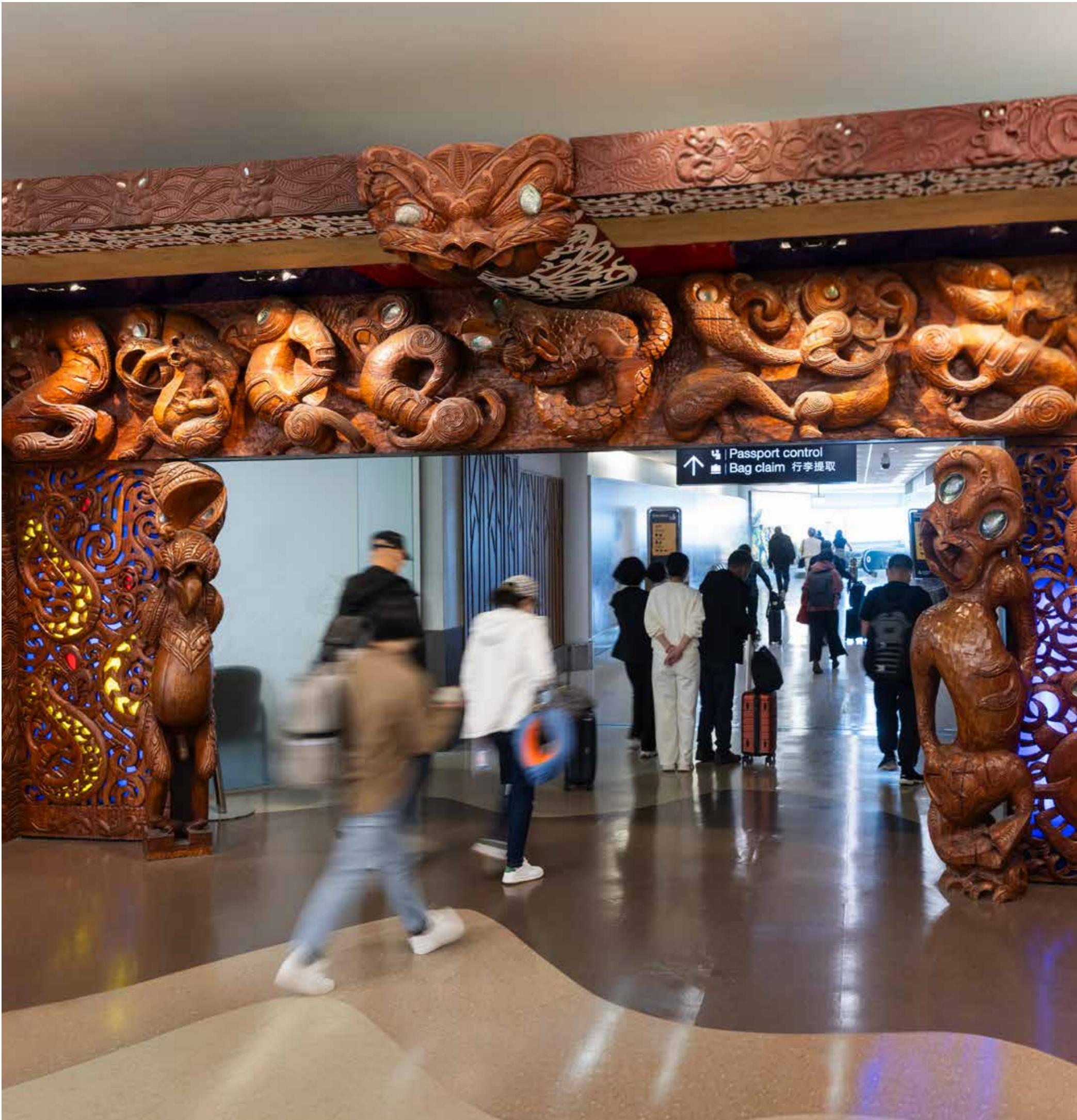


2023 Annual Report

AKL

Building a Better Future





Working for New Zealand

We serve as Aotearoa New Zealand's gateway, supporting thousands of businesses and millions of travellers to connect with each other and the world.

As custodians, our role is to plan ahead, supporting airlines, travellers, partners, tenants and the community through building the services and infrastructure they need – sustainably.

Investment in New Zealand's future, ensuring our national gateway is efficient and resilient for years to come.

Investment to ensure our connection with the world, unlocking tourism, trade and our country's long-term prosperity.

Investment that reimagines how we think about and engage with customers, providing experiences and products and services that travellers and visitors value and that Aucklanders and New Zealanders are proud of.

A thriving aviation precinct

To achieve our aspirations, we are building a vibrant and diverse aviation precinct – a place of travel, connection, employment, having fun and doing business.

A thriving aviation community – where people want to work and visit, not have to work and visit. A place that's far more than just en route. A destination in itself.

Strong foundations are essential for any place, guiding and shaping our actions today and in the years ahead.

The foundations of our place are providing a resilient and enduring gateway, enabling thriving enterprise, empowered community and seamless connectivity.





About this report

Welcome to our 2023 Annual Report – AKL Building a Better Future.

Since our opening 57 years ago, Auckland Airport has held a central place in the life of Auckland and New Zealand.

We account for 84% of New Zealand's air exports by value, handle 90% of the country's airfreight, and support employment for an estimated 20,000 people. We've been able to support strong growth in aviation markets on a platform of aeronautical infrastructure built with foresight in years gone by. The airport is a place of significant moments, too. Airports carry big memories and with 75% of all international travellers landing here, for most people Auckland Airport is also where New Zealand shows its face to the world for the first time.

There is much to be proud about in the airport's history. But we also need to look to the future, ensuring Auckland Airport remains strong and resilient for future generations. We are now firmly underway with an infrastructure programme to revitalise Auckland Airport.

This report tells a story of Auckland Airport today and the journey that lies ahead of us – how we will create value, our business model, the issues that matter most to our business, the community and stakeholders, and the new strategy that will guide and drive us forward: **Building a Better Future**.

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

Our Performance



2023 Key Numbers

Our performance in the 12 months to 30 June 2023

Passengers

15.9m

Domestic

8.1m

International

7.2m

International transits

0.6m

Revenue

\$625.9m

▲ 108%

EBITDAFI

\$397.1m

▲ 175%

Reported profit after tax

\$43.2m

▼ 77%

Underlying profit

\$148.1m

▲ 1,377%

Net capex additions¹

\$647.1m

▲ 156%

Dividend per share

4.0c

Underlying earnings per share

10.1c

Five-year average annual shareholder return

5.4%

Environment

268,622m³

potable water used (29% reduction from 2019 baseline)

2,392t

waste to landfill (3% reduction from 2019 baseline)

4,291t CO₂e

Scope 1 and Scope 2 emissions (27% reduction from 2019 baseline)

Health and safety

623

leader walks completed

Iwi

Worked alongside local iwi to share information and identify opportunities for iwi involvement across resource management processes, future airport operations and precinct development, including the design of key projects

11

critical risk workshops completed

549

near misses reported

Community

\$384k

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

\$400k²

in support to Ara Education Charitable Trust

\$20k

donation to Red Cross Cyclone Appeal

Diversity and inclusion

Proportion of women

50%

Auckland Airport Board of Directors

50%

Leadership team

41%

Overall workforce

46%

Senior leaders³

10%

of people leaders⁴ self-identify as Māori or Pasifika

50

ethnicities across our workforce

1. Net capital expenditure additions after \$3.8 million of write-offs and impairments.
2. Mixture of cash donations and contributions in kind.
3. Direct reports to the leadership team with substantive roles.
4. Staff members with at least one direct report.





From the Chair

In New Zealand and around the world, travellers are actively returning to the skies. Once again people are travelling for pleasure and business, scheduling long-postponed visits to friends and family, taking both short-stay and extended holidays, and generally making up for lost time over the period disrupted by the pandemic.

We are past the initial waves of people rushing to reconnect with family and friends, and travel is almost back to normal – recovering in a way that has exceeded our own and many of our airline partners' growth forecasts. By our financial year's end (30 June 2023), total monthly passenger numbers at Auckland Airport were running at 88% of the comparative month (June 2019), prior to the pandemic.

It's important to acknowledge that the rapid return of aviation has not always been a smooth experience for travellers worldwide and at Auckland Airport it has been no different.

Global staffing shortages have been at the centre of this, creating all kinds of havoc across the aviation system. Travellers have had to cope with mishandled bags, longer waiting times in queues, construction work in the arrivals hall, airline schedule changes and generally a system struggling to maintain smooth passenger flows. These issues were felt more strongly in the first half of the year and are now showing signs of easing.

Alongside the return of travel, we've experienced some of the most extreme weather New Zealand has ever seen. This caused the closure of the international terminal in January

for 37 hours due to flooding after Auckland's record-breaking rainfall event, when over 200 millimetres of rain fell in a single day, on top of an already wet month.

We have greatly appreciated the ongoing understanding of travellers and our partners, and we are thankful to the team at Auckland Airport for their sustained effort in supporting the recovery of the business.

Financial results

The 2023 financial year has provided a much stronger result compared with the year prior which was still being impacted by the last of the Auckland community's COVID-19 lockdowns and border restrictions.

Revenues in the year to 30 June 2023 increased by 108% to \$625.9 million. There was also pleasing growth in earnings before interest, expense, taxation, depreciation, fair value adjustments and investments in associates (EBITDAF) up 175% to \$397.1 million. Total reported profit after tax decreased by 77% to \$43.2 million while underlying net profit after tax was up by \$159.7 million to a profit of \$148.1 million. This resulted in an underlying profit per share of 10.1 cents for the 2023 financial year.

It has been pleasing to see the strong return of our aviation business. As demand for air travel has surged globally, airlines have continued to see the value of investing in capacity at Auckland. During the 2023 financial year we welcomed back familiar airlines – along with new routes and carriers – helping to restore Auckland Airport to the first full year underlying profit since 2020.

Revenue

\$625.9m

▲ 108%

Reported profit after tax

\$43.2m

▼ 77%

As was the case the year before, our property investment business continued to deliver strongly. The industrial property market has remained positive unlike other categories of property in a COVID-19-recovering economy. The investment property rent roll is now \$147 million (up 15% year-on-year) and the investment portfolio is currently now valued at \$2.9 billion.

I would like to take this opportunity to once again thank shareholders for your continued support through several testing years. As we gradually return to 'business as usual', we appreciate your long-term confidence in the value the airport can create for New Zealand, our communities and shareholders.

We are pleased to declare a final dividend – our first since October 2019 – for the 2023 financial year of 4.0 cents per share, reflecting the earnings period of 1 January to 30 June 2023 following the removal of covenant-related restrictions. At 4.0 cents per share, the dividend equates to a 73.5% payout of underlying profit for the second half of the year and reflects our updated dividend policy to pay 70% to 90% of underlying net profit after tax (excluding unrealised gains and losses arising from a revaluation of property or treasury instruments and other one-off items).

Building a Better Future

Growing passenger volumes have restored a welcome vibrancy to our airport precinct. They also point to the timeliness of our business strategy – Building a Better Future.

This is our comprehensive strategy to move us back on to the front foot and guide our long-term investment decisions.

Our infrastructure is stretched after a period of sustained growth followed by the hiatus created by the pandemic. It's vital that we invest in Auckland Airport's future now. Our national gateway needs investment to ensure it remains efficient and resilient for future generations, and to support our country's future economic prosperity.

Building a Better Future (see infographic pg 24-25) organises our effort and investment to deliver success in five key areas: a thriving enterprise, empowered community, seamless connectivity, enduring infrastructure and, above all, future resilience.

It gives context and coordination to the restart of our infrastructure development programme, as we deliver a historic transformation of the airport.

"It's vital that we invest in Auckland Airport's future now. Our national gateway needs investment to ensure it remains efficient and resilient for future generations, and to support our country's future economic prosperity."

Nau mai & welcome



This encompasses everything from a new domestic terminal to be integrated into the international terminal, to better roads, a more resilient airfield, and utilities such as fuel infrastructure. Transport infrastructure such as the new Transport Hub will complete the picture for smoother, more efficient journeys to and from the airport.

None of this would be possible without the dedication of our management team, passionately led by Chief Executive Carrie Hurihanganui and supported by our 579-strong workforce. I thank the whole team, as well as my fellow directors, for their energy and effort as we support the organisation to manage the challenging developments ahead.

Aeronautical pricing changes

On 8 June this year, following extensive consultation with our airline partners, we announced changes to airline charges for the 2023 to 2027 financial year period (a process known under our enabling regulations as Pricing Setting Event 4 or PSE4). The increased charges took effect from 1 July 2023,

ending the year-long price freeze we had in place to help airlines rebuild following the pandemic.

We did not introduce these changes lightly, particularly in the current economic environment.

We need to ensure continued investment in Auckland Airport's infrastructure so it is at an appropriate standard, delivering sufficient capacity and resiliency long term and an improved customer experience. As New Zealand's key gateway airport, we believe the infrastructure investment choices we have made are in the best long-term interests of travellers and the wider New Zealand economy.

The decision to move ahead with the Terminal Integration Programme was made after extensive consultation, analysis and careful consideration, but ultimately without the support of airlines. Although Air New Zealand and the Board of Airline Representatives (BARNZ) supported the pathway to terminal integration in August 2021, their position changed, largely due to the

increased cost of construction and resulting price changes.

While airlines have asked us to pause the building programme, they have not been able to propose any viable long-run alternatives. Airlines have also asked us to continue operating jets from the existing domestic terminal, however this would result in jet operations remaining in the terminal well beyond 2030 with unacceptable impacts on the efficiency of operations, the resiliency of the airfield and result in further deterioration of the customer experience.

We continue to engage with airlines and remain open to adjusting our approach to the infrastructure programme if presented with new and viable options.

In setting our updated prices, the return on capital targeted for PSE4 was set consistent with the existing Commerce Commission's methodologies, updated for the most recent input data.

The new aeronautical charges are now being independently reviewed by the Commission. We welcome this scrutiny as it is an important step to ensure

that airports in New Zealand work to benefit the traveller and make long-term decisions that are in the best interests of New Zealand's economy. We will await the Commission's review of our pricing decision, which is expected in May 2024, before commenting further on PSE4 pricing.

We expect prices for the next pricing period will need to increase further, reflecting the significant amounts of capital that will be invested to complete delivery of the Terminal Integration Programme. Post-pandemic construction cost escalation has added to the challenge, but we know that our costs of delivery are aligned to the cost of other recent examples of terminal infrastructure globally. We know continuing to invest remains the right thing for the travelling public, the right thing for New Zealand.

We have also responded to the Commission's initial cost of capital Input Methodologies Review draft decision announced in June. The draft decision included a fundamentally new approach for airports which does

not sufficiently reflect the risks that New Zealand airports face. It includes ad hoc judgement calls that would make the regulatory regime unpredictable and would challenge business cases and the funding of all New Zealand airports' essential investment plans, potentially leading to capacity constraints. A constrained Auckland Airport would not serve New Zealand well.

Underinvestment would lead to constrained flights which would inevitably drive up air fares steeply – just as we have witnessed recently because of airline capacity shortages caused by COVID-19. Our submission – and others – strongly encourages the Commission to retain its existing approach that it has insisted airports follow for the last 13 years.

Legislative update

Following many years of engagement and submissions, in April this year Parliament passed an important piece of legislation: the new Civil Aviation Act repeals and replacing the Civil Aviation Act 1990 and the Airport Authorities Act

"With burgeoning traveller numbers, expanding international routes, accelerating infrastructure development and a hugely committed team, there is a great deal to look forward to at Auckland Airport."

1966 with a single modern law to regulate the aviation industry. We welcome the new legislation and the more succinct legal framework it provides.

Looking ahead

With burgeoning traveller numbers, expanding international routes, accelerating infrastructure development and a hugely committed team, there is a great deal to look forward to at Auckland Airport. This includes continuing to process sustainability initiatives that will have a meaningful impact across the aviation precinct as we upgrade infrastructure. Operating New Zealand's largest airport and international gateway while revitalising it from the ground up will see new challenges, and our team is focused on the tasks ahead.

Patrick Strange
Chair of the Board



From the CE

Kia ora koutou katoa

Connecting New Zealanders to each other and the world is something we take immense pride in.

So we've been delighted to see Auckland Airport humming again, experiencing a stronger rebound in the aviation market both domestically and internationally than anyone had expected. Airports and airlines have rebuilt their workforces, new routes are coming on stream, aircraft load factors are high and we are looking ahead to a busy summer peak.

We still have a way to go to full recovery, but it all amounts to a fantastic turnaround for an industry that was in dire straits two years ago – bringing relief, gratitude, energy and optimism to those of us who work in aviation.

The return of airlines to the New Zealand market tells the story.

In the 2023 financial year, we had 25 airlines flying to 40 destinations to and from Auckland Airport. On both counts, this is a near doubling from the lows of 12 airlines and 21 destinations during the toughest days of the pandemic.

In June, international seat capacity recovered to 90% compared with pre-pandemic, and domestic recovered to 89%. The return of passenger flights also restores international freight capacity to 95% of pre-pandemic level.

Strength in our North American routes is leading the charge. Air New Zealand now flies into seven North American cities including its flagship New York service, joined by Qantas on the same route from June 2023, bringing greater choice and more competitive pricing to travellers. Hawaiian Airlines, Air Canada, United Airlines and American Airlines reconnecting into Auckland will also be joined by Delta Air Lines from late October this year.

These are all high-quality airlines with extensive domestic and international networks. This sees Auckland Airport now offering more non-stop connections to the United States and Canada than any airport in Australia. This is great news for Kiwi travellers but also for those travellers from our second largest visitor market (behind Australia) wanting to take a holiday in New Zealand.

There has been a promising recovery in routes to and from China, a key trade and tourist market for New Zealand, after a slower return due to a more protracted COVID-19 response, with five airlines now operating four routes, including daily services to some of the main centres. Overall, capacity between China and New Zealand had recovered to 78% of 2019 levels as at 30 June 2023, and is forecast to reach 93% of pre-pandemic levels by September.

Investing for the future

Alongside the return of airlines, we are investing in the airport's long-term future.

As the international gateway to New Zealand, we need to upgrade, modernise and build in greater capacity and resilience, so we can enable New Zealand's economic and social prosperity rather than constrain it. We want to make Kiwis proud, offering sustainable and seamless customer experiences alongside the best in the world.

We have a new strategy – Building a Better Future – and a clear ambition to build a vibrant and diverse aviation precinct – a destination that not only serves as New Zealand's busiest airport, but also a place of entertainment, business and employment.

In line with this, our biggest project is a new combined domestic and international terminal. It's about time – our 57-year-old domestic terminal is nearing capacity – and this will be our largest redevelopment since the airport opened in 1966. Not only is it incredibly necessary, it will also transform the customer experience, making their journeys easier and faster. Airlines also have much to gain in terms of capacity growth, sustainability outcomes and more resilient infrastructure.

We have been consulting with major airlines in relation to this for more than a decade, including producing over 21 concept designs for a new domestic terminal since 2012. We have been in formal consultation with airlines regarding terminal integration and our capital plan since 2021, carrying out detailed reviews, working to identify airline requirements and find savings

where possible. If it weren't for the pandemic, the build would already have been well advanced by now. There have been calls in recent times from airlines to delay our investment programme. However, we think this is the wrong call for New Zealand and would result in higher infrastructure costs in the future. Like airports right around the world, Auckland Airport needs to invest to ensure we are resilient and fit for the future. At the same time, we are very mindful of cost to our airline partners and ultimately travellers.

Over the next financial year, domestic charges will rise less than \$4.00 per passenger, and in 2027 charges will be \$8.70 per passenger higher than they are now. These are the charges that airlines pay as users of the airport, and they will still represent a very small portion of an airfare. These cost increases will also bring our charges to airlines in line with what Wellington and Christchurch airports already charge today.

Low-carbon future

As we look ahead to the transformation of the airport, sustainability is at the forefront – our planned investments will help us move towards climate change goals and create a more sustainable airport.

Our targets are demanding and real. We are targeting a 90% reduction in scope 1 and 2 emissions from a 2019 baseline, to achieve Net Zero carbon emissions by 2030. We are well on the way to reaching this target, achieving a 27% reduction this financial year against the 2019 baseline. Every initiative, big and small, counts, and we are proud to have a bold programme of work underway.

Over the coming years, you'll see us make greater use of renewable energy with giant solar arrays being built on two developments, including the largest rooftop array in New Zealand.

"As the international gateway to New Zealand, we need to upgrade, modernise and build in greater capacity and resilience, so we can enable New Zealand's economic and social prosperity rather than constrain it. We want to make Kiwis proud, offering sustainable and seamless customer experiences alongside the best in the world."



