

2020

GROW | DELIVER | SHAPE | NURTURE



Welcome to our Integrated Review

Adelaide Airport Limited (AAL or the 'Group') presents its 2020 Annual Report using an integrated approach.

This report communicates both Adelaide and Parafield Airports' overall performance for the financial year ending 30 June 2020. It articulates the broader range of measures that contribute to long-term value and the role Adelaide Airport plays in society; bringing together the material information about how our strategy, governance and performance create value over the short, medium and long-term for shareholders and other important stakeholders.

This report should be read in conjunction with the Annual Financial Statements, providing a more detailed understanding of the financial aspects of the business. Unless otherwise stated, all information in this report relates to the Group.

This report has also been informed by the Global Reporting Initiative (GRI) Standards. Our GRI content index can be found in the Appendix. We have not included Disclosures on Management Approach (DMAs) for each material issue.

During 2019/20, there have been significant changes to Adelaide Airport's operations due to the impact of COVID-19. These impacts have been documented throughout this report.

We have engaged with internal and external stakeholders to inform the preparation of this report. Your feedback on what information you would like to see in future reports is important to us. Please contact us at reception@aal.com.au.





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**Airport
Business
District**



Our Company

Chairman & Managing Director's Report

Adelaide Airport is facing its biggest challenge in its 60-plus year history as a result of the collapse of the aviation market due to COVID-19.

With strong support from our Shareholders, the Board and staff have decisively aligned around our plan to survive and then thrive post-recovery.

Our financial year results are a tale of two halves.

From July to December 2019, we were tracking at increased passenger numbers of 4.4 per cent, again led by further record growth of 12.7 per cent in international traffic.

During the COVID-19 pandemic, passenger numbers fell by 96 per cent, with effectively zero international traffic in April and May. Our biggest carriers, Qantas (Group) and Virgin Australia, rapidly scaled back services to the point that only flights supported by the Commonwealth Government remained. The net result was a 24.1% per cent fall in passenger numbers compared with 2019 and Alliance Airlines became our biggest carrier operating in the Fly-In Fly-Out (FIFO) market on the back of a resilient mining industry during these months.

We have effectively dropped four years of traffic growth in the space of a few months. This in turn has had a significant flow-on effect to other revenue sources, such as car parking, retail tenancies and freight movement.

For the financial year, we recorded a 22.7% decrease in our EBITDA result to \$118.5 million compared with \$153.2 million in 2018/19. Revenue fell by 12.9 per cent to \$196.4 million.

Meeting the Challenge

We are extremely proud of the work of our people in identifying and acting on the challenges presented by COVID-19.

We activated our pandemic plan in late January, which helped us prepare and respond to the immediate crisis, however, we still couldn't have forecast the extent of the impact.

Early actions included an intense focus on the balance sheet and liquidity to underwrite our sustainability. We've embedded further long-term cost savings and deployed alternative business models to help protect our business.

We are fortunate that our shareholders take a long-term view of their investment in Adelaide Airport, and they have demonstrated this to full effect in supporting our significant business and debt restructuring to keep our business operating.

We recognised that many businesses at both Adelaide and Parafield Airports needed to take similar actions to us, which required a collaborative approach and a long-term view. Our strong corporate relationships allowed us to adapt quickly, and the same will hold true as we recover. If anything, the relationships we have with key stakeholders, including airlines and tenants, are stronger as a result.

Adelaide Airport's common user terminal design also proved a decisive advantage. It allowed us to quickly and seamlessly consolidate all aircraft operations to one end of the terminal, effectively shutting down more than half of our terminal and saving significantly on maintenance, cleaning and utilities costs. At the same time, an enhanced cleaning regime was established across the areas that remained operational.

Robert (Rob) Chapman
Chairman



Mark Young
Managing Director





COVID-19 – In April 2020 we consolidated all aircraft operations to the southern end of the terminal.

Timely access to information and clear communications are essential to making important decisions. We have seen the benefits of being more nimble in our decision making and adapting to change during the COVID-19 pandemic. This way of operating will be carried forward beyond the recovery phase.

There are and will continue to be ongoing challenges, but the pandemic has allowed us to approach these challenges from a new direction.

Our investment historically has been aimed at getting more people flying and attracting new airlines and new routes. That hasn't changed. We're now just having to focus our resources and work smarter in re-attracting airlines and re-opening destinations.

We are traditionally an infrastructure business, providing facilities through which people can operate. But more and more, we are focusing on the value of our people and how they provide a service to our stakeholders, which in turn broadens our business.

Our people

Caring for and empathising with our people has been key – whether it be our own staff, terminal retailers who have had to close their doors, or travelers desperately trying to get home.

Our staff have been remarkable in their immediate response to the challenge and in how they have adapted to new ways of working. It is our intention to maintain and foster these

flexible working arrangements, even as things eventually return to normal.

Support has come from all levels of our business – from constructive and timely staff feedback, our management team protecting our business, our Board accepting and approving the tough decisions, and unwavering support from our shareholders.

We have changed the way we check the pulse of the company and our people by moving from a comprehensive annual staff survey to short, contemporary and timely staff pulse surveys. This has evolved from initially gauging staff sentiment to targeted surveys to support return to work initiatives and flexible working arrangements. This will become the new norm in how we engage with our staff.

Our health and wellness initiatives such as our partnership with the Healthy Minds Program have also come to the fore at this critical time.

Strategic planning

Out of crisis comes opportunity and at some stage, this pandemic will pass. A significant amount of our recovery planning has been about how we can thrive, not just survive.

There is an extraordinary opportunity to inject additional flexibility and agility into our business strategy to create new business opportunities that previously weren't considered feasible.

We will leverage our distinct advantages, such as our low-cost base to assess how we can use this opportunity to differentiate ourselves - to work smarter and to leverage our technologies and flexibility.

We've already demonstrated this by offering new, flexible and attractive parking arrangements for Fly-In Fly-Out workers, who have been a valuable constant in our terminal throughout the pandemic.

We will continue to project our culture and our brand through optimum customer service levels as we welcome back wary and health-conscious customers and help them to feel comfortable flying again.

Adelaide Airport's increased use of digital technology is improving our customers' journey and allowing us to improve our understanding of our customers' needs. Our

long-term goal is to create a customer experience that starts from the moment travellers leave home until they're on board their flight, and vice versa.



Digital during COVID-19 – We are welcoming our customers into the terminal by communicating in a way that helps them to feel comfortable flying again.

Despite the surrounding chaos, the fundamentals of how we operate haven't changed.

