operators to rethink the future of travel at Auckland Airport," Anna said.

The team envisaged a bold solution: the development of two separate and virtually self-sufficient international terminals contained within one existing building, including constructing a brand new arrivals processing area out of a ground-floor international zone previously used for bus operations.

Putting customer care first

Auckland Airport's Operations Performance Delivery Manager Mark Wilson, who jointly led the project, said teams prioritised travellers' comfort and health and safety while rethinking every detail: how to reorganise the layout inside the terminal to prevent high-risk travellers from interacting with low-risk travellers; providing access to food and drink to high-risk travellers transiting through New Zealand; supplying personal protective equipment (PPE) for staff; what to do



with baggage; and how to manage physical distancing.

"We always work closely with our stakeholders but this was just next level," Mark said. "We repeatedly trialled the terminal split putting 14 flight arrivals through the new process to ensure we got it right. We were on a mission to get this set up and working well for New Zealand and everyone brought that sense of pride to the project."

Auckland Airport also worked hard with stakeholders to set the standard for COVID-19 health and safety measures, becoming a Quarantine-Free Travel Airport specified under the COVID-19 Public Health Response Act 2020 in April 2021 [see sidebar story, p24]. Auckland Airport also achieved Airport Council International's Airport Health Accreditation in November 2020.

The split terminal went live on 16 April this year, just ahead of the trans-Tasman quarantine-free travel arrangements being put into place.

"To witness all of those family reunions at the quarantine-free arrivals gate, after so many months of hard work and planning: it was a wonderful moment for the entire airport team," Mark said. "It's disappointing to see the pause in the bubble but we're hopeful it won't be long before we see travel kickstart again with Australia."



Today the eastern side of the international terminal building, including the food court and retail area, forms Zone A: Safe Travel Area and is used by quarantine-free arrivals and all departures. Passengers do not mingle with those arriving from high-risk countries, and their experience of the terminal is very similar to what travellers were familiar with pre-COVID-19.

A second self-contained zone on the international terminal's western side forms Zone B: Health Management Area, a separate, enclosed airport arrivals processing area, with passengers processed by border agencies before being taken to their managed isolation facilities. Auckland Airport has ensured the care and comfort of transit passengers in Zone B, providing them with access to food and essential supplies, and customer welfare checks.

Craig Chitty, New Zealand Customs Service Manager Passenger Operations at Auckland Airport, said: "The challenges faced by border sector agencies, Auckland Airport, and the wider aviation industry was unprecedented. I have never been involved in such an effective working relationship with public and private sector groups before.

"The expertise and ideas each party could bring to the table quickly established a working model that could easily adapt to changing needs. What it demonstrated to me was that with good people and good communication you can achieve amazing outcomes".



What it demonstrated to me was that with good people and good communication you can achieve amazing outcomes.

Craig Chitty
New Zealand Customs Service

Scaling down the business

At the same time as adapting the airport operation, Auckland Airport has been focused on keeping the company going through the most difficult period of its history and setting it up for recovery in the long term.

"Like everyone in aviation it's been quite a ride for Auckland Airport, and we've fought hard to get our organisation back on the right path," said Auckland Airport's chief financial officer Phil Neutze. "Quarantine-free travel to Australia and the Cook Islands marked an important milestone in our recovery, but as we have seen with the current suspension of these arrangements, the return of international travel remains uncertain in the short-term and low international passenger volumes continue to have an impact across our business."

The strong cost controls that Auckland Airport introduced following the outbreak of COVID-19 continued throughout the 2021 financial year, with core operating expenses reduced significantly in the 12 months to 30 June.

Maintaining a prudent approach to financial management has remained a priority and in June 2021 the remaining \$425 million US Private Placement (USPP) borrowings was repaid. This, combined with the cancellation of cross-currency hedges associated with the USPP borrowings and some future fixed interest rate hedges, means Auckland Airport's 2022 financial year interest expense is expected to reduce by more than \$10 million.

In August 2021, banks supported Auckland Airport's request to renew nearly \$700 million of debt facilities due to mature between January and April 2022. From January 2022, Auckland Airport has agreed that the interest cover covenant currently waived by lenders will convert from an EBIT-based measure to a new EBITDA-based measure. Phil said taking these steps had renewed Auckland Airport's confidence in its ability to fund the planned infrastructure programme for the 2022 financial year and beyond.



Auckland Airport's aeronautical business in the time of COVID-19

The recovery of domestic travel continued into the 2021 financial year, with passenger numbers reaching 5.8 million, 17% down on the previous year. In the three months to 30 June, domestic passenger numbers reached 78% of the equivalent period in 2019.

Overall, total domestic and international travel was down 58% on the previous year with 6.4 million passenger numbers. Unsurprisingly, the 2021 financial year had the lowest number of international passengers since 1972, with 0.6 million international passengers including transits passing through the international terminal in the 12 months to 30 June 2021 (down 93% on the previous financial year).

Scott Tasker, Auckland Airport's General Manager Aeronautical Commercial, said the airport was pleased by the early launch of quarantine-free travel to Australia and the Cook Islands. However, demand had been patchy with passengers wary about being caught up in overseas lockdowns and the suspensions of the trans-Tasman bubble in July and the Cook Islands bubble in August. In the two and a half months to 30 June 2021, a total of 264,000 passengers travelled to and from Australia and 14,000 passengers travelled to and from the Cook Islands.

"We believe the return of trans-Tasman travel and further recovery in the international market will be driven by the uptake of vaccinations with new airlines most likely to be re-established with countries that have advanced vaccination roll-outs, such as Singapore," Scott said.

While border restrictions impacted the viability of many international air routes in the 12 months to 30 June 2021, three new trans-Tasman routes were announced: Air New Zealand introduced an Auckland to Hobart service and Qantas launched Auckland services to the Gold Coast and Cairns.

Our international network currently connects Auckland Airport and New Zealand to 27 Asia, Pacific and Middle-Eastern cities operated by 14 airlines ensuring that essential travel and cargo flows continue.

Scott said the Government's international air-freight capacity support scheme has continued to play an important role in



connecting New Zealand to its international markets. The cargo capacity and connectivity at Auckland Airport has ensured that essential imports and high-value goods exports have continued to flow in and out of New Zealand. In the 2021 financial year 166,000 tonnes of international cargo passed through Auckland Airport, 88% of New Zealand's airfreight cargo.

The longer-term recovery

Beyond the airport precinct, Scott said Auckland Airport has been thinking longer term, helping to develop a recovery path for all of New Zealand which relies heavily on commercial aviation.

"We've been working with our airline partners and tourism industry leaders to develop plans to revive global markets as the recovery continues, as well as supporting the New Zealand Government to prepare for a recovery in international travel as it becomes safe to do so."

Scott said much of this work focused on innovation, with two key projects carried out in the 2021 financial year:

- Trialling new saliva-based testing technologies for staff working at the border to help test the concept and to support the evolution of New Zealand's COVID-19 response [see sidebar story on p24]
- Auckland Airport played a leading role, alongside partner airports, airlines and government agencies on both sides of the Tasman, in designing, testing and implementing a quarantine-free travel system that has ultimately enabled a safe restart of travel between New Zealand, Australia and the Cook Islands.

Auckland Airport continues to work proactively with airline partners to maintain the future connectivity of New Zealand's international network for both the travel market and cargo flows.

"Auckland Airport's airline customers remain engaged in the New Zealand market because Auckland and New Zealand's pre-pandemic passenger and cargo demand growth were strong and most airlines experienced commercial success.

"Tourism New Zealand research shows that consideration for travel to New Zealand has continued to strengthen in key offshore visitor source markets during the pandemic; for example, in the US market the number of active potential travellers to New Zealand has increased by 50% from 2018 to 2021."

Scott said the recovery of New Zealand's international air connections, providing travellers with choice in airlines, convenient flight routings and affordable airfares, is highly dependent on the clarity and timing of changes to New Zealand's border settings early in the 2022 calendar year. The recovery in New Zealand's air cargo capacity and connectivity, required for high-value exports and essential imports, is also dependent on changes to border settings.

"Clarity in timing is important to ensure we retain the confidence of airlines to keep New Zealand firmly in their network and fleet deployment plans as the international aviation industry starts to recover global connectivity," Scott said.

88%

of New Zealand's airfreight cargo passed through Auckland Airport





**BEHIND THE SCENES:
ENHANCED INFECTION PREVENTION**

Auckland Airport has been busily fine-tuning our cleaning protocols since the outbreak of COVID-19: where essential workers clean, how they clean, and what to wear when they clean.

With the international terminal now segregated into two different zones, Auckland Airport's Head of Guest Experience Lauri Solecki said a stack of new procedures and guidelines had been developed to keep people safe.

"The control of COVID-19 is Auckland Airport's number one priority," Lauri said. "We are hugely grateful to the essential workers who are carrying out these cleaning duties, particularly on the front-line in Zone B. Because of the amazing work they do the airport is open for flight operations and we really appreciate their dedication and commitment."

Auckland Airport's enhanced cleaning standards outline in meticulous detail how terminals should be sanitised. Everything is planned and choreographed, from cleaning standards for different zones; protocols to ensure airport workers are equipped with the right levels of personal protective equipment (PPE); use of PPE donning and duffing stations; and guidance around more frequent routine testing for airport workers going into higher-risk areas.

For example, after an international arriving flight has been processed through Zone B and passengers have been taken to go into mandatory

managed isolation, cleaners thoroughly disinfect along every step of the passenger journey, including wiping down walls, rubbish bins, doors, handrails, bathrooms and escalators.

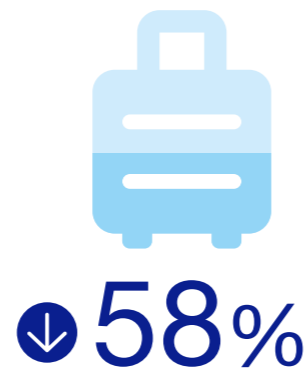
Other protection measures include travellers having access to disinfectant wipes stationed at doors and baggage trolleys, as well as use of hand sanitiser stations. There are 128 sanitiser units in the international terminal alone.

In addition, Zone B operates on an independent network of utilities including heating, ventilation and air conditioning, while a UV filtration system further treats and cleans the air. Auckland Airport is also currently trialling air purifiers inside lifts.

This work helped us to meet government requirements to become a Quarantine Free Travel Airport under the COVID-19 Public Health Response Act 2020.

128

Sanitiser units in the international terminal



Decrease in domestic and international travel compared to previous year

Your actions have been critical to the survival of my business as a travel retailer. Regular contact throughout those horrible months, along with your empathy and understanding, has been much appreciated.

Costa Kouros
AWPL Retail Solutions Limited
Thank you note received by Auckland Airport during the 2021 financial year

Standing alongside our business partners

Few industries have been upended by COVID-19 like aviation. That's had a domino effect for New Zealand tourism operators and many of the companies that operate from the airport.

However, despite facing a tough operating environment, our 120-plus terminal-based retailers remain committed to the airport, with only one tenant vacating their store early. Occupancy remains at 96% across our terminals.

"It's been a tough period for many organisations in our airport eco-system and we've been there working right alongside them, doing what we can to support them and always acting with integrity," said Lucy Thomas, Auckland Airport's Head of Retail.

"Even with the low levels of passenger numbers, we've been delighted to see travellers enjoying their favourite airport experiences such as visiting those cafés and restaurants and shops that did their very best to stay open even in trying times. We know how much effort our retailers and food operators have put into making sure they meet Ministry of Health safety standards, and the support from travellers has been hugely appreciated."

In the 2021 financial year, Auckland Airport extended ongoing support to tenants, working with organisations to provide relief on a case-by-case basis, depending on the impact and type of business. This included:

- Providing a total of \$3.9 million in rent reductions to off-terminal property tenants in the 12 months to 30 June, including precinct retailers whose businesses have been impacted by lower foot traffic
- More than \$185 million of abatements to our in-terminal retailers across both international and domestic operations
- Providing \$9 million of aircraft parking support (free of charge) to our airline partners for planes not in use.

With reduced foot traffic, Auckland Airport also moved fast to support new ways for airport retailers to do business and connect with their customers. The domestic terminal became home to five pop-up stores during the 2021 financial year, giving international retailers the opportunity to get their products to a new customer market.



Digital infrastructure played a helping hand too, with Auckland Airport shifting the focus of our online shopping experience, The Mall, from international to domestic travellers. For the first time, in October last year, people flying within New Zealand were able to access premium products from luxury and duty free international retailers via a new click-and-collect service at the domestic terminal. Demand has been building steadily, with monthly orders growing 12% (on average) since January 2021.

Technology

Auckland Airport made significant investment in cyber security in the 2021 financial year to keep our systems, infrastructure and information safe.

Jonathan Good, Auckland Airport's General Manager Technology and Marketing, said multiple new security protections had been introduced to our end-points (remote devices such as laptops and smartphones) to further protect the business.

"At the network level we have added new tools and protections using the latest artificial intelligence to monitor for anything suspicious. At the risk and governance level we have also updated our standards and policies as we constantly improve and test our tools in the fast-changing world that we face," he said.

The technology team has also focused on quality staff communications, education and training to ensure our Auckland Airport employees can help keep our systems and data safe and secure.