Kia ora koutou katoa

We are phasing out gas from the terminals and switching out our air conditioning system to electricity. Design and construction materials for the combined terminal will be selected to reduce the building's carbon footprint as much as possible. This is alongside a focus on waste minimisation and water efficiency and we are committed to our target of a 20% improvement on these two measures by 2030 against our 2019 baseline.

Aviation is a contributor to global CO₂ emissions, currently producing about 2.5% of total greenhouse gases worldwide. In an interconnected industry like aviation, we must work together to collaborate and innovate to mitigate the impacts of climate change. We are working closely with major airlines to understand their needs and requirements, including the investment they're making in larger, more efficient domestic aircraft, and their planned future low-carbon aircraft. We're pleased to be in the leadership group Sustainable Aviation Aotearoa, working with our industry peers and government agencies to accelerate the decarbonisation of the aviation industry. On the ground, action is happening as well, with ground power units being installed at each gate to supply power to aircraft to reduce fuel use and provide charging for electric ground-handling equipment and vehicles. These are but just a few of the initiatives underway to deliver positive change.

Building activity

Beyond the terminals, construction has ramped up right across the aviation precinct. We were pleased to restart our 250,000sqm airfield expansion to the west of the international terminal, adding important resilience to aircraft parking capacity as well as stormwater infrastructure.

We have a \$300 million world-class transport hub underway – a project that is all about putting the customer at the centre of our thinking and will help to smooth the experience for travellers arriving and departing from the terminal, as well as paving the way for any future mass rapid transit to deliver passengers direct to the airport terminal precinct. We have a new baggage system under construction at the international terminal and construction of the Mānawa Bay premium outlet shopping destination is also well progressed, and is on track to open at the end of the 2024 calendar year.

We're very excited to be opening our new 5-star hotel in December this year, a joint venture with Tainui Group Holdings (TGH). Te Arikinui Pullman Auckland Airport Hotel will offer accommodation experiences on a new level for the airport – including rooftop dining with stunning views of the Manukau Harbour.

All of these projects will help to complete the picture for revitalisation of the airport, making it an exceptional new travel experience for all Kiwis to enjoy and be proud of. I hope you enjoy reading more about these projects in the pages ahead.

A strong team

I am immensely proud of the way our extended team has responded to the challenges posed during the year. These included extreme weather, rapid passenger growth, disrupted flight schedules and baggage handling issues, and I warmly thank the team and our partners for going the extra distance together.

I want to assure our airport users and community that we, alongside our airport partners, remain focused on ironing out remaining operational issues and thank travellers for their understanding as we tackle this.

During the year, we added to our management bench strength with the appointment of Melanie Dooney as Chief Corporate Services Officer (November 2022), Chloe Surridge as Chief Operations Officer (May) and Richard Wilkinson (Tūhoe) as Chief Digital Officer (August). We also announced the appointment of Darren Evans as Chief Safety and Risk Officer, who will be joining us in November. Chloe, Melanie, Richard and Darren bring years of experience and expertise, and will work with our very strong existing leadership team to help us further elevate putting customers at the forefront of everything we do. I wish to thank the Auckland Airport Board for their guidance and support amid a period of both challenges and exciting transformation for our airport.



Looking ahead

We continue to see a positive recovery of the aviation industry. As a result, we are providing guidance of underlying profit after tax to between \$260 million and \$280 million for the 2024 financial year, and capital expenditure of between \$1,000 million and \$1,400 million for the period.

We still expect our total passenger numbers to recover to pre-pandemic levels during 2025, in line with the International Air Travel Association's (IATA) outlook for global air travel. For the full 2024 financial year we anticipate international passenger numbers will be around 92% of pre-COVID-19 levels, with domestic passenger numbers at around 89%. This would result in overall passenger numbers of circa 19.1 million for the 2024 financial year.

We are in the midst of a major reinvestment in the infrastructure at Auckland Airport to set us up for the decades ahead. As travellers continue to return in substantial numbers, we are reinventing the traveller experience and focusing on sustainability to target ambitious reductions in carbon emissions. Most of all, we are strongly committed to delivering a new, connected national gateway that does justice to our beautiful city of Auckland and the expectations of our global visitors when they come to Aotearoa New Zealand.

E mahi ana mātou mō Aotearoa.
We are working for New Zealand.

Carrie Hurihanganui
Chief Executive
Auckland Airport

Underlying net profit after tax

\$148.1m

Auckland Airport recognises underlying profit is a non-GAAP measure and a reconciliation between reported profit after tax and underlying profit after tax is included in the Financial Summary section of this annual report.

An improvement of

\$159.7m

compared with the
\$11.6 million loss in 2022

The directors and management of Auckland Airport understand the importance of reported profits meeting accounting standards. Because we comply with accounting standards, investors can confidently compare different companies knowing 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, and 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 70% to 90% 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. You can find the reconciliation between underlying profit and reported profit for the current reporting period in the Financial Summary section of this annual report on page 90.

About us

Piki mai, kake mai, tauti mai

Auckland Airport's place on the Manukau Harbour weaves a story of adventure, inspiration and connection, from its earliest days when Tainui Waka first journeyed across the waters of the harbour, to the summer of 1966 when the airport first roared to life with a grand air pageant.

Back then, the domestic terminal was the crown jewel; the 3,535-metre runway a modern marvel. It was a huge source of national pride, where people would make their way past paddocks and farmland to stand on the edge of the airfield and witness the wonder of flight.

Almost 60 years on, Auckland Airport still inspires and connects those with an adventurous spirit – a unique 1,566-hectare precinct of travel, enterprise and trade, entertainment, dining, shopping and hospitality.

We are New Zealand's busiest international airport, linking 7.8 million travellers to a total of 40 destinations in the financial year. Before the pandemic struck, 21 million domestic and international travellers passed through Auckland Airport annually. This included more than 75% of all international passengers to and from New Zealand (or 92% of international passengers who arrived into New Zealand off a long-haul service). Around 48% of the company's total revenue was generated by our aeronautical business.

Beyond the airfield, Auckland Airport is a diverse and growing community, full of promise. We play an important role in supporting the economy, including job creation.

As a property developer and landlord, we provide high-quality premises and services to a host of retail outlets inside the terminals as well as businesses within the surrounding precinct. These range from logistics and international freight facilities to stylish eateries, to a heritage-listed function venue to a bustling shopping centre, to a family fun park and animal experience.

Our two hotels offer quality accommodation, and we have a further two new hotel developments that are well advanced. We work hard to make life easier for our customers, offering a variety of car-parking facilities, including a valet service, and our online digital shopping channel

We own and operate Auckland Airport

25 airlines

servicing 40 international destinations and 23 NZ destinations in FY23 (29 airlines servicing 43 international destinations pre-pandemic in FY19)

144,421

aircraft movements in FY23 (178,886 in FY19)

15.9m

passenger movements in FY23 (21.1 million in FY19)

165,503t

of international cargo in FY23 (190,889 tonnes in FY19)

22km

of public roads

1.4 million

sqm of runway and pavement

170,000

sqm of floor area over two terminals

The Mall. Our Collection Point service means travellers can collect off-airport and online tax and duty free purchases when they arrive at our terminals.

Overall, our property team manages in excess of 550,000 square metres of net lettable area. The portfolio is now valued at \$2.9 billion, with an annual rent roll of \$147 million. Auckland Airport has 151 hectares of land available for investment property development.

We provide important services to travellers, airlines and our commercial partners

24/7

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

115

terminal-based retail tenancies

150

business tenants outside the terminal

2 operating hotels

and two more in development

12,380+

car parks in the car-parking facilities

We are a property developer and owner

\$2.9b

of logistics and distribution warehouses, office buildings and shopping centres.

\$170.6m⁵

of rental income per annum

99%⁶

real estate average occupancy rate

\$845m

of assets currently under development

151ha

available for development

2 hotels

developed in partnership with Waikato Tainui

We are a substantial employer and enabler of employment

579

employees with diverse skills and capabilities

Ara

Auckland Airport Jobs and Skills Hub, connects South Auckland people with jobs and training opportunities

20,000

people typically employed on precinct



5. Including \$8.4m of revenue recognised for accounting purposes for the spreading of future fixed rental increases.

6. Landside property portfolio.

Our Business Model

Our business model reflects our key inputs, business activities and strategy and how they collectively influence our ability to create value and support our outputs and outcomes. Without question, Auckland Airport's success is linked to how we ensure our aviation, commercial and community partners are successful.





Our Strategy



Our Strategy

To be successful in a post-pandemic world, Auckland Airport must ensure its aeronautical operation is strong and resilient for the future. We must also look beyond our traditional areas of operation to create more resilience and wider prosperity from our actions.

In the 2023 financial year, Auckland Airport has developed and launched a new strategic plan and road map for the business: **Building a Better Future**. We have an important purpose to revitalise and inspire as we connect people and place. We are working for New Zealand to create positive change in the airport experience, the community, and the environment and for our country's long-term prosperity.

Alongside our critical aviation infrastructure, terminals and the runway, we are an **aviation precinct** of travel, hospitality, business, entertainment and trade. A major employment hub. A city within a city. Our strong foundations will guide us and our actions each day as we seek to achieve our ambitions of delivering:

Thriving Enterprise

Empowered Community

Seamless Connectivity

Enduring Infrastructure

Future Resilience

Thriving Enterprise

A thriving commercial community lies at the core of the long-term success and sustainability of our precinct. It will encompass a wide range of industries: from aviation and tourism; to retail and hospitality; to accommodation and entertainment; to high value exports and trade – a place that New Zealanders are proud of, as they connect with each other and the world via a thriving aviation network. Together, we will create a vibrant and dynamic environment that drives prosperity for our economy.



Aviation takes off

It's everywhere on social media. Photos of family reunions in far flung corners of the world, kids splashing in island resort swimming pools, or couples soaking up the cultural sights.

"It feels like everyone you talk to has just been on a trip overseas or is hoping to take one soon," says Auckland Airport's Chief Customer Officer Scott Tasker.

"And it's really brought the life back to the airport."

Since the 1960s, Auckland Airport has grown into a unique economic ecosystem, supporting 25 airlines in the financial year; 40 direct routes across the globe; and attracting an average of 412 domestic and international flights in and out per day over the second half of the 2023 financial year.

Planes don't load, take off and land by themselves, and with airline capacity running 90% of 2019 levels by 30 June 2023 (just ahead of the recovery in capacity in Singapore and Australia), thousands of jobs have returned to the airport, helping to support the community surrounding the precinct.

"It's been a tough couple of years for the aviation industry, so it's great to see airlines committing to restart flying to Auckland Airport and the fresh energy this has brought back to the precinct. Alongside those Kiwi travellers heading abroad, New Zealand is still high on international traveller bucket lists. In saying that, airline capacity is very tight globally and we've needed to put in a good deal of work to keep ourselves on the radar of the airlines as a preferred destination."

A highlight has been the additional connections and exciting new routes between Auckland and North America. American Airlines has begun operating its long-awaited route to Dallas-Fort Worth and both Air New Zealand and Qantas launched direct flights to New York. On the popular Los Angeles route Air New Zealand, American Airlines, United Airlines, and newcomer Delta Airlines will be operating for the summer peak.

"We're in for a busy summer with current projections showing capacity between Auckland and North America set to exceed 2019 levels, with a forecast 29% increase in flight capacity over November 2023 to March 2024 compared to the same five-month period prior to COVID-19."

The other big shift has been the easing of Chinese international travel restrictions at the beginning of the calendar year, which saw the return of frequent connections to major Chinese cities.

"China was the final market to unlock. We were among the first to open to Chinese tour groups, which was a great milestone for us, but like the other market reopenings, the initial demand came from friends and family reconnections, quickly followed by business and leisure travel resuming," Scott says.

With Air China returning in May from Beijing to Auckland, and Hainan Airlines returning in June on the Shenzhen to Auckland route, Auckland Airport now has 27 flights per week operated by five airlines to four cities in mainland China (Air China, Air New Zealand, China Eastern Airlines, China Southern Airlines and Hainan Airlines).

Closer to home, the trans-Tasman connectivity is back to 96% of pre-pandemic capacity. Joining trans-Tasman stalwarts Air New Zealand, Qantas and Jetstar, Air Asia X started flying between Auckland and Sydney, with Batik Air starting on the Perth route in August 2023. We also welcomed Jetstar starting a new daily service between Auckland and Brisbane.

29%

forecast increase in flight capacity over November 2023 to March 2024 (compared to the same five-month period prior to COVID-19)



The Maintaining International Air Connectivity (MIAC) Scheme ended in March, by which point the return of airlines and increased schedule frequency provided the necessary bellyhold capacity for airfreight. In the 2023 financial year, 165,503 tonnes of international cargo flew through Auckland Airport, a 9% decrease from the 2022 financial year, and accounting for 90% of New Zealand's total international air cargo. Auckland's international cargo volume managed to remain consistent during the pandemic, with an exceptionally good year in the 2022 financial year.

"It's been a tough couple of years for the aviation industry, so it's great to see airlines committing to restart flying to Auckland Airport and the fresh energy this has brought back to the precinct."

Growing business community

Airports can be a bit like sliding doors between the place you've just been, and where you are going.

"Auckland Airport has changed hugely over the past couple of decades," says Mark Thomson, Chief Commercial Officer. "We've attracted some of the world's leading global brands in logistics who have set up their headquarters here, alongside contemporary hotels, shops, cafes and restaurants, and entertainment facilities for families.

"People are often really surprised by just what is on offer out at the airport and the diversity of the business precinct we have here. It's something we're very proud of."

Today there are over 250 businesses based at the precinct and over the 2023 financial year, the commercial community has firmly bounced back, with enterprises across the precinct changing gear from surviving to thriving. Shops and cafes are busy once again, and trade is in full swing.

One of the fastest growing areas is The Landing, a business park located on the northern tip of Auckland Airport and home to everything from logistics centres, to manufacturing depots, and pharmaceutical facilities.

"The team's been flat out delivering new projects and it's been another really strong year for the investment property business," Mark says.

"In 2023, we completed developments for Kerry Logistics and Healthcare Logistics (part of the EBOS group), while the construction of two additional facilities remains on track for completion in the 2024 financial year.

"Once completed, these developments will have a combined value exceeding \$200 million and add a further 50,000 square metres of leased space into The Landing.

\$2.9b

total value of Auckland Airport's property portfolio

The airport's rent roll increase by 15% off the back of sustained customer demand for our high quality, well located real estate products. Auckland Airport's portfolio ended the year having a total value of \$2.9b and with occupancy levels remaining at 99% and a weighted average lease term of 8.64 years – one of the highest WALTs relative to the New Zealand listed property sector.

"The financial year has been another strong year for our investment property business, in which we have continued to pursue our strategy to develop high quality, operationally efficient and environmentally sustainable assets leased to high covenant tenants," he says.



Retail

South of The Landing, Auckland Airport's retail community is bustling once again. There are over 115 retailers located inside the terminals alone, including 20 different food and beverage operators. After hibernating during the pandemic, most have now returned to normal business operations with sites fully open.

One of the largest is Aelia Duty Free, which has taken on the role as Auckland Airport's duty-free operator, after winning a short-term extension of their contract until mid-2025 which saw the airport move to a single operator model.

Lagardère AWPL co-CEO, Przemek Lesniak, says the effort put in by teams on both sides of the Tasman to reopening the store last October was inspiring.

"We were very emotional when those first passengers made their way through the store."

Initially scheduled for September this year, Auckland Airport's shift to a single operator was brought forward by three months with the agreement of all parties to ensure a seamless transition. As part of the successful transition to a single operator model, around 90% of existing duty-free staff were able to transfer to Aelia Duty Free. Within the next year,

a tender process is expected to get underway for a long-term duty-free contract at Auckland Airport.

"We feel invigorated with a team, both new and old, on board. We are so proud of how our team has managed the challenges brought on by the pandemic, and thankful to have great partnerships, including with Auckland Airport, that have supported us along the way," Przemek says.

"After hibernating during the pandemic, most have now returned to normal business operations with sites fully open."





Outlet shopping

Retail therapy is set to extend beyond the terminal with Auckland Airport's latest development, Mānawa Bay. Construction at the \$200 million development has been underway since November 2022, and will create a fashion-led retail destination within the airport precinct, with 24,000sqm of retail space and 100 stores ranging in size from 50sqm to 1500sqm.

"We're delighted with the strong demand we've had from retailers signing up for stores, including sought-after brands Kate Spade, Coach, Fila, Ilabb, Under Armour and Flo & Frankie, to name a few," Mark says.

"Leasing momentum remains very strong with almost 50% of the facility now pre-committed in Heads of Agreement or Agreements to Lease. We are also experiencing strong interest in leasing the remainder of the facility, and remain confident of pre-commitment before opening late in 2024."

"The build's progressing along really well too, with 50% of the structure now in place and substantial progress being made on the civil works and roading elements."

Taking its name from the mangroves growing in the nearby Pukaki Creek, Mānawa Bay will make the most of this water-facing location and embrace large, light-filled open spaces in the dining area, with an easy to navigate figure-of-eight layout for the centre, reflecting the concept of flight and air.

Led by Savory Construction, the project will support 500 to 600 jobs during

construction and an estimated 1,100 retail and hospitality jobs once the centre is open and fully operating.

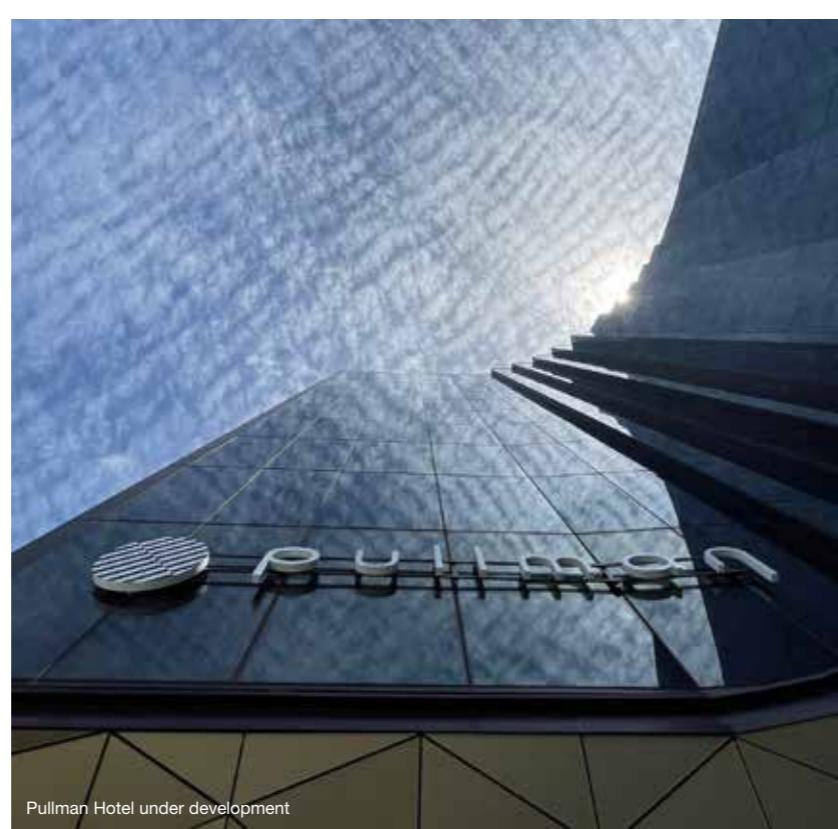
Targeted to be New Zealand's first Five Green Star retail centre, Mānawa Bay is pursuing sustainability initiatives throughout the project (see pg 55).

Hotels roll out the welcome mat

At the Novotel, fresh spaces, including a revamped bar and eatery, have

welcomed guests back since it reopened to travellers last June.

For the six months to June 2023 the four-star hotel (a joint venture with Tainui Group Holdings) averaged 88% occupancy, compared to an average 70% occupancy for 5-star CBD luxury hotels and 65% average occupancy for 4 to 4.5 star city hotels.



89%

averaged occupancy at the Novotel

91%

occupancy at the ibis hotel

"We're looking forward to opening the doors at the end of year to Te Arikirui. Not only will it provide a beautiful place to stay but it's set to become a landmark at the precinct and a destination in itself."

The nearby ibis, a 2.5 star hotel fully owned by Auckland Airport, is similarly going well, if not better, with an average occupancy of 91% during the period March to June 2023.

In December the doors will open for the first time at Te Arikirui Auckland Airport Pullman Hotel, a beautiful 5-star hotel on the doorstep of the international terminal, developed in partnership with Tainui Group Holdings.

"We're looking forward to opening the doors at the end of the year to Te Arikirui," Mark says. It's going to be a premium hotel experience, right next to the international terminal. Not only will it provide a beautiful place to stay but it's set to become a landmark at the precinct and a destination in itself."