Our role remains to connect South Australia with the rest of the world. While that hasn't been possible for the most part in the back half of the financial year, the critical decisions we have taken since January will determine how quickly we will be able to reconnect once those opportunities arise.

We're a small player but we have a presence on the global stage, and we will continue to imprint our brand on the journey and make things easy, seamless and connected for our stakeholders.

Before COVID-19, we continued to achieve outstanding outcomes for our business, many of which have contributed to our ability to sustain our business through the current crisis.

In 2019 we embarked on a significant revision of our Company's Strategic Plan. This plan has been developed through engagement across our business including the senior leadership team.

The revised Strategic Plan has a stronger focus on our people through our culture of being safe, collaborative, inclusive, respectful and sustainable.

The plan was completed in February just as COVID-19

started to impact our business. However, it is still the backbone to our business and is just as, if not more, relevant as we enter the crucial recovery phase.

Earlier in the financial year we released the Adelaide Airport 2019 Preliminary Draft Master Plan for consultation. The Master Plan sets the framework for our long-term growth. We have a strong and robust relationship with the local community and various levels of government, and this shone through in the process and ultimately approval with no significant challenges to the process.

In September 2019, we hosted the World Routes Aviation and Business Development Forum, which attracted representatives from 180 airlines and 300 airports from 130 countries, who took part in 10,000 meetings over the four-day event.

It was the first time such an event had been held in Australia, and allowed us to showcase what South Australia has to offer in terms of tourism and business aviation opportunities.

We also welcomed decisions by both Qatar Airways and Singapore Airlines to increase capacity through up-gauging aircraft on key routes.

In October, we relocated our taxi-drop off zone to the newly opened Atura Circuit between the terminal and Atura Hotel. This significantly reduced the number of vehicles using the existing pick-up and drop-off zone.

Despite the significant amount of construction and subsequent customer disruption related to the terminal expansion project, Adelaide Airport has continued to rank highly in the Airport Service Quality (ASQ) rankings, with an overall satisfaction score of 4.19 out of 5.

Business building

Even in these challenging times we've remained committed to the sustainable growth of our airports and facilities through investing millions of dollars in infrastructure.

Our terminal expansion project is continuing and on schedule for completion in late 2021, with the first stage of the new retail precinct having already opened in February 2020. In May, we commenced construction of the new headquarters for Mitsubishi Motors Australia, which will sit adjacent Adelaide Airport's main entrance.

Planning for our new Airport East freight and logistics hub is proceeding. Investing in freight infrastructure allows consolidation, attracts more freight and therefore reduces costs for our exporters, while creating revenue. It is a critical part of our vision, and acts as a fulcrum between our aeronautical and property businesses.

We continued to support our long-term community partners who are making a significant difference in people's lives. These include organisations such as the Royal Flying Doctor Service, Foodbank and the Fringe Festival.

Aside from COVID-19, we continue to manage notable risks and challenges to our business. These include regulatory planning – for example changes to security screening, and the impact on our second biggest airline customer, Virgin Australia, through the administration and sale process.

Sustainability remains at the heart of what we do, and we have made a step change in our sustainability program with a suite of new performance-based sustainability targets including science-based carbon emission reduction targets aligned with what is required to limit global warming to well below two degrees.

The future

The future is no doubt challenging. We will need to rebuild our entire international network. Airlines will equally have tough decisions to make on their network capacity, so it will require significant effort to recover what we had in a post-COVID-19 environment.

We believe Adelaide Airport will benefit from the shift to new generation long haul aircraft which better suit our market size. A strong inbound market will also remain a significant focus in our recovery effort.

We have a huge job ahead of us, as does the global aviation sector, but we have the infrastructure, the strategic direction and the people to meet this challenge and thrive into the future.



Executive General Management Team

Mark Young
Managing Director



Brenton Cox
Executive General Manager
Finance & Corporate



Kym Meys
Executive General Manager
Planning & Infrastructure



David Blackwell
Executive General Manager
Technology & Innovation



James Sangster
Executive General Manager
Property



Dermot O'Neill
Executive General Manager
People, Culture & Terminals



Emma Boulby
Executive General Manager
Airport Operations



Sue Doyle
Executive General Manager
People & Culture (ext. leave)



About Us

Adelaide Airport is the gateway to South Australia enabling the movement of more than 8 million passengers per year (pre COVID-19) and is the fifth largest domestic and international airport in Australia, based on passenger numbers.

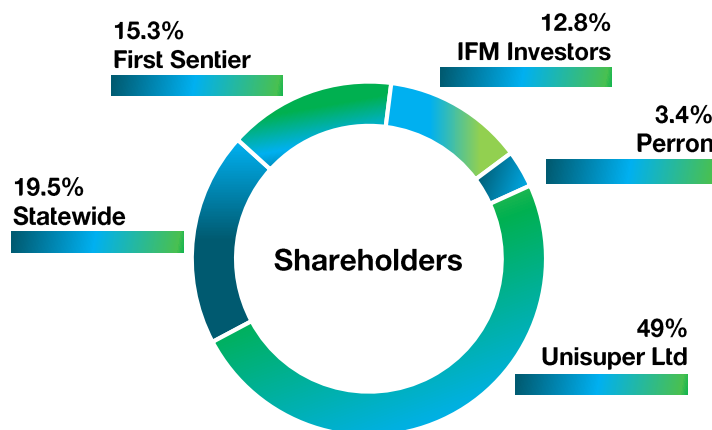
Adelaide Airport Limited is a private, unlisted South Australian Company currently owned and supported by five long term shareholders.

Adelaide Airport Limited was awarded the long-term leases of Adelaide and Parafield Airports, by the Commonwealth of Australia, in May 1998. Passenger numbers at Adelaide Airport have more than doubled since the airport was privatised in 1998, while international passenger numbers have more than quadrupled over the same period to more than 1 million. Pre COVID-19 the airport was served by nine international carriers connecting South Australia to more than 300 cities around the globe, either direct or via one-stop connections.

Recent infrastructure projects include the new Atura Hotel opened in 2018, and a domestic and international terminal expansion currently under construction.

As a major business centre, Adelaide Airport is executing its vision to be a globally connected, next generation hub with designated industry clusters through its Airport Business District – recently attracting major companies such as OZ Minerals, Mitsubishi, AFL Max, Otis and Australian Clinical Laboratories.

Parafield Airport is a wholly owned subsidiary of Adelaide Airport Limited and is South Australia’s premier general aviation airport and is a major world standard training airport.