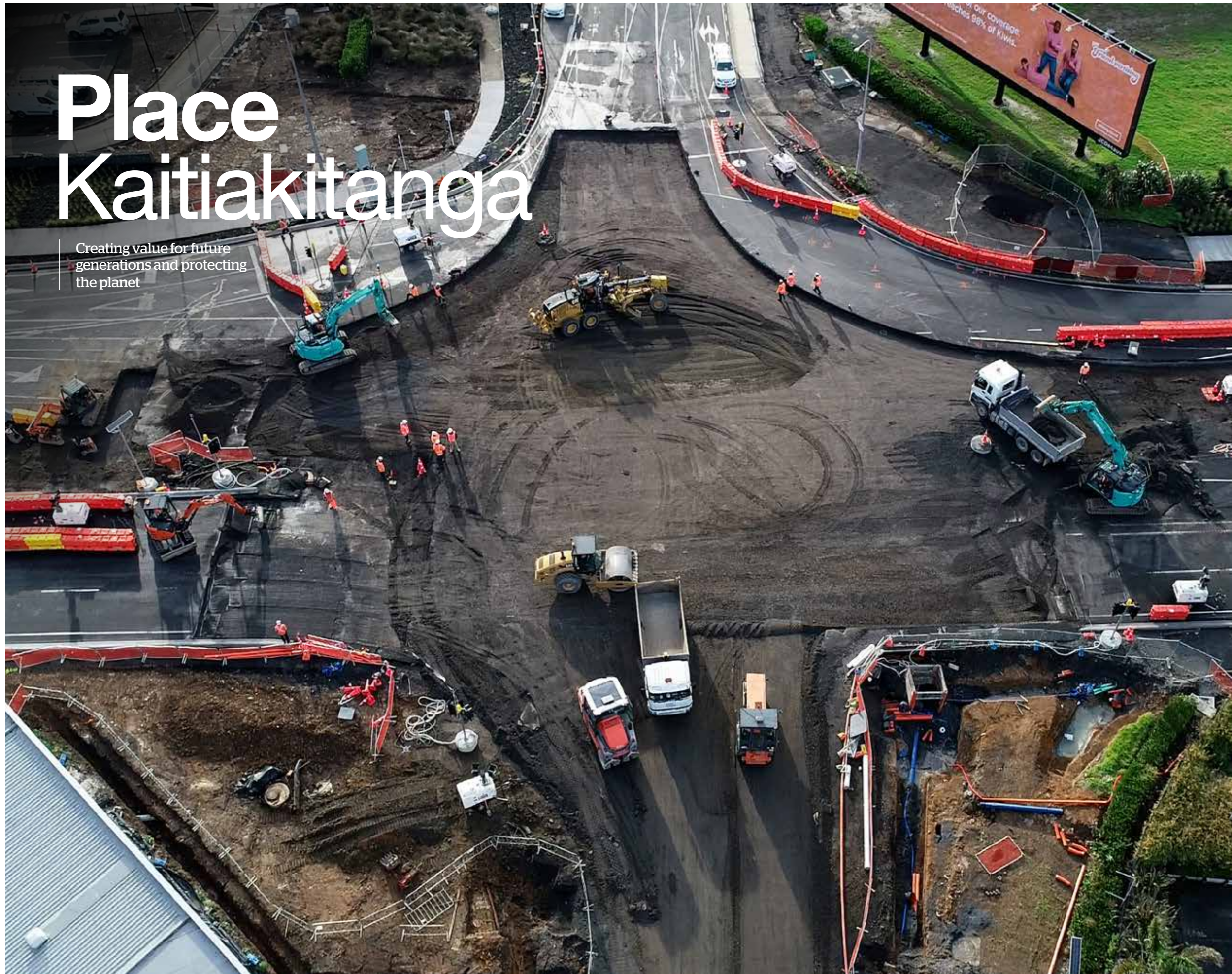


Our family-owned business of 35 years would not have made it through 2020 without the support of the Auckland Airport retail team.

Sam Hulton, Mountain Jade
Thank you note received by Auckland Airport during the 2021 financial year

Place Kaitiakitanga

Creating value for future generations and protecting the planet

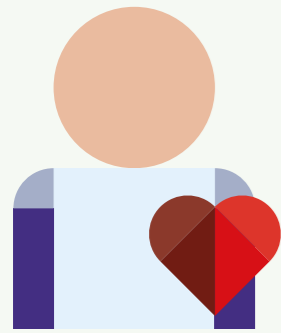


With fewer aircraft in the sky, roading upgrades, maintenance work and property development speed ahead.

The evolution of Auckland Airport into an economic centre for Auckland and New Zealand has continued throughout the 2021 financial year, despite the impact of the pandemic on the aviation sector.

From wildlife protection to roading upgrades and new property developments, Auckland Airport's General Manager Infrastructure André Lovatt said the wider Auckland Airport precinct was far from idle in the 12 months to 30 June 2021.

"Auckland Airport's ambition to create a thriving economic hub for New Zealand remains unchanged," André said. "The international terminal may be quieter, but in consultation with our airlines and border agencies, we have continued work to reset long-term aeronautical infrastructure development plans and to protect the environment, ensuring Auckland Airport remains safe, resilient and prosperous for many years to come."



WORKING WITH MANA WHENUA ON THE SH20B UPGRADE

Auckland Airport aims to nurture positive, collaborative and enduring partnerships with mana whenua through genuine engagement. We work with mana whenua to develop solutions that are then reflected in the design and delivery of Auckland Airport's projects.

When Auckland Airport collaborated with Waka Kotahi/NZTA and Auckland Transport on upgrades to State Highway 20B, we were able to build on our long-standing relationship with mana whenua to work alongside Te Ākitai Waiohū in the partnership. Each party provided valuable input throughout the programme as SH20B was widened to deliver better options for travellers, including public-transport users, cyclists and walkers. Te Ākitai shared their unique knowledge and ensured their narratives and tikanga were an authentic part of the design process.

Auckland Airport values our relationships with mana whenua because we recognise the history and significance of this land and its people as we shape the future of the precinct.

Built environment: Resetting the infrastructure blueprint

In the space of a few short weeks last summer, COVID-19 managed to undo years of preparation to deliver billions of dollars of new infrastructure at Auckland Airport, including several major projects that were underway or about to begin in order to accommodate growth in travel. They were:

- A 250,000m² expansion to the airfield
- A 30,000m² expansion to the international arrivals areas
- The \$100 million Northern Network airport roading upgrade
- A new \$1 billion-plus domestic jet facility.

In the 2021 financial year, André said the team had worked hard to reset the infrastructure plan and position Auckland Airport strongly for the inevitable recovery in aviation with development to be staged in line with the aviation sector's recovery.

"We have revisited and reset our infrastructure development roadmap in consultation with our airline partners, to ensure it properly reflects the reality of a post-pandemic recovery, while serving the needs of airline customers and the travelling public.

"We have a refreshed blueprint for the future, and while it reconfirms our long-term commitment to our eight core anchor infrastructure projects, the creation of a new integrated domestic facility will be the first of these priority projects," he said.

Along with a new domestic hub, we are continuing to progress three more of our anchor projects: the \$160 million-plus programme of transport upgrades; upgrades to the existing domestic terminal; and the \$200 million-plus transport hub. Anchor projects that remain on hold are the international airfield and taxiway expansion; new cargo precinct; new international arrivals area and the second runway.



We now have a new blueprint for the future, and while it reconfirms our long-term commitment to our eight core anchor infrastructure projects, the creation of a new integrated domestic facility will be the first of these priority projects.

André Lovatt
General Manager – Infrastructure



Merging the domestic and international terminal

Auckland Airport has announced plans to begin groundwork for a new purpose-built domestic facility to be merged into the eastern end of the existing international terminal and provide seamless connections between domestic and international flights.

Site preparation will begin early next year for the project, which is likely to be around three times the size of the current domestic terminal once completed, when accounting for shared check-in (kiosk-based) for both international and domestic travellers.

"Even though international passenger numbers are currently at historic lows it is important to set the wheels in motion now in preparation for aviation's recovery. Kiwis want a better domestic travel experience at Auckland Airport and that's what we're focused on delivering," André said.

The first \$30 million stage of the project is expected to get underway in early 2022, relocating important back-of-house infrastructure that lies within the footprint of the planned domestic hub. This will include demolishing the eastern baggage hall and relocating key utilities and the airport operations centre.

"We previously had around 30,000 people arriving and departing at the international terminal every day. That's fallen by around 97% to just a thousand or so a day currently. We're taking advantage of the downturn where we can clear the site, while bringing forward upgrades of core utilities critical to the functioning of the airport while passenger numbers are low."

Beyond demolition, the next major phase of the \$1 billion-plus domestic hub will be determined by a range of factors including the speed of aviation's recovery.

Transport upgrades push forward

Roading

When it comes to transport infrastructure around the airport precinct, airline and commercial customers require seamless access into and around the airport.

In the 2021 financial year, both the northern and southern entrances to the airport precinct benefited from significant upgrades that will serve the needs of road users and the Auckland region well into the future.

Auckland Airport is investing around \$160 million in these projects, including upgrades to the inner roading network. We recognise disruption on the roads can be frustrating and we are committed to completing these projects as soon as possible.

To the north, we continued to progressively complete work on our \$100 million-plus Northern Network anchor infrastructure roading project, with the majority of works to be completed in October 2021. Along with other maintenance upgrades, this project was prioritised to provide long-term resilience to the transport network and key services while taking advantage of reduced traffic to complete the project and minimise disruption to road users.

The Northern Network includes key improvements such as a new one-way exit road system for the international terminal, and the widening of George Bolt Memorial Drive to include high occupancy vehicle lanes with shared pedestrian and cycle paths alongside and new wayfinding gantries overhead, as well as major services upgrades to support the operation of the airport.



"We know how important the George Bolt Memorial Drive upgrade is in creating a resilient and reliable linkage between the airport and the central city. By widening the road, we're increasing its capacity, resilience and supporting public-transport options," André said.

To the south, Auckland Airport's joint project with Waka Kotahi/NZ Transport Agency (NZTA), Auckland Transport, and mana whenua Te Ākitai Waiohū on

SH20B is adding mass-transit lanes, with Auckland Airport contributing \$32 million to the project. The upgraded SH20B connects to a new bus/rail interchange at Puhinui Station, providing a 45-minute public-transport service between Britomart and the airport.

Airfield works

The pandemic has provided an unexpected window for Auckland Airport to accelerate maintenance work with fewer flights making it safer, easier and more cost effective to bring forward scheduled projects.

In the 2020 financial year, Auckland Airport embarked on a three-year period of pavement renewal throughout the airfield. This work continued during the 2021 financial year, with 365 concrete slabs and over 15,000m² of asphalt replaced across the airfield's runway, taxiways and apron in the 12 months to 30 June.

The downturn in aircraft movements also provided an opportunity to replace sections of the runway in two tranches. The first took place at the eastern touchdown zone, involving the replacement of 280 half-metre-thick slabs of concrete. This project created 150 jobs and took 11 weeks to complete by August 2020.

Public transport service between Britomart and the airport



Construction jobs created – replacing 363 concrete slabs on runway sections.



FASHION OUTLET CENTRE PLANNED FOR AIRPORT PRECINCT

Auckland Airport has unveiled plans to develop a quality outlet centre on the edge of the airport precinct, generating more than 500 new jobs across more than 100 stores and food outlets.

Mark Thomson, Auckland Airport’s General Manager of Property and Commercial, said there was a significant gap in the market for a purpose-built fashion outlet centre and the airport had been exploring the concept for several years.

“We are pleased to be introducing this development to Auckland. It will be the first of its kind in New Zealand, offering an exciting new shopping experience for Kiwis and travellers arriving to and departing from the airport.

“Fashion outlet centres are well-established internationally, particularly at international airports like Auckland Airport. There is also a strong strategic fit – we believe focusing on a development that is anchored in the domestic market will strengthen our business, while also creating a point of difference and enhanced travel experience for visitors to Auckland,” Mark said.

Outlet centres have opened up near airports in cities like Brisbane, Perth and Vancouver, offering sought-after premium and lifestyle brands to consumers at often heavily discounted prices.

Mark said the centre, to be located on undeveloped land on the north eastern edge of the airport precinct, will offer a

net lettable area of more than 23,000m². The development will be underpinned by sustainable design principles, with Auckland Airport targeting Green Star design and build. It will also have a modern and distinctive New Zealand feel, providing strong connections between indoor and outdoor spaces. Careful precinct-wide planning and ongoing investment in transport will continue to prioritise terminal-bound traffic and enable public transport, creating a seamless travel experience for all visitors to the precinct. Outlet centre opening hours will be timed to avoid flight schedule peaks.

“Many New Zealanders will be familiar with visiting this type of bespoke fashion outlet shopping centre on trips overseas,” said Mark. “Our development will look to focus on a popular range of brands that will complement the existing mix of retail we have here at Auckland Airport, providing visitors to and workers in the precinct more variety and choice.

He said major phases of development would be influenced by the strength of the retail market and the recovery of aviation.

“There’s still work to do in order to bring this project to life, but we have an extraordinary site and design, the investment fundamentals are strong, and the support from retailers and consumers for this concept has been very encouraging.”

After the completion of the eastern section, attention moved to the western touchdown zone and the replacement of a further 83 slabs. A 150-strong construction team worked on the project which was completed in December 2020.

Investment property:

Amid the pandemic, our portfolio continues to grow

The development of the airport precinct into a hub for commerce continued, with Auckland Airport’s commercial property business performing strongly in the 2021 financial year.

Our investment property rent roll increased 12.5% to \$117 million, driven by the addition of new developments to the portfolio and by rental growth within the existing property portfolio.

The commercial investment property portfolio is now valued at \$2.6 billion, up 29% in the year to 30 June 2021, with the weighted average lease term strengthening to 9.7 years in the period.

“Property investment occupancy at the end of the 2021 financial year was 99%, which is testament to the strong tenant covenant throughout our portfolio and the support we have been able to provide those companies who were hardest hit by the pandemic [see p29],” said Mark Thomson, Auckland Airport’s General Manager Property and Commercial. “We are proud of the support that we have been able to provide, not only because it is the right thing to do but also because it is necessary to retain services that support airport workers.”

Mark said rapid growth in ecommerce combined with structural shifts in the logistics sector mean The Landing, Auckland Airport’s light industrial and logistics business park, is well positioned for continued future property growth as commercial tenants place greater emphasis on locations that are close to urban areas. Strong customer enquiry from the logistics sector is expected to continue well into the 2022 financial year.

In March 2021, a significant milestone was achieved with the completion of the 85,000m² distribution centre and head office for Foodstuffs North Island at The Landing. It is the largest distribution complex in New Zealand and has extensive sustainability elements interwoven through its design and material selection. It features the country’s largest rooftop solar array with 2,915 photovoltaic panels and a rated output of 1.166MW to power the building.

Te Arikiniui Pullman Hotel – under construction



Foodstuff’s adjoining office building is 5-star rated Green Star for its design and build which incorporates other environment-friendly features such as rainwater capture, 32 electric vehicle (EV) chargers and electric forklifts in the distribution centre; this means the new facility is likely to deliver further emissions reductions. This facility recently won the Commercial Architecture Award at the Te Kāhui Whaihunga/New Zealand Institute of Architecture Auckland Awards.

The new development of a specialised waste facility for Interwaste was also delivered in the 2021 financial year, with the operation treating and processing waste from Auckland Airport as well as from Ports of Auckland, Port of Tauranga, and District Health Boards. In addition, Auckland Airport advanced construction on the structures and façades of the 5-star Te Arikiniui Pullman Hotel (a joint venture with Tainui Group Holdings) and the 4-star Mercure Hotel during the 12 months to 30 June 2021, with the fit-out of both hotels scheduled for completion when market conditions improve.

