



Corporate Social Responsibility Report

2016





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Cover: (left to right) Ben Vaipata, Mary Kerrigan and Graeme Phillips from Aorere College, three of the 19 recipients of Auckland Airport's 50th anniversary teachers' professional development scholarships

Welcome

Auckland Airport: operating sustainably and empowering our communities through education and employment.

Tēnā koutou katoa

This year, on Auckland Airport's 50th anniversary, we reviewed the way we manage our impact on the communities we are a part of and our relationships with them, and introduced a new approach. We're now more focused than ever on sustainably growing trade, travel and tourism

In the 2016 financial year, Auckland Airport celebrated its golden anniversary – 50 years of service as Auckland's gateway to New Zealand, and New Zealand's gateway to the world.

This wasn't the only important milestone for our business. During the 2016 financial year, tourism once again became New Zealand's top export earner – injecting \$12.9 billion into the economy. Our tourism sector now employs almost 190,000 people – 7.5 per cent of the working population – with around 20,000 of them working at our airport.

We are very proud of the role Auckland Airport has played in this New Zealand success story, building the strength of our economy, and creating new jobs and a better quality of life for families across the country. Looking forward, we're focused on maximising the opportunities presented by our 30-year investment plan to build the 'airport of the future'. This plan is forecast to lift the incomes of Auckland households by \$1.4 billion and create thousands of construction jobs.

Of course, there are always challenges with growth. Being a responsible business is central to the way we run our business and we're committed to operating in an environmentally sustainable way. We're on track to achieve our 2020 goal of reducing our environmental footprint by 20 per cent per passenger. In the 12 months to 30 June 2016 the amount of waste per passenger sent to landfill dropped 21 per cent and water use per passenger fell 14 per cent.

As we undertake the most significant upgrade programme in our history, we're embedding sustainability principles into all airport developments. As part of our commitment to corporate leadership, we're educating our suppliers about these principles, creating a ripple effect through the community.

Auckland Airport's support for grassroots work in our community is also touching thousands of lives – empowering our neighbours with practical resources, skills and life-changing educational opportunities. Programmes we fund teach everything from how to keep a new baby safe to strategies for succeeding in tertiary study.

Our new approach

We're making good progress, but we're not complacent and we want to do even better. In the 2016 financial year, as part of our 50th anniversary celebrations, we reviewed the way we manage our impact on the communities we are a part of and our relationships with them, to find ways to accelerate our efforts.

Building on the work we started by targeting 10 material sustainability issues, we identified four new Corporate Social Responsibility (CSR) aims:



1. We want to be an employer of choice.
2. We want to be a good neighbour.
3. We want to be a great New Zealand business.
4. We want to be a good global citizen and a company with which international businesses want to be associated.

We are measuring our success based on the following three outcomes:

1. Environmentally sustainable operation.
2. Empowering people in our communities through education.
3. Empowering people in our communities through employment.

Already, we're making inroads. Ara, our airport jobs and skills hub, has placed 98 South Aucklanders in employment since it started in November 2015. During the 2017 financial year, we will increase our investment in Ara and similar projects which create significant, long-term, mutual benefits for our communities and for Auckland Airport.

We know the success of our business depends on the quality of the relationships our people form. Our new approach fosters strong connections by building better, customised engagement plans with our community partners, and getting more of our staff involved in CSR activities.

We are pleased to present this report¹ highlighting Auckland Airport's achievements as a sustainable business and our vision for the future. We look forward to your continued interest as we work to ensure our growth sustainably benefits all New Zealanders and our partners around the world.

Adrian Littlewood
Chief Executive

Highlights

in the year ended 30 June 2016



We maintained our inclusion in the Dow Jones Sustainability Index (DJSI) for the fifth year in a row



We boosted opportunities for trade, travel and tourism, with eight new airlines launching or announcing services to Auckland Airport



98 people gained jobs and 525 people gained training opportunities as a result of Ara, our new airport jobs and skills hub



We helped South Auckland teachers improve their skills, awarding a total of \$150,000 in scholarships to support professional development



We empowered community organisations to deliver programmes which support and educate our neighbours, distributing \$311,823 through the Auckland Airport Community Trust.



41 per cent of respondents to a survey of South Auckland residents agreed that 'Auckland Airport puts a lot back into the community', up from 34 per cent in 2015



Our Auckland Airport travel app won a Silver award in the International Academy of Interactive and Visual Arts' Communicator Awards



We recycled 45 per cent of all waste from our international terminal, up from 29 per cent in 2015



Our international terminal received a 'Commended' rating from the Infrastructure Sustainability Council of Australia's (ISCA) certification scheme



We achieved Carbon Emissions Measurement and Reduction Scheme Certification (CEMARS) for the fourth year in a row

¹This report focuses on activities at Auckland Airport located at Māngere, Auckland. It does not include the activities at the airports in which we hold investments. The report covers the period from 1 July 2015 to 30 June 2016 (the 2016 financial year).

About Auckland Airport

Auckland International Airport Limited (Auckland Airport) is one of New Zealand's largest and best performing companies. For our island nation it is a major economic driver, connecting us to the world, creating thousands of jobs, generating billions of dollars and making a vital contribution to New Zealand trade and tourism and the communities that surround the airport.

Our business spans everything from domestic and international travel to significant property, hotel and retail operations, and we are growing rapidly.

We are publicly listed on the New Zealand and Australian stock exchanges and have almost 50,000 shareholders. Auckland Council is our largest shareholder, owning approximately 22 per cent of the company.

In the 2016 financial year Auckland Airport employed 433 permanent, fixed-term and casual staff and around 60 contractors. Over 97 volunteers, our valued 'Blue Coats', continued to welcome passengers and visitors in our terminals.

Our airport businesses

We own and operate airports in New Zealand and Australia. We own 100 per cent of Auckland Airport and hold investments in Queenstown Airport (24.99 per cent), Cairns Airport (24.55 per cent) and Mackay Airport (24.55 per cent).

Auckland Airport

As the gateway to Aotearoa, the land of the long white cloud, Auckland Airport is the largest airport in New Zealand and the third-largest international airport in Australasia by passenger numbers. More than 17 million passengers passed through our airport in the 2016 financial year, including over 74 per cent of international visitors to New Zealand.

We connect Auckland to New Zealand and New Zealand to the world. In the 2016 financial year we handled more than 157,000 flights to 59 national and international destinations.

We are New Zealand's third-largest cargo port by value. In the year to 30 June 2016 we handled over \$10.0 billion of imports and \$5.9 billion of exports, which was 20 per cent and 12 per cent of New Zealand's imports and exports respectively.

A significant retail and business district

More than 20,000 people work in and around the airport, which is 3.4 per cent of Auckland's total workforce. The area is home to over 800 businesses including two hotels and more than 100 retail shops, cafés and restaurants, and global retailers like Victoria's Secret and adidas.

Auckland Airport owns 1,500 hectares of land, an area larger than Auckland's central business district. We have 300 hectares of serviced land. We also own over 300,000m² of industrial buildings and more than 42,000m² of retail and office space across the wider airport area.