Year in Review

2019 | **2020**

July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | April | May | June

6 July
AFL Max opens at Adelaide Airport

1 August
Ground Transport Remote Hub created

21-24 September
Adelaide hosts World Routes aviation business forum

21 October
New taxi drop-off zone opens in Atura Circuit

24 October
Qatar Airways upgauge to A350-1000 aircraft on Adelaide-Doha route

9 December
AAL announces partnership with Skytanking on aviation fuelling services

26 February
New retail precinct opens as part of terminal expansion

27 March
Air New Zealand final international airline to suspend services due to COVID-19

23 June
AAL secures gold status for water management from ACI Asia-Pacific

24 July
Parafield Airport announces two flight training scholarships

27 September
Terminal expansion construction hoardings installed along main concourse.

28 October
Terminal 'Flight Paths' art installation completed

20 October
Vickers Vimy Open Day and historic fly past to celebrate flight centenary

29 November
Penfolds, The Pantry and Maggie Beer announced as new retailers in terminal expansion

12 February
China Southern first airline to suspend services due to COVID-19

2 March
Adelaide Airport 2019 Master Plan approved by Federal Transport Minister

2 June
Singapore Airlines first international carrier to reinstate services during COVID-19

5 August
Adelaide Airport 2019 Draft Preliminary Master Plan released for consultation

7 May
Construction starts on new Mitsubishi national headquarters in Adelaide Airport Business District

COVID-19

COVID-19 restrictions continue.

Open Day

Retail Vision

Master Plan

Mitsubishi

2020 Snapshot



5th Largest airport in Australia

Based on Passenger Numbers



785 Hectares
130 Businesses on site



1 Terminal
2 Runways



300+ Overseas destinations

Directly or via One-stop Connections



Parafield Airport
268,604 Movements

↑ 2.1%



~\$2.98b income added to the economy
(3.1% of GSP)

2019 Master Plan calculation



Passengers

6,471,044M

↓ **24%**



International

↓ **21%**

International Passengers



Revenue

\$196.4M

↓ **12.9%**



EBITDA

\$118.5M

↓ **22.7%**



Freight

\$926M

↓ **30%**



Volunteers

7038hrs

↓ **20.7%**



ASQ

4.21/5

Airport Service Quality Score



Community

1.5%

Investment



Employees

73% male
27% female



Engagement

70.5%
↓ **3.8%**



TRIFR

5.8
2.5 below the benchmark



Water

61% AAL
Recycled Water Use



Waste

30% AAL
49% PAL

Diverted from landfill



Carbon

0.78% AAL
8.28% PAL

Emission reduction



Electricity

5.03% AAL
9.31% PAL

Reduced consumption



Landscapes

8.6%
Landside Canopy Cover

Our External Influences

In developing our strategy, we have identified external influences that have and will affect the environment in which we operate and determine our way forward as a company.

COVID-19

The outbreak of Coronavirus (COVID-19) at the end of 2019 has created a global health and economic crisis unlike anything our business has seen before. The ongoing COVID-19 pandemic has resulted in countries closing their borders and the suspension of flights in a global effort to contain the spread of the virus. The aviation industry, including airports, has been brought to a virtual halt and the industry is in survival mode. This has had a deep impact on the way we perceive the world and our everyday lives, and in turn how we conduct our business. At the time of writing this report, COVID-19 continues to have a significant impact on human health and economies worldwide.

Economic conditions

Even before the full effect of the pandemic struck our shores, Australia had a negative economic outlook from the devastating bushfires that began in September 2019 across the country. On the back of the fires and coupled with the impacts of COVID-19, Australia is in its first recession in 29 years.

The tourism industry is among the hardest hit with the World Travel and Tourism Council warning the pandemic could see more than 50 million jobs cut worldwide in the travel and tourism industry.

Unemployment is expected to continue to rise, presenting major socio-economic challenges. This outlook will have a significant impact on consumer confidence and people's propensity to travel, whether it be for health or economic reasons.

Freight flows have been impacted by contractions in both supply and demand flowing from COVID. The largest impact has come from an unprecedented aviation capacity supply shock. Air freight normally travels in passenger flights that have not been viable when people cannot travel during periods of border closures. However, underlying global demand for South Australia's quality food and wine has been proven during this pandemic and our proposition remains very strong in spite of the emerging trade protectionism from geopolitical tensions. The need for recovery of passenger flights to facilitate direct belly freight access to global markets from Adelaide is now more important than ever.

Ground transport/Accessibility

Accessibility and ground transport planning is critical to the efficient operation of Adelaide Airport. Ground transport incorporates roads for passenger, staff, taxi/rideshare and freight vehicles, pick-up/drop-off facilities, public transport, cycle ways and pedestrian access.

As Adelaide Airport grows, it is essential that ground transport infrastructure connecting the airport to the wider network is expanded or developed to cater for this growth. Adelaide Airport will continue to work closely with the South Australian Government and surrounding local government authorities to ensure future Adelaide Airport operations are reflected in strategic network planning. In particular, this includes connectivity of the airport to the major North-South Corridor and the Adelaide CBD for both passenger and freight movement, linking with a proposed one-way internal road network.



Gate lounge seating during COVID-19

Rideshare continues to expand its market share with increasing numbers of passengers choosing these services to access the airport. Public transport access remains limited and is largely driven by the frequency, convenience and connectivity of the wider public transport network.

There have and will continue to be substantial developments in emerging and innovative transport technologies, some of which include autonomous vehicles, air taxis (airborne rideshare) and the use of drones for parcel delivery. While these technological advances have the potential to improve access and connectivity, they may also create challenges for ground transport systems and other infrastructure associated with the airport. Adelaide Airport will continue to monitor and respond to such emerging technologies.

Capacity

The COVID-19 pandemic has had a significant impact on the aviation industry. The current forecast does not see a return to pre-COVID-19 levels for three to four years. While the initial response to the pandemic had an immediate impact on capacity, the longer-term economic impact is likely to result in structural changes with airlines reducing capacity and rationalising fleets.

Despite the relatively high fixed costs associated with maintaining and operating infrastructure, it will be important for airport operators to remain agile with a focus on making the most of the opportunities that present themselves through the recovery phase, and to work with governments and industry to rebuild demand and capacity into the future.

Regulatory

The Productivity Commission's (PC) final inquiry report into the Economic Regulation of Airports was publicly released in October 2019. The Commission determined that the existing airport regulatory framework remains fit for purpose and that there is no current justification for significant change to the current form of 'light handed' economic regulation of aeronautical services established under the Airports Act 1996.

There is an expectation by the PC that airports will continue to work together with airline customers to strengthen their commercial relationships under the current regulatory framework. In support of this, airports need to

continue to be transparent with their performance data to help the regulator monitor the market dynamics. Airports also need to continue to be accountable to the community and the travelling public through closer quality-of-service monitoring.