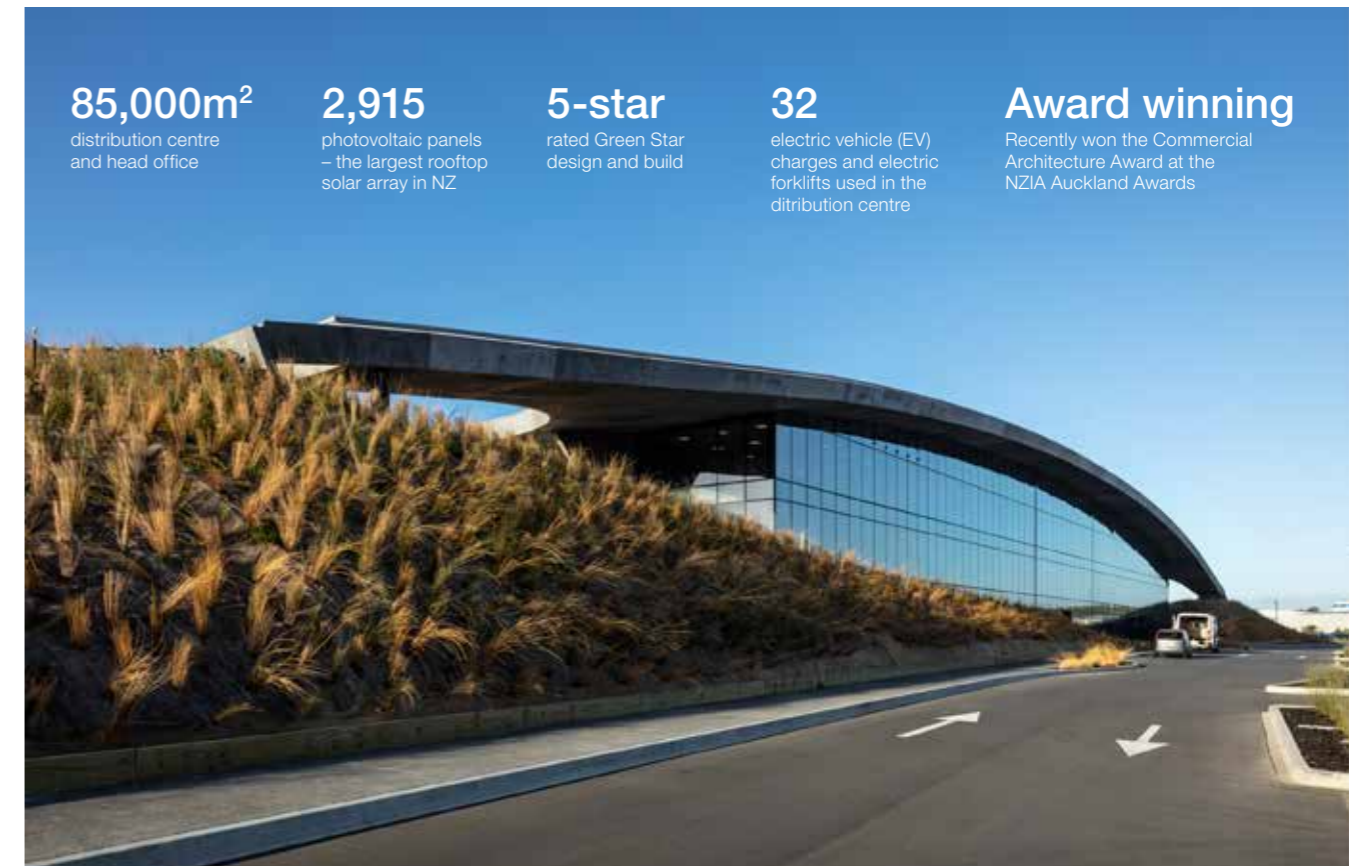
“We are continuously incorporating sustainability principles into all of our investment projects, including on-going

discussions with tenants who have requested sustainability to be integrated into new build projects. We are also working with them on how to reduce consumption and waste, as well as increasing the availability of renewable and low-emissions fuels to consumers within the airport precinct,” said Mark.

Looking ahead to the 2022 financial year, he said foundations have been laid for continued portfolio growth. The property

team has secured \$160 million of development pre-commitments including from Geodis Wilson at Timberly Road (6,000m²); from Healthcare Logistics, a subsidiary of EBOS, in The Landing Business Park (12,000m²); and Auckland Airport is on track to deliver the 16,000m² Hellmann Global Logistics facility early in the 2022 financial year. These developments are included in our \$117 million existing rent roll and are expected to add about \$6 million in rental income to the business once completed.

Foodstuffs North Island – completed March 2021



85,000m²
distribution centre and head office

2,915
photovoltaic panels – the largest rooftop solar array in NZ

5-star
rated Green Star design and build

32
electric vehicle (EV) chargers and electric forklifts used in the distribution centre

Award winning
Recently won the Commercial Architecture Award at the NZIA Auckland Awards

Climate Change Disclosure

Auckland Airport recognises that the impacts of climate change, including rising sea levels and temperatures and unpredictable weather patterns, will impact our company, the local community, New Zealand and the planet. We also recognise that the travel industry contributes to climate change.

We are committed to reducing our carbon footprint, improving our operational resilience and adapting to the predicted impacts of a changing climate now and into the future. We are also committed to supporting others, particularly in the aviation sector, to reduce carbon emissions. In the 2021 financial year, for the first time, we adopted the guidelines of the Taskforce on Climate-related Financial Disclosures (TCFD) to disclose the impact of climate change on our business and our impact on climate change. As we further identify, assess and manage climate change risks and new opportunities for our organisation, we will continue to increase our degree of disclosure. Auckland Airport expects to produce a disclosure fully aligned with the TCFD recommendations by 2023. A copy of Auckland Airport's full Climate Change Disclosure Report is available on our website at www.aucklandairport.co.nz.

Governance and risk management

Auckland Airport has assessed physical and transitional risks for the business due to climate change and these risks are outlined in more detail in the full climate change disclosure report. Our process for risk management is continuous and is designed to provide advanced warning of material risks before they eventuate. Auckland Airport's Board of directors is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed, maintained and implemented by management, including climate change. The Board receives an annual update on climate-related risks and opportunities and has delegated further risk oversight and monitoring to the Safety and Operational Risk Committee (SORC), which receives a quarterly update on enterprise-wide risks (including climate change), the controls in place to mitigate the risk and the planned actions to address them. During the 2021 financial year, management also established a Sustainability Management Group, involving nine senior leaders from across the company, to oversee the implementation of our Sustainability Strategy including material climate change initiatives, ESG targets and our TCFD reporting.

Climate scenario analysis

Climate-related risks and opportunities are considered as part of Auckland Airport's strategic planning including our short-term asset management plans, medium-term infrastructure projects and longer-term masterplan for the whole of the airport precinct. To date Auckland Airport has undertaken analysis of current and future flooding and inundation risk under a high emissions scenario representative of a 4.8°C warming pathway (RCP 8.5). This analysis identified that without planned intervention, the frequency and intensity of inundation and flooding events on the airport precinct is predicted to increase significantly, eventually resulting in frequent interruption to business activity in 2090. This potential impact is being addressed by regular monitoring, maintenance and upgrades to existing infrastructure as well as strategic planning of future infrastructure.



Core elements of recommended Climate-related Financial Disclosures

- Governance**
The organisation's governance around climate related risks and opportunities
- Strategy**
The actual and potential impacts of the climate related risks and opportunities on the organisation's businesses, strategy and financial planning.
- Risk Management**
The process used by the organisation to identify, assess, and manage climate-related risks.
- Metrics and Targets**
The metrics and targets used to access and manage relevant climate-related risks and opportunities.

Pathway to Net Zero

For the first time, we have set a pathway to reach Net Zero carbon emissions by 2030. This means reducing our scope 1 and 2¹ emissions as far as is feasible, which will be achieved by:

- Phasing out the use of natural gas in the international terminal
- Electrifying our corporate vehicle fleet
- Using refrigerants with the lowest global warming potential (GWP) possible
- Using 100% renewable electricity.

In 2030 should there be any residual emissions these will be neutralised by the purchase of certified carbon removals.

Supporting our business partners

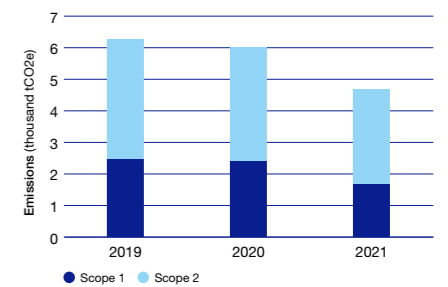
Airlines flying to and from Auckland Airport are continuing to upgrade their fleets to more fuel-efficient aircraft. Auckland Airport recognises we have a role to play in assisting airlines to reduce their carbon emissions. We have worked with New Zealand's air navigation service provider Airways and airlines to help reduce aircraft fuel burn, with fuel-saving flight paths and the allocation of taxiways to minimise aircraft taxi time. We also support our partners to reduce their carbon emissions through the introduction of equipment that reduce their dependence on aviation fuel while at our airport. This includes provision of Ground Power Units (GPUs) and Pre-Conditioned Air (PCA) at all international stands so that aircraft can be serviced by New Zealand's low-carbon electricity grid while preparing for the next flight, instead of burning jet fuel while on the ground.

Environmental performance

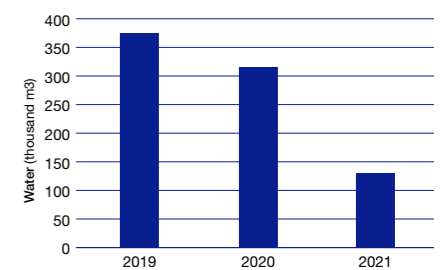
As a significant landowner, with property bordering the Manukau Harbour, Auckland Airport has an important role to play in protecting the natural environment for future generations. Over the last decade, we have made considerable progress in the areas of emissions reductions, energy savings and waste management. In the 2021 financial year we reset our environmental targets to set us up for the next 10 years. Performance against these targets appears extraordinary during the 2021 financial year due to the low number of international passengers. However, this is expected to change in the coming years with the return of international travel and the additional airport precinct energy consumption that this will drive.



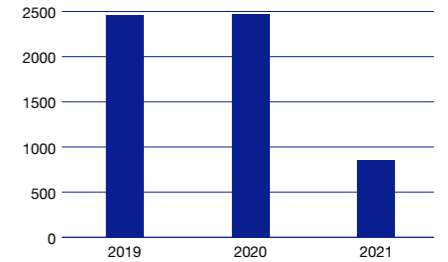
Scope 1 & 2 Carbon Emissions FY19 – FY21



Water consumption FY19 – FY21



Landfilled Waste FY19 – FY21



Auckland Airport's FY21 Carbon Emissions

Scope	FY19	FY20	FY21
Scope 1	2,472	2,397	1,674
Scope 2 ²	3,802	3,648	3,031

For Auckland Airport's full 2021 financial year emissions profile refer to our Greenhouse Gas Inventory Report on the company website: www.aucklandairport.co.nz Information within the greenhouse gas inventory report has been assured by Deloitte in accordance with ISO 14064-1

Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals, and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).

¹ Scope 1 is the emissions from sources that are owned or controlled by the company. Scope 2 is the emissions from the generation of purchased electricity consumed by the company.
² Previous years' scope 2 emissions have been re-stated in FY21 to include transmission and distribution losses from electricity lines owned by Auckland Airport



People Whānau

Creating value
for our employees

Challenges bring out the best in us

Auckland Airport's team is a resilient one.

Within a matter of weeks last autumn, the precinct – filled with travellers, restaurants and busy arrivals boards – became an airport with virtually no international flights. The border closed and the only long-haul passenger flights that did arrive were carrying people potentially infected with COVID-19.

"These last 19 months have been a true test of our company's culture and resilience," said Auckland Airport's General Manager Corporate Services Mary-Liz Tuck.

"Our team has had to deal with near constant change and uncertainty, yet every day I'm proud to see examples of our values in action as our employees carry out their work with care, collaboration, integrity and respect."

Today, more than 80% of New Zealand's arriving international air traffic and 95% of international inbound cargo flows through Auckland Airport, making it one of our nation's most important first lines of defence against COVID-19, as well as a critical social and economic link to the world.

It is the team at Auckland Airport who help to ensure this vital link continues, all while maintaining the highest standards of health and safety, not only for passengers but also for themselves and the community.

"The safety and wellbeing of our team is as important to us as it is to their families at home, the community and to our stakeholders," Mary-Liz said.



SUPPORTING THROUGH OUR EXPERTISE

When the Auckland Regional Isolation and Quarantine Command Centre (RIQCC) was set up for the managed isolation and quarantine process for Kiwis arriving home, it needed someone with expertise on the aviation sector and the airport operation.

Auckland Airport moved Josh Wright, a 14-year veteran in Operations, into a liaison role with RIQCC. Josh's operational expertise gave RIQCC a thorough understanding of the processes involved in the air, at the border and inside the terminal.

With Josh's help, the RIQCC was better able to access and understand data forecasts, planning information, aeronautical regulations, flight schedules and the requirements of border agencies and airlines.

"The partnership with RIQCC was crucial in making it possible for Auckland Airport to host arrivals in quarantine-free travel," Josh said.

Health and safety management

Each time the city of Auckland experiences a lockdown a large portion of Auckland Airport's workforce continue to leave home and go to work. Deemed essential in their jobs, it is the airport's fire crew, cleaners, safety officers, maintenance teams and customer service staff who help to ensure the airfield and terminals keep operating 24/7.

"One of the wonderful things about the team at Auckland Airport is the pride they consistently show in their work, knowing that they are providing a service to New Zealand that really does matter."

Mary-Liz said safety protocols to protect employees were under constant review at Auckland Airport, particularly in areas of the international terminal where the chance of coming into contact with COVID-19 is higher. In the 2021 financial year, we continued to introduce and evolve infection-control measures [see story, p28], setting high standards for both terminals. This contributed to Auckland Airport becoming the first airport in New Zealand to achieve the Airports Council International's Airport Health Accreditation – an endorsement of our COVID-19 health and safety measures.

When COVID-19 vaccinations became available, Auckland Airport's front-line workforce was quick to sign up for them, receiving external expert advice on the vaccines, including on the science of immunisation and the public-health benefits. In support of the vaccine rollout, Auckland Airport provided discretionary sick leave to any staff members feeling unwell after their injection.



"We know that vaccination is the pathway forward to containing the virus and for our country's recovery. That's why we made sure our people were informed and educated on vaccination from the very start, by running sessions with medical experts and immunologists," Mary-Liz said.

Employees continued to respond to the requirement of ongoing routine testing for COVID-19, she said, with comprehensive internal policies and protocols around what was expected. Employees are able to access quick and regular nasopharyngeal testing at the international terminal, and members of our team have also taken part in a trial of new saliva testing technologies [see sidebar story, p24].



We know that vaccination is the pathway forward to containing the virus and for our country's recovery. That's why we made sure our people were informed and educated on vaccination from the very start, by running sessions with medical experts and immunologists.

Mary-Liz Tuck
General Manager Corporate Services

Safety performance targets

One positive result from the challenges of managing the impact of the pandemic has been the increased focus on health and safety more generally across the airport precinct.