Our business park, known as 'The Landing', provides over 100 hectares of world-class developed land and is home to international logistics companies, manufacturers and technology businesses.



The airport retail centre

Employment at the airport and its adjacent area is forecast to grow strongly in the coming years.

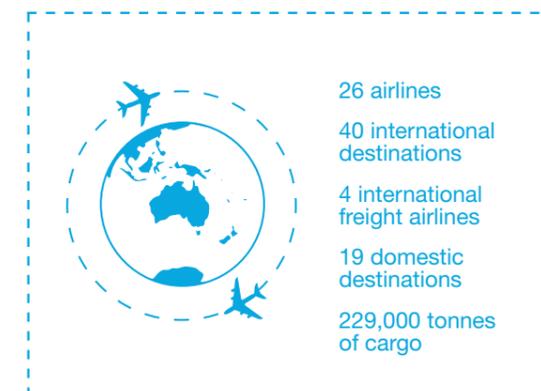
Building 'the airport of the future'

The number of passengers flying into and out of Auckland Airport each year is expected to almost treble to 40 million by 2044, making us a global hub for air travel. To accommodate this growth, we are well on the way to delivering our 30-year plans for our 'airport of the future'. Over the next three decades, we plan to build a uniquely-themed combined domestic and international terminal and a second runway. We will also transform our transport infrastructure.

We are creating an airport that Aucklanders and New Zealanders can be even more proud of. It will offer visitors an outstanding customer experience with a unique New Zealand flavour.

Our business at 30 June 2016

 **17.3 million** million passengers



 **1,500** hectares of land

74% share of international visitors to New Zealand



157,000+ flights
135+ international flights each day
295+ domestic flights each day

- 5** fire engines
- 2** rescue hovercraft
- 2** rescue boats

 **3,635** metres of runway



24 x 7 operation, 365 days a year



800+ businesses



20,000+ people working at and around the airport

100+ shops, cafés and restaurants

2 hotels

Corporate Social Responsibility —

(CSR) at Auckland Airport

Why CSR is important to us

Auckland Airport is focused on growing faster, aiming higher and becoming stronger as New Zealand's premier transport and business hub. Underpinning this strategy is an emphasis on operating responsibly and safely to protect the interests of local communities and the environment.

By respecting and supporting people and communities and playing our part to reduce our impact on the environment, we can make a positive long-term contribution to our employees, investors, business partners, the people of Auckland and New Zealand and the global community.

Being responsible makes good business sense too. For example, it helps reduce our operating costs and attract and retain talented employees. By acting responsibly we are honouring our business strategy of 'making journeys better' for the people and communities with whom we work.

For the past five years, our work in this area has been recognised through inclusion in the Dow Jones Sustainability Index (DJSI). Launched in 1999, the DJSI is widely regarded as the most credible international sustainability index. It is used by investors around the globe who are looking for companies that operate responsibly.

Auckland Airport has also been a member of the FTSE4Good since 2008, an index launched by the FTSE Group.

Our new CSR strategy

In the 2016 financial year we developed a new CSR strategy, building on the work we have already undertaken to identify and manage our 10 sustainability issues.

The strategy was set following a review which involved our Board and management, our employees, local and central government, business partners, tenants, local business associations, schools, and community groups. We also benchmarked our social investment spend and activities against international best practice using data from LBG Australia and New Zealand, and against other New Zealand corporates.

To focus our work in this area we identified four CSR aims targeting four communities:

- At home – we want to be an employer of choice.
- In our neighbourhood – we want to be a good neighbour.
- In our country – we want to be a great New Zealand business.
- Around the world – we want to be a good global citizen and a company with which international businesses want to be associated.

We are measuring our success based on the following three outcomes:

1. Environmentally sustainable operation.
2. Empowering people in our communities through education.
3. Empowering people in our communities through employment.

We chose these outcomes because people in our communities tell us they are all important to them. They also align with the United Nations' sustainable development goals, which include quality education, decent

work and economic growth, and climate action.

In addition, education, employment and the environment are areas in which we can make good use of our specialist airport knowledge, skills and resources to create significant long-term benefits for our communities. For example, we can offer sustainable employment as we build our new aeronautical infrastructure.

Ten material sustainability issues

Our CSR strategy reconfirmed the 10 sustainability issues in the table which follows as material to the way in which we operate. We identified these issues in 2013 and reaffirmed them in 2016, based on feedback from our stakeholders, including employees, business partners, tenants, community groups and central and local government.

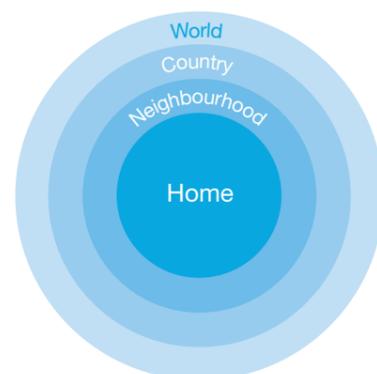
These 10 sustainability issues have a direct or indirect impact on all four communities we are a part of. As the table shows, all 10 issues also contribute to our three desired CSR outcomes.

Increasing and targeting our CSR investment

While our strategic review identified that we are making good progress on our CSR journey, it showed that there is scope to do more. Through the 2017 and 2018 financial years we will increase our CSR investment and change the way we allocate it. While philanthropic giving and community relations initiatives will continue to be important, we want to focus on 'shared value' activities. These are activities like the environmental management work we outline on pages 30 to 35 and the employment partnerships on pages 12, 13 and 18 that create significant, long-term, mutual benefits for our communities and Auckland Airport.

Improving how we manage our CSR investment

The strategic review helped us identify better ways to manage our CSR portfolio, particularly our work with local communities. This includes involving our staff in more CSR activities, consulting community groups to identify 'grassroots' activities to support, and developing customised annual engagement plans with the local schools with which we partner.



Tahuna Marae in Waiuku received a Twelve Days of Christmas grant in 2015

By focusing on these 10 material sustainability issues...

... we are contributing to these three CSR outcomes in our communities

	Education	Employment	Environment
Economic contribution	●	●	●
Customer experience	●	●	●
Safety and security	●	●	●
Community and Māori engagement	●	●	●
Employer and work location of choice	●	●	●
Smart design and construction	●	●	●
Ground transport	●	●	●
Noise and emissions	●	●	●
Energy and carbon	●	●	●
Waste and water	●	●	●

● significant contribution ● moderate contribution ● some contribution

Our CSR progress

in the year to 30 June 2016

Listening to our stakeholders and acting on their feedback

The views of our stakeholders are important in developing and delivering our CSR plans.

Here are some examples of how we engaged with stakeholders in the 2016 financial year:

- To develop our new CSR strategy and reconfirm our 10 material sustainability issues we consulted employees, local and central government, business partners, tenants, local business associations, schools and community groups.
- We worked closely with government transport agencies to develop our transport strategy.
- We worked with the Ministry for Primary Industries and suppliers to design our new transitional waste facility.
- We met local Māori groups every two months to discuss environmental projects and our development programme.
- We asked our staff to nominate local charities to receive funding grants.
- We developed customised engagement plans with local secondary schools to support their students and teachers.