Social responsibility

There is an ever-increasing expectation from all stakeholders, including shareholders, customers, employees and the wider community, that companies, including airports, change the way they do business, become more transparent, and take an active role in addressing social, cultural and environmental issues.

While aircraft noise continues to be a sensitive issue at airports there is also a growing focus on electrification, resource efficiency and reducing waste.

The Modern Slavery Act was introduced in 2018 and establishes Australia's national Modern Slavery Reporting Requirement and the issue of modern slavery, both within Australian businesses throughout their supply chains, is becoming the subject of greater scrutiny from investors, government and the public.

There has been a shift in relation to climate change over the past 24 months with the physical impacts becoming increasingly visible, such as during Australia's devastating bushfires. Climate related litigation is gaining momentum with the decision to stop Heathrow's third runway on climate-related grounds a pertinent example. Additionally, there has been a trend towards meaningful action from some of the world's largest organisations, for example BlackRock's divestment from coal and Microsoft's commitment to becoming carbon negative by 2030.

Customer sentiment

Customer confidence in air transport has fallen in the wake of COVID-19. Improving this will depend on what measures are put in place by airports, airlines and regulators to assure passengers travelling by air is safe. The demand for touchless travel will accelerate the need for automation and contactless self-service technology to create a "social-distancing" passenger experience.

A consumer confidence survey by IATA showed only 14 per cent of passengers said they would fly right away, 60 per cent said they would fly again within one to two months of containment of the COVID-19 pandemic, while 40 per cent



Touchless travel – Touchless experience at boarding gate

said that they could wait six months or more before they take to the skies again. About 69 per cent of those surveyed said that they could delay a return to travel until their personal financial situation stabilises. It will be important for airports to ensure that they are implementing measures such as enhanced cleaning standards and investing in technology to support an increasingly touchless journey.

Digital and technological disruption

With increasing traction in the 'Internet of Things' (IoT), automation, advanced robotics and predictive analytics, airports need to plan their budgets not only towards business technology but also for innovation. Technology disruption can make contemporary solutions obsolete, which can cause the need for sudden digital transformation across the business.

Airports are heavily reliant on technology - from basic business IT requirements, customer-facing websites and mobile apps to complex systems unique to airports such as baggage handling systems - and therefore need to keep abreast of developments in digital space.

Geo-political relationships

The growth and potential of the Chinese market and its position as one of Australia's major trading partners means it continues to be a major growth opportunity provided political relations are favourable.

Notwithstanding geopolitical tensions, our existing relationships and the strength of economic links to Asian markets continue to provide opportunity for further international traffic growth across the region.



Our Business

Our Vision

To be a top tier Airport Business in Asia Pacific, recognised for delivering exceptional outcomes to our customers, partners, shareholders and community.

Our Mission

To realise our vision, we will consistently:

- nurture strong relationships with our stakeholders;
- offer a great customer experience;
- develop the expertise of our talented team;
- deliver high quality facilities and services that are regarded as best in class, safe, secure and sustainable;
- strive for innovative solutions and continuous improvement;
- and partner responsibly with our community.

Our Values

A Be **ACCOUNTABLE** and **AUTHENTIC**
I Conduct ourselves with **INTEGRITY**
R Be **RESPONSIVE**, efficient and **RESPECTFUL**
P Take **PRIDE** in our achievements
O Be **OPEN** and friendly and encourage diversity
R Build **RELATIONSHIPS** based on trust
T Foster great **TEAMS**

Our Brand Essence

Ease
 Connectivity
 Seamlessness



To watch our vision video, [click here](#)

Our Strategy

Adelaide Airport plays an integral role in the economic, productivity and tourism growth for Adelaide, regional South Australia and more broadly as the gateway to South Australia. To that end, the basis of our strategy has and continues to be to connect South Australia to the rest of the world.

At the start of the 2020 planning cycle, our senior leaders came together to develop the next iteration of the AAL Strategic Plan. This was an opportunity to drive a collaborative approach to strategic initiative development and to ensure the Strategic Plan was owned by everyone in the business. The plan still remains very much fit-for-purpose, yet the priorities have been reviewed and modified to ensure we can continue to work towards our vision and create value over the long term.

We are grateful that we have shareholders who are supportive and have vision for long term value.

Our Strategic Plan is at the heart of everything we do. It supports our growth and defines the activities we engage in, the relationships we depend on and the outcomes we aim to achieve in order to continue to create value for our customers and stakeholders. Our strategic objectives are the basic building blocks of our Plan and describe what we intend to focus on over the next three years. We use performance indicators to measure how well we are tracking against each objective and we identify strategic initiatives to help achieve these objectives.

AAL's Strategic Plan 2020–2023 comprises of the following four focus areas:



GROW

our business

Our strategy is to grow value for our stakeholders to sustain long term shareholder value, through maximising core airport business and realising new, related opportunities wherever they may arise through the development of our core business.



DELIVER

an exceptional experience

Our leadership and brand are at the heart of our commitment to a great customer experience. We aim to deliver a frictionless customer journey through our customer-centric approach to planning and managing service levels and relationships. We want to be known for the ease and simplicity with which we do things. Connectivity for us is not just about connecting travellers to destinations. It's about us connecting all of our stakeholders to their objectives to achieve mutual benefit. Every time someone interacts with us, we aim to make their experience so seamless they don't have to think about it regardless of where and with whom the experience takes place.



SHAPE

our business to perform

We shape our business to perform by striving for innovative solutions and continuous improvement. To be a high performing organisation we must constantly look forward; implementing and integrating improvements across the business and promoting sustainable business practices through future proofing our people skillset and procuring and prioritising the resources necessary to deliver the strategy.