The name of the hotel, Te Arikirui, has been gifted by the Māori King, Kiingi Tuheitia. Its meaning is 'Supreme Ariki' or 'Supreme Paramount Chief' and was the chiefly title carried by his mother the late Te Arikirui Dame Te Atairangikaahu. 'Te Arikirui' was chosen to reflect the hotel's 5-star premium status.

Inside, the fitout currently underway includes extensive use of Waikato iwi inspired cultural designs which ensure the hotel's sophisticated and contemporary interior design is uniquely Aotearoa New Zealand.

The hotel's top floor restaurant and bar, which is named Te Kaahu, offers stunning views out over the runway and beyond to the Manukau Heads, and will feature a menu strongly influenced by local produce and the unique flavours of our country. Te Kaahu (hawk) is symbolic of flight, is included in the name Te Atairangikaahu, and its feathers are worn by those of chiefly status.



Bright future for AKL aviation precinct

Among the aviation, retail, hospitality, accommodation, and freight businesses that make for a bustling precinct, is the place two huge saltwater crocodiles, several meerkats and a troop of tamarins call home.

Butterfly Creek, which at 22 years is one of the longest standing businesses operating at Auckland Airport, is full speed ahead – this past year bringing a much-needed sense of relief for husband and wife co-owners John Dowsett and Fiona Turner.

"We've had a really good year. It's busy. I so love seeing people back here having a good time."

When John started the business, the site was nothing more than a paddock. Fast forward two decades, and it's buzzing with over 200,000 visitors per year.

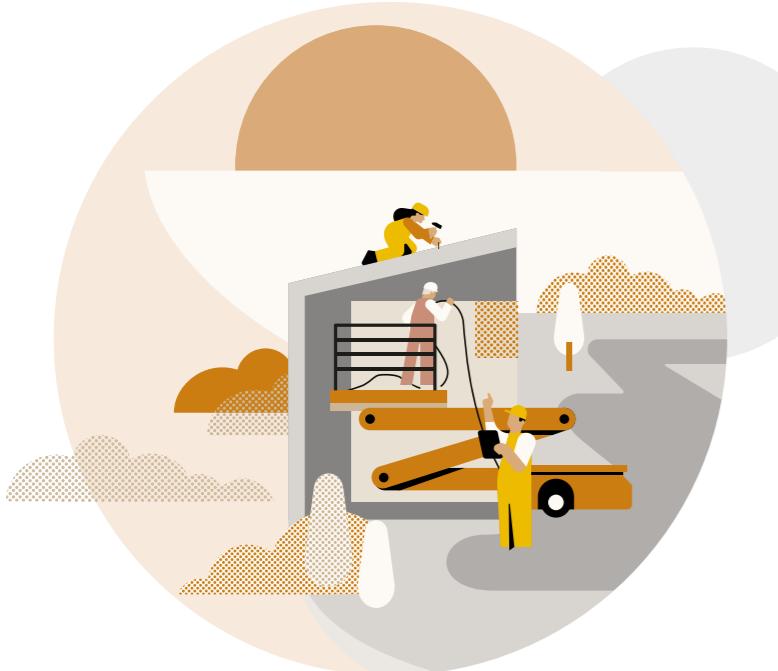
"In visitation we're better than we were before the pandemic. There were some positives of COVID-19,

it caused us to really focus on the core essentials and re-look at how we run things. For example, we now place much greater emphasis on extra income streams such as private animal encounters and we've gained extra efficiencies, for instance switching to quicker cabinet food," he says.

"There were some positives of COVID-19, it caused us to really focus on the core essentials and re-look at how we run things. For example, we now place much greater emphasis on extra income streams such as private animal encounters and we've gained extra efficiencies."

Empowered Community

We value our strong links with the community and will continue to actively contribute to the wellbeing and growth of local people. We will leverage the resources of the aviation precinct to empower and create opportunities for people, including our own incredible team. We foster collaboration and support to pave the way for positive progress and shared prosperity.



Helping hands

Rain was bucketing down, and Dave Powell, the man in charge of Auckland Airport's escalators, lifts and heating and cooling systems, was marveling at the new rivers pouring across paddocks and the waterfalls cascading in culverts along his rural drive home.

"At that point I was worried about my roof, and to be honest, I wasn't really thinking about the airport."

It was the evening of 27 January 2023. An average January in Auckland sees around 70 millimetres of rain fall across the month but that night the same amount fell in just one hour between 7pm and 8pm at Auckland Airport.

And Dave's phone began lighting up with images of the international terminal's check-in escalators sitting deep in water.

"I couldn't believe what I was seeing, I honestly thought the photos had been doctored."

By midnight Auckland Airport had received one month's worth of rain in a matter of hours. The international terminal, as well as the forecourt area had flooded, and the rain was still coming down. As soon as the roads were clear and he could travel, Dave headed into the airport, joining dozens of other Auckland Airport employees, airport workers and contractors who had been working through the night to pump and mop up water.

Over the coming days, these people played a critical role in the crisis response, helping to get the airport system moving again, along with sheltering, feeding and supporting hundreds of stranded travellers facing overnight stays at the international terminal.

"Looking back what stands out for me is the way the Auckland Airport team and the wider airport community rallied together to look after travellers through the disruption and the huge effort that went into getting things operating again," says Dave, who managed to take a well-earned break after getting the last of the necessary escalators back in action.

"We're so grateful to the people who had their travel plans upended by the flooding and the patience they showed us while we got to work to get things fixed."

Melanie Dooney, who joined Auckland Airport as Chief Corporate Services Officer in November 2022, says she is immensely proud of the airport's community response to the crisis.

"People from all parts of our organisation were doing everything they could to help, from manually moving

bags until the baggage handling system could be reinstated, through to providing hot meals, blankets, a place to sleep and a supportive ear to some very tired and weary travellers. They not only stepped out of their day-to-day jobs to comfort others, but they also took time away from their families at a time when their homes may also have been impacted by flooding.

"We were also able to call on our airport partners and all the other incredible organisations we work with to support us to get back up and running again. It really speaks to the values of Auckland Airport, particularly around collaboration and teamwork – *kia tapatahi, kia ngatahi*. Our people really take them to heart," Mel says.

"It's not something we save for emergencies either. It's part of the airport DNA and we build this into how we engage with our community."

"People from all parts of our organisation were doing everything they could to help, from manually moving bags until the baggage handling system could be reinstated, through to providing hot meals, blankets, a place to sleep and a supportive ear to some very tired and weary travellers."



Flood support

1,000+

blankets

1,000+

hot meals

5,000+

bottles of water

30%

of Auckland Airport employees worked on the immediate flooding response

5,000+

hours invested in the first 10 days after the event



Pōwhiri to warmly welcome new members of the Auckland Airport team at Te Manukanuka o Hoturoa Marae

On the job

Matt Bagshaw, Head of People and Capability, describes Auckland Airport as a diverse place to work which reflects our wider community.

"It's a really inclusive environment, which makes for a workforce that brings together many different views and perspectives. This will be really important as we evolve to be an airport striving to provide the best customer experience."

Everybody joining the Auckland Airport whānau is welcomed with a pōwhiri at the airport marae, Te Manukanuka o Hoturoa, as part of the tomokanga (gateway) ceremony. Māori and Pasifika leadership has been fostered through the Manu Ao leadership development initiative, delivered in partnership with Indigenous Growth Ltd and Te Puni Kōkiri. Our ambition is to have 20% of people leaders from a Māori or Pasifika background by 2030.

One of the features of Auckland Airport is that it's a place of careers not just jobs, adds Matt.

"It's genuinely somewhere where no two days are the same, and that means lots of interesting work and the odd challenge thrown in. We have people who started in entry level roles and have developed and grown into senior leaders within the company."

Providing good roles for great careers are just part of the picture, Matt says.

"We also need to have workplace practices and policies to make it easier for people to do their job and to stay in their job at every stage of their career."

From flexible working arrangements to parental leave provisions that offer salary top-ups and continued KiwiSaver contributions, Auckland Airport aims to provide a working environment where people can balance their professional lives comfortably and effectively.

With a newly enhanced parental leave offering, Auckland Airport is focusing on attracting and retaining top talent, as well as taking a stand on gender equity. The parental leave policy ultimately enables team members to manage their role with whānau, alongside their careers and work life, in a way that works for them

Becoming a parent and growing a family is a significant and exciting period in anyone's life. However, the transition between parenthood and work can be a challenge – whether that's navigating an uncomfortable pregnancy, attending medical or adoption-related appointments, sorting child-care or even just catching up on what's changed when returning to work.

Auckland Airport is committed to supporting its people on their journey as parents by providing them with both additional financial support – beyond what is prescribed by the New Zealand Government – as well as ensuring the transition into parenthood, and

Enhanced parental leave offering:

100%

Salary Top-Up of 18 weeks for a Primary Carer

6 weeks

paid leave for partners

Our ambition:

20%

of people leaders from a Māori or Pasifika background by 2030

subsequently back to work, is as easy as possible. This includes a primary carer salary top-up of 18 weeks at 100% pay; continued KiwiSaver contributions during parental leave; 32 hours (four days) of special paid leave (prior to parental leave); partners receive six weeks paid leave (Auckland Airport pays the two weeks which are statutorily unpaid, plus an additional four weeks); and the option to have a graduated return to work on full pay plus five days of family leave to support the transition and the juggle that all working parents experience.

Job fair

It's not only about keeping the people Auckland Airport has but attracting new people into roles at the airport. Alongside the tried-and-true methods of finding staff, Auckland Airport hosted a job fair in July 2022 to boost recruitment for roles in our workforce and across the precinct.

"As border restrictions reduced, demand for travel roared back and so did demand for staff," says Lizette Marais, Business Partner, People and Capability.

"We were on the hunt for people at all levels of the organisation – from senior project management roles through to people keen to join our guest experience team."

"But it wasn't just us: everyone across the aviation system was in the same position and to operate successfully as an airport we all needed to get our teams up to full strength to meet the rapidly growing travel demand," adds Lizette.

The solution, she says, was to take the lead on a job fair event that allowed people looking for a career in aviation to see the range of what was on offer across all the airport organisations in one location.

"It was well worth the four-week sprint from the first meeting until event day. Around 500 airport-wide roles were



Auckland Airport Job Fair



Tread Lightly, a beneficiary of the Auckland Airport Community Trust

Auckland Airport Community Trust

Supporting communities most impacted by aircraft noise to grow and succeed is at the heart of the Auckland Airport Community Trust, an independent trust established by Auckland Airport. Since being established in 2003, the trust has distributed millions of dollars in funding to 30 schools and 250

organisations to enable them to continue their mahi across South Auckland.

Auckland Airport trustee representative Bianca Cresswell says in the wake of flooding that impacted many South Auckland homes the trust is targeting programmes that focus on addressing the challenges faced by the community following destructive weather events.

filled as a direct result of that one day, and more than 4000 people who came through the doors were also exposed to a variety of meaningful work opportunities in and around Auckland Airport. That's recruitment gold right there."

Starting out with the support of Ara

Many of the people working at Auckland Airport were born and raised in South Auckland, attending local schools before entering the workforce.

To keep cementing these links, Auckland Airport has partnered with the Ministry of Social Development since 2015 in the on-precinct Ara Jobs and Skills Hub. Matching local job seekers with training and work opportunities is vital as aviation has reawakened from the pandemic shut down.

Melanie Dooney, Chief Corporate Services Officer, says the Ara partnership is about helping to connect people with opportunities for meaningful, challenging, and impactful work.

"The first entry point is directly with secondary schools. As a teenager it can sometimes be hard to know the full range of roles and career paths available if you don't have a personal connection with a workplace or industry. That's something we can provide, not just in

our own workspaces but also those of our airport and construction partners."

Auckland Airport supports the work of the Ara Education Charitable Trust, which creates pathways into work for school leavers not going directly into tertiary education or training.

The big change through the pandemic was to co-locate construction industry training at Auckland Airport, says Ara Education's General Manager Sarah Redmond.

"On the Nixon Road project site, we can bring in rangatahi studying trades at local high schools and give them on-the-job experience while renovating houses otherwise destined for landfill.

"The students get to understand what it is to work on a building site and the sustainability kaupapa means they learn to build in a way that reduces waste and creates a lovely, warm, weathertight home for another generation.

"Now that construction is gearing back up around the precinct, we can get the students out on the bigger building sites and really open their eyes to the career potential within the construction industry," says Sarah.

"A great example of this is getting six students out onto the Transport Hub site once a week during the school term to experience work life with members of the Icon Construction project team. Access to a complex multi-million-dollar project exposes them to career paths not only just on the tools but in other aspects of construction too. Experiences like this can be life changing for the students."



Students Symond Ahotau, Henry Siu Samu, David Popese with Icon Construction HSE Manager Katie Matatia

450

participants have completed the programme to date

12

South Auckland schools involved

6

students took part in Transport Hub internship



Auckland Airport volunteers

Volunteering support

In the 2023 financial year, Auckland Airport launched its volunteering programme, offering one day of paid leave for all permanent staff for those who volunteer within the South Auckland community.

"This year, the first year of our volunteering programme, we had 12% of our people spend up to a day stepping up to help organisations, like the Middlemore Foundation, Sustainable Coastlines and Ara Education Charitable Trust," says Melanie Dooney, Chief Corporate Services Officer.

"It's still early days and we are focused on working towards our target of 40% of employees supporting our community through volunteering every year by 2025."

"We are proud to be part of the fabric of South Auckland. And we want our community to be successful. There are many ways we can do this, but lending a hand as a kaitūao (volunteer) for local organisations is something anyone who works for Auckland Airport can do to make a difference," says Mel.

"It's still early days and we are focused on working towards our target of 40% of employees supporting our community through volunteering every year by 2025."

Seamless Connectivity

We seek to be a connected aviation precinct that enhances travellers' well-being, streamlines the travel experience and optimises maintenance and services. With real-time responsiveness, we will promptly address events and traveller management. Customers will enjoy a seamless travel experience and enhanced services through our integrated technology and data-driven approach. We're embracing the future of aviation connectivity.



Keeping time

It's the stress you notice.

Debbie Giles, Auckland Airport's Head of Customer, says it's all around you in the terminals – people feeling the pressure to be in the right place at the right time. And one small tweak has made things a little calmer.

Debbie says the flight information display system (FIDS) in the international terminal used to display the departure gate no earlier than 60 minutes before the departure time of the flight, asking people to 'relax' ahead of gate allocation. The trouble was many people found it anything but relaxing.

"People were on a mission to find out what gate their flight was departing from and were unable to truly relax until they had this information."

The solution was simple. A tweak to the system means that departure gates now show up on the displays two hours before the flight is due to depart.

Debbie says displaying this information much earlier means less stress for travellers and they can relax sooner. Airport staff have noticed less queries about gate information and the airlines have reported customers turning up more promptly which assists with their on time departure performance.

As technology becomes ever more integrated with our day to day lives, Auckland Airport is always looking for new ways to innovate to improve operations, improve customer service and smooth out customer journeys.

"It's a small change, but one we know is making a difference to our customers."



Airfield Operation Officers Russell Briscoe, Lisa Eruera, Rashmi Premaratna, Carrie Hurihanganui, Alfonso Castro and Ashvin Mapara

One novel use of big data and machine learning is helping aircraft depart on time while reducing fuel burn. CCTV cameras trained on aircraft parked at the gate gather information as airbridges attach and service vehicles arrive to unload, reload, refuel, and restock the aircraft. All this data is being collated so it can be analysed with other flight data to create a predicted "off blocks time" – when the plane is expected to push back and taxi out to the runway.

"Getting the expected off blocks time is traditionally done by someone entering the targeted time on a touch screen at the gate," says Mike Side, Auckland Airport's Manager of Data and Digital Operations. "Given it is a manual process it is only undertaken about 60% of the time and when it done, it is also only about 60% accurate at predicting the time the aircraft would be ready to push back," Mike says.

"By using data and machine learning, we can automate a manual task, so input compliance goes to 100%. The prediction accuracy is currently about the same but rapidly improving as we add more data to the machine learning model," Mike explains.

Mike says that knowing more accurately when a plane is set to depart helps the Airways tower team to manage departure order on the runway and cuts unnecessary taxiway wait times for aircraft, reducing emissions in the process.

"By using data and machine learning, we can automate a manual task, so input compliance goes to 100%."

“Customers want the process to be as easy and contactless as possible, so we’re designing these into the front-of-house system as we also keep in mind future passenger growth and the integrated domestic terminal on the horizon.”

Carry on

The baggage handling system is the engine room of the terminal, making sure luggage gets where it needs to be, arriving and departing with passengers.

“The baggage handling system is at the very core of the operation of the airport. When baggage handling doesn’t go well, the airport gets indigestion,” says Jason Smith, Programme Manager Baggage Services.

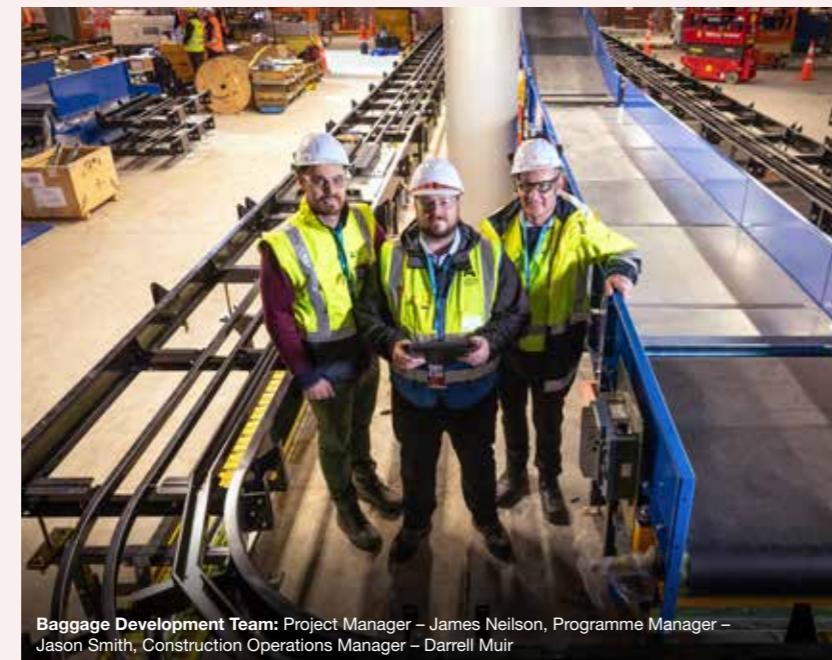
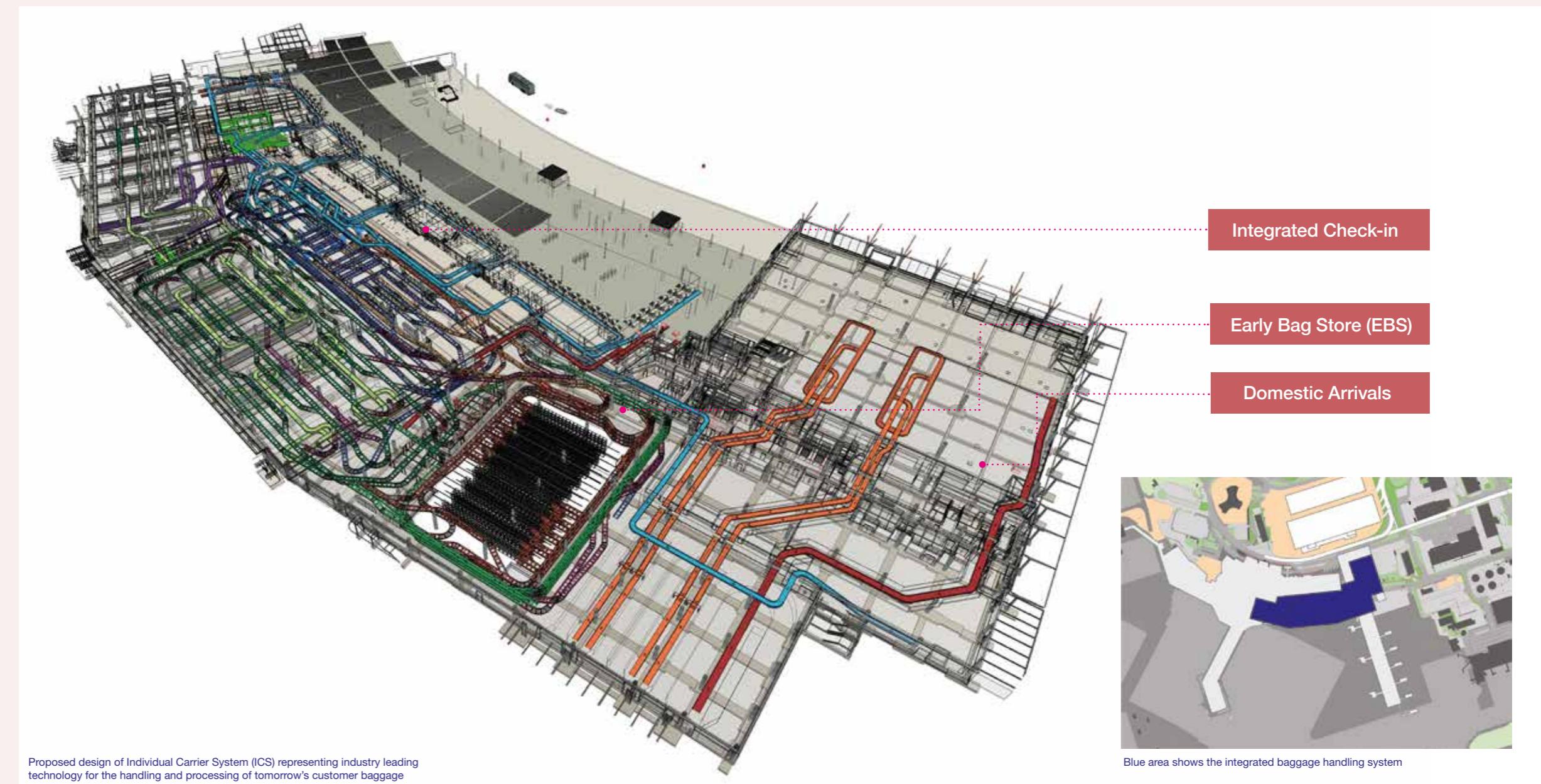
This became clear during the Christmas holidays when Northern Hemisphere snowstorms and a global shortage of experienced aviation staff saw a higher-than-normal number of mishandled bags – passengers arriving into New Zealand without their bags onboard their aircraft. This caused considerable frustration for travellers and was a headache for the airlines.