Holding ourselves accountable

Setting and reporting on targets

In the 2016 financial year we continued to set targets for our environmental work (e.g. carbon emissions) and report on these annually.

We are also measuring the impact of our social investment in several ways. For example, our largest sponsorship agreement with our charity partner, The Counties Manukau Life Education Trust, includes an annual plan and quarterly review of outcomes. The Auckland Airport Community Trust employs a specialist administrator, the Auckland Communities Foundation, to manage its grants and assess their outcomes against targets.

This annual CSR report which you are now reading is another way we report publicly on our annual targets.

Gaining external assurance

Our environmental management plans have been peer-reviewed by industry experts and our carbon management plan has been audited externally and meets international ISO standards. We continued to report all our CSR work to Dow Jones and the FTSE Group and met their standards for accreditation.

We benchmarked our social investment against 49 Australasian companies using data from LBG, an organisation which sets global standards in this area, and against New Zealand corporates.



Tim Alpe

Chief Jucifier at Jucy

The head of Kiwi tourism company JUCY, Tim Alpe, says he has seen significant growth in the 2016 financial year, especially out of Auckland. Demand is up for rental cars, campervans and motorhomes. The company is also growing its accommodation and cruise businesses.

"The increase in flights out of Asia and other areas has definitely had an impact. The success of Auckland Airport is critical to the success of our business. The airport encourages the airline capacity – and that's what drives tourism. When they open up a new route it correlates with an increase in customers from those destinations."

Economic contribution

Our aim

As the main visitor gateway to New Zealand, Auckland Airport is a key driver of tourism, boosting the New Zealand economy and employment and household incomes in the Auckland region. We want to ensure this contribution continues to be significant and that the benefits are spread widely.

Here are some examples of our economic contribution in the 2016 financial year.

Connecting New Zealand with international markets

We continued to work closely with tourism and government partners to improve New Zealand's connections to international markets. The 2016 financial year saw new routes and increased passenger and cargo capacity in emerging and established markets. Eight new airlines launched or announced services to Auckland Airport, bringing the total number of airlines serving Auckland to 23. Passenger movements increased 9.1 per cent to 17.3 million.

Creating local employment and incomes

Auckland Airport and our neighbouring activity contributed over \$3.5 billion to regional GDP, provided more than 33,100 jobs, and added over \$1.9 billion to Auckland's household incomes (directly and through flow-on effects).²

Ara: local jobs for local people

Our 30-year investment in infrastructure is having a significant impact on economic activity. This work is forecast to increase regional GDP by \$2.0 billion, create more than 27,000 jobs and to lift the incomes of Auckland households by \$1.4 billion. Thousands more jobs will be created to run the expanded airport and surrounding area.³

In November 2015 we started Ara, our airport jobs and skills hub. Ara is a partnership between Auckland Airport, government agencies, Auckland Council, businesses working on our airport development, training organisations and the South Auckland community. The word 'ara' means pathway in Māori, and the role of Ara is to connect people living in South Auckland with employment and training opportunities at and around the airport.

We are excited about Ara and what it means for our local community and future development plans. In the eight months from November 2015, the Ara team placed 98 South Aucklanders in employment, including 22 in apprenticeships. We also connected 525 people with training opportunities.

Partnering across our supply chain

We continued to refine our procurement practices to embed sustainability criteria in purchasing decisions across our business. The result will be better economic outcomes as we create supply chain partnerships built around shared value. We will also improve our environmental performance, as we specify the design of our facilities and the source of materials we use to build and operate them.



American Airlines' inaugural flight from Los Angeles in June 2016 is welcomed to Auckland with a traditional water arch

Measuring our progress

New airlines launching or announcing services	8
South Auckland people connected to jobs and training through Ara	98 employed (including 22 apprenticeships) 525 trained



Rangi Fenton Airside driver

With the help of Ara, our airport jobs and skills hub, Rangi Fenton has become the first female airside driver to work on the project to upgrade the airport.

"I'm a solo mother of two. I came to Ara from Work and Income NZ. I became a labourer at first, then I heard they needed airside drivers for Fletcher Construction.

I studied hard-out, then sat the test and got my airside licence. Now I escort trucks and other vehicles from landside to the airside construction site.

I've never been on a plane – but to work on the airport apron is a big achievement because it is one step closer to getting on a plane.

My confidence has grown a lot. I'm happy to be off the benefit. I can be a good role model, support my family and have that little extra money on the side as well. I'm grateful.

My dream now is to be an AVSEC [the New Zealand Aviation Security Service] driver. Every single time I'm on that side of the airport – I'm like: 'I want to do that job.'"

² Source: Auckland Airport Masterplan, 2014
³ Source: Insight Economics, 2014

Customer experience

Our aim

We want to give our passengers and visitors an outstanding customer experience.

Here are some examples of how we enhanced our customer experience in the 2016 financial year.

Giving customers a 'personal assistant at the airport and beyond'

We continued to improve our Auckland Airport travel app and were delighted to win a Silver award in the international Academy of Interactive and Visual Arts' Communicator Awards.

This app and associated web technologies help the travelling community to manage their travel, regardless of their airline or class of travel. For example, the app lets customers organise all their travel plans in one place, alerts them when they need to head to check-in, security and their departure gate, and helps them book shuttle transport to and from the airport.

The app is a partnership with Triplt, the world-leading travel organiser. By the end of the 2016 financial year almost 100,000 travellers had downloaded our updated app.

Speeding up check-in for airline customers

We introduced mobile self-check-in kiosks in our international terminal. These kiosks sped up check-in and were welcomed by our airline customers.

Listening to customers and acting on their feedback

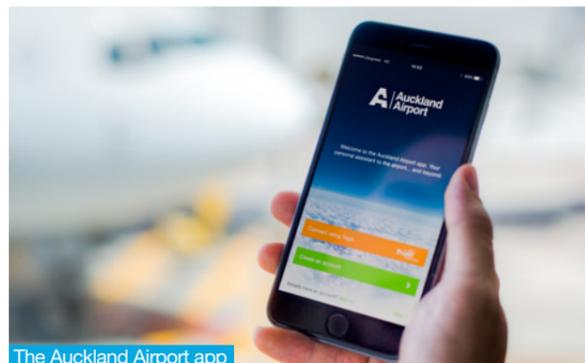
We launched 23 feedback kiosks around our terminals to make it easy for customers to provide real-time feedback about our facilities. Customers told us their views by choosing from a range of pre-set options or by entering text. The information they gave us flowed to a central database, enabling us to monitor problems and remedy them quickly.

Our airport hospitality ambassadors, known as 'Blue Coats' for their distinctive coloured jackets, entered their 21st year of service to travellers, helping to make journeys better with friendly advice and support.

Measuring our progress

Every month we survey a representative random sample of departing passengers to assess how satisfied they are with our services. We surveyed 2,200 passengers in the year to 30 June 2016.