Safety observations were up to 2,356 in the 2021 financial year, 28.7% above the target of 1830. Awareness of our Safety Management Systems sat at 82% (7% above target).

"Safety learning never stops at Auckland Airport. While we need to keep upskilling and refreshing our knowledge, we also need to keep innovating in how we deliver safety messages so the continuous education doesn't get tedious or people become complacent," Mary-Liz said.

Auckland Airport's communication on safety issues was a priority throughout the 2021 financial year, covering a range of channels including the company website, staff intranet, face-to-face briefings, electronic direct mail (eDM), and letters to tenants and stakeholders. Event highlights included:

- Auckland Airport's annual Safety Week taking place in October 2020, with several workshops and drop-in sessions covering safety topics from safe driving airside to mental health
- A 'Back to Work' safety campaign taking place in January 2021 for operational and engineering staff following the summer holiday break
- A Safety Management System Café being established in April 2021, offering fast and active kiosk-style learning on emergency planning, document control, reporting, bow-tie risk assessments, change management and auditing
- More than 150 employees attending the St Johns Mental First Aid course, focused on building mental-health skills and support. The course helps participants to recognise and provide mental-health first aid and understand the importance of self-care.

During the 2021 financial year, the visibility and real-time use of hazard and risk registers was improved by uploading them to the company's electronic portal for employees, and also making them available electronically to third-party contractors.



A resilient culture

Following many months of disruption, pressure and change, Auckland Airport looked inward during the 2021 financial year and carried out a study of our workplace culture.

Taking a 'snackable' approach, Mary-Liz said the aim of the culture study was to find out where the organisation was succeeding or falling short within its own walls, and what it would take to improve.

The May Culture Check-in found a resilient and strong culture, a highly engaged workforce and a good understanding of our purpose and sustainability pillars.

"We asked people to describe our culture and the top five words were diverse, inclusive, collaborative, respectful and siloed. Overall it was encouraging, and it also gave us a very clear challenge to work on," Mary-Liz said.

The key messages for the leadership team were consistent with previous surveys and focused on how information is shared, leadership effectiveness and visibility, recognition, looking after people's well-being and creating a workplace that is inclusive.

Mary-Liz said the leadership team was acting quickly on employee feedback with an action plan to make Auckland Airport an even better place to work, including offering more flexibility around ways of working. "We know in a company as diverse as ours that we need to do as much as we can to break down the internal silos and work on the 'one team' approach. We believe the changes we are making will make our team and our business stronger."



The safety and wellbeing of our team is as important to us as it is to their families at home, the community and to our stakeholders.

Mary-Liz Tuck
General Manager Corporate Services

Diversity

Auckland Airport is committed to building a more diverse, inclusive and equitable workplace. Mary-Liz said the company recognised it still had work to do in this regard, particularly in retaining senior females and building diverse talent in middle management.

“As we reset our business rhythms and re-establish our ways of working, we are focused on creating a sense of place where everyone is able to thrive, and one where others aspire to work,” Mary-Liz said.

During the 2021 financial year, employees involved in the Manu Ao development programme [see sidebar story, p42] led an initiative to bring Matariki to life for the Auckland Airport team, with education campaigns, online quizzes, te reo Māori greetings in the terminal and a delicious hangi feast for staff.

Auckland Airport is also resetting our welcome for new staff members with the introduction of an onboarding programme called Tomokanga, due to launch in August 2021 and celebrating the organisation’s evolving diverse workforce with the spirit of manaakitanga.



As we reset our business rhythms and re-establish our ways of working, we remain focused on creating a sense of place where everyone is able to thrive, and one where others aspire to work.

Mary-Liz Tuck
General Manager Corporate Services



KEY LESSONS FROM MANU AO DEVELOPMENT COURSE

Manu Ao, a leadership programme for Māori staff, supports Auckland Airport’s sustainability goals and is expected to have a lasting impact on the company and our communities.

Facilitated by Indigenous Growth Ltd and funded by Te Puni Kokiri, Manu Ao enables Māori staff to chart a career course in the corporate world and develop their leadership skills.

Programme participant Erina Kent said the Manu Ao course had been transformational. “I’ve developed practical tools to help me get the most out of both my interactions with others and the working week within a professional environment.

“One of the great things about the programme has been the whanaungatanga, meeting people from all over the organisation, sharing challenges and growing personally and professionally - it’s bonded us together. In Māori that translates as Haumi ē! Hui ē! Taiki ē!”

As part of the course, participants worked on projects in three separate rōpū (teams). One rōpū has worked on a project to revitalise employee onboarding, helping new staff find a sense of place at the airport. Another team’s project focused on internal cultural competency - improving the understanding of Māori culture, te reo and tikanga throughout the organisation. The third has looked at an internal mentoring programme to attract, retain and encourage Māori towards senior management and improve the diversity of the people employed by Auckland Airport.

Manu Ao involved 11 days of intensive workshops and training. “We came together as a group at the start of October - and we’ve completed our fourth wānanga workshop,” said Erina. “There’s been work and coaching that we’ve done in between each wānanga, driving our individual work and our team projects.”

Participants presented their projects to an executive panel and graduated from the programme in February 2021.

Haumi ē! Hui ē!
Taiki ē!

Developing our people

Despite the challenges of operating during a pandemic, Auckland Airport continued to provide training and development for our people through the 2021 financial year.

“We know that at some stage the pandemic will subside and an economic recovery will lead to increased competition for key talent. So, we continue to remain focused on long-term succession planning particularly for our critical roles,” Mary-Liz said.

Along with on-the-job development opportunities, secondment opportunities were available to staff members [see sidebar story, p40] and the leadership team took part in a Leadership Shadow exercise, challenging its members to reflect on how their actions impact organisational culture. Also, Auckland Airport’s people and capability team worked with four senior leaders and 20 young leaders to help them build insights and skills to support them in their roles.

Looking ahead, Auckland Airport’s staff will be able to take part in a new programme offering them a day off work to volunteer and contribute to the South Auckland community.

Refreshed safety targets

Auckland Airport set new safety targets for the 2021 financial year:

1,830 High-Quality Safety Observations (based on the average number of observations per worker last year)

RESULT:
2,356
28.7% above target

Maintain 75% awareness of our Safety Management System

RESULT:
82%
7% above target

Maintain no more than 10% of actions outstanding in Risk Manager (maintaining last year’s excellent result)

RESULT:
6.5%
3.5% ahead of our target

Our diversity numbers

37%
of overall workforce is female

62.5%
of Board is female

25%
of leadership team is female

43%
of senior leaders¹ are female

5%
of people leaders² are of Maori/Pasifika ethnicity



¹ Direct reports to the leadership team with substantive roles
² Staff members with at least one direct report



Community Hapori

Creating value
for Auckland

Oke Charity was a grant recipient in the Twelve Days of Christmas programme, which distributes currency placed in donation globes by travellers in Auckland Airport's terminals

Long-standing connections continue

South Auckland is a strong, vibrant community, but the past year has been particularly tough for the neighbourhoods immediately surrounding Auckland Airport.

Auckland Airport's General Manager Corporate Services Mary-Liz Tuck said that while the pandemic had disrupted many of the airport's activities, the company's long-standing connection and care for our local community had far from stopped.

"We're a long-term business with more than 50 years of history in South Auckland and we bring the same long-term view to our community relationships," she said. "We know our success is built on the success of the community around us. As we rebuild our business, we want to focus our efforts and resources on ensuring the community is first to feel the benefits."

Auckland Airport continues to work in partnership with the Ministry of Social Development and the Auckland Business Chamber in supporting Ara, the Business and Employment Hub operating at the airport precinct. Even though the aviation sector has felt the full impact of job losses, Ara has continued to connect local job seekers with a variety of employment and training opportunities around the wider airport precinct [see sidebar story, p46]. Ara has held a successful job expo aimed at students and under the auspices of the Ara Education Charitable Trust, has secondary school students honing their



CONSTRUCTION CAREERS TAKING SHAPE

Getting local high school students into a career in construction has taken a step forward with the establishment of a renovation hub at Auckland Airport during the 2021 financial year.

In a unique collaboration between eight schools, Auckland Airport and other construction-based businesses, industry training organisations, and local and central government, the Ara house renovation project is giving students their first taste of working on a building site.

Sarah Redmond, schools' engagement manager for the Ara Education Charitable Trust, based at Auckland Airport, said teams of students undertaking trades-based study at school take houses earmarked for demolition and turn them back into liveable homes. Not only does it provide hands-on experience, with the construction industry generating up to 50% of the waste going to landfill, it also brings wider sustainability benefits.

"Renovating an existing house allows students to work in all the trades - everything from plumbing in a new bathroom to reglazing windows - while experiencing what it will be like to work on site in real life. We're working to upskill our young people, so employers are really keen to take them on for apprenticeships," said Sarah.

"It's also about smoothing that tricky transition from school through to work by stitching together the different education providers, businesses and government agencies that can support our young people."

Within the project there is a specific programme aimed at boosting the number of Māori/Pasifika women taking up work opportunities in the construction sector.

"Again, it's about supporting these young women so they can successfully move into the workforce, as well as opening their eyes to the breadth of job opportunities in this sector. It's an exciting industry with so many different, and well paid, career paths. We're also hoping that from this we can be part of the solution to raising household income levels in South Auckland."

And as Auckland Airport looks to the future restart of its infrastructure programme, these young people will form the talent pipeline needed for the construction projects.



It's an exciting industry with so many different, and well paid, career paths. We're also hoping that from this we can be part of the solution to raising household income levels in South Auckland.

Sarah Redmond
Schools' Engagement Manager
Ara Education Charitable Trust

Supporting our wider community



Clockwise from top left: Middlemore Foundation and Soundraise were Twelve Days of Christmas grant recipients; Auckland Airport continues to support the Life Education Trust

construction skills on a house renovation project located on Nixon Road.

Auckland Airport's community programme also included many other highlights for the 2021 financial year, including:

- We continued to support the work of Life Education Trust Counties Manukau, a not-for-profit organisation that aims to provide children with the education and support to make good choices and live healthy, happy lives. The partnership with Life Education, which goes back to 1988, saw Auckland Airport contribute \$50,000 and continue providing maintenance support for the Trust's mobile classrooms
- Through the Auckland Airport Community Trust, \$325,431 has been granted to a range of community groups and projects. Many of the Trust's grants were to community groups responding directly to the challenge of COVID-19, including responding to increased demand on foodbanks from families experiencing hardship

- The generous donations of travellers through our terminals saw \$100,000 redistributed to 12 South Auckland charities through the 12 Days of Christmas grants programme. The work of all the recipient charities aligns with our community focus on empowering people through education, helping people into employment, and protecting the environment

- For 16 years Auckland Airport's Emergency Services (AES) team has been a driving force behind the Leukaemia Blood Cancer NZ's Firefighter Sky Tower Stair Challenge, with Auckland Airport providing \$15,000 of sponsorship support and our AES crew fundraising for the cause. Since the first challenge in 2005, members of AES have raised more than \$500,000 for the charity by racing the 200m vertical climb via 51 flights of steps, while wearing full firefighting kit
- When COVID-19 meant the temporary closure of our international terminal Strata Lounge, frozen and dry goods to the value of \$23,000 was donated to the South Auckland Christian Foodbank
- The cultural and youth performance celebration that is ASB Polyfest was back in full force, with \$20,000 of support from Auckland Airport and on-site representation from the Ara Education Charitable Trust.

"We continue to look for opportunities to grow our connections with mana whenua," said Mary-Liz. "This begins within our own organisation, supported by our new Manu Ao Māori leadership cohort [see sidebar story, p42]. We are uniquely placed in having a beautiful marae at the heart of our precinct, Te Manukanuka o Hoturoa, to provide the cultural and educational setting for the airport and wider community. As we have come back together as an organisation to navigate the post-COVID-19 world the marae has provided the setting for us to reconnect, grow and develop, both in our business operations and as part of the wider community."

Risk management

Risk management is an integral part of the company's business. Auckland Airport has developed an enterprise risk management framework, designed to promote a culture which ensures a proactive and consistent approach to identifying, mitigating and managing risk on a company-wide basis.

Auckland Airport's risk management policy provides clarity on roles and responsibilities in order to minimise the impact of financial, operational and sustainability risk on its business. Under this policy, the Board is responsible for reviewing and ratifying the risk management structure, processes and guidelines which are developed, maintained and implemented by management. The Board also sets the company's risk-appetite on an annual basis and tracks the development of any existing risks and the emergence of new risks to the company.

Auckland Airport's risk management framework is underpinned by two committees which are in place to identify and mitigate potential financial and operational risks, the Audit and Financial Risk Committee and the Safety and Operational Risk Committee, respectively. The company also has mechanisms in place to recognise and manage sustainability risks, including environmental and social risks.

The company has undertaken a robust risk assessment process to identify and minimise the impact of financial, operational and sustainability risk on its business. This process is continuous and is designed to provide advanced warning of material risks before they eventuate. The process includes:

- Significant risk identification
- Risk impact quantification
- Risk mitigation strategy development
- Reporting
- Compliance, monitoring and evaluation to ensure the ongoing integrity of the risk management process.

Audit and financial risk

The Audit and Financial Risk Committee is responsible for financial risk management oversight.

Each year the chief executive and the chief financial officer are required to confirm in writing to the Audit and Financial Risk Committee that:

- The company's financial statements are presented fairly, in all material respects, and in accordance with the relevant accounting standards
- The statement given in the preceding paragraph is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board
- The company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

The Board has received assurance from the chief executive and chief financial officer that this confirmation is founded on a sound system of risk management and internal control, which is operating effectively in all respects relating to financial reporting.

Safety and operational risk

Auckland Airport has a commitment to zero harm and to ensure that health and safety risk management is embedded into the workplace culture.

The role of the Safety and Operational Risk Committee in relation to health and safety risks, performance and management includes specific responsibility to review and monitor the application of the company's enterprise-wide processes for identifying and managing:

- Health and safety matters
- Environmental issues including climate change
- Operational risk
- Human rights violation risk
- Compliance with applicable law and the company's own policies.

The Safety and Operational Risk Committee reviews the performance of the company's safety management system, and safety policy statements on an annual basis and provides guidance on the approach and targets for the following year.

In 2021, the company updated its reporting system to specifically link to and track Auckland Airport's identified critical health and safety risks. As part of a continual review cycle, updated bow tie risk assessments were conducted for half of the critical risks prior to 30 June 2021, with the remainder programmed to be completed by the end of the 2021 calendar year. The bow tie assessments cover risks across the airfield, aerodrome, security, health, natural disasters, high risk works and asset failure.

The company has a crisis management team (CMT) which has an established governance structure to effectively manage fast evolving risk situations in a robust and practical way. In January 2020, the CMT was initiated for the COVID-19 response and was finally stood down in November 2020, but is reinstated when required including with changes to the Government's Alert Levels. The CMT is responsible for making strategic, business response, emergency communications, staff health and welfare and government relations decisions. The CMT is made up of leadership team members and senior employees from across the company.