Then terminal flooding in late January damaged the electronics of anything sitting in the water, including the baggage handling components of the check-in area.

For Jason and his team, it meant fast tracking an asset replacement and resilience project already underway and bringing forward planned technology upgrades as the check-in system was brought back online – all while staying ahead of rocketing travel demand.

The next steps will see trials start for automated bag drops in the check-in area and expanded capacity into a newly built eastern bag hall.

“Although there are still fewer flights than pre-COVID-19, the flights are very full and people seem to be heading away for longer, with more – and heavier – bags.



“Back-of-house this means introducing more technology such as ‘lift assist’ and “batch loader” devices controlled with a joystick to help ground handlers in what is a very physical job. It opens up the workforce to people who might not necessarily be as big and muscular as the traditional ground handler, and reduces the risk of injury. With the introduction of these new technologies, we provide smarter ways to process bags which fundamentally will provide a step change in energy efficiency and support Auckland Airport’s sustainability objectives.

“Customers want the process to be as easy and contactless as possible, so we’re designing these into the front-of-house system as we also keep in mind future passenger growth and the integrated domestic terminal on the horizon,” says Jason.

“The baggage system will involve 24 different construction stages, all completed while maintaining smooth-flowing operations,” says James Neilson, Project Manager Baggage. “But all that time we’re thinking about how it will perform in managing passenger baggage 20 or 30 years into the future.”

24

The baggage system will involve 24 different construction stages

Model behaviour

Digital models kickstart conversations and solve problems as Auckland Airport works to manage potential disruption and project risk during our infrastructure build.

Karl Fitzpatrick, BIM Manager, says 4D tools are the next step along the digital path Auckland Airport has been on for several years. Key terminal assets are already built as digital replicas – or Building Information Models (BIM) – available anywhere or anytime to employees.

"All projects are designed digitally, either in 3D or increasingly 4D, so it's a great way to collaborate particularly within a complex environment like ours. With 2D plans it can be hard to understand what or where it might impact on customers or how two projects will work together.

"With multiple projects in progress around the terminals involving different designers and contractors we can create a complete picture of what's happening and how it will be sequenced and be able to understand where the risk areas are – whether that's overlapping projects, the operational

impact of temporary works or potential disruption to customers."

Karl says it's great to see project managers viewing models in meetings to guide their discussions about programmes of work, and the models are even supplied to tenants to help them fast-track design on fit-outs and upgrades.

"Not many airports have as much digital model and GIS (Geographic Information System) data as we do, so it's something we're now recognised for globally," adds Karl.

Staying on the beat

Every orchestra needs a conductor to stay in tune, with key players cued to come in at the right time. The conductor of the Auckland Airport orchestra is the operations centre.

Housed in the heart of the terminal, it is the 24/7 hub that maintains the airport's smooth tempo – from the airfield right out into the roading network.

It requires a watchful eye to be alert to any issues that might cause delays or inconvenience to travellers, airlines, and the other organisations working in and around the precinct.

Auckland Airport's Chief Operations Officer, Chloe Surridge, says an upgrade this year to both the physical space and the support technology was a step-change for the operations team.

"We've doubled the space and created a much more modern working environment, combined with a vastly improving the briefing room for the emergency operations centre (EOC)," Chloe says.

A 21-square-metre video wall provides a constant feed of data on flight schedules, key functions and processes and passenger flows within the domestic and international terminals. Upgraded public address, audio visual and conference systems make for clearer communications and are more resilient for the 24/7 nature of airport operations.

"It's made an amazing difference to how we collaborate to keep everything running smoothly, not just between our own people, but also among the other key players in the airport system particularly when we're dealing with issues or emergencies," says Chloe.



Arrivals project

Around 10,000 people arrive internationally into Auckland Airport every day.

For most it's a swift arrival through border processing, bag collection and biosecurity clearance, but at peak times it can take longer.

"We know the experience isn't always as smooth as what we'd like or what our customers expect," says Auckland Airport's Chief Customer Officer, Scott Tasker.

"The airport is an ecosystem, where everyone across the aviation system plays a part to make sure it operates as efficiently and effortlessly as possible. Many factors can unexpectedly impact passenger flows, so we wanted to take a close look at every step of that journey to see whether we could make it a better arrivals experience for everyone."

Auckland Airport convened a squad of baggage handlers, airline personnel and representatives from border agencies working at the airport, who then identified a number of potential options to improve flows through the arrivals process without compromising border functions.

"One of the benefits from the aviation system's COVID-19 experience was learning to come together to solve problems quickly and effectively. It was a very dynamic environment with a lot less certainty than we were used to, but as a system we were very focused on making sure people could safely arrive and depart New Zealand.

"It's this way of working and the relationships we've built over the past couple of years that we can use to improve some of the sticking points in our airport processes.

"Together we have worked on testing the recommended improvements, checking the data to see if it was making a real impact, then working to introduce more permanent changes," says Scott.

Since July 2023, New Zealand and Australian passport holders have had dedicated lanes through biosecurity checks.

"The customer feedback from the tests during busy periods of arrivals for trans-Tasman flights was overwhelmingly positive. Once we made it a permanent change, we started seeing those processing times reducing even during the fairly hectic school holiday period."

Data will have a big role to play in smoothing the arrival and departure of passengers, planes and cargo.

"The airport is an ecosystem, where everyone across the aviation system plays a part to make sure it operates as efficiently and effortlessly as possible."

"We already share data across the airport system, but we can build on this to make sure everyone has the best information to allow them to proactively manage problems and have them solved ahead of time – whether it's an aircraft arriving late or a northern hemisphere storm throwing the international schedule into disarray. We need to be leveraging technology to set ourselves up for success and making the best decisions ahead of potentially tricky periods."

Enduring Infrastructure

As custodians, we think long-term. Enhancing ground transportation options, embracing digital, and investing in the future of the end-to-end travel experience. Our initiatives will cater to the growing and evolving needs of customers, partners, tenants and visitors ensuring our place remains at the forefront. Together, we'll achieve increased efficiencies and a seamless travel experience – now and for the future.



Construction activity tells the story of Auckland Airport's future

At Auckland Airport, a cluster of giant tower cranes rise into the skyline above the international terminal.

At about 50 metres tall, they move slowly and precisely, plucking and shifting vast loads of concrete slab and steel into position below.

"With this many tower cranes at work, you know there is serious amount of construction activity happening beneath," says Pete Donovan, an Auckland Airport Project Director.

"For those of us who love construction, it's magnificent to see all the activity. The work we're doing right now is paving the way for a completely new travel experience at our country's main gateway. It's early days, but it's hugely exciting to be part of."

Like many other hub airports around the world, Auckland Airport is underway with its most ambitious building programme in decades – a revival that will deliver long-term future resilience and improve the experience for travellers.

Construction activity has soared over the 2023 financial year, spurred by the return of airlines and demand for travel. More than 400,000 square metres of airport land is now under development for aeronautical and transport infrastructure projects, a major turnaround from the whiplash of summer 2020, when projects were suddenly halted due to the pandemic.

"We're delighted to see our ambitions for the future of Auckland Airport translate into major building projects which are now advancing at pace and rising out of the ground," says André Lovatt, Auckland Airport's Chief Infrastructure Officer.

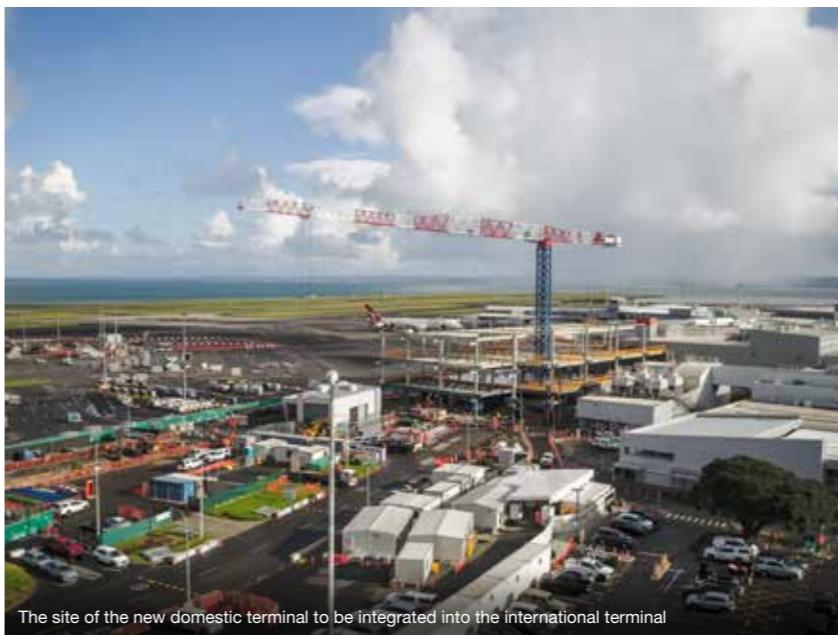
"It's exciting and challenging for the team and supply chain. It really feels like a once-in-a-career opportunity to be part of something truly transformational that's truly going to make a difference for the travelling public and our country's economy in the long-term."

"This will be our biggest single step forward since the airport was built. For travellers the new integrated terminal will be an exceptional new travel experience for everyone to enjoy and be proud of."

In flight: Work to improve resilience and the customer experience

Beyond travellers and the terminals, the airport's infrastructure also needs to support a vibrant, diverse aviation precinct – everyone from airport workers, truck drivers, retail business owners, to tourism operators and giant logistics warehouses.

"It's our job to think for the long term to make sure we're investing in the roads, airfield, terminals, fuel utility systems – everything that we need to do to meet the needs of the growing community, our partners and tenants, along with the millions of travellers that pass through here every year," adds André.



Replacement of the ageing domestic terminal is the cornerstone of the airport's infrastructure development programme. This facility was built back in the 1960s when aviation first boomed in the golden age of travel.

While the domestic terminal has been renovated over the years, Auckland Airport is now progressing detailed design and enabling works for a brand-new domestic terminal. This will be fully integrated into the international terminal – a \$3.9 billion programme of work to transform the domestic travel experience.

"We know our customers want a better domestic travel experience, and we've been very grateful for their patience. We recognise a replacement of our domestic terminal is overdue, and we would already be further ahead if it weren't for the pandemic," André says.

Set to open around 2028/2029, the new \$2.2 billion core facility will be built at the eastern end of the international terminal, bringing domestic travel and international travel together under the same roof for the first time since 1977.

André says it will be a game changer for travellers, reducing domestic jet to international transfer times to a five-minute indoor walk rather than walking outside between terminals and a new check-in experience providing state-of-the-art facilities for both domestic and international travellers.

"This will be our biggest single step forward since the airport was built. For travellers the new integrated terminal will be an exceptional new travel experience for everyone to enjoy and be proud of."

"We will also provide new gates and other facilities to help airlines to streamline, smooth and speed-up turn-around times," André says.

Some of the early bones of the building are already taking shape. The new eastern bag hall and the first two floors of part of the building are already emerging to the east of the international terminal, where 80 contractors are at work on site each day and the new eastern bag hall will be operational shortly.

"We're underway with pile testing for the new domestic terminal structure. Design is nearly completed, and we can't wait to share more details about the project with travellers soon."

A Rubik's cube of airport upgrades

Auckland Airport is a complex, interconnected system, ranging from the runway itself, through to taxiways and jet stands, baggage systems, terminals, landside transport, as well as fuel, utility and waste, and storm-water systems.

This results in an overall construction programme like an intricate puzzle – a series of interdependent projects that must be carefully planned for and delivered in a live 24/7 operating environment.

"We can do it, but it's hugely challenging," according to André.

"Across the broader team we have invested a lot of time in the phasing and sequencing of each project in the overall programme to ensure we can deliver for our customers in a way that keeps travel moving smoothly and doesn't disrupt airport operations."

"Our other core consideration is safety. With 300 contractors and Auckland Airport employees already working on the infrastructure programme, and thousands of travellers now visiting the precinct, we need to have extremely robust systems in place. It's a huge priority for us," says André.

"Across the broader team we have invested a lot of time in the phasing and sequencing of each project in the overall programme to ensure we can deliver for our customers in a way that keeps travel moving smoothly and doesn't disrupt airport operations."



First play: Transport Hub

With a new integrated terminal in its sights, Auckland Airport is constructing a new \$300 million transport hub at the front door of the international terminal, with the third floor of the building structure now rising out of the ground. Far more than a carpark, the Transport Hub will create a seamless arrival and departure experience for customers, including an undercover connection to the international terminal and vehicle

lanes flowing through the ground floor of the building to create a modern pick up and drop off zone for commercial and public transport.

"We saw an opportunity to reduce the amount of disruption for our customers by fast-tracking the Transport Hub, specifically the new pickup/drop off (PUDO) area. Getting that finished and open in the new year means customers will have a great arrival and departure experience."

"Meanwhile, we can close the current PUDO to transport, and the team can continue to get on with building the integrated terminal," explains André.

With the skeleton structure of the building now in place, the new PUDO will open in March 2024 with the final stages of the four-storey building to be completed between September and November next year.

2024

the new PUDO will open in March 2024 with the final stages of the four-storey building to be completed between September and November next year.

Airfield moves: Historic expansion of the airfield

As the Transport Hub takes shape, another major project is underway to boost the resilience of the airfield, providing an additional parking solution for planes as well as boosting stormwater capacity.

To the west of Auckland Airport, an expanse of land is being converted into new airfield capable of taking the weight of A380 aircraft. Spanning 23 rugby fields in size, this is the largest airfield expansion in our history. It provides extra taxiways and seven remote stands for aircraft that layover for several hours before departing again, including five stands with in-ground jet-fuel reticulation and other services. In time this airfield expansion will connect to the integrated terminal to the north of Pier B, along

with a planned cargo precinct and, potentially further into the future, a second runway.

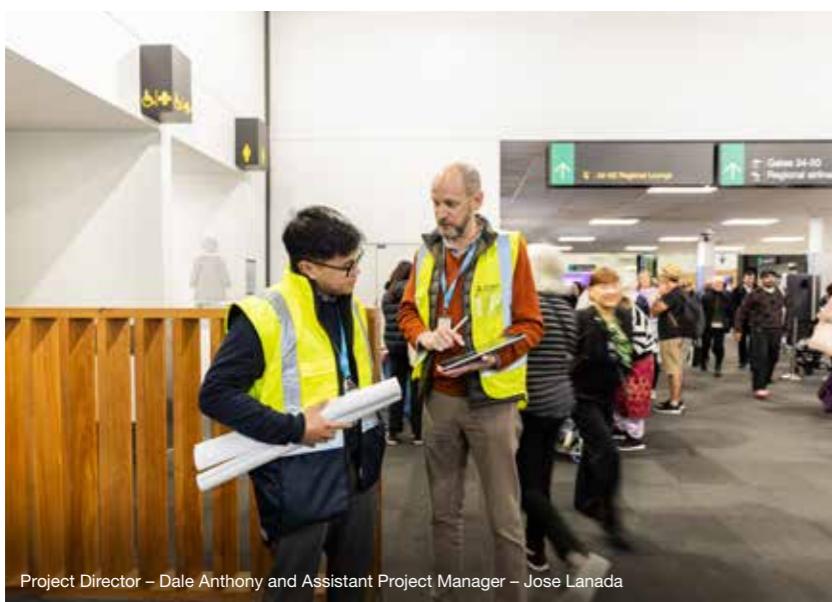
"We had to pause this important project during the pandemic, so it's great to see it progressing again as a critical enabler of the integrated terminal development and helping us to minimise disruption to busy airline operations," adds André.

23

rugby fields in size, this is the largest airfield expansion in our history



Expansion of airfield



Project Director – Dale Anthony and Assistant Project Manager – Jose Lanada

"Everyone appreciates fresh, clean bathroom facilities, and we wanted to make sure we're delivering a good experience for customers while the new integrated terminal is being constructed."

Getting a bathroom break

Further to the east of the airport at the domestic terminal, two of the airport's busiest bathroom blocks are receiving a major makeover as part of a wider refresh of the domestic terminal.

"Everyone appreciates fresh, clean bathroom facilities, and we wanted to make sure we're delivering a good experience for customers while the new integrated terminal is being constructed," says Auckland Airport's Chief Customer Officer Scott Tasker.

With the project beginning in August 2023, two bathroom facilities – one near the regional arrivals and departures and one opposite the Air New Zealand bag reclaim area – will be expanded and upgraded to add two new parent rooms, improved accessible toilet facilities, and the introduction of gender-neutral toilets.

Alongside these works we are improving signage and other wayfinding tools to help travellers find their way around.



Strategic play: Resilient and accessible roading

Auckland Airport's 22 kilometre roading network is one of the busiest in Auckland, with travellers, tourism businesses, truck drivers, airport workers and crew cargo all relying on its efficient and smooth operation.

In the 2023 financial year, we undertook a trio of transport projects across the precinct, investing \$90 million in the following developments: Park & Ride South, Laurence Stevens Drive upgrades and the Te Ara Kōrako extension.

André Lovatt, Chief Infrastructure Officer, says the upgrades will enable more reliable travel movements, and cater for future growth.

"These interconnected projects increase reliability of access to the terminal and other infrastructure. This bakes resilience into our transport and roading network, so travellers can get to their destinations safely, and on time and with access to more public transport options so there's less reliance around single vehicle journeys to the airport" he says.

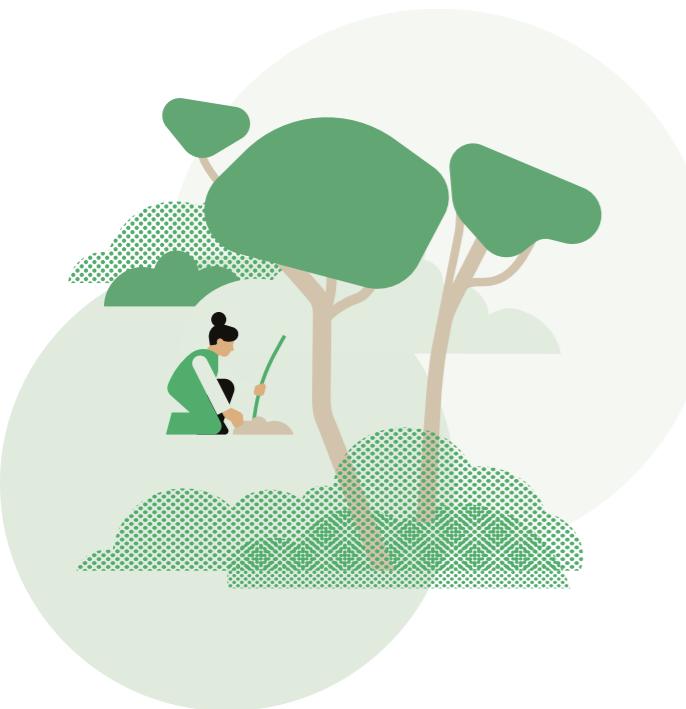
\$90million

invested in the following developments: Park & Ride South, Laurence Stevens Drive upgrades and the Te Ara Kōrako extension.