We carried out extensive redevelopment work in our international terminal during the 2016 financial year and acknowledge that this caused some inconvenience to passengers. We are pleased that the passenger satisfaction scores continued to track well over this period.



The Auckland Airport app

Scores (out of five)	FY13	FY14	FY15	FY16
Overall satisfaction score – domestic terminal	4.24	4.21	4.16	4.21
Overall satisfaction score – international terminal	4.01	3.98	4.02	3.98

Source: ASQ monthly survey



Margaret Clark Blue Coat volunteer

Margaret Clark has been a Blue Coat volunteer since 2004. She says she's motivated by the desire to help:

"I remember an 18-year-old backpacker from Holland came to the desk. She was obviously quite distressed – her credit card wouldn't work in any of the machines but it had worked in other countries.

We contacted the bank – and they were able to say the card would definitely be working the next day. The relief on her face was just great.

She had \$20 cash – that was enough to get her to the backpacker accommodation. So, I rang them. The receptionist was a Dutch lady – so she was able to speak to her in her own language.

Her mother actually contacted us from Holland thanking me very much for helping her daughter. To know that you've really helped someone – that's just great."

Safety and security

Our aim

We take safety and security very seriously at Auckland Airport. Our vision is that our business activities will result in 'zero harm' and that we will be a benchmark for health, safety and security among peer companies.

Here are some of the ways we kept people safe and secure in the 2016 financial year.

Maintaining a safe and healthy workplace

The 2015 and 2016 years saw major change in regulations aimed at improving health and safety in New Zealand. The new Health and Safety at Work Act 2015, the Civil Aviation Authority's new Part 100 safety rules and our own desire to continually upgrade how we manage health and safety provided the ideal opportunity to review and improve our processes. We worked closely with other businesses in the airport community to make sure all our workplaces are safe and healthy for employees, contractors, visitors and travellers.

A strong health and safety culture is based on people being aware of risks and the actions needed to eliminate them. We were encouraged by a 76 per cent increase in Auckland Airport employees reporting health and safety incidents and a 43 per cent decrease in lost-time injury frequency rates for our employees.

Managing health and safety risk as we develop the airport

Managing health and safety effectively is an integral part of building 'the airport of the future'. Our redevelopment programme involves carrying out many construction activities simultaneously, while we continue to operate our busy international terminal. We worked closely with our contracting partners to identify and manage health and safety risks by controlling and coordinating activities safely and efficiently.

Reinforcing security practices

We have strict security policies in place across the airport and continually look for ways to ensure everyone working here follows them. We regularly monitor key airside access points in both terminals and started to install signage reminding people to close doors securely and prevent others from 'tailgating'. This simple step has been very effective in enhancing airport security.

Measuring our progress

	Unit	FY13	FY14	FY15	FY16
Lost-time injuries (employees)	Number	5	1	5	3
Lost-time injuries (contractors)	Number	Unavailable	Unavailable	4	6
Lost-time injury frequency rate (employees)	Injuries per 200,000 exposure hours	2.9	0.3	1.5	0.86
Lost-time injury frequency rate (contractors)		Unavailable	Unavailable	1.7	2.24



Our Auckland Airport rescue hovercrafts and boats



Signage on airside security doors



Che-Louise Ward

Auckland Airport Health and Safety Business Partner

"Health and safety is an integral part of our culture, and is at the forefront of our minds in all we do.

Recent changes to New Zealand's health and safety legislation and our own regular reviews have seen us strengthen the health and safety culture across all parts of Auckland Airport's business and work with our partners to improve overall health and safety performance."

Community and Māori engagement

Our aim

We want to be a good neighbour and play an active part in building strong local and national communities. These communities include people working around our airport precinct and living in South Auckland, the Auckland region and around New Zealand. Manu whenua (Māori people with ancestral links to the land on which our airport sits) are important members of these communities.

People from the communities we are part of tell us that improving education and employment outcomes is important to them. South Auckland is an area of economic need. For example, more than 36 per cent of households in the Māngere electorate, where the airport is located, are earning \$50,000 or less each year.⁴

Here are some of the ways we supported our community and local Māori people in the 2016 financial year.

Community grants and sponsorships

We donated almost \$520,000 to over 40 community groups. This included a grant of \$311,823 to the Auckland Airport Community Trust to fund learning, literacy and life skills projects in South Auckland, and a \$65,000 sponsorship of the Counties Manukau Life Education Trust.

Thanks to the generosity of the millions of travellers and visitors who pass through our terminals each year, our firefighters competing in the annual SkyTower Firefighter Challenge raised over \$60,000 for the Leukaemia and Blood Cancer Foundation. Travellers' donations of loose change helped us gift \$120,000 to 12 regional charities through our Twelve Days of Christmas programme, now in its ninth year.

Supporting education

To celebrate Auckland Airport's 50th birthday, we established a \$150,000 scholarship programme, awarding 19 local teachers funding to support their professional development.

We awarded five Auckland Airport Graduate Scholarships, offering local school-leavers summer employment in our terminals as well as support for their tertiary studies.

In the 2016 financial year Auckland Airport also developed customised engagement plans with 14 secondary schools located near the airport. The plans connected students with work experience, careers advice and cultural and sustainability programmes like our annual Coastal Clean-up of the Manukau foreshore. We were delighted to win the 2016 Schools Engagement and Work Experience Award at Auckland Council's annual Youth Employer Awards.

Supporting employment

We signed Auckland Council's Youth Employer Pledge during the 2016 financial year, a public commitment to continuing to connect young Aucklanders with work and training opportunities. We directly employed 44 young people aged under 23 and connected 31 with work through Ara, our airport jobs and skills hub.

Through Ara we piloted a successful work experience programme with four students from a local secondary school, Southern Cross Campus. We will expand this programme in the years ahead.

Our work with Ara was recognised with the Industry Leadership Award at the annual Youth Employer Awards.

Showcasing local talents

We are proud to showcase the talents of the South Auckland community. In the 2016 financial year, students from Kedgey Intermediate School performed kapa haka (Māori dance and song) in our international terminal to celebrate Māori Language Week. Students from Tangaroa College produced artwork which we display in the terminal for a year for travellers and visitors to enjoy.

Engaging with local Māori

Building strong relationships with local Māori is important to us. We continued to collaborate with tangata whenua on our 30-year development plans. We value these partnerships, as well as the cultural advice and services local Māori provide, including pōwhiri (Māori welcome ceremonies) for the new airlines we welcomed to Auckland this year.

We supported Māori Language Week 2016, making announcements in te reo Māori (Māori language) in our terminals, and hosting performances by a Māori cultural group in our international terminal.

Our airport Marae Te Manukanuka o Hoturoa is our cultural heart and continued to be a valued venue for community meetings. When we and our partners were looking for a name for our airport jobs and skills hub, 'ara' (the Māori word for pathway) was an obvious choice.