NURTURE

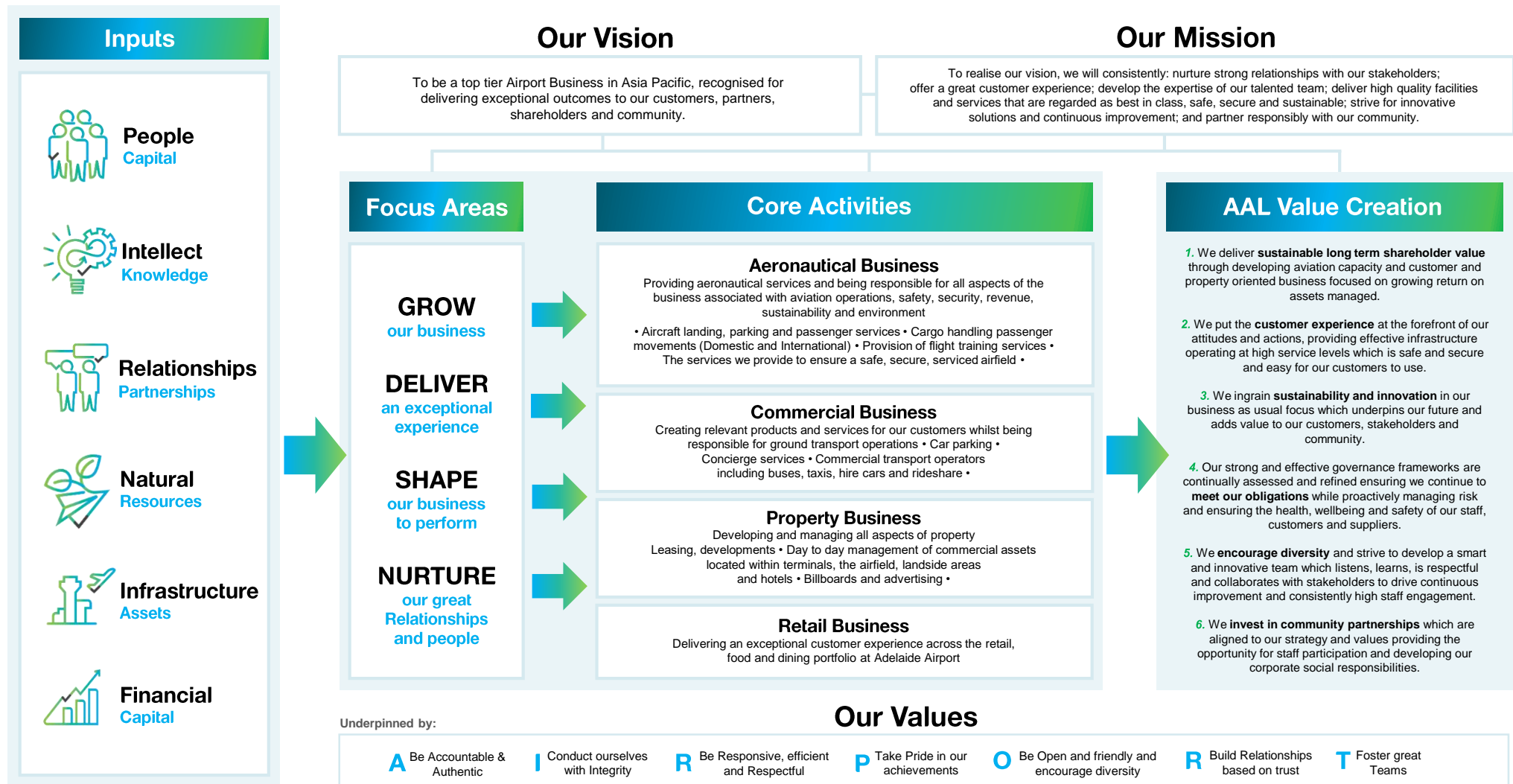
our great people and relationships

We continue to shape our business for sustainable growth by nurturing a culture of professionalism, excellence, responsiveness and achievement. We are working towards a common vision with a well-defined set of values. Our community partnerships are aligned to our strategy and values and also provide the opportunity for staff engagement.

How We Create Value

Our Business Model:

We are focused on creating sustainable long-term value for our shareholders and other stakeholders through the delivery of our Strategic Plan, in a manner that is consistent with our vision. Our value creation model depicts how we create value through six business value drivers, by identifying our key inputs, the activities we perform, and the resulting outputs and outcomes in terms of value creation.

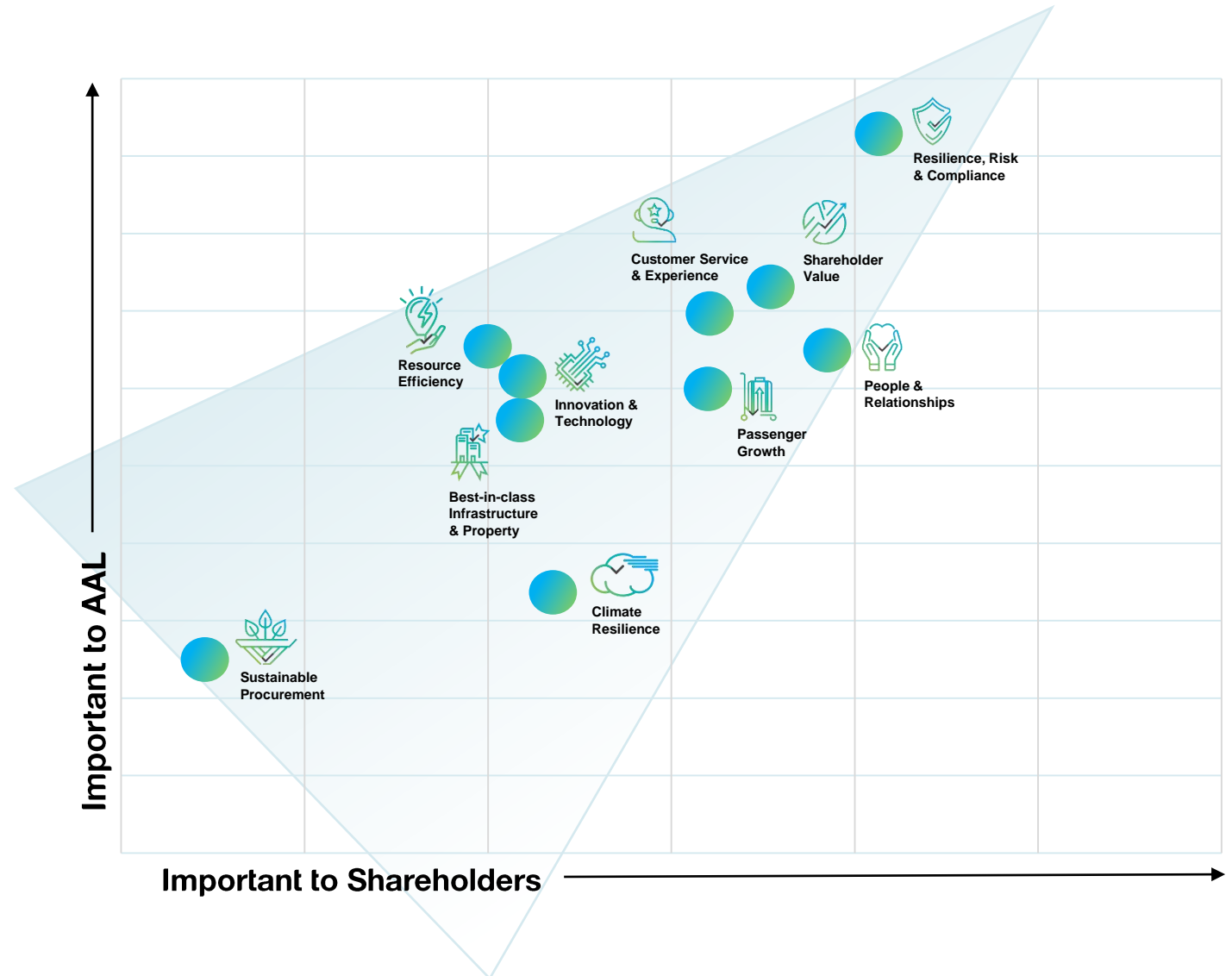


Materiality Assessment

We undertake a materiality assessment following guidance provided by the GRI Standard on a three-yearly basis, to determine what internal and external stakeholders regard as the most important issues for the company.