Auckland Airport's business is also subject to other internal and external audit and review, including in particular the regular external audit by New Zealand's Civil Aviation Authority to ensure operational certification, as well as external audits as part of the Accident Compensation Corporation's Workplace Safety Management Practices programme.

Sustainability (environmental and social) risk

Auckland Airport operates in a commercial environment where there is always potential for economic, environmental and social sustainability risks. The company recognises its unique role in protecting the New Zealand natural environment and the role that the tourism sector plays in all areas of sustainability.

As set out above, Auckland Airport has in place appropriate mechanisms and controls to identify where these risks are material to the company and to manage these as required. Sustainability is a key responsibility of the leadership team. In identifying sustainability risks, the company assesses common risks across the business to determine the likelihood and severity of those risks and, subsequently, whether they are a concern for the company. In addition to managing the risks associated with sustainability, the company is committed to external disclosure and benchmarking, and reports on a number of sustainability performance indicators.

In 2021, Auckland Airport implemented its refreshed supplier code of conduct, which confirms the company's commitment to operate in a responsible and sustainable manner and its commitment to work with suppliers that share these values. The code of conduct includes the company policy to limit the risk of modern slavery occurring within its own business, infiltrating its supply chains or through any other business relationship. The company will not tolerate any form of modern slavery in its operations or supply chain and is committed to building a supply chain that aligns with this approach. The refreshed supplier code of conduct reflects Auckland Airport's expectations for the conduct of all suppliers, contractors, and consultants.

The impacts of climate change, including rising sea levels and temperatures, and unpredictable weather patterns could have negative effects on the infrastructure and property assets of the company and is a key risk. In 2021, management developed Auckland Airport's Sustainability Pathway to 2030, which outlined climate change as a material issue to the organisation and included the recommendation to begin disclosing climate-related risks and opportunities aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Management also established a Sustainability Management Group involving leadership team members and senior employees from across the company, to oversee the implementation of the refreshed sustainability strategy including material climate change issues and initiatives.

Being a responsible business is a core part of the company's focus. By respecting people, the community and the environment, Auckland Airport is able to grow its business sustainably and create value for all stakeholders in the long term.

Corporate governance

Auckland Airport's Board is responsible for the company's corporate governance. The Board and Auckland Airport's leadership team are committed to undertaking this role in accordance with internationally accepted best practice appropriate to the company's business, as well as taking account of the company's listing on both the NZX and the ASX (Foreign Exempt Listing Category). The company's corporate governance practices fully reflect and satisfy the 'NZX Corporate Governance Code 2020' (NZX Code) and the Financial Markets Authority handbook 'Corporate Governance in New Zealand - Principles and Guidelines' (FMA Handbook). The company also has regard to the ASX Corporate Governance Council's 'Corporate Governance Principles and Recommendations' (4th Edition) (ASX Principles) in designing its governance framework and practices, given its Foreign Exempt Listing on the ASX.

The Board confirms that in the year to 30 June 2021, the company's corporate governance practices complied with the NZX Code recommendations. The company's constitution, charters and policies are available on the corporate information section of the company's website at corporate.aucklandairport.co.nz.

Code of ethical behaviour

Ethics and code of conduct policy

Auckland Airport has always required the highest standards of honesty and integrity from its directors and employees. This commitment is reflected in the company's ethics and code of conduct policy, which clearly articulates the minimum standards of ethical behaviour that all directors, employees, contractors and consultants of the company are expected to adhere to.

The ethics and code of conduct policy covers a range of areas and deals with the company's:

- Responsibility to act honestly and with personal integrity in all actions
- Responsibilities to shareholders, including protection of confidential information, restrictions on insider trading, rules for making of public statements on behalf of the company, accounting practices and cooperation with auditors
- Responsibilities to customers and suppliers of the company, and other persons using the airport, including rules regarding unacceptable payments and inducements, treatment of third parties, non-discriminatory treatment and tendering obligations
- Responsibilities to the community, including compliance with statutory and regulatory obligations, use of assets and resources and conflicts of interest.

The ethics and code of conduct policy also sets out procedures to be followed for reporting any concerns regarding breaches of the policy and review of its content by the Board.

Securities trading policy

Auckland Airport also has a policy on share trading by directors, officers and employees, which sets out a fundamental prohibition on trading of the company's securities by any person with material information that is not generally available to the market and the obligation of confidentiality in dealing with any material information. The policy applies to ordinary shares and debt securities issued by the company, any other listed securities of the company or its subsidiaries and any listed derivatives in respect of such securities. Under the policy, there is also a prohibition on directors and senior employees trading in the company's shares during any black-out period.

The company's procedure for reporting and dealing with any concerns in respect of the conduct of its directors, employees and contractors is set out in its whistleblower policy consistent with the requirements of the Protected Disclosures Act 2000.

Board composition and performance

The Board's charter recognises the respective roles of the Board and management. The charter reflects the sound base the Board has developed for providing strategic guidance for the company and the effective oversight of management. The Board's primary governance roles are to:

- Work with company management to ensure that the company's strategic goals are clearly established and communicated, that strategies are in place to achieve them and to monitor performance in strategy implementation
- Approve remuneration policies via the People and Capability Committee
- Approve and monitor the company's financial statements and other reporting, including reporting to shareholders, and ensure that the company's obligations of continuous disclosure are met
- Approve the annual budget
- Ensure there are procedures and systems in place to safeguard the health and safety of people working at, or visiting, the Auckland Airport precinct
- Ensure that the company adheres to high ethical and corporate behaviour standards and achieves a high level of diversity
- Ensure that the company has appropriate risk management and regulatory compliance policies in place and monitor the appropriateness and implementation of those policies.

The Board delegates the day-to-day operations of the company to management under the control of the chief executive. Day-to-day operations are required to be conducted in accordance with strategies set by the Board. The Board's charter records this delegation and promotes clear lines of communication between the chair and the chief executive.



Seated – from left: Patrick Strange, Christine Spring, Justine Smyth, Dean Hamilton
Standing – from left: Tania Simpson, Julia Hoare, Liz Savage, Mark Binns

The Auckland Airport Board

The number of directors is determined by the Board, in accordance with the company's constitution, to ensure it is large and diverse enough to provide a range of knowledge, views and experience relevant to the company's business. The constitution requires there to be no more than eight and no fewer than three directors.

The Board currently comprises eight directors, all of whom are considered by the Board to be 'independent' directors. In judging whether a director is 'independent', the Board has regard to whether or not the director is a Substantial Product Holder (or is an associated person to a Substantial Product Holder) and is free of any interest which may materially interfere with the exercise of independent judgement. The Board also has regard to whether or not

the director has been employed by the company in an executive capacity, has been a material supplier or customer of the company, or has been engaged to provide material professional services to the company in the last three years. The Board considers that the roles of chair of the Board and chief executive must be separate. The Board charter requires that the chair of the Board is an independent, non-executive director.

As at the date of this annual report, the directors, including the dates of their appointment and independence, are:

Director	Qualifications	Gender	Location	Date of appointment	Tenure (years)	Independence
Patrick Strange	BE (Hons), PhD, CFInstD	M	NZ	22 October 2015	6	Yes
Mark Binns	LLB	M	NZ	1 April 2018	3	Yes
Dean Hamilton	BCA, CMIInstD	M	NZ	1 November 2018	3	Yes
Julia Hoare	BCom, FCA, CMIInstD	F	NZ	23 October 2017	4	Yes
Liz Savage	BEng, MSc, MAICD	F	AUS	23 October 2019	2	Yes
Tania Simpson	BA, MMM, CFInstD	F	NZ	1 November 2018	3	Yes
Justine Smyth (CNZM)	BCom, FCA, CFInstD	F	NZ	2 July 2012	9	Yes
Christine Spring	BE, MSc Eng, MBA, CMIInstD	F	NZ	23 October 2014	7	Yes

Subject to the prior approval of the chair of the Board, any director is entitled to obtain independent professional advice relating to the affairs of the company or to the director's responsibilities as a director, at the cost of the company.

Retiring director

Justine Smyth, CNZM, became a director of the company in 2012. Justine will officially retire from the Board at the 2021 annual meeting.

Board skills matrix

The Board seeks to ensure that it has an appropriate mix of skills, experience and diversity to ensure it is well equipped to navigate the range of issues faced by the company. The Board reviews and evaluates on a regular basis the skill mix required and identifies where gaps exist. The areas of skill and experience the Board considers to be particularly relevant include: listed governance experience, iwi relations, technology/digital, aviation economics and operations, sustainability, capital markets/capital structure, financial, property/retail and construction and development.

The skills and experience of the directors are set out in the Board's current skills matrix below.

A definition of categories referred to above can be found on the company website at corporate.aucklandairport.co.nz/governance.

Diversity

The company strongly values and supports diversity, however there is further work to be done in this area, particularly in building our talent pipeline and in retaining senior females. Auckland Airport strives for the company and its leadership, management and employees to reflect the diverse range of individuals and groups within our society. This commitment is reflected in our diversity and inclusiveness policy which applies to all employees, contractors and directors. All activities at Auckland Airport are inclusive of a wide spectrum of perspectives, and all employees have the opportunity and are encouraged to contribute to the company in their own way.

Auckland Airport is also a founding member of Champions for Change, a group of businesses seeking to raise the focus on diversity and inclusiveness in the New Zealand business community.

The Board, with guidance from the People and Capability Committee, annually assesses the full set of objectives contained in the diversity and inclusiveness policy and measures the company's progress towards achieving them. Auckland Airport continues to make progress in delivering its objectives, in particular in relation to:

- Visible leadership commitment to promote diversity and lead diverse teams, including participating in the Leadership Shadow exercise supported by Champions for Change

- Eliminating system bias
- Ensuring people processes are equitable, inclusive and supportive of our diverse workforce;
- Partnering with the community and its members to share their cultures, languages and capabilities
- Attracting and retaining diverse talent
- Having systems in place to enable employees to report discrimination concerns
- Providing opportunities for employees to showcase their unique talents and cultures, perspectives and life experiences including through programmes like the Manu Ao leadership development initiative.

The People and Capability Committee of the Board receives regular updates on diversity and inclusion activities and an annual diversity and inclusion report from management on diversity within the company. In addition, the senior management team receives regular reports on diversity and wider gender demographics (where available) to assess how the company is tracking against the policy at the end of each reporting period. Auckland Airport continues to make good progress in delivering its diversity and inclusion objectives although has several areas of focus to improve on, including building diverse talent at middle management (Tier 4) levels.

Auckland Airport has a majority of women on its Board with the chairs of three of its committees also being women.

Another of the company's diversity objectives is attracting and retaining a diverse workforce with 44 different nationalities being represented across the organisation.

Enhanced parental leave

Auckland Airport provides a parental leave policy for permanent full-time and part-time employees, regardless of gender, sexuality, age or whether giving birth or adopting a child. If someone has been employed by Auckland Airport for a minimum of 12 months then the company tops up the Government's parental leave payments so that the employee receives 80% of their wages or salary for a period of 18 weeks. In the 2021 financial year, 13 female employees and 1 male employee took parental leave with four returning during the reporting period and six due to return in the coming year.

Nomination and appointment of directors

The Board has established the Nominations Committee to focus on the selection of new directors, the induction of directors and to develop a succession plan for Board members. Appropriate checks of any potential new director are undertaken before any appointment or putting forward to shareholders for election.

The Board has determined that directors will hold office for an initial term of no longer than three years following their first appointment. Directors may offer themselves for re-election by shareholders at the end of each three-year term. If the director is appointed by the Board between annual meetings, the three years apply from the date of the meeting next following that interim appointment. The Board's charter records these requirements, which are subject to any limitations imposed by shareholders in the annual meeting and the requirements of the constitution relating to the retirement of directors by rotation. The Board's policy is that directors shall not serve a term of longer than nine years unless the Board considers that any director serving longer than that period would be in the best interests of shareholders.

All directors enter into written agreements with the company in the form of a letter that sets out the terms and conditions of their appointment. A copy of the standard form of this letter is available on the company website at corporate.aucklandairport.co.nz/Governance. This letter may be changed with the agreement of the Board.

Directors and officers insurance

In accordance with section 162 of the Companies Act 1993 and the constitution of the company, Auckland Airport has continued to indemnify and insure its directors and officers against liability to other parties (except to the company or a related party to the company) that may arise from their position as directors. The insurance does not cover liabilities arising from criminal actions.

Continuing development of directors

The Board is encouraged and provided with opportunities to engage with employees from all levels of business without executive management present. When COVID-19 protocols allow, each Board meeting includes either a safety walk, an engagement with a business unit of the company or tour of a particular infrastructure asset or construction project. Directors have also participated in construction contractor safety and engagement forums facilitated by the company. To ensure directors and management remain current on how best to perform their duties, they are also encouraged and provided with resources to continue the development of their business skills and knowledge, including attending relevant courses, conferences and briefings.

Directors have unfettered access to the company's records and information as required for the performance of their duties. They also receive detailed information in Board papers to facilitate decision-making. New Board members take part in an induction programme to familiarise themselves with the company's business and facilities, and all directors have access to the advice and services of the general counsel for the purposes of the Board's affairs.

Review of the Board and director performance

The Board charter requires an annual review of the Board and committee composition, structure and succession to ensure its members are performing in line with their obligations and the company's values and strategy. The Board assesses its own performance and the chair of the Board continually monitors the dynamic of the directors to ensure it is working optimally at all times. With the most recent formal external review being completed in August 2021.

Board committees

The Board has set up various committees to enhance the Board's effectiveness in key areas, while still retaining overall responsibility. Each

committee has a charter which outlines its objectives, structure and responsibilities. All committees established by the Board must have a minimum of three members, all members must be non-executive directors, and the majority must be independent directors. The committees are chaired by an independent chair, who must not be the chair of the Board. The Board chair attends all committees as ex officio except the Nominations Committee, as a member.

The Board has established the following standing committees.

Aeronautical Pricing Committee

Members: Dean Hamilton (Chair), Julia Hoare, Liz Savage, Justine Smyth CNZM, Christine Spring

The Aeronautical Pricing Committee was set up to assist the Board with the development of the company's aeronautical pricing strategy. The committee is responsible for reviewing and providing input into Auckland Airport's aeronautical pricing strategy and to make formal recommendations to the Board.