Measuring our progress

Grants to and sponsorships of community groups	Auckland Airport: \$207,000, 30 community groups Auckland Airport Community Trust: \$311,823, 13 community groups
Sponsorships of community events	SkyTower Firefighter Challenge (Leukaemia and Blood Cancer Foundation) Auckland Arts Festival Queenstown Winter Festival Corporate Cabs Children's Fun Day
Young people supported into education and employment	75
Careers seminars and visits (schools and tertiary education providers)	85
Charity fundraising in our terminals	11 charities



Maia Wilson, Te Rarawa, Te Waiohau
Auckland Airport scholarship recipient

In February 2016, up-and-coming local netballer Maia Wilson was awarded a one-off scholarship to acknowledge her outstanding sporting and academic achievement.

Eighteen-year-old Maia says she's using the money to fuel her success on the court and in the classroom, as she balances her gruelling Central Pulse training schedule with full-time study at Massey University in Wellington.

"My family and I are truly honoured and thankful for this scholarship, which brings mana to our whānau and our marae. What I achieve is a reflection on everyone who has put time and effort into me. I know I'm seen as a role model. A way for me to give back is to show people – no matter where you come from and what your background is – there are always positive opportunities."

⁴ Source: Statistics New Zealand



Michelle Kidd
 General Manager, Counties Manukau
 Life Education Trust

"Auckland Airport have been our partner from the very early days of the Counties Manukau Life Education Trust and they have seen our organisation grow from one mobile classroom teaching around 5,000 local students per annum, to our fleet of six mobile classrooms teaching 43,000 students across Counties Manukau in 2016. We simply would not be able to visit and teach our vitally important preventative health messages to this number of students without their support.

With the appalling health statistics in our area and diabetes reaching epidemic numbers it is more important, now than ever before, that we educate and empower our youth to make healthy choices so they can live full and healthy lives."

South Auckland students learning in a Life Education Trust mobile classroom



Mary Kerrigan
 Head of Careers, Aorere College,
 Papatoetoe

Mary Kerrigan received \$10,000 to further her studies in careers education.

"I see our role as vital to help our kids realise their potential. In low socio-economic areas the understanding of careers and potential jobs out there can be very limited. It is the school's responsibility to ensure the students know a lot more than what they do from the community they live in.

We've got a huge job in terms of getting kids to identify what they're good at, what their strengths are, and where those strengths and abilities can lead them.

What I'm hoping to do with my qualification, and the growing knowledge that I have in this field, is to try and get it embedded in every curriculum area. I believe it is the responsibility of every teacher in the school."

(left to right) Ben Vaipata, Mary Kerrigan and Graeme Phillips from Aorere College, three of the 19 recipients of Auckland Airport's 50th anniversary teachers' professional development scholarships

Employer and work location of choice



The Fuji Xerox building in The Landing business park

Our aim

The airport is a major business district and source of employment. We want to be a good employer for our own employees, to encourage other businesses to see the airport as a location of choice, and to be seen by South Auckland people as a local source of long-term employment. We also want everyone working here to benefit from the facilities we offer.

Being an employer of choice

Our CSR promise starts at home. Our first duty as a responsible business is to our employees.

We have a strong employment brand, underpinned by our fair remuneration practices. We continued to benchmark our salaries to the New Zealand private sector and reward outstanding performance. In the 2016 financial year, all permanent employees shared in the company's success with a one-off \$1,500 company bonus. We engaged an external consultant to review the way we structure the rewards and the benefits we provide.

To celebrate our 50th anniversary, permanent employees received a day of paid leave, to be taken on or around their own birthday.

We added capacity in two teams responsible for supporting our employees: our People & Capability and Health & Safety teams. We increased our investment in learning and development for all employees, launching new programmes to complement our existing suite of leadership, technical and personal development training.

We are fortunate to have a diverse workforce that reflects the demographics of the customers we serve and the community in which we operate. We continued to develop our female employees by taking part in Global Women Activation Series events. We were also a founding partner in the Champions for Change movement which aims to raise the value of diversity and inclusiveness in the New Zealand business community.

Our employees tell us they are proud to work for a business that 'plays its part in the community'. In the 2016 financial year we identified new opportunities for staff to take part in our CSR work. These included launching a new giving programme (Our Auckland) and asking employees to nominate 18 community groups across Auckland to receive funding grants.

Developing our business district

We continued to expand our business park at The Landing and Timberly Road and were pleased to welcome new international tenants including Fonterra, Coca-Cola Amatil and Fuji Xerox. Tenants tell us they value the airport location with its well-designed buildings, landscaping and environment, as well as its connections to arterial roads.

We continued to develop The Quad as a pedestrian-friendly, low-rise office campus. Construction progressed well on Quad 7, an 8,500m² office building designed to 'green building' principles which will be

completed in 2017. The Quad offers high-quality office accommodation conveniently located alongside cafés, shops and leisure amenities like a sports field, art trail and walking tracks.

The Hellman International Logistics and Fuji Xerox buildings won merit design awards in the 2016 Property Council New Zealand awards.