The results from the our most recent materiality assessment are presented below and have been used to inform our Strategic Plan and sustainability strategy, focus our monitoring and measurement activities, act as a critical reference for benchmarking and underpin external reporting. These material issues are explained in more detail on the following page.

Please note: A conscious decision was made not to update the materiality assessment in the midst of the COVID-19 pandemic in order to allow our organisation and stakeholders to focus on dealing with the prevailing crisis. Our next comprehensive materiality assessment is scheduled for 2021.



Material Issues

The results of our materiality survey indicate what our internal and external stakeholders regard as the most important issues for our company. These are as follows:



Sustainable Procurement

We must aim to meet the business needs within our supply chain for materials, goods, utilities and services in an environmentally-friendly, responsible and ethical way.



Resource Efficiency

Using our resources in a sustainable manner while minimising impacts on the environment allows us to create more with less and to deliver greater value with less input.



Infrastructure & Property

Meeting and exceeding future expectations of our customers and stakeholders requires timely investment in world-class infrastructure and facilities that support our aeronautical and non-aeronautical business growth.



Climate Resilience

We recognise the importance of anticipating and responding to climate related events by improving our resilience through assessment and action to better cope with these risks.



Passenger Growth

As first and foremost a facilitator of aviation access to our State, we must develop business opportunities to expand our global reach and created additional capacity on existing networks.



Resilience, Risk & Compliance

As an essential piece of transport infrastructure, we must undertake all available measures to assess risks and implement compliance measures so that we continue to operate in a safe and secure manner under a range of circumstances.



Innovation & Technology

We must seek to increase customer engagement and expand data capabilities by driving the deployment of innovative technologies across our business.



People & Relationships

We recognise the value of our people and the relationships we have with all stakeholders has a positive long-lasting and tangible impact on the sustainability of our business.



Shareholder Value

Generating value to our shareholders means creating and delivering on opportunities across our business to maximise the total worth of our company.



Customer Service & Experience

A key focus should be to provide a memorable customer experience to our customers and to our key stakeholders such as airlines and tenants.



Our Performance

GROW | DELIVER | SHAPE | NURTURE

Aeronautical

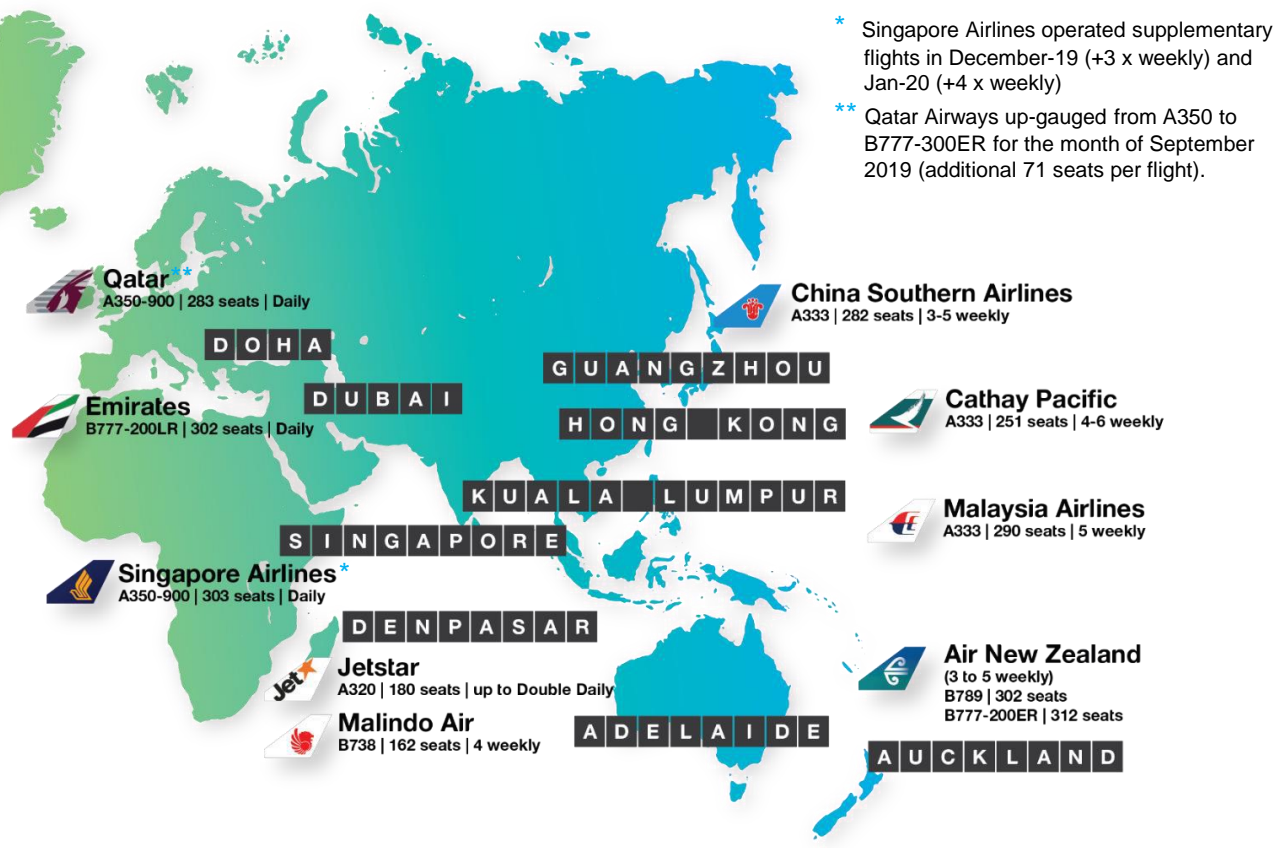
2020 is likely to be one of the worst years globally in aviation history, a vast contrast to how we ended the year in 2019. The financial year can be succinctly summed up as a tale of two halves.