Audit and Financial Risk Committee

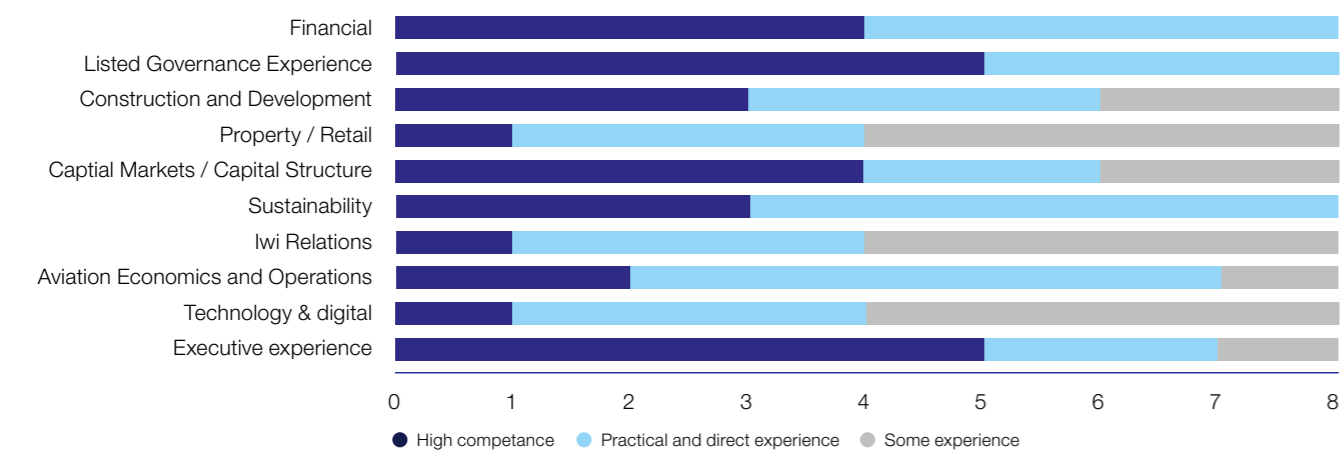
Members: Julia Hoare (Chair), Dean Hamilton, Justine Smyth CNZM, Christine Spring

The Audit and Financial Risk Committee is responsible for financial risk management oversight. The committee provides general assistance to the Board in performing its responsibilities, with particular reference to financial risk management, financial reporting and audit functions. It includes specific responsibility to review the company's processes for identifying and managing financial risk and financial reporting processes, systems of internal control and the internal and external audit process.

Development Committee

Members: Mark Binns (Chair), Julia Hoare, Christine Spring

The Development Committee is responsible for assisting the Board in meeting its governance responsibilities in relation to the company's ongoing investment property and infrastructure development. This committee provides general feedback to the Board on the overall development programme, procurement strategies, project planning and progress and relevant commercial implications.



The table below shows the gender balance and age range of people who work at Auckland Airport.

	FY21				FY20		
	Male	Female	% of Female (2021)	Age range	Male	Female	% Female
Board	3	5	62.5%	48-69	3	5	62.5%
Leadership Team	6	2	25.0%	41-57	6	2	25.0%
Senior Leaders	16	12	42.8%	29-60	26	18	40.9%
All other employees	259	146	36.0%	20-75	283	174	38.1%

Nominations Committee

Members: Patrick Strange, Mark Binns, Dean Hamilton, Julia Hoare, Liz Savage, Tania Simpson, Justine Smyth CNZM, Christine Spring

The Nominations Committee's focus is the appointment and nomination of directors to the Board. The members of this committee do not meet separately as all matters to be discussed by this committee are discussed in the presence of the full Board.

People and Capability Committee

Members: Justine Smyth CNZM (Chair), Mark Binns, Liz Savage, Tania Simpson

The role of the People and Capability Committee is to ensure that the company has sound remuneration policies and processes in place and to provide oversight for the company's human resource practices. This committee's charter outlines the relative weightings and remuneration components, as well as performance criteria.

Safety and Operational Risk Committee

Members: Christine Spring (Chair), Dean Hamilton, Liz Savage, Tania Simpson

The Safety and Operational Risk Committee is responsible for oversight of the company's safety (including workplace health and safety) and operational risk management programme. The company reports to the Safety and Operational Risk Committee on a number of safety and operational matters including passenger injury rates, employee injury rates, comparisons of

contractor and employee injury rates, safety observations conducted and compared to the same month in the prior year.

The following table shows each director's Board committee memberships, the number of meetings of the Board and its committees held and details the attendance by each director at the relevant Board and committee meetings for the period 1 July 2020 to 30 June 2021. The table does not record Board calls held in between scheduled Board meetings.

Takeover response manual

The Board has a takeover response manual which sets out the protocol to follow if there is an unsolicited takeover offer issued to Auckland Airport. The takeover response manual requires implementation of a separate committee of the Board as well as an Auckland Airport takeover response working group that would include key external advisors.

Director disclosure

Directors' holdings and disclosure of interests

Directors held interests in the following shares in the company as at 30 June 2021:

Director	Category	Number of Shares
Patrick Strange	Held personally	11,981
	Held on behalf by other person	13,358
Mark Binns	Held personally	4,235
	Held jointly with other person	17,432
Dean Hamilton	Held personally	3,333
Julia Hoare	Held personally	6,342
Liz Savage	Held Personally	
	Held on behalf by other person	2,190
Tania Simpson	Held personally	3,333
Justine Smyth, CNZM	Held personally	16,776
	Held jointly with other persons	
Christine Spring	Held personally	13,726

No directors held any interests in debt securities (including listed bonds) in the company as at 30 June 2021.

Name	Board			Audit and Financial Risk			People & Capability			Safety and Operational Risk			Development Committee			Aeronautical Pricing		
	Member	No. of Meetings	No. of Meetings Attended	Member	No. of Meetings	No. of Meetings Attended	Member	No. of Meetings	No. of Meetings Attended	Member	No. of Meetings	No. of Meetings Attended	Member	No. of Meetings	No. of Meetings Attended	Member	No. of Meetings	No. of Meetings Attended
Patrick Strange	●	11	11	●	5	5	●	4	4	●	5	5	●	1	1	●	1	1
Mark Binns	●	11	11				●	4	4				●	1	1			
Dean Hamilton	●	11	11	●	5	5				●	5	4				●	1	0
Julia Hoare	●	11	11	●	5	5							●	1	1	●	1	1
Elizabeth Savage	●	11	11				●	4	4	●	5	5				●	1	1
Tania Simpson	●	11	11				●	4	4	●	5	5						
Justine Smyth	●	11	11	●	5	5	●	4	4							●	1	1
Christine Spring	●	11	11	●	5	5				●	5	5	●	1	1	●	1	1

Disclosure of interests by directors

The following general disclosures of interests have been made by the directors in terms of section 140(2) of the Companies Act 1993, as at 30 June 2021:

Patrick Strange

Chair, Chorus Limited (and subsidiary company)
Director, Mercury NZ Limited

Mark Binns

Chair, Crown Infrastructure Partners Limited
Director, Te Puia Tapapa GP Limited
Trustee, Auckland War Memorial Museum
Chair, Hynds Limited
Director, Hynds Holdings Limited
Trustee, Fletcher Building Retirement Plan

Dean Hamilton

Chair, Fulton Hogan Limited
Director, Tappenden Holdings Limited (and associated companies)
Director, The Warehouse Group Limited

Julia Hoare

Director, The a2 Milk Company Limited (and subsidiary company)
Director, Port of Tauranga Limited
Director, Meridian Energy Limited

Liz Savage

Chair, Queensland Government Tourism Recovery Action Plan (Industry Panel)
Director, Intrepid Group Limited, The Intrepid Foundation Limited (Australian company)
Director, North Queensland Airports (Australian group of companies)
Director, People Infrastructure Limited (Australian company)

Tania Simpson

Deputy Chair, Reserve Bank of New Zealand
Director, Tainui Group Holdings Limited
Director, Moko Club NZ Limited
Deputy Chair, Waitangi National Trust
Member, Waitangi Tribunal
Director, Waikato-Tainui Fisheries Limited
Director, Kōwhai Consulting Limited

Justine Smyth, CNZM

Chair, Spark New Zealand Limited
Chair, New Zealand Breast Cancer Foundation

Christine Spring

Director, Unison Networks Limited (and subsidiary company)
Director, Western Sydney Airport Limited (Australian company)
Director, NZ Windfarms Limited (and subsidiary companies)
Chair, Isthmus Group Limited

Reporting and disclosure

The company is committed to promoting investor confidence by providing robust, timely, accurate, complete and equal access to information in accordance with the NZX and ASX Listing Rules. Auckland Airport has a written continuous disclosure and communications policy designed to ensure this occurs.

The general counsel is the company's market disclosure officer and is responsible for monitoring the company's business to ensure compliance with its disclosure obligations. Managers reporting to the chief executive and the chief financial officer are required to provide the general counsel with all relevant material information, to regularly confirm that they have done so and made all reasonable enquiries to ensure this has been achieved.

The leadership team is responsible for implementing and maintaining appropriate accounting and financial reporting principles, policies and internal controls to ensure compliance with accounting standards and applicable laws and regulations.

While the Board retains overall responsibility for financial reporting, the company's external auditor, Deloitte, is responsible for planning and carrying out each external audit and review in line with applicable auditing and review standards. Deloitte is accountable to shareholders through the Audit and Financial Risk Committee and the Board respectively.

Both financial and non-financial disclosures are made at least annually, including material exposure to environmental, economic and social sustainability risks and other key risks. When these disclosures are made, the company explains how it plans to manage those risks and how operational or non-financial targets are measured.

Non-financial reporting

This year, for the first time, the company has combined its operational, sustainability, and a summary of its financial performance into one Report as these aspects are considered inter-dependent rather than standalone.

Auckland Airport discloses the impact of climate change on the business and the impact of the business on climate change. In 2021, the company is following the guidelines of the Taskforce on Climate-related Financial Disclosures (TCFD) for the first time.

The company's emissions profile is disclosed in a standalone greenhouse gas inventory report. Information within the greenhouse gas inventory report is stated in accordance with the requirements of International Standard

ISO 14064-1 Greenhouse gases – Part 1: Specification with guidance at the organisation level for quantification and reporting of greenhouse gas emissions and removals ('ISO 14064-1:2018') and the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Deloitte has provided third-party assurance across the information stated in the greenhouse gas inventory report,

The company also reports to and is part of the Dow Jones Sustainability Index, FTSE4Good and is a Participant Member of GRESB (the Global ESO Benchmark for Real Assets).

The general counsel is responsible for releasing any relevant information to the market once it has been approved. The release of financial information is approved by the Audit and Financial Risk Committee, while information released on other matters is approved by the chief executive.

Directors formally consider at each Board meeting whether there is relevant material information that should be disclosed to the market.

Auditors

External audit

The Audit and Financial Risk Committee is responsible for ensuring that the quality and independence of the external audit process and that the company's external financial reporting is highly reliable and credible.

The company has an External Auditor Independence Policy which establishes a framework for its relationship with the external auditor and includes guidelines on the extent of non-audit works that can be carried out by an auditor, ongoing review of independence and reporting that is required and the tenure and reappointment of the external auditor.

The external auditor is invited to attend meetings when it is considered appropriate by the committee. The company's external auditor also attends the annual meetings and is available to answer questions relating to the audit

Internal audit

The Audit and Financial Risk Committee has established a formal internal audit function for the company. This function is performed by EY, which undertook an international benchmarking exercise comparing the company with similar businesses to ensure that its internal audit programme covers all material risks. Ernst & Young regularly reports on its activities to the Audit and Financial Risk Committee.

Shareholder and company information

Shareholder and company information

The company's communications framework and strategy are designed to ensure that communications with shareholders and all other stakeholders are managed effectively. This strategy forms part of the company's disclosure and communications policy. It is the company's policy that external communications will be accurate, verifiable, consistent and transparent.

The chief executive, chief financial officer and the investor relations specialist are appointed as the points of contact for analysts. The investor relations specialist is the point of contact for shareholders and can be reached at investors@aucklandairport.co.nz. The chair, chief executive, chief financial officer, general counsel and head of communications and external relations are appointed as the points of contact for media.

The company currently keeps shareholders, as well as interested stakeholders, informed through:

- The corporate section of the company website (corporate.aucklandairport.co.nz/investors)
- The annual report
- The interim report
- The financial report
- The interim financial statements
- The annual meeting of shareholders
- Information provided to analysts during regular briefings
- Disclosure to the NZX and ASX in accordance with the company's disclosure and communications policy
- Media releases.

The Board considers the annual report to be an essential opportunity for communicating with shareholders. The company publishes all of its results and reports electronically on the company website. Investors may also request a hard copy of the annual report by contacting the company's share registrar, Link Market Services Limited.

Enquiries

Shareholders with enquiries about transactions, changes of address or dividend payments should contact Link Market Services Limited on +64 9 375 5998. Other questions should be directed to the company's company secretary at the registered office.

Annual meeting of shareholders and voting

The company's annual meetings provide an opportunity for shareholders to raise questions for their Board and to make comments about the company's operations and performance.

The company's annual meeting of shareholders will be held on 21 October 2021 at 10.00 am.

All investors have the right to vote on major decisions that might change the nature of the company and these decisions are presented as resolutions at the company's annual meeting. Each holder of ordinary shares is entitled to vote at any annual meeting of shareholders. On a show of hands, each holder of ordinary shares is entitled to one vote. On a poll, one vote is counted for every ordinary share. A person is not

entitled to vote when disqualified by virtue of the restrictions contained in the company's constitution and the ASX and NZX Listing Rules.

Share information

Stock exchange listings

The company's shares were quoted on the NZX on 28 July 1998 and on the ASX effective 1 July 2002. On 22 April 2016 the company changed its admission category to an ASX Foreign Exempt Listing. For the purpose of ASX Listing Rule 1.15.3, the company confirms that it has complied with the NZX listing rules during the year ended 30 June 2021.

Limitations on the acquisition of the company's securities

The company is incorporated in New Zealand. Therefore, it is not subject to chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001 dealing with the acquisition of shares (such as substantial holdings and takeovers). Limitations on acquisition of the securities are, however, imposed on the company under New Zealand law by way of the New Zealand Takeovers Code, the Overseas Investment Act 2005 and the Commerce Act 1986. The company does not otherwise have any additional restrictions.

Dividends

As announced on 17 March 2020, Auckland Airport cancelled the FY20 interim dividend. In addition, in obtaining waivers from potential breaches of its financial covenants for the period through to the end of December 2021, the company agreed with its lenders to suspend dividend payments so long as the waivers are in place. As no dividend is payable, the dividend reinvestment plan is not currently operating. Further details are available at corporate.aucklandairport.co.nz/investors/shares-and-bonds.

Earnings per share

Earnings in cents per ordinary share were 31.58 cents in 2021 compared with 15.16 cents in 2020.

Credit rating

As at 30 June 2021, Standard & Poor's long-term credit rating for the company was A-Stable Outlook.