Measuring our progress

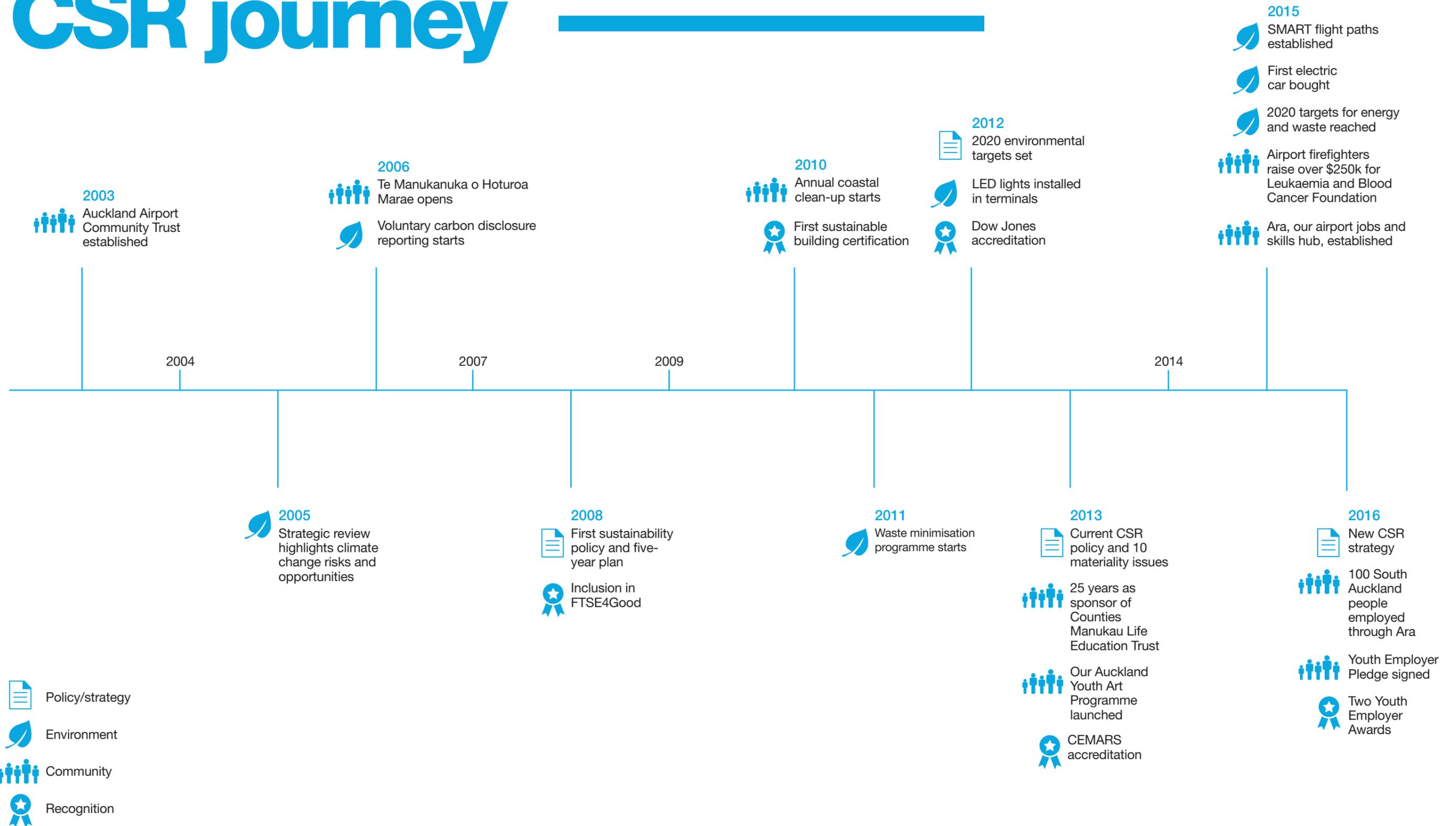
FY16

Staff retention rate (based on resignations)	88%
Staff who say they are proud to work for Auckland Airport (engagement survey)	92%



Anna Cassels-Brown, Auckland Airport's General Manager – People and Safety, receives the Industry Leadership Award at the Young at Heart Awards 2016

Timeline: our CSR journey



Smart design and construction —

Our aim

Our 30-year infrastructure plan gives us a significant opportunity to develop the airport and surrounding business district in ways that contribute positively to our 10 material sustainability issues.

We want to make the most of this opportunity to benefit local communities and the environment for generations to come. For example, by designing and building our infrastructure in a 'smart' way, we can reduce energy consumption and improve our customer experience.

Here are some steps we have taken to do this in the 2016 financial year.

Embedding sustainable design standards

We embedded the Infrastructure Sustainability Council of Australia's (ISCA) requirements into the design standards for all airport developments, ensuring sustainability underpins all our future work. We also started to include these requirements in our strategic purchasing to educate our supply chain. Our aim is to increase the proportion of sustainable materials and products used in our redevelopment programme.

Recycling unwanted materials

Our development programme involves pouring a large amount of concrete. We worked with Envirocon, a product stewardship scheme certified by the Ministry for the Environment, to enable contractors to recover unused concrete at the end of a 'pour' and recycle it into pre-cast concrete products. In the past much of this waste concrete would have gone to landfill.

Measuring our progress

ISCA ratings on new developments over \$20m	One pilot under way
Supply chain partners engaged	All lead contractors



The new Quad 7 building

Ground transport

Our aim

We want Auckland Airport to be well connected with the rest of the city and beyond. Solving this transport challenge is critical to many of our 10 material sustainability issues, including economic contribution, employer and work location of choice, and energy and carbon.

We will continue to advocate for additional transport improvements, in particular an upgrade to State Highway 20B/Puhinui Road and better public transport services. We are working closely with the New Zealand Transport Agency and Auckland Transport to advance both short- and longer-term transport solutions for South Auckland and the airport precinct.

Here are examples of sustainable transport initiatives we undertook in the 2016 financial year.

Putting in place our ground transport 'strategic building blocks'

We continued to partner with the New Zealand Transport Agency, Auckland Transport and other transport stakeholders to put in place the strategy needed to progress transport access to, from and around the airport. This strategy focuses on improving network infrastructure, managing travel demand and increasing use of public transport and on measures designed to make the airport more bicycle- and pedestrian-friendly. We also continue to improve road safety across the airport precinct.

Offering a convenient, low-emissions transport option

In partnership with Volvo, we trialled using a hybrid electric bus to transport passengers between our Park & Ride and international terminal. Customers valued the opportunity to travel in a low-emissions vehicle and commented on how quiet the bus was.

The Park & Ride system reduces the number of cars driving to the terminal, decreasing in turn carbon emissions and traffic congestion. Each hybrid electric bus trip creates 34 per cent fewer emissions than a standard diesel bus trip and improves air quality. We are looking at options to extend the use of hybrid electric buses in the future.



The new low-emissions bus

Noise and emissions

Our aim

We partner with airlines, government agencies and the local community to manage aircraft noise and environmental emissions, including stormwater.

Here are some ways we have achieved this in the 2016 financial year.

Reducing aircraft noise over residential areas

With Airways New Zealand and the Board of Airline Representatives (BARNZ), we continued to improve the management of airspace around Auckland Airport. In September 2015 we began the trial of a third SMART flight path to the airport from the north. SMART approaches use satellite-based navigation and enable aircraft to burn less fuel, emit less carbon dioxide and fly more quietly.

In November 2015 we unveiled a new online flight monitor and enquiry system to better inform the community about aircraft noise and flights above Auckland. The system uses world-leading real-time location-based technology and is in place at London Gatwick Airport, Amsterdam Airport Schiphol and many others. This is the first time this technology has been used in New Zealand and reflects our commitment to managing the effects of aircraft noise.

Supporting communities affected by aircraft noise

We provided the Auckland Airport Community Trust with \$311,823 to fund learning, literacy and life skills in parts of the city most affected by aircraft noise. This funding supported diverse organisations including the Brainwave Trust, Ngā Rangatahi Toa Creative Arts Initiative and Youth Connections.

In June 2016 we announced a new and upgraded noise mitigation package for property owners located close to the airport. This programme included a financial subsidy from the Trust to help low-income families pay their share of the costs to install the subsidised package in their homes.

Monitoring stormwater events

We actively managed stormwater and storm events. We reported at least quarterly on storm events, including the quality of stormwater and receiving environments. As we developed new catchments (e.g. in The Landing business park) we included these in this programme as well.

Nine of our 10 catchments complied with our quality targets. As in previous years, one catchment showed high levels of dissolved zinc. However, as the zinc was not present in the resulting sediment, this run-off did not harm local ecology. We will continue to monitor these catchments and respond to future trends.

Managing spills

We recorded and acted on all spills across the airport precinct. Increasing airline operations saw the number of spills rise slightly, from 95 in the 2015 financial year to 106 in 2016. The number of significant spills (over 2m²) per 1,000 aircraft movements fell from 0.19 to 0.11 over the same period. Our Airport Emergency Services team is trained and equipped to deal with spills, whether they are oil, effluent or other hazardous substances.

Managing the risk of rising sea levels

We assessed the risk to the airport and our stormwater network of flooding caused by climate change and a rise in sea levels. Preliminary results suggested that these scenarios would not lead to new areas of flooding.