Pre COVID-19

At the end of 2019, we were served by nine international carriers to eight destinations, connecting South Australia to more than 300 cities around the world either direct or via one-stop connections. Our direct international passenger growth had outgrown our capacity. International passenger movements had hit more than 1.1 million, up almost 10 per cent, and our capacity had increased by 7 per cent.

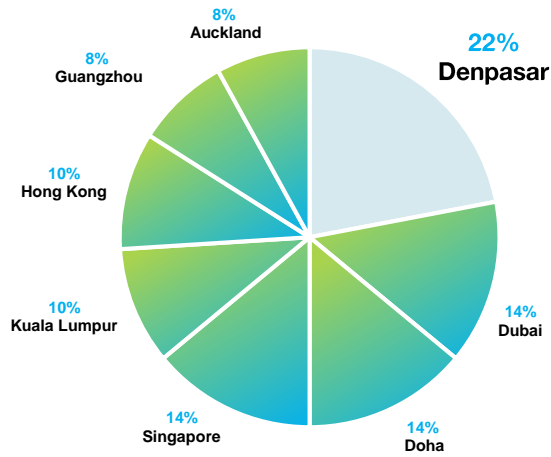
- Malindo Air commenced in April 2019 with 4 weekly flights to Kuala Lumpur via Bali
- Singapore Airlines announced Adelaide as their global launch port for its A350 medium haul aircraft in December 2018
- Malaysia Airlines increased to 5 weekly flights
- Air New Zealand upgauged all their narrowbody aircraft to a widebody 787 Dreamliner.
- Additional seasonal flights were introduced by Jetstar, Singapore Airlines, China Southern and Cathay Pacific.
- Domestically we were achieving a capacity growth of 0.7 per cent year-on-year and passenger growth of 1.2 per cent, reaching nearly 7 million passenger movements.
- Jetstar increased its Hobart service from 3 to 4 flights in October.
- Qantas and Virgin increased capacity on selected routes.

We had 612,071 (2019) regional passenger movements representing 7.1 per cent growth on the back of a capacity increase of 8 per cent.



Percentage of our market travelling to international, domestic and regional destinations

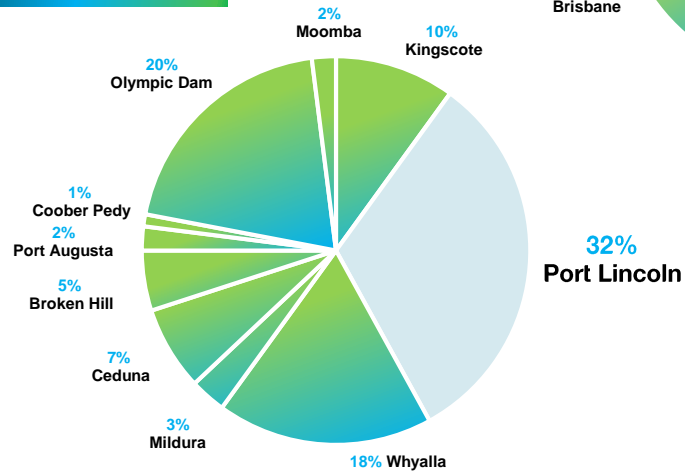
International Destinations



Domestic Destinations



Regional Destinations



D E N P A S A R

 Bali, Indonesia

World Routes

In September 2019, Adelaide hosted the largest aviation conference in the world, World Routes. This conference provides international airlines, airports and aviation stakeholders the opportunity to meet, discuss, develop and plan network strategy on a global scale. Adelaide Airport worked closely with the South Australian Tourism Commission, the Adelaide Convention Bureau and Tourism Australia, known collectively as Team Adelaide, to put on a spectacular four-day event, showcasing South Australia at its heart. Qatar Airways upgauged to a larger aircraft in September to facilitate the demand as a result of this conference. The feedback from event delegates was overwhelmingly positive.



World Routes Conference 2019 – In September 2019 Adelaide hosted the largest aviation conference in the world.

COVID-19

COVID-19 struck from late January, resulting in our 9 international carriers suspending the 8 international routes. Domestically, Qantas suspended all 8 interstate routes, Jetstar suspended 8 interstate routes, Virgin 6 interstate routes and Tigerair 1 interstate route. Our regional airlines also suspended services and reduced capacity.

On top of all this, Virgin Australia entered into voluntary administration to recapitalise the business and help ensure it emerged in a stronger financial position on the other side of the COVID-19 crisis.



12 February 2020 - China Southern were the first airline to suspend services due to COVID-19.



22 March 2020 – Emirates' last flight due to COVID-19.



27 March 2020 - Air New Zealand was the final international airline to suspend services due to COVID-19.



Passenger numbers

Passengers	International	Domestic	Regional	Total
FY18	1,005,000	6,852,699	562,566	8,420,265
FY19	1,063,387	6,886,195	577,280	8,526,862
FY20	841,349	5,117,551	512,144	6,471,044
YoY % change	-21%	-26%	-11%	-24%
FY20 PAX Ratio	13%	79%	8%	