"These interconnected projects increase reliability of access to the terminal and other infrastructure."

Future Resilience

We're not just a business – but a multi-generational endeavour. Applying a long-term perspective in everything we do. Working closely with tangata whenua, prioritising our people, aviation community, our country's economy and the protection of our natural environment. With our partners, we are driving modal shifts across transport and applying new technologies towards decarbonisation. Together, we're building a sustainable legacy that benefits future generations.



On the journey

It's one of Auckland's busiest roading networks. Around 79,000 trips take place to and from Auckland Airport each day, flowing in and out on a tide of airline schedules, shift changes, and freight deliveries.

"We're a very busy aviation precinct and it's important people have reliable ways to catch flights, get to work or move cargo," says Chief Sustainability and Master Planning Officer Mary-Liz Tuck.

"There's been a lot of work and investment in making sure our transport network is getting people from A to B as easily as possible. But road space, parking – these are all finite resources so we need to start planning now to make sure those who need to drive to and from the airport can still do that, while also ensuring some great, reliable, and convenient options for everyone else."

"More importantly, we need to support the reduction of carbon emissions through better use of the roading network. In transport jargon it's modal shift – moving from one form of transport to another, more efficient, lower carbon option."

With airport workers accounting for many drivers on the road to and from the airport, Auckland Airport wanted to find out more about how they were travelling and why they were choosing to drive.

So, the airport carried out an extensive survey of airport workers across the precinct, asking about how they got to work, where they were coming from, how many days a week they were at the airport for work, when they were typically arriving and departing, and importantly, what were the main barriers to considering other options for those journeys. "We were really blown away by the response – getting to work was certainly a hot topic. More than 2,200 people answered the survey, and over 80% were from organisations other than Auckland Airport.



Te Ara Kōrako extension

"What we heard was that people were keen to get out of their cars – the fact that 67% of respondents might or would consider carpooling is a pretty good indicator – but currently the alternatives aren't nearly as easy or convenient. So, we're currently in a position that nearly 90% of our surveyed staff are coming to work in a car and even though 12% were using electric or hybrid vehicles, which is much higher than the general population, we need to start planning for a workforce that is less dependent on cars for that work journey."

Storm watch

Underpinning reliable and dependable infrastructure is a network of hidden pipes and cables ensuring it can run, uninterrupted, 24/7.

"It's this investment in the ground that is vital to our operation – it's what keeps us pumping. We have made a significant investment in upgrading our utilities, including stormwater, and if the incredible deluge we experienced in January taught us anything, it is that we need to keep making sure we keep getting on with these infrastructure upgrades," says Mary-Liz.

As Auckland flooded in late January during record breaking rainfall, so did parts of the airport, including the international terminal.

"We've been very conscious of how climate change will impact our operations in the coming years and are aware of the need to design future infrastructure to withstand the effects of increasingly frequent and intense storms as well as rising sea levels."

A climate change study was commissioned in 2019 to understand the flooding and inundation risk in critical areas, such as the runway and apron. Since then, further studies have determined the extent of flooding and

inundation under low, moderate, and high climate change impact scenarios.

"These studies told us that our infrastructure was sufficient to cope with climate change events under all scenarios until 2046. But we wanted to get out ahead of these risks and got underway with work immediately. We expect by 2025 we will be well placed to weather the impacts of a worst-case climate change scenario."

A comprehensive stormwater management strategy guides infrastructure development around the precinct.

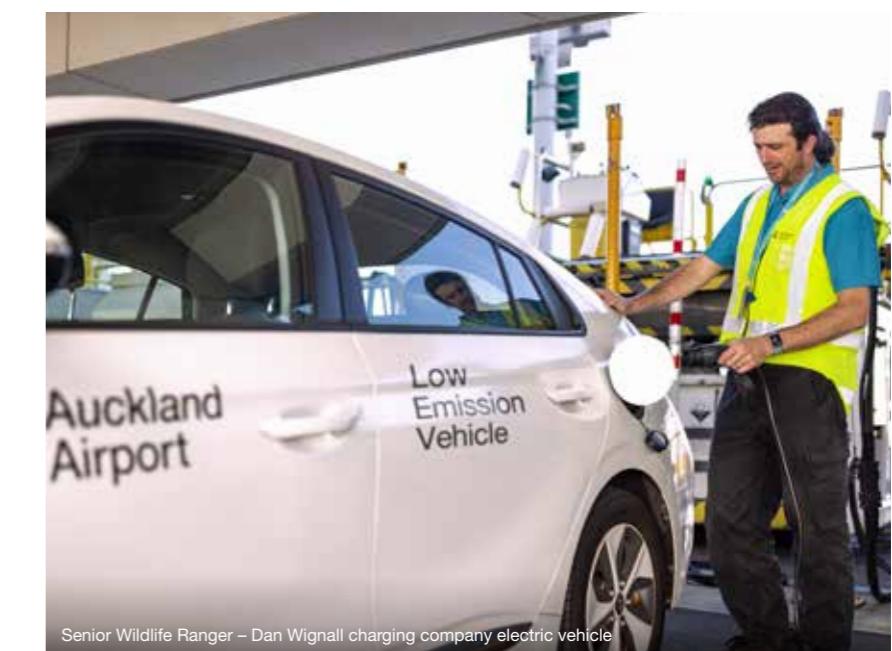
Substantial stormwater network upgrades are carried out in parallel with our infrastructure development programme to improve resilience against flooding and enable the international terminal to remain above flood levels for future modelled climate change scenarios.

"After the January flooding event we relooked at our stormwater management calculations. While we were comfortable with what we were doing, this is long-term infrastructure. Once it's in the ground it's a very long time before you consider digging it up and replacing it, so we made the call to make sure everything that was put in place could handle weather extremes."

"Our approach is to take every opportunity as part of all infrastructure projects to upgrade the stormwater systems. The upgrades along George Bolt Memorial Drive, the new terminal exit road and the under-construction Te Ara Kōrako have all got hefty stormwater management systems. It's a major and ongoing programme of work."

"Head out to the new Park & Ride being built on Puhinui Road and you'll see broad strips running between the car parks. When complete, these will be swales – bands of vegetation that work to slow the flow of stormwater while naturally filtering sediment and contaminants – covering about 20% of the facility's footprint."

"Because that's the other important aspect to this work. Auckland Airport are guardians of this special place, so we need to make sure the water being discharged into the Manukau Harbour is of the highest quality possible."



Senior Wildlife Ranger – Dan Wignall charging company electric vehicle

Ground Power Units

**Sustainable Aviation Aotearoa takes off**

Decarbonising aviation is a team effort – no organisation can do it alone. This year Auckland Airport became a founding member of Sustainable Aviation Aotearoa, a group which brings together government, as well as the aviation and energy sectors to work on a strategy to lower emissions from domestic aviation.

“Being a fairly sparsely populated, remote island nation with some challenging topography means air transport is pivotal for moving people and freight – both around the country and out to the world,” says Mary-Liz.

“Making aviation more sustainable is critical and establishing Sustainable Aviation Aotearoa recognises that

it’s going to take action on a number of different fronts to make it happen. Sustainable Aviation Aotearoa brings together the key players to share information on the technology, regulatory settings and investment needed to prepare for a greater use of Sustainable Aviation Fuel (SAF) and the electrification of aircraft.”

Auckland Airport is already putting in place the infrastructure to support airlines in achieving their sustainability targets.

“The fuel infrastructure on our airfield has been upgraded over the past few years as part of our ongoing maintenance programme and preparation for future terminal works, but is ready for any certified ‘drop in’ fuel types.”

“Auckland Airport is already putting in place the infrastructure to support airlines achieve their sustainability targets.”

“While we are constantly talking to airlines about what they need from airport infrastructure to support future low-carbon fuel options, we can’t stand still on opportunities available today for a lower aviation carbon footprint.”

Auckland Airport is investing in electric ground power units at each gate in the new integrated terminal, allowing aircraft to run on electricity while waiting on the aircraft stand rather than burning jet fuel.

“It’s about investing for the here and now, as well as the future,” says Mary-Liz.



Chief Infrastructure Officer – André Lovatt

Paving the way to recycling the runway

Old pavement from the runway is getting a new lease on life to the west of the international terminal as part of Auckland Airport’s airfield expansion.

More than 100,000 tonnes of concrete that formed the runway touchdown zones is being crushed and reused in the new airfield development to accommodate future growth.

Andre Lovatt, Chief Infrastructure Officer, says the expansion work is a concrete (pun intended) example of interlocking resiliency with sustainability to demonstrate long-term growth.

“Rather than disposing of the old pavement offsite, we’ve been setting it aside, creating a huge mound of 45,000 cubic metres of concrete to the south of the airfield. The old pavement then gets crushed for use in the construction

of new airfield. As well as reusing the concrete, we’re also removing more than 6000 truck trips off the roading network.”

Cement is estimated to be responsible for around 8% of all global carbon emissions, while construction waste shapes a significant part of the waste stream.

“As well as reusing the concrete, we’re also removing more than 6,000 truck trips off the roading network.”

Nature space

Taking its name from the wading birds that flock to the rich food resources of its waters, the Manukau is a unique airport location.

"The development and operation of the airport has had an impact on this special and significant place, but it's something of which we're very aware and look to minimise and mitigate the impact of what we do and, where possible, actually improve the current state of the environment," says Lucy Hawley, who leads the wildlife team.

"Auckland Airport is a long-term business. That long-term thinking is part of who we are, one which we look to apply to all areas of our business."

A dedicated team of wildlife rangers, with qualifications and expertise in conservation management, have worked alongside the Department of Conservation to create safe nesting sites for the tūturiwhātu (New Zealand dotterel) on both the airfield and on the wider precinct, including on the construction site for Mānawa Bay.

"It's really neat to see these balls of fluff tottering around what many would consider a pretty inhospitable nesting site. But it's through our predator control

and careful watch that the tūturiwhātu can make a success of raising their chicks."

When it isn't possible for native species to coexist in the busy airport precinct, care is taken to find them a new home.

"We were really fortunate to be able to work alongside local iwi Te Akitai Waiohua to relocate hundreds of eels from a man-made pond in what was the airport's golf course near Mānawa Bay, to another pond near the Manukau Memorial Gardens.

"Eels are an important part of the ecosystem. Not only do they hold special significance for Māori as a traditional food source, but they also indicate a healthy waterway. Changes to their habitats have really impacted the eel population so we want to do what we can to reverse that decline."

Human impact is also evident out on the edges of the airport, where the airfield's sea wall meets the water. It's here that waterborne rubbish settles among the rocks and vegetation.

Auckland Airport volunteers worked alongside Sustainable Coastlines, a charity focused on removing litter from beaches, to clean up rubbish from the edge of the Manukau.

"It wasn't possible to run coastal clean-ups during the pandemic, so it was great to be back out clearing our backyard of unwanted rubbish. We managed to collect 24 bags of rubbish, mainly single-use plastic. Given this is an area that's in the secure, airside part of the airport and sees very little human activity, this is waste that has floated or blown in. As an organisation it's our responsibility not just to clear this waste but to play our part in making sure it doesn't end up there in the first place, so we're very focused on making sure we are doing what we can, whether it's on our building sites or in the terminal, to reduce the amount of waste being generated," says Lucy.

Pivoting from gas to electric

Gas is on the way out at Auckland Airport, as the team moves towards switching its air conditioning system to electricity.

The airport requires the equivalent of 3,000 household air conditioning units to cool and heat the 141,000sqm international terminal, which is a massive contributor to Auckland Airport's scope 1 carbon emissions.

Mary-Liz Tuck, Chief Sustainability and Master Planning Officer, says the move



Artist Impression of Mānawa Bay solar panels

from gas to electric will shift the dial in reducing the airport's footprint.

"Of all the carbon emission contributors to Auckland Airport, natural gas plays a substantial role in our carbon footprint. By transitioning from gas to electric, we're taking a giant leap in eliminating our overall emissions, as well aligning with our goal of net-zero carbon emissions by 2030," says Mary-Liz.

The transition will be phased over years, however, the first and most significant saving will be when six natural gas boilers – totalling 6.5 megawatts of heating – are replaced with electric air-source heat pumps.

Once the move from gas to electric is completed it will deliver 1,500 tonnes of carbon reduction per year.

Solar power is another way of shrinking carbon emissions, and when completed, the airport's new premium outlet store Mānawa Bay will house the largest rooftop solar system in Aotearoa (2.3 megawatts), with the panels generating the equivalent of 80% of the 100-store centre's power usage.

The Transport Hub is also being built to include a solar array of 1.2 megawatts on its 14,000sqm roof.

"Rooftop solar systems can provide a resilient supply of renewable energy as our hard-working airport evolves for future growth. Any new infrastructure that's required in our wider precinct can result in more carbon emissions, and we're constantly looking at how we can reduce our footprint with innovation, technology and sustainable investment" says Mary-Liz.

The combined solar power production from Mānawa Bay and the Transport Hub is expected to reproduce enough energy to power 634 houses per year, and avoid approximately 588 tonnes of CO₂ emissions per year.



Auckland Airport volunteers working alongside Sustainable Coastlines on the Coastal Cleanup



"With 13 planned food and beverage operators all cooking and heating with electricity only, there will be less wasted energy moving into the atmosphere."



Cooking with (no) gas

Auckland Airport's new premium outlet and shopping centre Mānawa Bay will welcome New Zealand's first fully electric food court when it opens next year.

Currently under construction, Mānawa Bay will also have a zero natural or LPG gas policy, which will erase more than 50% cent of its kitchens greenhouse gas emissions.

Removing gas onsite is a crucial step towards unlocking a 5 star

Green Star rating for the shopping centre, which is in line with Auckland Airport's decarbonisation pathway to achieve net zero direct carbon emissions by 2030.

With 13 planned food and beverage operators all cooking and heating with electricity only, there will be less wasted energy moving into the atmosphere. On average, 65% of energy generated by gas is wasted into the air, instead of being used to heat food.



Sustainability

Sustainability at Auckland Airport

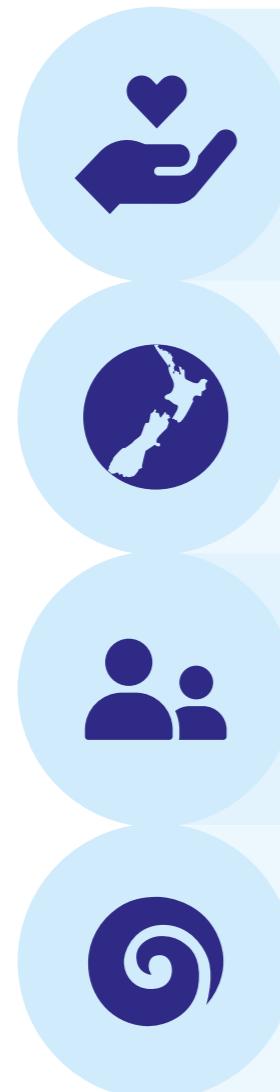
The decisions Auckland Airport makes today have a long-term and enduring impact, not just for our customers and aviation partners but also for the community, the environment and for the prosperity of Aotearoa New Zealand.

At Auckland Airport, sustainability is embedded into everything we do. Since 2020, our sustainability strategy has been framed by four key pillars (see beside).

As a long-term, multi-generational asset, we are focused on building a better future and accelerating sustainable and inclusive growth that creates prosperity for communities and the environment. These pillars have guided our business activities for the past three years, allowing us to establish a decarbonisation pathway and implement initiatives across all facets of sustainability.

With the recovery from COVID-19 well underway, we are now entering the next phase of our sustainability journey, and as such we will evolve our sustainability strategy in the next financial year. Carbon reduction and climate adaptation will remain priorities, but we will place more focus on biodiversity and waste to help us to create a resilient future.

Sustainability Pillars



Purpose Kaupapa

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

Place Kaitiakitanga

Creating value for future generations and protecting the planet

People Whānau

Creating value for our employees

Community Hapori

Creating value for Auckland and our local community

FY23 Highlights

↓27%

reduction in scope 1 and 2 emissions from the 2019 baseline

227

native eels translocated to the Manukau Memorial Gardens Pond

97t

of organic waste diverted from landfill from a waste separation trial in the terminal

500kW

electric heatpump installed to replace natural gas boilers

108,000t

of concrete from the runway used in the development of the remote stands

24

EV chargers installed on the airfield for groundhandlers and airfield vehicles



AKL: Destination Net Zero

Auckland Airport is a gateway to Aotearoa New Zealand, essential for connecting families and enabling tourism and trade into the country. Aviation has bounced back strongly from COVID-19 over the past year, highlighting the need to keep emissions reduction a priority for a resilient, low-carbon future. Our priority is to minimise the emissions created by our day-to-day operations while working with our partners and stakeholders to support industry-wide decarbonisation.

Auckland Airport has a focus on carbon reduction, water conservation and waste minimisation and our 2030 targets include:

Net Zero

scope 1 and 2 emissions by 2030 resulting in

↓90%

reduction in emissions from 2019 levels
(27% reduction in FY23)

↓20%

reduction in waste to landfill⁷

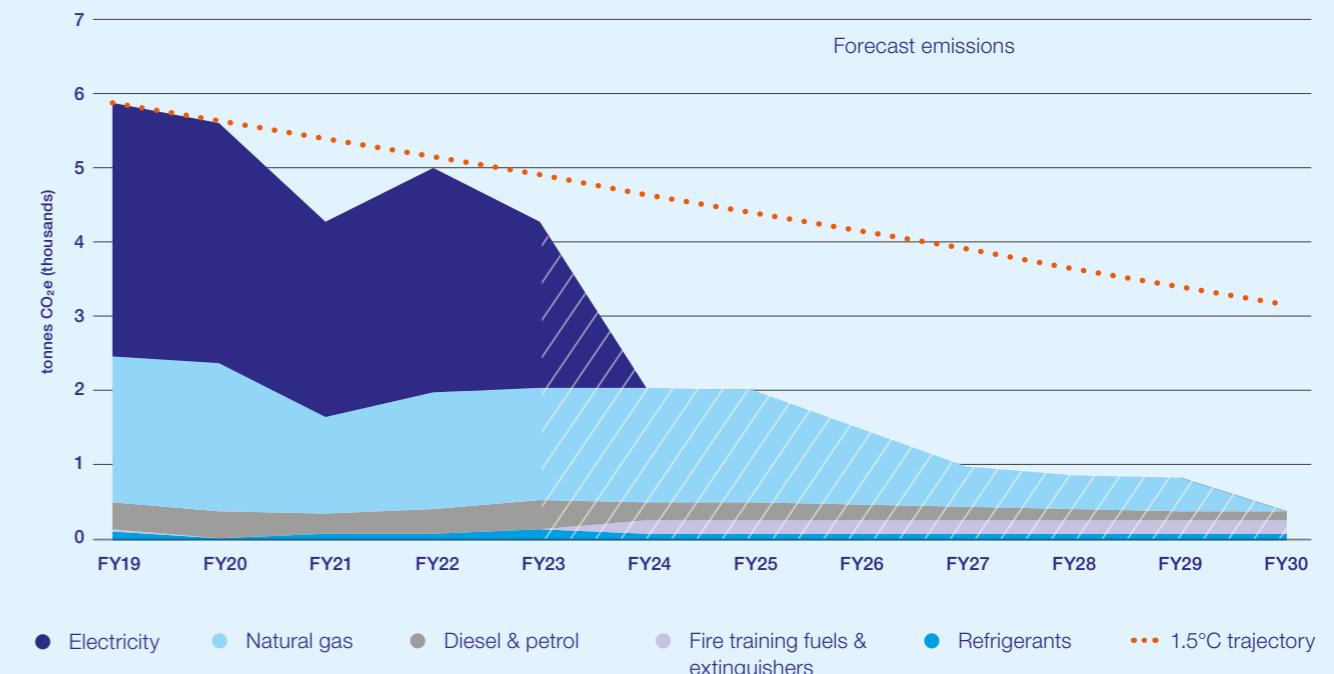
↓20%

reduction in potable water use*



Auckland Airport's scope 1 and 2 decarbonisation pathway

The decarbonisation pathway aligns with a 1.5°C trajectory and FY23 performance shows a 27% reduction from the baseline year.



What is Net Zero?

Net Zero is a scientific concept established by the Intergovernmental Panel on Climate Change (IPCC). It is the state where the amount of global emissions released into the atmosphere is equal to the amount of CO₂ removed.

The IPCC recommends limiting global warming to 1.5°C above pre-industrial levels by 2100 to avoid the worst impacts of climate change on people and the environment. The IPCC has established that Net Zero emissions must be reached globally by 2050 but relying on offsets is not enough. Global emissions must begin reducing today.