One of the catchments in The Landing business park

However, they showed that we need to upgrade our stormwater network in some locations and improve the resilience of our utility networks, and we will undertake this work.

Measuring our progress

	Unit	FY13	FY14	FY15	FY16
Noise notifications per 10,000 air traffic movements	Number	6	254*	227	125
Noise infringements	Number	0	1	0	1
Total spills per 1,000 aircraft movements	Number	0.53	0.73	0.63	0.67
Significant spills (over 2m ²) per 1,000 aircraft movements	Number	0.08	0.15	0.19	0.11

*SMART trials start



Young people from Ōtara and Māngere building work-readiness skills with Youth Connections

Christine O'Brien

Chair of the Local Governance Group for Youth Connections in the Māngere Ōtāhuhu and Ōtara Papatoetoe local board areas

Auckland Airport Community Trust granted Youth Connections \$50,000 to help young people in the Māngere Ōtāhuhu and Ōtara Papatoetoe areas get ahead.

Both local board areas have a large population of youth who are currently not in education, training or employment.

"The Youth Connections Project focuses on resourcing young people with the skills and knowledge they need to approach employers with confidence as well as connecting the employers and the young people with each other."

Energy and carbon

Our aim

We want to take a best practice approach to manage and reduce our carbon emissions. There is a direct business benefit too, as using energy efficiently reduces our operating costs.

Here are some examples of our progress in the 2016 financial year.

Reducing our energy use

In 2012 we set ourselves the ambitious target of reducing energy use by 20 per cent per passenger by 2020. Despite a large increase in passenger numbers, we have steadily reduced overall consumption and met our target well before this date.

Encouraged by this success, we updated our energy management plan for the period 2012 to 2022 in the 2016 financial year, increasing our targets and continuing to invest in the technology and partnerships needed to achieve them. These partnerships include a three-year energy management programme with the Energy Efficiency and Conservation Authority (ECCA). The 2016 financial year was the second year of this programme, which, in the 12 months to 30 June 2016, helped us save 3.4 gigawatts of energy (electricity and gas) in our international terminal.

Reducing our carbon emissions

Reducing electricity used in our international terminal saved almost 200 tonnes of carbon in the 2016 financial year. The amount of carbon generated per passenger decreased by 3 per cent to 0.44 kilograms.

We achieved Carbon Emissions Measurement and Reduction Scheme Certification (CEMARS) for the fourth year running. This certification shows that we have an externally audited programme to measure and manage emissions and are meeting international standard ISO14064-1:2006 (Greenhouse Gas Accounting and Verification).

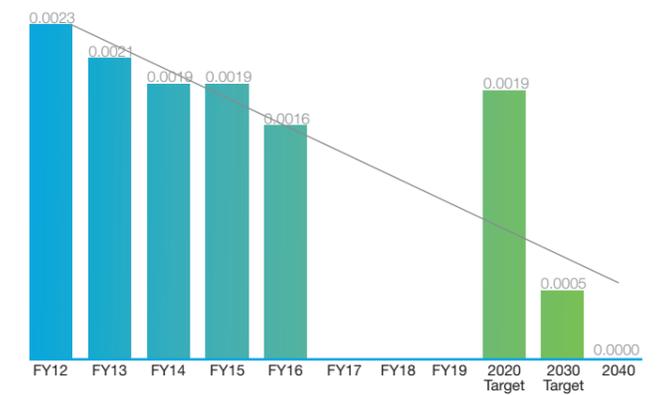
We continued to disclose our carbon emissions through the global voluntary Carbon Disclosure Project (CDP) and gained a 'B' rating. This rating sees us leading all other companies on the New Zealand Stock Exchange which disclose carbon through the CDP.

Making the most of new technology

We added five fuel-efficient vehicles to our fleet – three more plug-in hybrid vehicles and two self-charging vehicles. In partnership with Vector we made two charging points available to our travellers and business partners. On average each charger is being used for four charges per day.

Energy use per passenger

Energy per ('000) passenger (kWh)



Measuring our progress

	Unit	FY13	FY14	FY15	FY16
Total electricity consumption (precinct)	Gigawatt hours	98.73	97.30	99.89	102.82
Electricity consumption (international terminal)	Gigawatt hours	20.35	19.59	18.62	19.36
Gas consumption (international terminal)	Gigawatt hours	9.87	9.20	10.65	8.62
Energy consumption per passenger	Kilowatt hours	2.1	1.9	1.9	1.6
CO2 emissions per passenger	Kilograms	0.6	0.5	0.5	0.4



The expanded fleet of fuel-efficient vehicles

Waste and water

Our aim

Most of the waste generated and water used at the airport results from the operations of our airline partners and tenants. We want to help these partners reduce waste and use water efficiently to minimise our collective impact on the natural environment.

Here are some of the steps we have taken to manage waste and water in the 2016 financial year.

Reducing waste

Our waste management plan includes the goal of reducing waste by 20 per cent per passenger by 2020. Despite a large increase in passenger numbers, we continued to make good progress towards this goal.

Our recycling rate across our operations continued to increase, up from 17 per cent in the 2012 financial year to 45 per cent in 2016. This year we saw significant improvements in recycling in our international terminal where we expanded facilities to recycle organic waste. These facilities are now available in all food courts and airport lounges. As a result, waste to landfill per passenger fell by 21 per cent over the previous financial year to 0.15 kilograms.

Reducing waste requires a partnership effort and we value the support we receive from our business partners, including airlines, retailers and cafés. We also recognise the efforts of the travelling public, who are increasingly using our recycling facilities.

We were encouraged that our transitional waste facility which enables airlines to sort cabin waste achieved a 50 per cent recycling and recovery rate in its first year of operation.

Reducing water consumption

We updated our water minimisation plan in the 2016 financial year. The plan includes a target, set in 2012, of reducing water use by 20 per cent by 2020. Despite our efforts to manage water consumption, including retrofitting low-flow devices, adjusting cooling systems and harvesting rainwater, we are behind target. Total water use continues to increase with passenger numbers. However, use per passenger is falling, due in part to an ongoing programme to detect leaks.

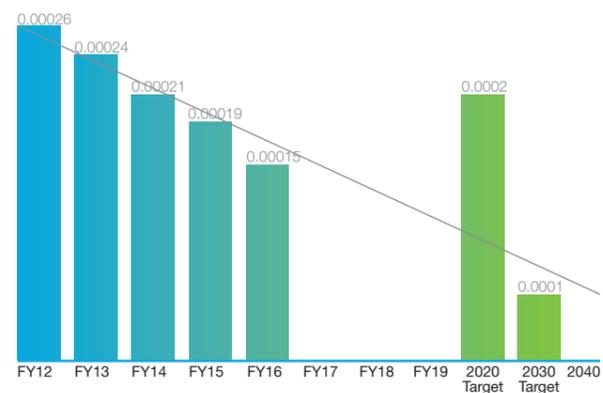
Retrofitting existing water systems is expensive. Instead, we are focussing on future-proofing facilities in our new developments. This includes designing into all plans a three-pipe system to use greywater (e.g. from handwashing) in amenities like toilets.