Distribution of ordinary shares and shareholders

The distribution of shareholdings as at 30 June 2021 is below:

Size of holding	Number of shareholders	%	Number of shares	%
1 - 1,000	12,781	24.81	5,629,564	0.39
1,001 - 5,000	29,499	57.26	62,233,363	4.23
5,001 - 10,000	4,711	9.14	33,520,008	2.28
10,001 - 50,000	4,021	7.79	77,611,245	5.27
50,001 - 100,000	323	0.63	21,951,211	1.49
100,001 and over	190	0.37	1,271,702,846	86.35
Total	51,516	100%	1,472,648,237	100%

Substantial product holders

Pursuant to section 280 of the Financial Markets Conduct Act 2013, the following persons had given notice as at the balance date of 30 June 2021 that they were substantial product holders in the company and held a 'relevant interest' in the number of ordinary shares shown below:

Substantial product holder	Number of shares in which 'relevant interest' is held	Date of notice
Auckland Council	266,328,912	02.07.16

The total number of voting securities on issue as at 30 June 2021 was 1,472,648,237.

20 largest shareholders

The 20 largest shareholders of Auckland Airport as at 30 June 2021 are as follows:

Shareholders	Number of shares	% of capital
Auckland Council	266,328,912	18.09
HSBC Nominees (New Zealand) Limited ¹	161,487,983	10.97
HSBC Nominees (New Zealand) Limited ¹	141,284,445	9.59
Citibank Nominees (NZ) Limited ¹	94,697,931	6.43
JPMorgan Chase Bank ¹	82,172,129	5.58
J P Morgan Nominees Australia Limited	59,591,630	4.05
HSBC Custody Nominees (Australia) Limited	47,054,891	3.20
Accident Compensation Corporation ¹	35,736,087	2.43
TEA Custodians Limited ¹	34,919,578	2.37
BNP Paribas Nominees Pty Limited	26,174,405	1.78
New Zealand Superannuation Fund Nominees Limited ¹	23,145,256	1.57
BNP Paribas Nominees NZ Limited Bpss40 ¹	22,842,230	1.55
Custodial Services Limited	15,967,784	1.08
Citicorp Nominees Pty Limited	15,845,777	1.08
Cogent Nominees Limited ¹	15,621,113	1.06
Custodial Services Limited	14,410,798	0.98
BNP Paribas Nominees Pty Limited	14,187,353	0.96
New Zealand Depository Nominee	12,548,208	0.85
FNZ Custodians Limited	12,460,258	0.85
Premier Nominees Limited ¹	12,195,970	0.83

¹ These shares are held through New Zealand Central Securities Depository Limited (NZCSD), a depository system which allows electronic trading of securities to members.

Company information

The company was incorporated on 20 January 1988, under the Companies Act 1955, and commenced trading on 1 April 1988. The company was registered in Australia as a foreign company under the Corporations Law on 22 January 1999 (ARBN 085 819 156) and was re-registered under the Companies Act 1993 on 6 June 1997. On 25 June 1998, the company adopted a revised constitution, approved as appropriate for a publicly listed company. Further revisions of the constitution were adopted on 21 November 2000, 18 November 2002, 23 November 2004 and 30 June 2019 to comply with NZX and ASX Listing Rule requirements.

Regulatory environment

The company is regulated by, amongst other legislation, the Airport Authorities Act 1966 and the Civil Aviation Act 1990. The company is an "airport company" for the purposes of the Airport Authorities Act 1966. The company has consultation obligations under the Airport Authorities Act 1966.

The company is required to comply with the Commerce Act (Specified Airport Services Information Disclosure) Determination 2010, with disclosure financial statements required to be published in November each year.

Disciplinary action taken by NZX, ASX or the Financial Markets Authority (FMA)

None of the NZX, the ASX or the FMA has taken any disciplinary action against the company during the financial year ending 30 June 2021.

Donations

In accordance with section 211(1)(h) of the Companies Act 1993, Auckland Airport has during the year:

- Donated \$85,000 to various charities including to Counties Manukau Life Education Trust, Leukaemia and Blood Cancer New Zealand and The Polyfest Trust
- Granted \$356,682 to the Auckland Airport Community Trust. The Trust distributed these funds in the 2021 calendar year to residents and community groups living and working in the Trust's area of benefit
- Contributed \$320,000 to the Ara Charitable Trust.

The above figures do not include a further \$99,996 in donations made by generous travellers into the charity globes in our terminals, which was then donated to another 12 community groups.

The company's subsidiaries did not make any donations during the year.

Entries recorded in the interests register

Except for disclosures made elsewhere in this annual report, there have been no entries in the interests register of the company or its subsidiaries made during the year.

Subsidiary company directors

All subsidiary companies in the group are 100% owned by the company. Directors of the company's subsidiaries do not receive any remuneration or other benefits in respect of their appointments. The group structure and appointments as at 30 June 2021 are below:

Auckland Airport Limited	Philip Neutze, Mark Thomson
Auckland Airport Holdings Limited	Philip Neutze, Mary-Elizabeth Tuck
Auckland Airport Holdings (No. 2) Limited	Philip Neutze, Mary-Elizabeth Tuck
Auckland Airport Holdings (No. 3) Limited	Mary-Elizabeth Tuck
Ara Charitable Trustee Limited	Mary-Elizabeth Tuck

Remuneration

Auckland Airport is committed to remuneration transparency. Accordingly, the company provides shareholders with detailed information about director and employee remuneration.

Impact of COVID-19 on remuneration in the 2021 financial year

The COVID-19 pandemic had a significant impact on the company, its operations and revenue. A wage and salary freeze remained in place for those members of the workforce on individual employment agreements, however this has been lifted for the 2022 financial year.

As at 30 June 2021, Auckland Airport has 151 employees on Collective Employment Agreements and 298 on Individual Employment Agreements.

Director remuneration

The directors' remuneration is paid in the form of directors' fees. Additional fees are paid to the chair of the Board and in respect of work carried out by individual directors on various Board committees to reflect the additional responsibilities of these positions. Auckland Airport also meets directors' reasonable travel and other costs associated with the company's business.

Review and approval

Each year, the People and Capability Committee reviews the level of directors' remuneration. The committee considers the skills, performance, experience and level of responsibility of directors when undertaking the review and is authorised to obtain independent advice on market conditions. After taking independent external advice, the committee makes recommendations to the Board on the appropriate allocation of fees to directors, and shareholders approve a fee pool for directors at the annual meeting.

Directors' share purchase plan

To align their incentives with shareholders, the directors have decided that they each will use 15% of their base fees to acquire shares in the company for an initial three-year term. Following this term, directors may elect any contribution rate if their aggregate shareholding is equal to, or above, their base fees. To achieve this, the directors have entered into a share purchase plan agreement and appointed Jarden to be the manager of the plan. Jarden acquires the shares required for the plan on behalf of directors after the company's half-year and full-year results announcements. Directors remain in their share purchase plan until one year after retirement from the Board.

2021 financial year

In light of the impact of COVID-19 on the company, at the 2020 annual meeting, the directors resolved to not seek any change to the total directors' fee pool of \$1,593,350. The last review of the director's fee pool occurred in 2019. The directors have resolved to not seek any change to the total directors' fee pool in 2021.

In the 2021 financial year, the directors received the following remuneration for their governance of Auckland Airport.

Remuneration received by directors by Board member

Name	Director's fee (excluding expenses) ¹
Patrick Strange	\$251,671
Mark Binns	\$134,781
Dean Hamilton	\$157,421
Julia Hoare	\$170,171
Liz Savage	\$145,821
Tania Simpson	\$145,821
Justine Smyth	\$170,761
Christine Spring	\$171,911

¹The above director remuneration includes the 15% of the base fees payable to them that they are required to use to acquire shares in the company under the share purchase plan for their initial three-year term, after which directors may elect any contribution. All directors remain at 15%, with the exception of Mark Binns from 1 April 2021 no longer contributing and Elizabeth Savage from 1 October 2020 contributing 20% instead of 15%. The directors took a 20% fee reduction from 16 March 2020 to 1 September 2020.

Base fees of directors by position (from June 2021)

	Chair ¹	Member
Board	\$260,350	\$123,250
Aeronautical Pricing Committee (ad hoc)		\$2,700
Audit and Financial Risk Committee	\$51,600	\$25,800
Safety and Operational Risk Committee	\$27,600	\$13,800
Development Committee	\$27,600	\$13,800
People and Capability Committee	\$27,600	\$13,800
Ad hoc committee work (per day)	–	\$2,700

¹The chair attends all meetings of the committees as an ex-officio member. He does not receive committee meeting fees.

Employee remuneration

Remuneration philosophy

The company's remuneration philosophy is to ensure that:

- Staff are fairly and equitably remunerated relative to similar companies and positions within the New Zealand market
- Staff are strongly motivated to deliver shareholder value
- The company is able to attract and retain high-performing employees who will ensure the achievement of business objectives.

Performance and development

All employees participate in regular performance and development reviews, with end-of-year review outcomes informing decisions regarding remuneration adjustments in accordance with company policy. In addition, talent reviews are conducted regularly throughout each year to identify those employees with the potential to progress

to more complex and/or senior roles, with outputs informing the company's succession planning approach.

Annual remuneration review

The company's annual remuneration review process requires 'one-over-one' approval. This means that the approval of the Board is required for the implementation of changes to the chief executive's remuneration, as recommended by the People and Capability Committee. Likewise, the approval of the People and Capability Committee is required for the implementation of changes to the remuneration of the leadership team. The total pool available for remuneration adjustments is set by the Board at the time the annual budget is approved.

The remuneration review process involves the consideration of market information obtained from specialist advisors and, in the case of employees employed under Collective Employment Agreements, negotiations with unions.

Health and other insurances

The company provides subsidised health insurance to all employees on Collective Employment Agreements. Permanent employees on an Individual Employment Agreement are eligible to participate in the company's Group Health Scheme at their own cost. The costs are paid by the employee and the insurance covers the employee, their partner and any children under 21 years of age. The company's health insurance is currently supplied by Southern Cross Health Society.

The company also provides permanent employees with the opportunity to obtain income protection and life insurance at their own cost. The company fully subsidises the cost of these insurances for employees on Collective Employment Agreements. Permanent employees on Individual Employment Agreements pay the costs for their insurances through a compulsory 1% pay deduction from their fixed annual remuneration.

The company also provides employees with domestic and international travel insurance when the travel is work related.

Superannuation

All employees are eligible to participate in KiwiSaver. The company contributes up to 3% of each employee's paid remuneration. Any permanent employee who joined the company prior to 31 March 2012 was eligible to participate in either the Auckland Airport Mastertrust superannuation scheme (or the Lump Sum National superannuation scheme if prior to 1992). There is no cap on the amount that can be contributed by permanent employees on Individual Employment Agreements. The amount that can be contributed by permanent employees on Collective Employment Agreements is not capped, however, the company's total contribution is capped at 6% of salary, inclusive of any KiwiSaver contribution already made by the company. Up to the cap, the company contributes \$1.20 (less tax) for every \$1.00 contributed by the employee.

Fixed annual remuneration

Auckland Airport's philosophy is to set the mid-points of fixed annual remuneration ranges at the market median for employees who are fully competent in their roles.

Short-term incentives

In the 2021 financial year, 38 senior employees, as well as all members of the leadership team, were invited to participate in the company's discretionary short-term incentive scheme. The short-term incentive is an

additional payment which is an at-risk component of employee's fixed annual remuneration and is payable in cash on achievement of performance targets.

Given the impact of COVID-19 on Auckland Airport's business, no short-term incentive was paid for the 2021 financial year.

For employees who are not members of the leadership team, the short-term incentive targets range between 10% and 20% of the fixed annual remuneration. The short-term incentive target for members of the leadership team is 35% of their fixed annual remuneration and the chief executive's short-term incentive target is 50% of his base salary.

For delivering above-target performance, an employee can earn an above-target short-term incentive payment as set out in the table below.

	Short-term incentive target	For over-performance
Employee not on leadership team	10% to 20% of fixed annual remuneration	Up to 24% of fixed annual remuneration
leadership team	35% of fixed annual remuneration	Up to 49% of fixed annual remuneration
Chief Executive	50% of base salary	Up to 70% of base salary

Individual component

Half the short-term incentive is based on the employee achieving key performance targets relevant to their role. These targets are agreed with the employee's manager at the start of the performance year or, in the case of the chief executive, agreed with the Board. Operation of the short-term incentive scheme is conditional on company-wide health and safety targets being met.

The individual component includes stretch targets, as well as baseline objectives. Each participating employee has clear measures in place to determine achievement or non-achievement in any one year.

Company component

Half of the short-term incentive is based on the company's achievement of annual financial targets set by the Board.

The company component has a clear measure in place to determine achievement or non-achievement in any one year – the achievement of the annual earnings before interest, taxation, depreciation, amortisation, fair value adjustments and investments in associates (EBITDAFI) target. If the company achieves a financial result that is significantly below the EBITDAFI target, then no company component is paid to employees. If the company achieves a financial result that is significantly above the EBITDAFI target, then payment of the company component is capped at 120% of the target for non-executive employees and 140% of the target for the leadership team and chief executive.

The Board may make one-off adjustments to the company component of the short-term incentive to guard against windfall payments, as a result of financial outcomes that employees did not influence or to ensure that employees are not unfairly penalised for material one-off adverse events outside of their control.

Long-term incentive

Members of Auckland Airport's leadership team and the chief executive participate in the company's long-term incentive plan.

This scheme is a share-rights plan and share-rights are granted to participating leadership team members with a three-year vesting period. Share-rights, once vested and exercised, entitle the participating leadership team members to receive shares in Auckland Airport. All other vesting rules and performance hurdles that existed under the previous long-term incentive plan remain in place under the new long-term incentive plan.

At the end of the 2021 financial year, the total current value of long-term incentives in place for Auckland Airport's leadership team and chief executive was \$1.0 million.

Note 23 of the financial statements provides full details of the number of incentives granted, lapsed and exercised.

Remuneration of employees

Below is the number of employees and former employees of the company, excluding directors, who received remuneration and other benefits that totalled \$100,000 or more, in their capacity as employees during the 2021 financial year.

Amount of remuneration	Former employees	Current employees
\$100,001 to \$110,000	4	23
\$110,001 to \$120,000	1	35
\$120,001 to \$130,000	3	37
\$130,001 to \$140,000	1	25
\$140,001 to \$150,000	3	18
\$150,001 to \$160,000	2	13
\$160,001 to \$170,000	1	11
\$170,001 to \$180,000	1	8
\$180,001 to \$190,000	2	5
\$190,001 to \$200,000	1	9
\$200,001 to \$210,000		3
\$210,001 to \$220,000		3
\$230,001 to \$240,000	1	1
\$240,001 to \$250,000		1
\$250,001 to \$260,000		4
\$270,001 to \$280,000		1
\$280,001 to \$290,000	1	
\$290,001 to \$300,000	1	
\$310,001 to \$320,000	2	
\$330,001 to \$340,000		1
\$350,001 to \$360,000		2
\$370,001 to \$380,000	1	
\$420,001 to \$430,000	1	
\$430,001 to \$440,000	2	
\$450,001 to \$460,000		1
\$460,000 to \$470,000		1
\$510,001 to \$520,000		1
\$550,001 to \$560,000		1
\$1,650,001 to \$1,660,000		1

Employee remuneration in the preceding table includes salary, short-term and long-term incentives, the company's contributions to superannuation and health, life and income protection insurance plans and redundancy payments.