Eliminating our direct emissions

Auckland Airport's priority is to work towards Net Zero scope 1 and 2 emissions by reducing emissions created by our day-to-day operations as much as we can, with any residual emissions neutralised through permanent carbon removals.

We are targeting a 90% reduction in scope 1 and 2 emissions by 2030 from a 2019 baseline, which is aligned with a best-practice 1.5°C warming trajectory.

What are scope 1, 2 and 3 emissions?

Scope 1: Emissions from sources that are owned or controlled by Auckland Airport

Scope 2: Emissions from the generation of purchased electricity consumed by Auckland Airport

Scope 3: Emissions that occur as a consequence of Auckland Airport's activities but from sources not owned or controlled by Auckland Airport

"We have been working on our scope 1 and 2 decarbonisation pathway for three years now and are pleased to have implemented further initiatives and trials over the course of the financial year to reduce our emissions."

Reducing our direct emissions

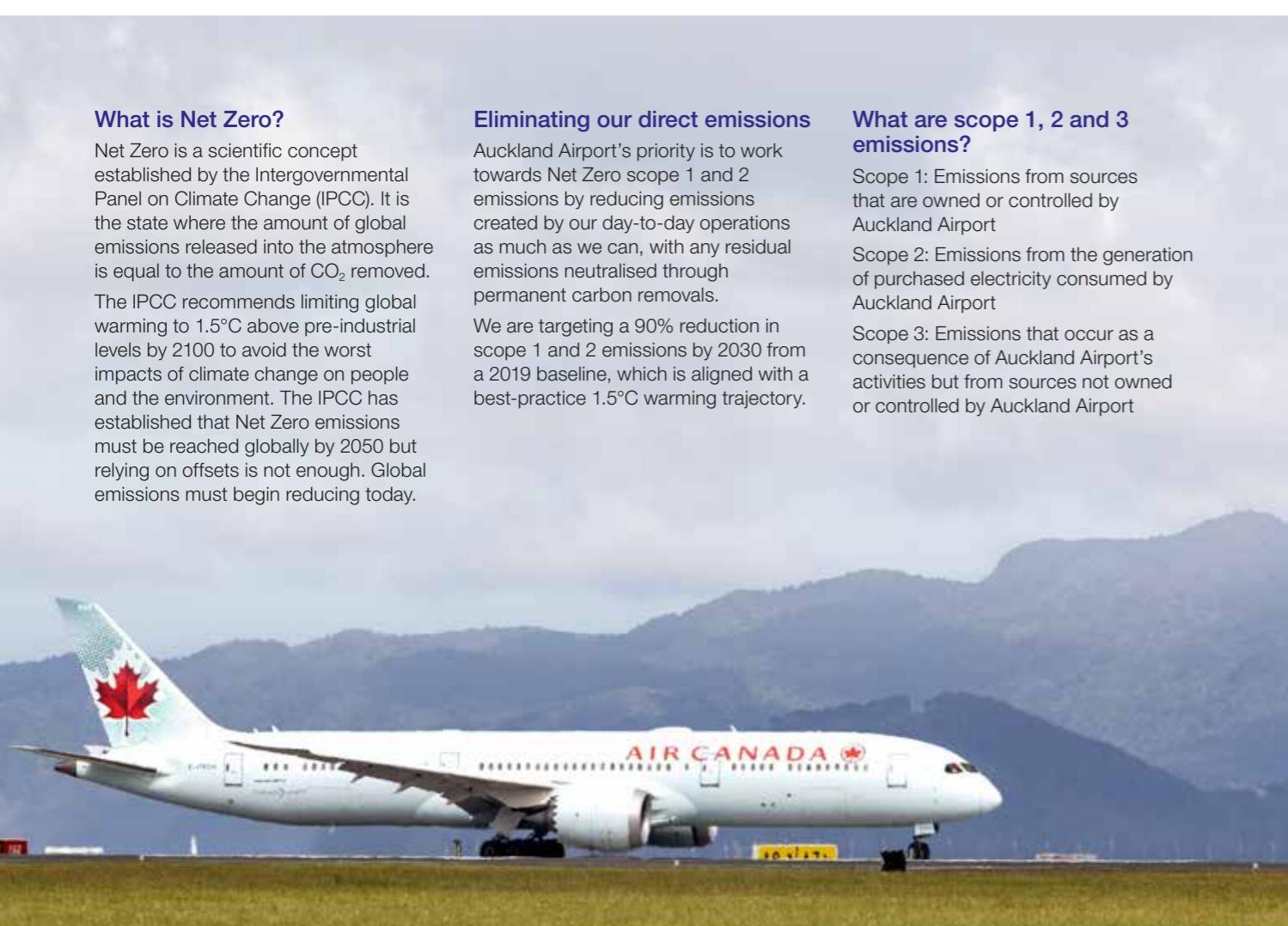
In 2020 we set a target to be Net Zero scope 1 and 2 emissions by 2030. To reach Net Zero, we have clearly defined a decarbonisation pathway which sees us targeting a 90% reduction in scope 1 and 2 emissions from a 2019 baseline, with the residual emissions (estimated at 10%) neutralised through permanent carbon removals. Our Net Zero target and accompanying decarbonisation pathway are aligned with a 1.5°C trajectory.

We have been working on our scope 1 and 2 decarbonisation pathway for three years now and are pleased to have implemented further initiatives and trials over the course of the financial year to reduce our emissions. This financial year, our scope 1 and 2 carbon emissions equal 4,291 tonnes of carbon dioxide equivalent (tCO₂e) which represents a 27% decrease from the baseline year (2019) and is tracking ahead of our decarbonisation pathway.

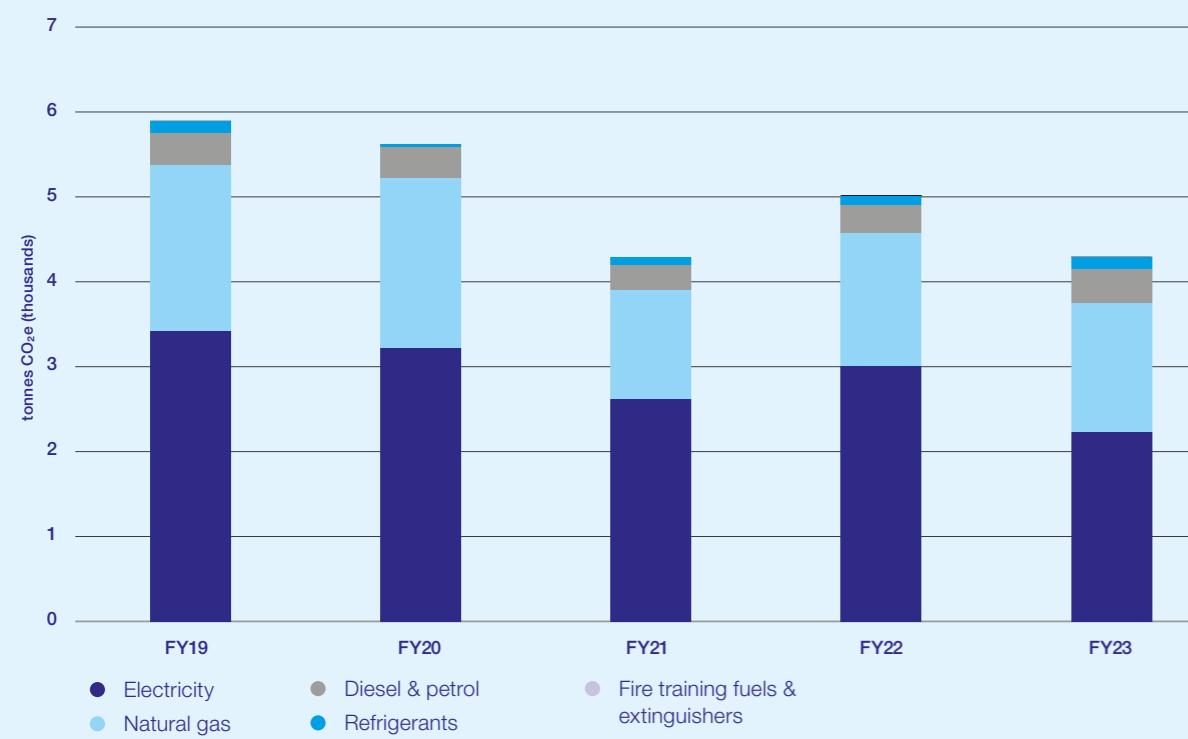
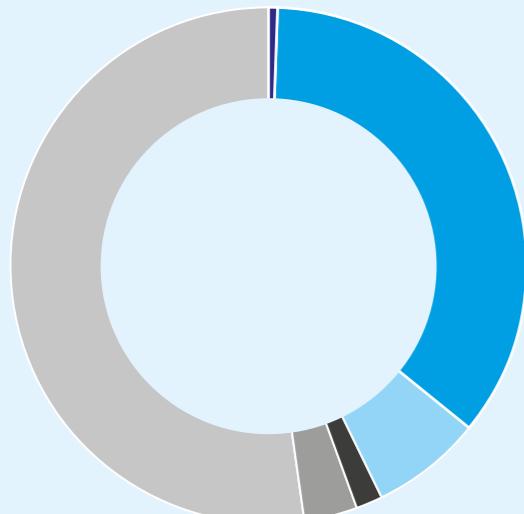
Reducing our indirect emissions

Scope 1 and 2 emissions make up only a small proportion of Auckland Airport's GHG emissions inventory. In reality, the vast majority of emissions that occur as a consequence of the operation of New Zealand's largest airport are outside of our operational control. We are actively partnering with stakeholders across all areas of our business to address these emissions and work towards Aotearoa New Zealand's goal to reach net zero by 2050.

See the 2023 GHG Inventory for further details on scope 1, 2 and 3 emission sources and initiatives underway to reduce these emissions.

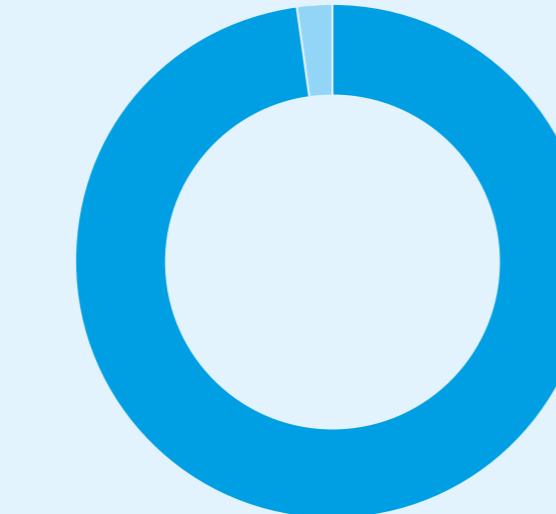


7. The 2019 baseline and decarbonisation pathway was updated in the 2023 financial year to remove electricity line losses as a scope 1 emission source. It was highlighted through our greenhouse gas (GHG) verification process that these emissions sources were being double counted and should only be included as a scope 3 emission. See the 2023 GHG Inventory for further information.

Scope 1 and 2 emissions over time (tCO₂e)FY23 Scope 1 and 2 emissions by source (tCO₂e)

● Diesel – stationary 1%
 ● Natural gas – stationary 35%
 ● LPG – stationary 0%
 ● Diesel – transport 7%
 ● Petrol – transport 2%
 ● Refrigerants 3%
 ● Fire extinguisher 0%
 ● Purchased electricity 52%

Breakdown of carbon footprint (FY23)



Total scope 1 <1%
 Total scope 2 <1%
 ● Scope 3 aircraft 98%
 ● Scope 3 excluding aircraft 2%

Aircraft-related emissions

In the 2023 financial year we have updated our GHG scope 3 inventory to include full flight emissions, replacing the previous calculation of aircraft landing and take-off. This aligns with best practice for the airport industry and uses the methodology recommended by the Airport Carbon Accreditation. These emissions make up over 90% of our GHG emissions inventory and they are tricky to tackle; they require significant technology changes to decarbonise. We are working closely with our airline partners to understand their plans to introduce alternative aircraft fuels and technologies, and the infrastructure requirements to enable these to be deployed at Auckland Airport.

Sustainable Aviation Fuel (SAF) is widely considered the best option for decarbonisation of long-haul air travel. The technology is proven, already available across the world and can be delivered to aircraft via Auckland Airport's existing refuelling hydrant system, however cost and security of supply remains a challenge.

Air New Zealand's flagship shipment of SAF in September 2022 was delivered to Marsden Point and piped through existing fuel pipelines to Auckland Airport and through to aircraft. We are also active members of Sustainable Aviation Aotearoa, which brings together government and industry to prepare for and accelerate the adoption of lower emissions aircraft.

"The technology is proven, already available across the world and can be delivered to aircraft via Auckland Airport's existing refuelling hydrant system."



Climate Change Disclosure

Auckland Airport has an extensive coastline given our unique location adjacent to the Manukau Harbour. As a result, physical inundation and flooding of assets due to sea-level rise and extreme weather events is one of our key climate-related risks. Our business model is built on the operation and development of aeronautical infrastructure and commercial property. This means impacts from sea-level rise and extreme weather events could significantly affect our business operations.

In addition, due to the high carbon profile of the aviation industry, there are various risks to our operations associated with the transition to a low-carbon economy. Domestic and global carbon policies impacting aviation activity, as well as public perceptions towards air travel, have the potential to affect Auckland Airport.

We keep abreast of local and global trends in climate change research and modelling and undertake regular environmental scans and analysis of key factors such as: developments in global carbon policy; public perception of aviation; and technological advancements to decarbonise aviation, so that we are able to respond to any emerging risks or opportunities early.

Auckland Airport has been assessing and disclosing climate-related risks and opportunities concerning its operations since 2021. Throughout this time we have advanced our understanding of how climate change, including rising sea levels and temperatures, and unpredictable weather patterns will impact our operations and 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 assess and manage relevant climate-related risks and opportunities



Auckland Airport's Environmental Performance

Scope		FY19	FY20	FY21	FY22	FY23
Scope 1 emissions	tonnes CO ₂ e	2,472	2,397	1,674	2,004	2,060
Scope 2 emissions	tonnes CO ₂ e	3,423	3,224	2,615	3,007	2,231
Scope 3 emissions (excluding aircraft)	tonnes CO ₂ e	6,228	5,185	16,497	11,464	48,629 ⁸
Scope 3 emissions – aircraft ⁹	tonnes CO ₂ e	N/A	N/A	N/A	66,059	2,530,432
Waste to landfill	tonnes	2462	2474	844 ¹⁰	722	2,392
Portable water use	m ³	375,968	315,652	129,514	169,138	268,622

- 8. In the 2023 financial year Auckland Airport introduced a wider range of scope 3 emissions sources in an aim to align disclosure with the International Airport Carbon Accreditation framework. This includes aircraft full flight emissions as well as contractor vehicles, airside vehicles and tenant electricity use.
- 9. In FY23 we have updated our GHG scope 3 inventory to include full flight emissions, replacing the previous calculation of aircraft landing and take-off.
- 10. Significant reductions in waste, water and carbon emissions were achieved against the 2019 baseline in the 2021 and 2022 financial years due to the much lower passenger numbers as a result of COVID-19.

For Auckland Airport's full 2023 financial year emissions profile, refer to our Greenhouse Gas Inventory Report on the company website.

Information within our GHG Inventory has been prepared in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004).



Material Issues

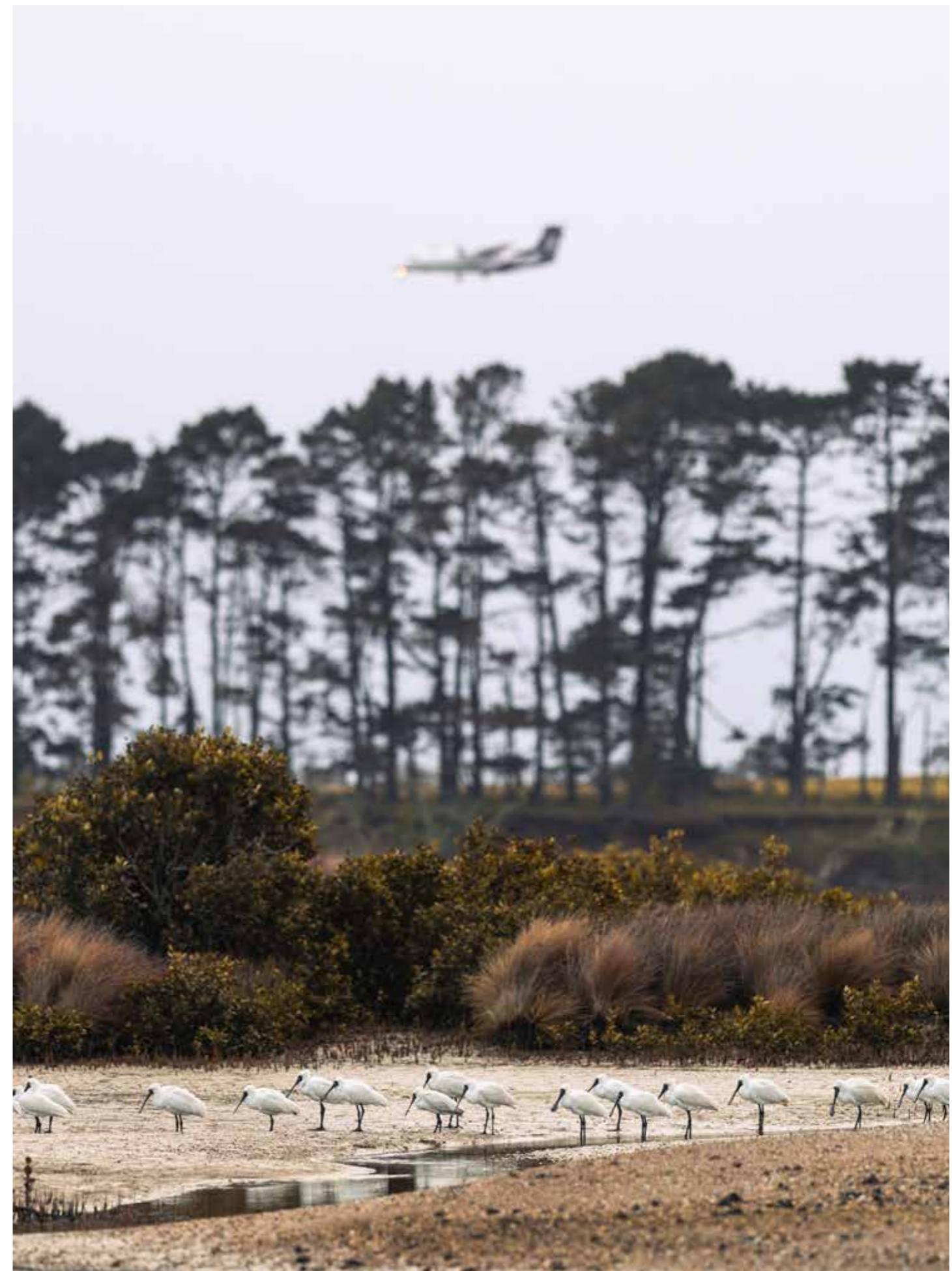
Every three years we undertake a comprehensive materiality assessment, including interviews with stakeholders, to identify the sustainability issues and topics that are most significant for our business. This was last completed in 2020, and while we have reconfirmed that our previously identified material issues are still relevant for Auckland Airport, we will be undertaking the materiality assessment with our stakeholders later in 2023. These material issues and our sustainability strategy align with the objectives of the United Nations' Sustainable Development Goals. We have continued to progress activities to address our material issues:



Material issue	Progress in the 2023 financial year
Safety, health, wellbeing and security Auckland Airport is a Port of First Arrival and major infrastructure operator; therefore, the health, safety, wellbeing 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.	<p>In the 2023 financial year, we made significant progress in our health, safety and wellbeing strategy by shifting from a destination zero-harm approach to a people-first culture. This shift recognises the value of our people – employees, contractors and stakeholders – and ensures we provide them with a safe and healthy working environment on a daily basis</p> <ul style="list-style-type: none"> • Critical risk effectiveness workshops were initiated, laying the groundwork for effective management of our critical risks. • We hosted and participated in various safety-focused campaigns and events, such as Airport Safety Week, Ramp Up & Ready Fortnight, Contractors Forum, Mental Health Awareness Week, and OCP Coffee & Chat sessions. • Our Just Culture Strategy was redesigned to align with our core values, and the new application was implemented across the business. This began our journey towards creating an environment of psychological safety, with a roadshow to introduce the new application to the entire organisation, which promoted recognition equally when things go well. • Terminology changes were implemented to foster a continuous improvement mindset, encouraging the identification and learning from 'learning events' which were shared across the business. • We successfully achieved recertification and positive results following the assessment of 'effective and operating' of our SMS CAA Part 100. • To address the critical risk of fatigue within the wider airport community, a CUSP subgroup was formed to improve our fatigue management. Members are from the wider airport community. • Ongoing efforts were dedicated to enhancing our response and resource allocation for potential natural disaster events following two weather events. • A significant milestone was reached by the Permit to work (PTW) team, issuing 400 permits in a single month. This demonstrates the increased infrastructure and high-risk work in the airport vicinity, supported by a skilled team to accommodate further projected growth.

