

Director and Executive Remuneration Auckland Airport Policy

Purpose

The purpose of this policy is to outline how the remuneration levels for Directors, the Chief Executive, and executives who take part in the management of Auckland International Airport Limited ("**Auckland Airport**") are set.

This policy assists in ensuring fair and equal pay throughout Auckland Airport based on the value of the services performed within the context of a competitive market and having regard to an individual's experience, skills and performance.

Director remuneration

Non-Executive Director remuneration is paid in the form of Director's fees, which are made up of the following components:

- A fixed base annual fee;
- Additional fees paid to individual Directors appointed to various committees, to reflect additional responsibilities of these positions;
- A fixed annual allowance to cover each Director's out-of-pocket expenses; and
- Ad hoc fees for additional work performed by individual Directors that is beyond the scope for which they receive compensation for a committee position.

Directors are required to utilise 15% of their net fixed base annual fee each year for the purpose of acquiring shares in the Company.

The People and Capability Committee reviews the level of remuneration of Directors annually. The Committee is authorised to obtain independent advice on market conditions for director remuneration, and makes recommendations regarding remuneration levels for Directors of Auckland Airport to the Board for shareholder approval.

Procedures for the approval of remuneration levels for Directors (in their capacity as Directors of Auckland Airport) are set out in Auckland Airport's Constitution and are governed by the NZX Main Board Listing Rules ("**Listing Rules**") and the Companies Act 1993.

Approved for distribution to staff by the Leadership Team and the Board of Auckland Airport – August 2017

Any recommended increase to the total Directors fee pool must be approved by an ordinary resolution of shareholders at the Company's Annual Meeting. Each resolution must express the Directors' remuneration as either:

- a monetary sum per annum payable to all Directors of Auckland Airport taken together; or
- a monetary sum per annum payable to any person who from time to time holds office as a Director of Auckland Airport.

The amount of any proposed increase in Directors' remuneration must be provided in the notice of meeting and must be recommended by the Board in a transparent manner.

Chief Executive remuneration

The People and Capability Committee reviews the Chief Executive's remuneration annually as part of Auckland Airport's annual remuneration review. The Committee ensures appropriate remuneration arrangements are in place for the Chief Executive and recommends to the Board a policy for Chief Executive remuneration. Approval of the Board is required for implementation of any changes to the Chief Executive's remuneration.

The Chief Executive's remuneration is made up of the following components:

- Fixed base salary;
- Life and Income Protection Insurance premium;
- Short-term incentives based on achievement of company and individual performance targets; and
- Long-term incentives based on total shareholder return.

If the Chief Executive is a member of KiwiSaver they are also eligible to receive a company contribution of up to a maximum of 3% of gross taxable earnings.

Senior executive remuneration

The People and Capability Committee reviews the Chief Executive's recommendations on the level of remuneration of senior executives annually as part of Auckland Airport's annual remuneration review. The review considers the skills, performance, experience and level of responsibility of senior executives. At least every two years independent advice on market conditions for senior executive remuneration (including Chief Executive remuneration) is obtained by the Company.

Auckland Airport's remuneration philosophy for senior executives is to ensure that:

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

Senior executive remuneration includes:

- Fixed annual remuneration (inclusive of Life and Income Protection Insurance premium);

- Short-term incentives based on company and individual performance targets; and
- Long-term incentives based on total shareholder return.

A senior executive who is a member of KiwiSaver is also eligible to receive a company contribution of up to a maximum of 3% of gross taxable earnings.

Disclosure of Director and Chief Executive remuneration

Auckland Airport ensures that Directors' and Chief Executive remuneration is disclosed in each Annual Report, as required by the Companies Act 1993 and Recommendation 5.3 of the NZX Corporate Governance Code 2017.

The disclosure of Directors' remuneration includes a breakdown of remuneration for committee roles and for fees and benefits received for any other services provided to Auckland Airport.

The disclosure of Chief Executive remuneration includes the Chief Executive's base salary, short-term and long-term incentives, and the performance criteria used to determine performance based payments.

References

Auckland Airport's constitution.
NZX Main Board Listing Rules.
Companies Act 1993.
People & Capability Committee Charter

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August 2019