Chief Executive remuneration

Base salary

Over the course of the financial year, the chief executive, Adrian Littlewood, was paid a base salary of \$1,279,307.

Shares

The chief executive held 152,542 shares personally in the company as at 30 June 2021 and 225,471 shares were held on trust under the long-term incentive plan which have not yet vested. A total of 1,900 shares are held on trust under the employee share purchase plan which have not yet vested.

Short-term incentives

The annual value of the short-term incentive scheme for the chief executive is set at 50% of his base salary (provided all performance targets are achieved). If performance is unsatisfactory in a category, then no short-term incentive is payable for that criteria. A maximum of 1.4 x the target is payable for outstanding performance by the chief executive.

The criteria used to measure the chief executive's individual performance is based on meeting certain targets focused on safety, customer, financial market and infrastructure programme outcomes.

Given the impact of COVID-19 on Auckland Airport's business, no short-term incentive performance payment was earned by the chief executive in the 2020 financial year.

Long-term incentives

The chief executive participated in the Auckland Airport long-term incentive plan in the 2021 financial year.

Scheme	Financial year of grant	Grant	Number granted	Financial year exercised	Share price at exercise	Value at exercise
Share-based scheme	2017	\$309,377	46,538	2020	\$9.00	\$418,842
Share-based scheme	2018	\$631,188	67,652	Exercisable in 2021	N/A	N/A
Share-based scheme	2019	\$429,240	60,202	Exercisable in 2022	N/A	N/A
Share-based scheme	2020	\$659,820	71,318	Exercisable in 2023	N/A	N/A
Share-rights scheme	2021	\$660,335	93,931	Exercisable in 2024	N/A	N/A

1. Value of loan amount provided for purchase of shares.

Superannuation

The chief executive is a member of KiwiSaver. As a member of the scheme, the chief executive is eligible to receive a company contribution up to 3% of gross taxable earnings, including the short-term incentive (for performance during 2021). For the 2021 financial year, the company contribution was \$47,847 compared to \$67,922 in the 2020 financial year.

Notice and termination period

The notice period for the chief executive under the terms of his employment agreement is 6 months and his paid termination period is 12 months. On 20 May 2021 the chief executive gave notice of his intention to step down from his role towards the end of 2021.

Summary

The remuneration earned by the chief executive in the 2021 financial year is summarised below:

	2021 financial year	2020 financial year
Base salary	\$1,279,307 ¹	\$1,241,743 ¹
Short-term incentive earned	\$835,843 ²	\$0 ³
KiwiSaver, insurance and other statutory benefits	\$86,120	\$80,382
Sub-total	\$2,201,270	\$1,322,125
Long-term incentive	\$315,594 ⁴	\$461,757 ⁵
TOTAL	\$2,516,864	\$1,322,125

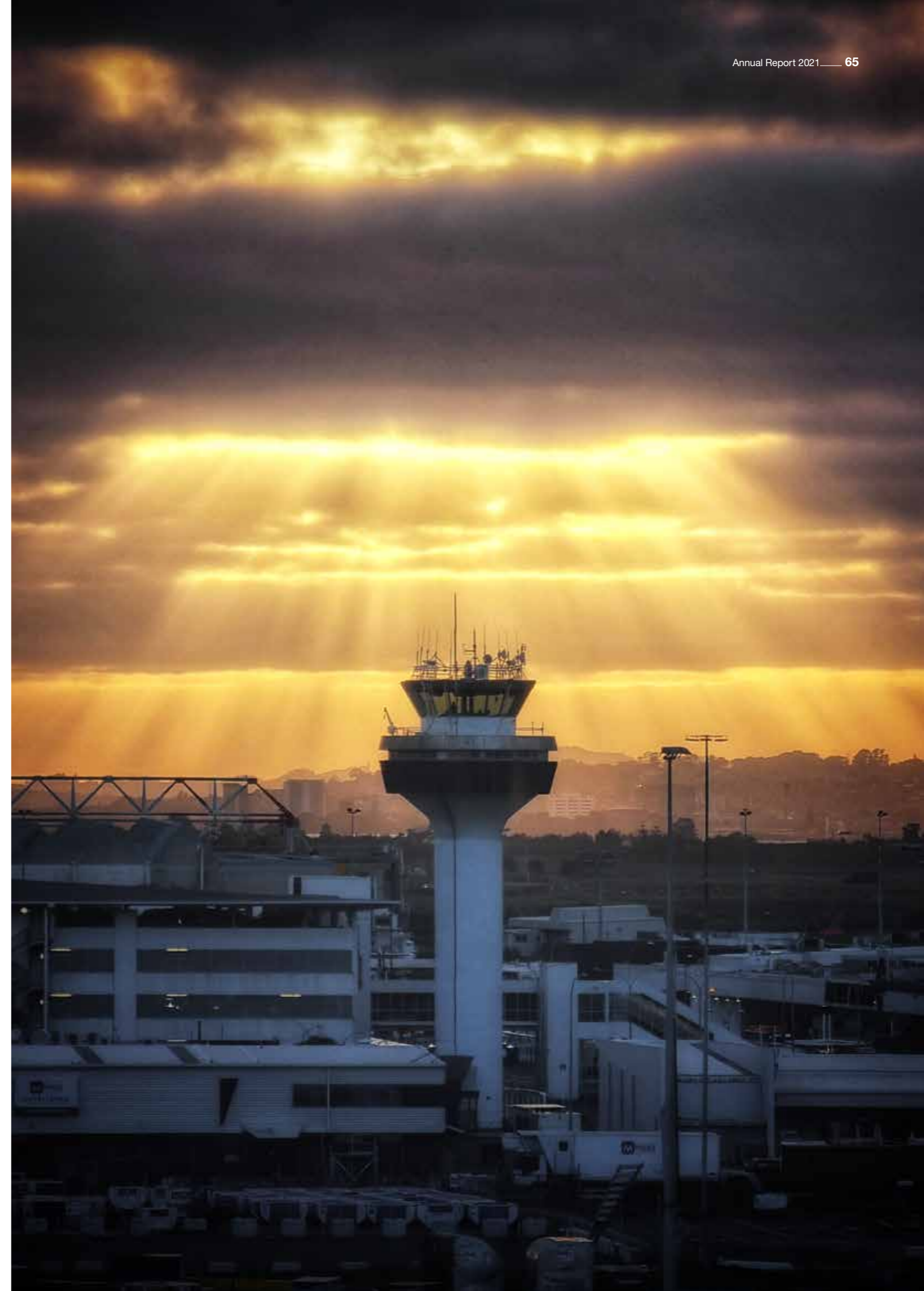
¹ This amount reflects a 20% reduction in base salary from 16 March 2020 to 1 September 2020 (consistent with the reduction of directors fees) as a result of the impact of COVID-19.

² The FY21 STI will be payable in the 2022 financial year.

³ During the 2021 financial year, no payments were made to the chief executive in respect of his FY20 STI targets.

⁴ The 2021 financial year long-term incentive payment of \$315,594 reflects the pre-tax value of the grant made in 2018 financial year as shown in the previous table.

⁵ The 2020 financial year long-term incentive payment of \$461,757 reflects the pre-tax value of the grant made in the 2017 financial year as shown in the previous table.



Financial summary

The outbreak of COVID-19 and the introduction of border restrictions around the world have continued to significantly impact Auckland Airport in the 2021 financial year.

Total passenger numbers fell to levels not seen since the mid-1990s with the impact being felt across all of the company's business segments, from aviation to transport, retail and hotels. As a result, in the 2021 financial year revenue decreased by 50.4% to \$281.1 million. Reflecting reduced passenger volumes, aeronautical revenues declined 62.2% on the prior year, and retail and carparking revenues decreased 87.4% and 42.9% respectively. Despite the challenging trading environment, property rental income grew by 13.6% in the period due to completed developments and rental growth within the existing portfolio.

In response to the reduced aeronautical activity, Auckland Airport undertook a range of cost reduction measures, resulting in a significant reduction in operating expenses. These measures partially offset the impact of lower revenue, with EBITDAFI declining to \$171.5 million. Reported profit after tax of \$464.2 million in the 2021 financial year was up 139.4% from the \$193.9 million of the prior year, reflecting \$527.3 million of investment property revaluation gains. But after excluding this and other one-off and unrealised items, the underlying result was a loss of \$41.8 million.

	2021 \$M	2020 \$M	% change
Income	281.1	567.0	(50.4)
Operating expenses	109.6	306.6	(64.3)
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associates (EBITDAFI)	171.5	260.4	(34.1)
Reported profit after tax	464.2	193.9	139.4
Underlying profit after tax	(41.8)	188.5	(122.2)
Earnings per share (cents)	31.5	15.2	107.2
Underlying earnings/(loss) per share (cents)	(2.8)	14.7	(119.0)
Ordinary dividends for the full year			
– cents per share	–	–	n/a
– value distributed	–	–	n/a

Capital expenditure in the year was reprioritised to focus on asset resilience and asset renewals in this unique low-demand environment. The company's balance sheet remains strong, with banking facilities extended and the interest coverage banking covenant amended to provide financial flexibility to manage through the uncertain recovery pathway.

The Board has resolved not to pay a final dividend in 2021 due to the ongoing impacts of the COVID-19 pandemic. Under the terms of the covenant waivers in place from June 2020 until December 2021 granted by Auckland Airport's banking group, dividend payments are suspended until the covenant waivers expire.

The table below shows the reconciliation between reported profit after tax and underlying profit after tax for the years ended 30 June 2021 and 30 June 2020.

	2021			2020		
	Reported profit \$M	Adjustments \$M	Underlying profit \$M	Reported profit \$M	Adjustments \$M	Underlying profit \$M
EBITDAFI per income statement¹	171.5	–	171.5	260.4	–	260.4
Investment property fair value increase	527.3	(527.3)	–	168.6	(168.6)	–
Property, plant and equipment revaluation	(7.5)	7.5	–	(45.9)	45.9	–
Fixed asset write-offs, impairments and termination costs ¹	–	2.5	2.5	–	117.5	117.5
Reversal of fixed asset impairments and termination costs ¹	–	(19.4)	(19.4)	–	–	–
Derivative fair value movement	(0.5)	0.5	–	(1.9)	1.9	–
Share of profit of associates and joint ventures	21.1	(15.7)	5.4	8.4	0.8	9.2
Impairment of investment in joint venture	–	–	–	(7.7)	–	(7.7)
Depreciation	(124.7)	–	(124.7)	(112.7)	–	(112.7)
Interest expense and other finance costs	(94.0)	–	(94.0)	(71.8)	–	(71.8)
Taxation (expense)/credit	(29.0)	45.9	16.9	(3.5)	(2.9)	(6.4)
Profit/(loss) after tax	464.2	(506.0)	(41.8)	193.9	(5.4)	188.5

Notes

1. 2021 EBITDAFI includes a reversal of \$19.4 million of previously expensed fixed asset write-offs, impairments and termination costs, partially reversing the full \$117.5 million of costs that were booked in 2020. 2021 EBITDAFI also includes \$2.5 million of new fixed asset write-offs, impairments and termination costs.

As set out in the table above, we have made the following adjustments to show underlying profit after tax for the years ended 30 June 2021 and 2020:

- We have reversed out the impact of revaluations of investment property in 2021 and 2020. An investor should monitor changes in investment property over time as a measure of growing value. However, a change in one particular year is too short to measure long-term performance. Changes between years can be volatile and, consequently, will impact comparisons. Finally, the revaluation is unrealised and, therefore, is not considered when determining dividends in accordance with the dividend policy
- Consistent with the approach to revaluations of investment property, we have also reversed out the revaluations of the land class of assets within property, plant and equipment in the 2021 and the land, infrastructure, and runways, taxiways and aprons classes of assets within property, plant and equipment in 2020. The fair value changes in property, plant and equipment are less frequent than are investment property revaluations, which also makes comparisons between years difficult

- We have reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals for both the 2021 and 2020 financial years. In response to the COVID-19 outbreak, some capital expenditure projects were abandoned and fully written off and others were suspended and impaired. During the 2020 financial year, some of these abandoned or suspended projects incurred contractor termination costs which were provisioned for in 2020 with the actual amounts finalised during the 2021 financial year resulting in some reversals of 2020 expenses. The abandonment or suspension of live capital expenditure projects is extremely rare and is the direct consequence of COVID-19. These fixed asset write-off costs, impairments and termination costs are not considered to be an element of the group's normal business activities and on this basis have been excluded from underlying profit
- We have also reversed out the impact of derivative fair value movements. These are unrealised and relate to basis swaps that do not qualify for hedge accounting on foreign exchange hedges, as well as any ineffective valuation movements in

other financial derivatives. The group intends to hold its derivatives to maturity, so any fair value movements are expected to reverse out over their remaining lives. Further information is included in note 18(b) of the financial statements

- In addition, we have adjusted the share of profit of associates and joint ventures in both 2021 and 2020 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives
- We have also reversed out the taxation impacts of the above movements in both the 2021 and 2020 financial years.

Corporate directory

Directors

Patrick Strange, chair
 Mark Binns
 Dean Hamilton
 Julia Hoare
 Liz Savage
 Tania Simpson
 Justine Smyth (CNZM)
 Christine Spring

Senior management

Adrian Littlewood, chief executive officer
 Philip Neutze, chief financial officer
 Anna Cassels-Brown, general manager operations
 Jonathan Good, general manager technology and marketing
 André Lovatt, general manager infrastructure
 Scott Tasker, general manager aeronautical commercial
 Mark Thomson, general manager property and commercial
 Mary-Liz Tuck, general manager corporate services and general counsel

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 Fax: +64 9 375 5900

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Mailing address

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 Auckland Airport
 Manukau 2150
 New Zealand

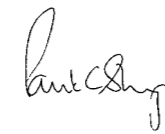
General Counsel and General Manager Corporate Services

Mary-Liz Tuck

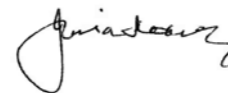
Auditors

External auditor – Deloitte
 Internal auditor – Ernst & Young
 Share registry auditor – Grant Thornton

This annual report is dated 19 August 2021 and is signed on behalf of the Board by:



Patrick Strange
 Chair of the Board



Julia Hoare
 Director