Material issue	Progress in the 2023 financial year	Material issue	Progress in the 2023 financial year
Wider economic contribution 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. We will play a vital role in helping the economy and community to rebuild post the pandemic.	<ul style="list-style-type: none"> Significantly rebuilt our international aviation connections to around 90% of pre-COVID seat capacity. As of June 2023 we had 25 airlines flying to 40 destinations, up from just 12 airlines and 21 destinations while the border was closed. Hosted the Auckland Airport Job Fair, to connect job seekers with career opportunities on our precinct. More than 3,000 job seekers were able to connect with 30 employers and discuss the more than 3,000 roles on offer. Five hundred roles (or 17%) were filled on the day. Ran a sprint process with airlines and government border agencies to improve the customer experience for arriving international travellers. Participated in government business delegations to promote New Zealand offshore to help rebuild our tourism and export industries. 	Responsible employer 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.	<ul style="list-style-type: none"> As part of our Annual Performance and Remuneration round, we moved all impacted employees to the 2023 Living Wage on 1 July (before the Government's 1 September date). Tomokanga – our welcome to all new employees is held at the Auckland Airport marae – Te Manukanuka o Hoturoa, and continues to build a connection to our whenua. Te reo Māori courses are available for all team members. Hōkai Tahi – is our beginners te reo and Hōkai Rua – intermediate. Sessions are held online and in person at the Auckland Airport marae – Te Manukanuka o Hoturoa, with a full pōwhiri welcome from kaumātua. Delivered by external consultants, the 10-week course helps our team members to improve their te reo Māori proficiency, learn key tikanga (customs) and share their learning with fellow colleagues across the business. Our Employee Engagement Survey achieved a 90% response rate and a representative sample of all views across all business units. This provides reliable data indicating areas we must continue to work upon to improve our employee experience. We are committed to supporting our people on their journey as parents by providing them with an enhanced Parental Leave Policy that offers both additional financial support beyond that prescribed by the Government, as well as ensuring that the transition into parenthood, and subsequently back into work, is as easy as possible. Mental Health awareness through our 'Midday Mindfulness' sessions is available to all employees. Health offerings including free flu vaccinations for staff and discretionary paid sick leave in relation to COVID-19 for all employees. We continue to encourage paid volunteer leave for all permanent employees. A hybrid working policy for roles that permit is embedded with a strong culture of trust around output.
Customer experience The welcome experience travellers receive when they arrive in or depart from New Zealand is overseen by Auckland Airport. We are committed to making journeys better for our customers; listening to and responding to their needs; and delivering infrastructure in the right place at the right time.	<ul style="list-style-type: none"> A dedicated team has been formed to deliver our new customer strategy, which puts the customer at centre of our business, and ongoing improvements to customer experience at Auckland Airport. Establishment of a centralised insights function within Auckland Airport so that we can build a better understanding of our customers, how they experience Auckland Airport and what they value. Establishment of a centralised customer care, contact centre and social media team within Auckland Airport enabling us to communicate and respond quickly and directly with our customers when they need us. Worked alongside our airport system partners (such as airlines, border agencies and groundhandlers) to drive improvements in customer experience for travellers at Auckland Airport as the local and global aviation system recovers from the pandemic. Our Auckland Airport community came together to provide customer welfare and support such as food, shelter, blankets and other needs during the devastating Auckland floods and again during cyclone Gabrielle in early 2023. Our infrastructure partners, contractors and suppliers worked with us behind the scenes to get the airport back up and running again as soon as possible for our customers. 	Climate change mitigation and adaptation 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.	<ul style="list-style-type: none"> The 2023 year brought with it several physical impacts of climate change to Auckland Airport. In January, Auckland Airport (along with the rest of Auckland) received a month's worth of rainfall in a single day which flooded the International Terminal Building. Two weeks later, high winds from Cyclone Gabrielle resulted in the closure of the runway due to unsafe working conditions for groundhandlers. Since the January 2023 event, we have undertaken further precinct-wide modelling of flooding and inundation. We have brought forward investment into the stormwater network and commenced the development of a stormwater masterplan which identifies the necessary upgrades and development of infrastructure, including new stormwater ponds. We continue to be signatories of the Climate Leaders Coalition, committing to absolute carbon reduction as well as climate change mitigation, adaptation and transition. We're engaging with airlines to ensure the right ground infrastructure will be in place to enable the adoption of future aircraft technologies and fuels to support the decarbonisation of aviation.
Aircraft noise We continue to work with our airline and air navigation partners to manage aircraft noise and the impact on people living and working beneath flight paths. Although aviation activity is still lower than pre-pandemic levels, aircraft noise has continued to increase during the 2023 financial year. Auckland Airport funds a comprehensive noise mitigation programme to reduce the impact of aircraft noise on the community.	<ul style="list-style-type: none"> Despite reduced aircraft noise in 2023, Auckland Airport continued to offer noise mitigation packages. We offered to install heat pumps, insulation and extraction fans in approximately 150 homes during the 2023 financial year. 		

Material issue	Progress in the 2023 financial year
Minimising our environmental footprint 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 principles to guide our decision-making through the planning, design and construction phases.	<ul style="list-style-type: none"> We continued to progress our decarbonisation pathway for scope 1 and 2 emissions, as outlined on page 61 of this report. Our scope 3 emissions reporting has been expanded to improve transparency of our emissions inventory, including full flight emissions. We introduced organic waste separation for food and beverage operators in the terminals. Sustainability reporting requirements for carbon, waste and water use have been integrated into construction contracts to improve oversight of environmental performance during construction. We installed additional charging stations for ground servicing equipment to support the conversion from diesel to electric on the airfield.
Community and tangata whenua involvement Auckland Airport's location is of historical and cultural significance to Māori. Building strong and enduring relationships with tangata 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.	<ul style="list-style-type: none"> We continued to work alongside local iwi on a monthly basis to share information and identify opportunities for iwi involvement across resource management processes, future airport operations and precinct development. We also continued to work alongside local iwi on the design of projects across the precinct, including the Transport Hub, terminal development and Mānawa Bay. The Auckland Airport Job Fair was held to create employment opportunities for local people and connect them to jobs. We supported community organisations through our community volunteer programme for all employees. Provided financial and in-kind support to: <ul style="list-style-type: none"> Leukaemia & Blood Cancer New Zealand's annual Firefighter Stair Challenge. ASB Polyfest, a cultural and youth performance celebration. Life Education Trust Counties Manukau to support the maintenance of their mobile classrooms. Ara Education Charitable Trust, providing staff volunteers and land for their house renovation project with the Auckland Airport Community Trust.





Governance

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 to minimise the impact of financial, operational and sustainability risk on our 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.

We have undertaken a robust risk assessment process to identify and minimise the impact of significant risks on our 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

In light of the Auckland Airport's ongoing commitment to managing risks, the company established a new executive leadership position, a Chief Safety and Risk Officer, to focus on the identification, management and assurance of safety and risk management.

Audit and financial risk

The Audit and Financial Risk Committee is responsible for financial risk management oversight with a core function of assisting the Board in performing its responsibilities, with particular reference to financial risk management, financial reporting and internal and external audit processes. The Committee has direct communication with, and unrestricted access to, the internal and external auditors. The Committee meets with the internal and external auditors at least twice annually.

The Audit and Financial Risk Committee is required to form a view and make a recommendation to the Board each year that the company's interim and annual financial statements

are presented fairly, in all material respects, and in accordance with the relevant accounting standards, which is founded on a sound system of risk management and internal compliance and control, which implements the policies adopted by the Board, and that those controls are operating in all material respects efficiently and effectively. In addition, the Audit and Financial Risk Committee is responsible for reviewing and recommending to the Board the approval of the company annual Climate Change Disclosure and Greenhouse Gas Emissions Inventory Report.

Safety and operational risk

Within our company strategy, Building a Better Future, we are clear that the health, safety and wellbeing (HSW) of our people, employees, contractors and stakeholders is our first priority. We are committed to providing an environment where people thrive. In FY23, we made significant progress in our HSW journey by shifting away from Destination Zero Harm to a People First strategy. In developing this strategy, there are principles that guide us in determining what is important and where we are heading.

These principles reflect the nature of HSW as something that emerges from successful work and we are encouraged to design programmes that empower people in delivering successful outcomes – wherever they are.

People First – we build an inclusive and participative culture where we place the health, safety and wellbeing of our people first and at the centre of decision making.

We focus on improving work – we learn from what goes well, not just what does not and we work with our people to build greater adaptability and resilience to difficult or different tasks.

We make health, safety and wellbeing easy – wherever possible, we don't add health, safety and wellbeing tasks onto the work being done but recognise that successful work will be safe and focus on improving work and workplaces instead. People are provided with the tools they need to do work well, without the need for unnecessary paperwork, unworkable rules, or compliance activity that does not add value.

The role of the Safety and Operational Risk Committee is to support the Board 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 critical and enterprise risks associated with:

- Occupational health, safety and wellbeing
- Public safety and operational risk
- Cybersecurity risks
- Sustainability risks including physical and transitional climate change
- Enterprise risks (such as commercial operational risk, modern slavery risk, community and reputational matters).

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

As part of a continual review cycle and recognising the paramount importance of managing critical risks, the committee assesses and analyses the various critical risks and activities involved in managing them. This approach ensures that critical risks are proactively identified, evaluated, and controlled in a manner that safeguards the health, safety and wellbeing of employees, visitors and the overall business operations. Previously, the method of evaluating critical risks was completed through a bowtie process, however, in an ongoing commitment to enhance risk control effectiveness, a shift in approach occurred during FY23. The new process has been adopted to further strengthen risk management practices. Auckland Airport's critical risks include categories and subcategories across aircraft incidents, pedestrians vs vehicles, high-risk work, asset failure, uncontrolled release of energy, breach of security, chronic and acute impact on health, and acts of nature. The continuous review and evaluation of these critical risks enable the Safety and Operational Risk Committee to stay at the forefront of risk management practices.

The company has a Crisis Management Team (CMT), made up of leadership team members and senior employees from across the business which has an established governance structure to manage fast-evolving risk situations in a robust and practical way. The CMT is responsible for making strategic, business response, emergency communications, staff health and welfare, and government relations decisions. In early 2023, the CMT was stood up in response to the severe weather events. During the January 2023 weather event the success of the CMT resulted in the reopening of the domestic terminal within 14 hours and the reopening of the international terminal within 36 hours. The CMT framework is always reviewed following critical incidents to identify areas of continuous improvement.

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 and verification of our Safety Management System.

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 through its role at the border and the role that the visitor economy plays in all areas of sustainability.

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 Auckland Airport's Board and 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, we are committed to external disclosure and benchmarking, and report on a number of sustainability performance indicators. Auckland Airport has a sustainability policy which outlines the company's commitment to our sustainability strategy.

Auckland Airport recognises the role it has to play in eradicating modern slavery. In the 2023 financial year, the company has undertaken work to identify and assess the risks of modern slavery in Auckland Airport's supply chain and has identified focus areas to enable the company to continue to progress eradicating modern slavery. In the last year, the company has strengthened our capability in this area by procuring modern slavery software for supplier onboarding and supply chain auditing.

The company will not tolerate any form of modern slavery in our operations or supply chain and we are committed to building a supply chain that is aligned with our approach.

Auckland Airport's modern slavery policy and supplier code of conduct confirms our commitment to operate in a responsible and sustainable manner and our commitment to work with suppliers that share this value. In December 2022, Auckland Airport published its third modern slavery statement in accordance with the Modern Slavery Act 2018 (Cth) Australia.

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 to our business. During the 2023 financial year, Auckland Airport undertook comprehensive scenario analysis to further test the organisation's resilience to climate change. The results of the analysis, as well as more detail on Auckland Airport's climate-related risks and opportunities, are outlined in our 2023 Climate Change Disclosure Report which is aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the External Reporting Board (XRB) climate-related disclosures standards.

Auckland Airport is approved by the Ministry of Primary Industries (MPI) as a Place of First Arrival for international arriving aircraft, people and cargo to New Zealand. Auckland Airport's kaitiakitanga is beyond compliance, and therefore the company sees this MPI approval as a privilege, not a right, and with this comes significant responsibility. Auckland Airport's biosecurity policy outlines our commitment to this responsibility by proactively working with border agencies, health agencies, airlines and tenants to collaboratively keep New Zealand free of any new exotic pests and diseases.

Auckland Airport has had an acute focus on maintaining a strong biosecurity awareness culture during the 2023 financial year through tailored awareness and training programmes delivered to our own employees, stakeholders and workers based at the airport. These efforts in building a biosecurity culture resulted in Auckland Airport being awarded the MPI Biosecurity Award in October 2022.

Corporate Governance

Auckland Airport's Board is responsible for the company's corporate governance. The Board is 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 2022 (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. Auckland Airport notes the amendments to the Corporate Governance Code which took effect from 1 April 2023, effective for companies with a financial year commencing after April 2023. Auckland Airport has undertaken to comply with the updated recommendation in this report and will fully incorporate the updated recommendations in the 2024 financial year.

The Board confirms that in the year to 30 June 2023 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 including the:

- 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 whistle-blower policy consistent with the requirements of the Protected Disclosures (Protection of Whistleblowers) Act 2022.

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 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, and to approve the annual budget and major investments
- Oversee the company's commitment to the community, environment and health and safety and to 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 to manage risks and monitors the appropriateness and implementation of those policies
- Approve remuneration policies via the People, Capability and Iwi Committee.

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.



From left: Directors – Tania Simpson, Liz Savage, Mark Cairns, Christine Spring, Patrick Strange, Julia Hoare, Mark Binns, Dean Hamilton, Sarah Kearney (future director)

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:

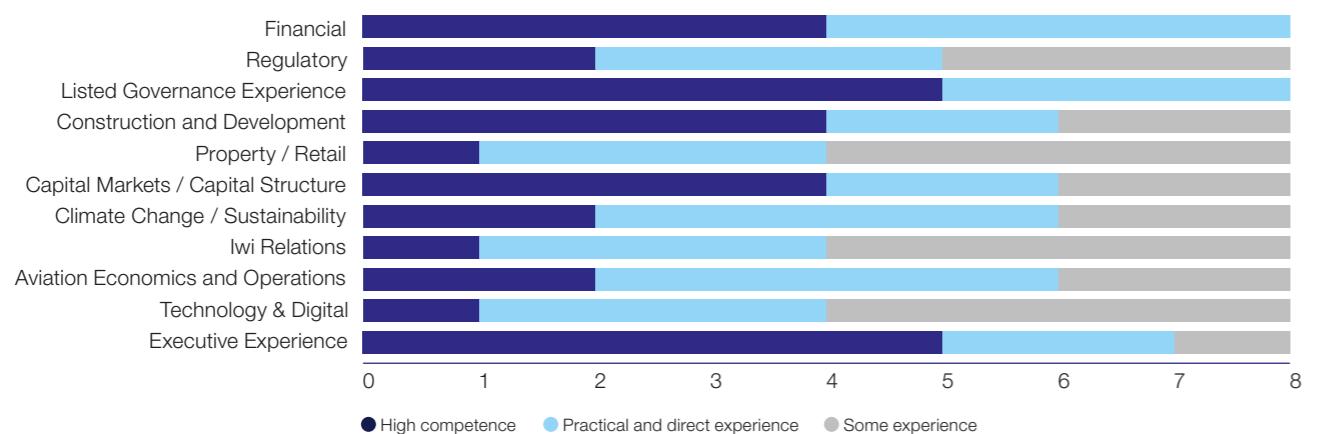
Director	Qualifications	Gender	Location	Date of appointment	Tenure (years)	Independence
Patrick Strange	BE (Hons), PhD, Dist CFinstD, Dist FEngNZ	M	NZ	22 October 2015	7	Yes
Mark Binns	LLB	M	NZ	1 April 2018	4	Yes
Mark Cairns	BE (Hons), BBS, MMTG, FEngNZ, CFInstD	M	NZ	1 June 2022	1	Yes
Dean Hamilton	BCA, CMInstD	M	NZ	1 November 2018	4	Yes
Julia Hoare	BCom, FCA, CFInstD	F	NZ	23 October 2017	5	Yes
Liz Savage	BEng, MSc, MAICD	F	AUS	23 October 2019	3	Yes
Tania Simpson	BA, MMM, CFInstD	F	NZ	1 November 2018	4	Yes
Christine Spring	BE, MSc Eng, MBA, CMInstD	F	NZ	23 October 2014	8	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.

Future Director Programme

The Board is committed to supporting the next generation in governance in New Zealand as part of the Future Director Programme administered by the New Zealand Institute of Directors. The Board appointed Sarah Kearney as a Future Director in October 2022. The appointment of Sarah brings additional experience to the AIAL Board with areas of high competence in the Technology & Digital and Retail skills.

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



Diversity

The company strongly values and supports diversity. However, we continue to recognise that there is further work to be done in this area, particularly in building our own diverse talent pipeline. Auckland Airport strives for the company and its leadership, management and employees to reflect the diverse range of individuals and groups within our society, and this is reflected in our sustainability strategy and our diversity and inclusiveness policy which applies to all employees, contractors and directors.

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, Capability and Iwi 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 systemic bias

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

Team member onboarding

Our new team member welcome morning, held at the Te Manukanuka o Hoturoa marae continues with ongoing positive response from new joiners. A review is underway to develop the offering to include introductions with key leaders and teams as well as the ever-popular airside tour.

The People, Capability and Iwi 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. Auckland Airport continues to make good progress in delivering its diversity and inclusion objectives although it has several areas of focus to improve on. Auckland Airport has an equal representation of women and men on its Board with the chairs of three of its committees being women.

Another of the company's diversity objectives is attracting and retaining a diverse workforce with 50 different nationalities being represented across the organisation, including 10% of people leaders identifying as Māori or Pasifika.

Nomination and appointment of directors

The Board has determined that it will not establish a separate Nominations Committee, but will have the full Board undertake this function. As such, the Board has responsibility for 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'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 and the Board. Each year, any director who is required by the NZX Listing Rules or the company's constitution to retire, will retire from office and may offer themselves for re-election at the Annual Shareholders Meeting. Christine Spring is a director who has reached a tenure of nine years with the Board. Christine was re-elected as a shareholder at the 2022 Annual Meeting and will continue with the Board to provide continuity on airport infrastructure skills.

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's 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 and officers. 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. Board meetings include either a safety walk, an engagement with a business unit of the company or a tour of a particular construction project or infrastructure asset. 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. A formal review is currently underway.

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 chair of the Board attends all committee meetings ex-officio.

The Board has established the following standing committees.

Audit and Financial Risk Committee

Members: Julia Hoare (Chair), Mark Cairns, Dean Hamilton

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.

Infrastructure Development Committee

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

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

People, Capability and Iwi Committee

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

The People, Capability and Iwi Committee ensures that the company has sound remuneration policies and processes in place and provides oversight for the company's human resource practices as well as oversight of the company's iwi relationships. This committee's charter outlines the relative weightings and remuneration components, performance criteria and approach to reviewing iwi matters.

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

	FY23			FY22			
	Male	Female	% Female	Age range	Male	Female	% Female
Board	4	4	50.0%	50 – 70	3	5	50.0%
Leadership team	4	4	50.0%	40 – 60	5	3	37.50%
Senior leaders	21	18	46.15%	35 – 65	17	13	43.33%
All other employees	314	218	37.7%	20 – 80	268	162	39.67%

Safety and Operational Risk Committee

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

The Safety and Operational Risk Committee is responsible for oversight of the company's safety (including workplace health, safety and wellbeing) and operational risk management programme. The company reports to the Safety and Operational Risk Committee on a number of safety and operational matters including critical risk management, significant incident or near misses, training and awareness for the period, passenger injury rates, employee injury rates, comparisons of contractor and employee injury rates, safety observations conducted and the Security Performance, Emergency Planning and Audit Programme.

The Aeronautical Pricing Committee has been established by the Board as an ad-hoc committee.

Aeronautical Pricing Committee

Members: Dean Hamilton (Chair), Julia Hoare, Liz Savage, 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.

The table below outlines 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 2022 to 30 June 2023.