Measuring our progress

	Unit	FY13	FY14	FY15	FY16
Waste generated per passenger	Kilograms	0.24	0.21	0.22	0.15
Waste recycled	Per cent	20%	22%	29%	45%
Water use per passenger	Litres	17.36	15.08	18.37	15.9
Rainwater harvested	Cubic metres	1,200	1,200	1,200	1,200

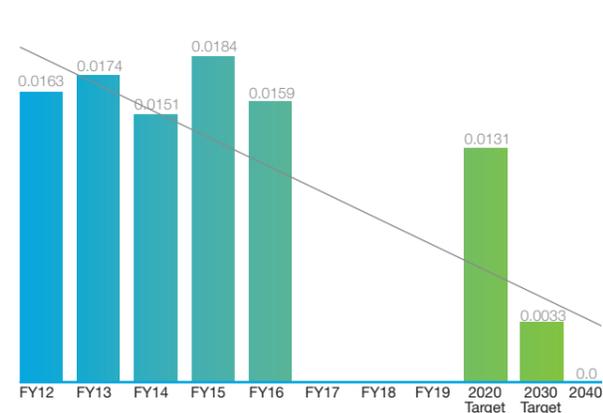
Waste generated per passenger

Waste per ('000) passenger (tonnes)



Water use per passenger

Water per ('000) passenger (litres)



Waste being sorted in the transitional waste facility

Looking ahead

Increasing our 'shared value' activity

Our 30-year development programme gives us a unique opportunity to increase our 'shared value' activity to create long-term, sustainable benefits for everyone with a stake in Auckland Airport.

Over the next year, we will expand Ara's work to connect more local schools with work experience at the airport and more South Auckland people with work and training opportunities. To support this expansion, we will set Ara up as a trust, fully owned by Auckland Airport, and invest in premises, systems and our Ara team.

We will also continue to build smart design principles into our developments to further reduce the energy and water we use and the carbon emissions we generate.

Harnessing technology

Changing technology offers new opportunities to better manage our environmental footprint. In the coming year, we will continue to investigate international best practice options, including installing solar panels and storage systems.

Building a sustainable business community

We will continue to partner with businesses working at and around the airport to increase the scale and scope of the benefits we generate as a community. For example, we will introduce new processes to help our airline partners reduce quarantine waste and we will work with local businesses to promote the use of public transport and ride-sharing.

Strengthening our community partnerships

We will seek ways to work even more closely with our local communities. We want to identify the community groups we should partner with for greatest benefit and the best ways to allocate our social investment spend and measure outcomes more effectively.



Airport staff and students and teachers from Manurewa High School at the airport's annual coastal clean-up of the Manukau foreshore

Thank you!

Thank you to everyone who helped us make progress against our CSR programme this year, including:

- Our employees
- Our business partners, including airlines, border control agencies and suppliers
- Our tenants
- Tangata whenua: Te Akitai Waiohau, Te Kawerau a Maki and Makaurau Marae Māori Trust
- Our Ara partners: the Ministry of Social Development, the Ministry of Business, Innovation and Employment (MBIE), the Tertiary Education Commission and Ministry of Education, Auckland Tourism, Events and Economic Development (ATEED), Fletchers, Hawkins and local employers, the Construction Skills Alliance and the South Auckland community
- Our transport partners including the New Zealand Transport Agency and Auckland Transport
- The Aircraft Noise Community Consultative Group
- The trustees of the Auckland Airport Community Trust and the Trust's administrators, the Auckland Communities Foundation
- The teachers who are developing their professional skills with Auckland Airport's 50th anniversary scholarships
- The travellers and visitors who donated unwanted currency into our collection globes and supported charities' fundraising in our terminals
- The 15 secondary schools we work with directly, and the 17 primary and intermediate schools we work with directly and through the Counties Manukau Life Education Trust
- The community groups we partner with
- The New Zealand Business Council for Sustainable Development
- The *New Zealand Herald*, our partner on our Twelve Days of Christmas community giving programme



A future recruit for our Airport Emergency Services team

INDEPENDENT VERIFICATION STATEMENT

To: The Stakeholders of Auckland International Airport Limited



Introduction and objectives of work

Bureau Veritas New-Zealand Ltd (Bureau Veritas) was engaged by Auckland International Airport Limited (Auckland Airport) to conduct independent verification of selected elements presented in its Corporate Social Responsibility Report (the Report) for the 2016 Financial Year. This Verification Statement applies to the related information included within the scope of work described below.

The preparation and presentation of the selected information in the Report are the sole responsibility of the management of Auckland Airport. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent verification of the accuracy of information presented in the Report. This is the first year in which we have provided verification over the Auckland Airport CSR Report.

Scope of Work

Auckland Airport requested Bureau Veritas to verify the accuracy of the data and information included in its Corporate Social Responsibility Report for the period of 1st July 2015 to 30st June 2016.

The scope of work was limited to the following elements of the Report:

- The Auckland Airport Stakeholder Engagement and Materiality Assessment process; and
- Energy and Carbon data and information as presented in the Report.

Methodology

As part of its independent verification, Bureau Veritas undertook the following activities:

- Interviews and follow-up communication with relevant personnel;
- Review of documentary evidence produced by Auckland Airport;
- Audit of performance data and factual information including source verification;
- Review of Auckland Airport's processes for identification, aggregation and analysis of relevant information, report content and performance data.

Our work was planned and executed in a manner designed to produce a limited, rather than absolute assurance and to provide a sound basis for our conclusions.

Our work is aligned with and informed by Bureau Veritas' standard procedures and guidelines for external verification of corporate social responsibility reports, based on current best practice in independent verification.

Our findings

On the basis of our methodology and the activities described above, it is our opinion that:

- The information and data presented in the Corporate Social Responsibility Report within the scope of our verification is accurate, reliable and free from material misstatements. It is clearly presented and understandable;
- Auckland Airport has established appropriate systems for the collection, aggregation and analysis of relevant information and data.

Limitations and Exclusions

Excluded from the scope of our work is any verification of information relating to:

- Activities outside the defined verification period;
- Statements of commitment to, or intention to undertake future actions by Auckland Airport;
- Statements of position, opinion, belief and/or aspiration by Auckland Airport;
- Data already audited by an external third party;
- Other sites and activities not included in the scope.

This independent verification statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

Statement of independence, impartiality and competence

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of any actual or perceived conflicts of interest.

No member of the assurance team has a business relationship with Auckland Airport, its Directors or Managers beyond that required of this assignment. We have conducted this assurance independently, and there has been no conflict of interest.

The independent team has extensive experience in conducting verification and assurance over environmental, social, security, safety, health and ethical information, systems and processes, and through its combined experience in this field, an excellent understanding of good practice in corporate social responsibility reporting.

Bureau Veritas New-Zealand Ltd

25th May 2017

Andrew Mortimore
Head of Sustainability Services



Move Forward with Confidence



Move Forward with Confidence