	Board	Audit and Financial Risk Committee ¹¹	Aeronautical Pricing Committee	Infrastructure Development Committee	Safety and Operational Risk Committee	People Capability and Iwi Committee
Number of meetings¹²	15	5	6	4	4	4
Patrick Strange	15	5	6	4	3	4
Mark Binns	15	1		4		3
Dean Hamilton	15	5	6		4	
Julia Hoare	15	5	6	4		
Elizabeth Savage	15	1	6		4	4
Tania Simpson	15	1			4	4
Christine Spring	15	2 ¹³	6	4	4	
Mark Cairns	15	5		4		

11. Full Board attendance is required annually at the Audit and Financial Risk Committee in August.

12. A joint Aeronautical Pricing Committee and Infrastructure Development Committee meeting was held on 9 November 2022 with the full Board in attendance.

13. Christine Spring retired as member of the Audit and Financial Risk Committee on 3 August 2022.

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 2023:

Patrick Strange	Held personally	18,832
	Held on behalf by other person	13,358
Mark Binns	Held personally	4,662
	Held jointly with other person	17,432
Mark Cairns	Held on behalf by other person	50,000
Dean Hamilton	Held personally	6,574
Julia Hoare	Held personally	9,583
Liz Savage	Held Personally	
	Held on behalf by other person	6,513
Tania Simpson	Held personally	6,574
Christine Spring	Held personally	16,967

No directors held any interests in debt securities (including listed bonds) in the company as at 30 June 2023.

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 2023:

Patrick Strange

Director, Mercury NZ Limited
Director, Transgrid Limited
(Australian company)

Liz Savage

Director, Intrepid Group Limited
(Australian company)
Director, North Queensland Airports
(Australian group of companies)
Director, PeopleIn Limited
(Australian company)
Director, Tiger Holdco Pty Ltd
(Australian company)

Mark Binns

Chair, Crown Infrastructure Partners Limited
Chair, Hynds Limited
Director, Te Pūia Tapapa GP Limited
Trustee, Fletcher Building Retirement Plan

Mark Cairns

Chair, Freightways Limited
Director, Meridian Energy Limited

Dean Hamilton

Chair, Fulton Hogan Limited
Director, Ryman Healthcare Limited
Director, Tappenden Holdings Limited
Director, The Warehouse Group Limited

Julia Hoare

Deputy Chair, The a2 Milk Company Limited¹⁴
Chair, Port of Tauranga Limited (and associated companies)
Director, Meridian Energy Limited
Director, Comvita Limited

Tania Simpson

Deputy Chair, Waitangi National Trust
Director, Tainui Group Holdings Limited
(and related company)
Director, Meridian Energy Limited
Director, Ukaipo Limited
Member, Waitangi Tribunal

Christine Spring

Chair, Isthmus Group Limited
Director, Western Sydney Airport Limited
(Australian company)
Director, NZ Windfarms Limited

14. Julia Hoare retired as Deputy Chair of The a2 Milk Company Limited on 30 June 2023.

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

Auckland Airport discloses the impact of climate change on the business and the impact of the business on climate change by following the guidelines of the Taskforce on Climate-related Financial Disclosures (TCFD) and the draft Climate-Related Disclosure standards by the New Zealand External Reporting Board (XRB).

The company's emissions profile is disclosed in a stand-alone greenhouse gas inventory report. Information within the greenhouse gas inventory report is stated in accordance with the requirements of 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 are 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 services 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 audit function is performed by Deloitte.

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 Ernst & Young 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 rights and relations

The company's communications framework and strategy are designed to ensure that communications with shareholders and all other stakeholders are managed effectively. It is the company's policy that external communications will be accurate, verifiable, consistent and transparent to enable shareholders to actively engage with Auckland Airport and exercise their rights as a shareholder in an informed manner.

The head of strategy, planning and performance is the point of contact for both analysts and shareholders and can be reached at investors@aucklandairport.co.nz.

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

- The corporate section of the company's website
- 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 continuous 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 17 October 2023 at 10:00 am at Eden Park, 42 Reimer Avenue, Kingsland, Auckland, 1024.

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 2023.

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

Shareholders may elect to have their dividends direct credited to their bank accounts. From time to time, the company also offers shareholders the opportunity to participate in a dividend reinvestment plan. As at the date of this report, the dividend reinvestment plan is operating. Further details are available at corporate.aucklandairport.co.nz/investors/shares-and-bonds.

Earnings per share

Earnings in cents per ordinary share were 2.93 cents in 2023 compared with 13.02 cents in 2022.

Credit rating

As at 30 June 2023, 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 2023 is below:

Size of holding	Number of shareholders	%	Number of shares	%
1 – 1,000	13,362	26.61	5,774,879	0.39
1,001 – 5,000	28,475	56.71	59,892,173	4.07
5,001 – 10,000	4,388	8.74	31,387,570	2.13
10,001 – 50,000	3,565	7.10	67,963,907	4.61
50,001 – 100,000	271	0.54	18,168,540	1.23
100,001 and over	152	0.54	1,289,633,878	87.5
Total	50,036	100%	1,472,820,947	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 2023 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 2023 was 1,472,820,947.

20 largest shareholders

The 20 largest shareholders of Auckland Airport as at 30 June 2023 are as follows:

Shareholders	Number of shares	% of capital
Auckland Council	266,328,912	18.08
HSBC Nominees (New Zealand) Limited ¹⁵	162,183,087	11.01
HSBC Nominees (New Zealand) Limited ¹⁵	148,210,613	10.06
JP Morgan Chase Bank ¹⁵	89,826,236	6.10
JP Morgan Nominees Australia Limited	66,054,516	4.48
Citibank Nominees (NZ) Limited ¹⁵	63,948,320	4.34
BNP Paribas Nominees NZ Limited Bpss40 ¹⁵	60,567,234	4.11
Custodial Services Limited	42,595,705	2.89
BNP Paribas Nominees Pty Ltd	42,160,123	2.86
HSBC Custody Nominees (Australia) Limited	36,902,934	2.51
Accident Compensation Corporation ¹⁵	33,757,543	2.29
Tea Custodians Limited ¹⁵	29,276,809	1.99
New Zealand Superannuation Fund Nominees Limited ¹⁵	17,991,798	1.22
Citicorp Nominees Pty Limited	15,295,521	1.04
Premier Nominees Limited ¹⁵	14,589,299	0.99
New Zealand Depository Nominee	14,114,904	0.96
BNP Paribas Nominees NZ Limited ¹⁵	12,639,504	0.86
Public Trust ¹⁵	10,500,589	0.71
Australian Foundation Investment Company Limited	10,299,845	0.70
Public Trust ¹⁵	9,668,655	0.66
Australian Foundation Investment Company Limited	10,299,845	0.70
National Nominees Limited ¹⁵	9,668,655	0.66

15. 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, among other legislation, the Airport Authorities Act 1966 and the Civil Aviation Act 1990 (both acts to be replaced by the new Civil Aviation Act which comes into force 5 April 2025). 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 2023.

Donations

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

- Donated \$70,000 to various charities including to Life Education Trust Counties Manukau, Leukaemia & Blood Cancer New Zealand and The Polyfest Trust
- Donated \$20,000 to the Red Cross in relation to Cyclone Gabrielle
- Granted \$395,518 to the Auckland Airport Community Trust. The Trust distributed these funds in the 2022 calendar year to residents and community groups living and working in the Trust's area of benefit
- Contributed \$87,500 to the Ara Charitable Education Trust¹⁶.

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 2023 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

16. Total donations in kind to Ara Charitable Education Trust is \$400,000; this includes costs associated with rent and general maintenance costs.

Remuneration

Auckland Airport is committed to remuneration transparency. Accordingly, the company provides shareholders with detailed information about director and 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.
- Auckland Airport pays a minimum living wage for all permanent employees. We also provide a range of benefits to our employees including health and life insurance to eligible employees, enhanced parental leave provisions and the opportunity to purchase company shares at a discounted rate on an annual basis. Employees who are eligible to participate in KiwiSaver receive a company contribution of up to 3% of each employee's paid remuneration.

Performance, development and annual remuneration review

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.

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. 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.

Short-term incentives

Short-term incentives (STIs) are at-risk payments designed to motivate and reward performance fairly in a financial year. The short-term incentive includes a 50% individual component target and a 50% company component target.

The individual component 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. 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.

The company component is based on the company's achievement of both financial and non-financial targets set by the Board over two agreed components, being Purpose & People, Place, and Community. Each component carries a 50% weighting. Each component has a clear measure in place to determine achievement or non-achievement in any one year and will vary from year to year based on the organisation's priorities.

For the financial year to 30 June 2023, the categories featured under the company wide component were as follows:

- 50% Financial performance of the business;
- 50% on People – customer satisfaction, health, safety and wellbeing lead indicators; risk control effectiveness' and public perception.

The short-term incentive target range and above-target performance range for employees is set out in the table below.

Long-term incentive

Members of Auckland Airport's leadership team and the Chief Executive participate in the company's long-term incentive plan (LTI).

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.

Each grant under the LTI plan has two tranches with different performance hurdles:

- 50% of the grant is subject to the company achieving absolute Total Shareholder Returns (TSR) against the company's cost of equity, plus 1%;
- 50% of the grant is subject to the company's TSR performance in relation to a specified peer group (Dow Jones Brookfield Airports Infrastructure Index).

The Board retains discretion over the final outcome of the LTI plan to allow appropriate adjustment where unanticipated circumstances may impact performance over the three-year period.

Refer Note 23(b) of the financial statements which provides further details of the number of incentives granted, lapsed and exercised.

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

Chief executive remuneration

CE Remuneration summary

Financial year	Chief executive	Salary	Benefits ¹⁷	Fixed remuneration subtotal	STI earned	LTI	Subtotal	Total remuneration
FY23	Carrie Hurihangani	\$1,200,000	\$56,166	\$1,256,166	\$669,000	\$0 ¹⁸	\$669,000	\$1,925,166
FY22	Carrie Hurihangani ¹⁹	\$481,529	\$19,147	\$500,676	\$272,219 ²⁰	\$0 ²¹	\$272,219	\$772,875
FY22	Adrian Littlewood ²²	\$598,561	\$43,291	\$641,852	\$329,938	\$351,836	\$681,774	\$1,323,626
FY21	Adrian Littlewood	\$1,279,307	\$86,120	\$1,365,427	\$835,843	\$315,594 ²³	\$1,151,437	\$2,516,864
FY20	Adrian Littlewood	\$1,241,743	\$80,382	\$1,322,125	\$0	\$461,757 ²⁴	\$461,757	\$1,783,882

17. Includes a Kiwisaver contribution of 3%, insurance and other statutory benefits.

18. The Chief Executive participated in FY23 long-term incentive plan.

19. Carrie Hurihangani, commenced her role in February 2022. The disclosure for the 2022 financial year relates to the remuneration paid between 8 February 2022 and 30 June 2022.

20. The FY22 STI will be payable in the 2023 financial year.

21. The Chief Executive received a pro-rata allocation under the FY22 long-term incentive plan.

22. Adrian Littlewood resigned from his role on 12 November 2021, the disclosure for the 2022 financial year relates to the remuneration paid between 1 July 2021 and 12 November 2021.

23. The FY21 long term incentive payment reflect the pre-tax value of the grant made in FY18.

24. The FY20 long-term incentive payment reflects the pre-tax value of the grant made in FY17.

Short-term incentives

The annual value of the short-term incentive scheme for the Chief Executive is set at 50% of their base salary (provided all performance targets are achieved). If performance is unsatisfactory in a category, then no short-term incentive is payable for that criterion. 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 delivery against financial performance, infrastructure programme, sustainability, PSE4 pricing consultation and culture.

The 50% company component of the Chief Executive's FY23 STI Scheme had the following weighting:

Category	Weighting
Purpose	50%
Budgeted EBITDA	
People	50%
Customer satisfaction, health, safety & wellbeing lead indicators, risk control effectiveness and public perception	

Long-term incentives

The Chief Executive participated (on a pro-rata basis) in the Auckland Airport long-term incentive plan in the 2023 financial year. As no Long Term Incentives were vested in the 2023 financial year, this is not reflected in the chart above.

Shares

The Chief Executive held 14,050 shares personally in the company as at 30 June 2023.



Employee remuneration

Below is the number of employees or former employees of the company, excluding directors, who received remuneration and other benefits (such as short-term incentive payments and KiwiSaver contributions) that totalled \$100,000 or more during the 2023 financial year.

Amount of remuneration	Employees
\$100,001 to \$110,000	31
\$110,001 to \$120,000	28
\$120,001 to \$130,000	36
\$130,001 to \$140,000	32
\$140,001 to \$150,000	37
\$150,001 to \$160,000	22
\$160,001 to \$170,000	17
\$170,001 to \$180,000	18
\$180,001 to \$190,000	17
\$190,001 to \$200,000	10
\$200,001 to \$210,000	5
\$210,001 to \$220,000	8
\$220,001 to \$230,000	5
\$230,001 to \$240,000	5
\$240,001 to \$250,000	3
\$250,001 to \$260,000	3
\$260,001 to \$270,000	1

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.

Review and approval

Each year, the People, Capability and Iwi 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.

Amount of remuneration	Employees
\$270,001 to \$280,000	3
\$290,001 to \$300,000	2
\$310,001 to \$320,000	2
\$330,001 to \$340,000	2
\$350,001 to \$360,000	3
\$370,001 to \$380,000	1
\$380,001 to \$390,000	1
\$400,001 to \$410,000	2
\$430,001 to \$440,000	1
\$480,001 to \$490,000	1
\$510,001 to \$520,000	1
\$620,001 to \$630,000	1
\$660,001 to \$670,000	1
\$720,001 to \$730,000	1
\$730,001 to \$740,000	1
\$760,001 to \$770,000	1
\$1,520,001 to \$1,530,000	1

Directors' share purchase plan

To align their incentives with shareholders, the directors have decided that they each will use a minimum 15% of their base fees to acquire shares in the company for an initial three-year term. If, at the time of being onboarded as a director of the company, or at the end of the initial three-year period, the aggregate holding of shares in the company by the director is equal to, or above, their base fees, the director may elect to vary their contribution or opt out of the plan. 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.

2023 financial year

In light of the ongoing impact of COVID-19 on the company, at the 2022 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 2023.

In the 2023 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) ²⁵
Patrick Strange	\$260,350
Mark Binns	\$164,650
Mark Cairns	\$162,850
Dean Hamilton	\$171,517
Julia Hoare	\$197,317
Liz Savage	\$171,592
Tania Simpson	\$164,650
Christine Spring	\$165,542

25. The above director remuneration includes the 15% of the base fees payable after tax that are used to acquire shares in the company under the share purchase plan. All directors contribute at the 15% level with the exceptions of Mark Binns and Mark Cairns who do not participate due to meeting the minimum shareholding requirements and Elizabeth Savage who from 1 October 2020 has been contributing 20%.

Base fees of directors by position (from June 2023)

	Chair ²⁶	Member
Board	\$260,350	\$123,250
Aeronautical Pricing Committee (ad hoc)	–	–
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, Capability and Iwi Committee	\$27,600	\$13,800
Ad hoc committee work (per day)	–	\$2,700

26. The chair attends all subcommittee meetings of the Board as an ex-officio member. The chair does not receive committee meeting fees.

Financial summary

The recovery in aviation activity has seen a significant improvement in the financial performance of Auckland Airport. With passenger movements up 183% on the prior year, Auckland Airport has returned an underlying profit for the first time since 2020.

Domestic passenger movements increased 90% on the prior year, reaching 8.1 million and representing 84% of the pre-COVID-19 equivalent. Similarly international passenger movements increased significantly in the period, up 480% on the prior year to 7.8 million movements and representing 67% of the pre-COVID-19 equivalent.

With the recovery in travel, total revenue for the year rose 108% to \$625.9 million with improved performance across all passenger driven lines of business. Aeronautical income increased by 132% to \$219.5 million, predominately as a result of the substantial increase in higher value international passengers. With the return of international passengers, retail income increased significantly in the year to \$130.9 million as all of the stores in the international terminal reopened to

serve the travelling public. The combined effects of completed property developments and rental growth in the existing portfolio resulted in property rental income continuing to increase, up 27% to \$142.9 million in the year.

Operating expenses increased to \$228.8 million in the year to 30 June 2023 reflecting the planned ramp up in activity and headcount as the aviation recovery commenced. Despite the higher operating costs, the benefits of economies of scale resulted in EBITDAFI increasing to \$397.1 million in the year to 30 June 2023 or 175%, up from \$144.5 million in the prior year. EBITDAFI margin increased from 48% in 2022 to 63% in 2023. Reported profit after tax of \$43.2 million in the 2023 financial year was down on the prior year, mainly driven by a \$139.7 million investment property revaluation loss. After excluding investment property revaluation loss and other one-off and unrealised items, the underlying result for the year was a profit of \$148.1 million, an improvement on the underlying loss of \$11.6 million in 2022.

	2023 \$M	2022 \$M	Change
Income	625.9	300.3	108%
Operating expenses	228.8	155.8	47%
Earnings before interest, taxation, depreciation, fair value adjustments and investments in associate and joint ventures (EBITDAFI)	397.1	144.5	175%
Reported profit after tax	43.2	191.6	(77)%
Underlying profit after tax	148.1	(11.6)	1,377%
Earnings per share (cents)	2.9	13.0	(78)%
Underlying earnings per share (cents)	10.1	(0.8)	1,363%
Ordinary dividends for the full year			
- cents per share	4.0	-	n/a
- amount	58.9	-	n/a

Net capital expenditure of \$647.1 million (gross: \$650.9 million) was spent in the year across the precinct comprising enabling works associated with terminal integration, and also the Transport Hub, commercial property developments and Mānawa Bay capital investment.

The company's balance sheet remains strong, with banking facilities extended and credit metrics strengthening in the year.

Recognising Auckland Airport achieved an underlying profit after tax for the first time since FY20, your Board has resolved to pay a final dividend for the year of 4.0 cents per share. The table on the next page shows the reconciliation between reported profit after tax and underlying profit after tax for the years ended 30 June 2023 and 2022.

	2023			2022		
	Reported profit \$M	Adjustments \$M	Underlying profit \$M	Reported profit \$M	Adjustments \$M	Underlying profit \$M
EBITDAFI per Income Statement ²⁷	397.1	-	397.1	144.5	-	144.5
Investment property fair value change	(139.7)	139.7	-	204.4	(204.4)	-
Property, plant and equipment fair value change	(15.6)	15.6	-	(1.4)	1.4	-
Fixed asset write-offs, impairments and termination costs	-	2.8	2.8	-	6.9	6.9
Derivative fair value change	(0.7)	0.7	-	1.7	(1.7)	-
Share of profit / (loss) of associate and joint ventures	11.1	(3.6)	7.5	(12.8)	17.2	4.4
Depreciation	(145.3)	-	(145.3)	(113.1)	-	(113.1)
Interest expense and other finance costs	(62.7)	-	(62.7)	(53.7)	-	(53.7)
Taxation (expense) / benefit	(1.0)	(50.3)	(51.3)	22.0	(22.6)	(0.6)
Profit / (loss) after tax	43.2	104.9	148.1	191.6	(203.2)	(11.6)

27. 2023 EBITDAFI included fixed asset write-offs, impairments and termination costs of \$3.8 million. 2022 included \$6.9 million.

We have made the following adjustments to show underlying profit after tax for the years ended 30 June 2023 and 2022:

- we have reversed out the impact of revaluations of investment property in 2023 and 2022. 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 and building class of assets within property, plant and equipment in 2023 and 2022;
- we have reversed out the impact of capital expenditure write-offs, impairments and termination cost expenses and reversals in 2023 and 2022. 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 holds 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 2023 and 2022 to reverse out the impacts on those profits from revaluations of investment property and financial derivatives; and
- we have also reversed out the taxation impacts of the above movements in both the 2023 and 2022 financial years.

Corporate Directory

Directors

Patrick Strange, Chair
 Mark Binns
 Mark Cairns
 Dean Hamilton
 Julia Hoare
 Liz Savage
 Tania Simpson
 Christine Spring

Senior management

Carrie Hurihanganui, Chief Executive
 Philip Neutze, Chief Financial Officer
 Melanie Dooney, Chief Corporate Services Officer
 André Lovatt, Chief Infrastructure Officer
 Chloe Surridge, Chief Operations Officer
 Scott Tasker, Chief Customer Officer
 Mark Thomson, Chief Commercial Officer
 Mary-Elizabeth Tuck, Chief Sustainability and Masterplanning Officer
 Richard Wilkinson, Chief Digital Officer (August 2023)
 Darren Evans, Chief Safety and Risk Officer (November 2023)

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 Manukau 2150
 New Zealand

General Counsel and Company Secretary

Ian Beaumont, Russell McVeagh

Auditors

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

This annual report is dated 24 August 2023 and is signed on behalf of the Board by:

Patrick Strange
 Chair of the Board

Julia Hoare
 Director