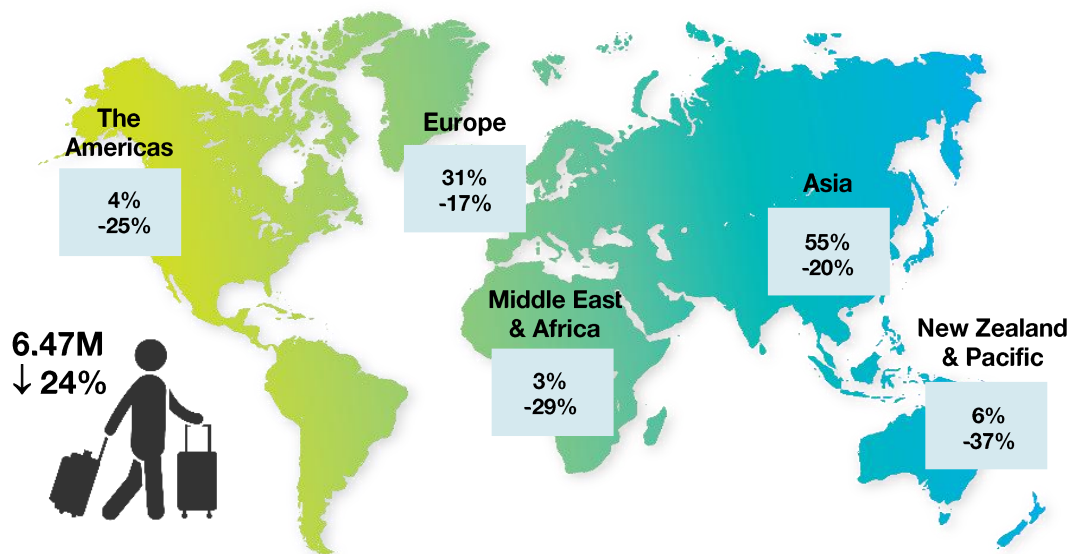
Aircraft movements

Movements	International	Domestic	Regional	General Aviation	Freight	Total
FY18	4,943	50,816	24,774	21,268	1,356	103,157
FY19	5,066	51,088	25,220	20,347	1,745	103,466
FY20	4,132	38,020	22,200	19,771	1,858	85,981
YoY % Change	-18%	-26%	-12%	-3%	6%	-17%
FY20 Movement Ratio	5%	44%	26%	23%	2%	



Airside during COVID-19

Market percentage and passenger growth by continent



COVID-19 recovery

We anticipate the beginning of the recovery to commence in the second half of 2020 with our regional and domestic markets before the reopening of international markets.

We are working with the airlines to form a recovery roadmap so that, when domestic travel restrictions are lifted, the airlines can put capacity back into our market in a staged approach.

On the international front we have been part of the State's Freight Export Recovery Taskforce, working with freight forwarders, airlines and producers to facilitate the export of South Australian high value products directly out of Adelaide, given there were no international passenger services. As a result, we successfully worked together in getting Singapore Airlines and Cathay Pacific to operate weekly freight-only flights.

Our other international priorities included seeking to establish air access to New Zealand on the assumption that travel is allowed via a Trans-Tasman bubble. We also worked with our international airline partners to encourage them to reinstate their Adelaide services when borders re-open. At the same time, we have been working with international carriers to operate scheduled flights to repatriate Australian citizens while offering additional freight export and import opportunities within the prevailing COVID-19 environment.

Adelaide Airport has also worked with the South Australian Tourism Commission, Tourism Australia and our airline partners to stimulate inbound tourism when the borders re-open. Part of this effort will be addressing the concerns of our customers around health and safety and putting their mind at ease that it is safe to travel. Changing this mindset will be critical to the speed and success of the industry's recovery.

Tourism

Tourism expenditure in FY19 valued at \$7.6 billion supporting almost **38,900 jobs** (tourism related). The tourism expenditure has grown from \$5.1 billion (2014) to **\$7.6 billion.**

Education

International education in FY19 valued at **\$1.92 billion.** This has increased from \$1.8 billion in 2018. There were nearly 38k student enrolments supporting almost **12,500 jobs.**



Business Events

The economic benefit as a result of business events held in South Australia is valued at **\$260 million** in FY19 which created **2,166 jobs.**

Air Freight (Export)

In 2019, the total air export freight value was **\$614 million** (49% exported directly ex Adelaide). In 2010; prior to Emirates, Qatar Airways and China Southern services, among others, the total air export freight value was \$338 million.

Increased air capacity has contributed to these key industry sectors

Property

Development

Adelaide Airport was on target (Pre-COVID-19) to have a successful year delivering on our property strategy. From a commercial perspective, our focus was on two key areas:

- Building on existing relationships with tenants and encouraging them to expand and grow organically; and
- Utilising the locational benefits of our land banks and development capabilities to maximise development opportunities and secure our project pipeline.

These areas of focus remain very relevant today despite the ever-changing landscape and the continuing economic challenges.

Master Plan

Adelaide Airport's Master Plan 2019 was approved by the Federal Government in March 2020.

The Master Plan is an important regulatory land use and planning document which outlines the vision for the development and growth of Adelaide Airport over the next 20 years, in terms of aviation capacity and growth and also commercial development. It sets out the forecast requirements for future facilities, infrastructure, ground transport and services that will ensure that the airport continues to deliver on investments to meet customer and passenger needs, and continues to develop as an airport that South Australians can be proud of and enhance our reputation as a major gateway to South Australia.



One of the highlights of the Master Plan is the continuing focus on the establishment of Airport East Precinct as a dedicated freight, transport and logistics hub. The technical studies associated with the preparation of the Land Use chapter of the Master Plan has allowed further detailed investigation into the necessary infrastructure to attract and retain long-term tenants and prepare the land to be development ready. This includes conditional support for a new entry point via Richmond Road that allows B-double access to the first stage of the development of the precinct.



Airport East Precinct – Location in proximity to Terminal.

These technical studies and subsequent detailed investigations have also enabled us to significantly increase the amount of developable space with potential airside access, and opens up opportunities to have genuine discussions with relevant groups such as Qantas Freight, which would benefit greatly from moving their freight operations to this precinct.

A pipeline for development

The pipeline of development opportunities continues to remain strong, reconfirming the attraction of Adelaide Airport as a business hub. This was evident when we broke ground on Mitsubishi Motors Australia's new Australian headquarters in the Airport Business District in April 2020, during the height of the pandemic.

Mitsubishi joins the ranks of OZ Minerals, Australian Clinical Laboratories and Otis which have all recently opened new facilities at Adelaide Airport. Major

companies like these recognise the benefits of being located on the doorstep of a major international airport, while being central to ground transport links to the port of Adelaide and the city centre.

Bunzl, a FTSE 100 listed company specialising in international distribution and services, has signed an agreement to occupy a new 10,000sqm warehouse and distribution facility within the Burbridge Business Park, with a plan to break ground on this project later this year.

We also welcomed the re-purposing of the ex-Masters Home Improvement building, which re-opened as a new Bunnings Warehouse store in April 2020.

Looking forward, the diversification of the business through the growth of revenue from the property assets and land bank is more important than ever. Throughout this period, the revenue generated by the property assets, particularly those not associated with the aviation or tourism industries, has remained relatively strong, assisted by the fact some of our tenants have had minimal impact from the repercussions of COVID-19.

This highlights the need for revenue diversity across the business so that we are not predominantly reliant on one source of revenue. Opportunities lie in ensuring we have the right tenancy mix to safeguard our business in the future.

Acting with integrity

Throughout COVID-19, Adelaide Airport has acted based on our values, conducting ourselves with integrity and basing our relationships on trust. The impacts of the pandemic on tenants has been significant and our aim is to support them notwithstanding our own position. Adelaide Airport's support will be through assisting tenants deliver their own business strategy. Maintaining tenant satisfaction is key to our successful recovery. We will do what we can to support them and drive long term value.

The importance of revenue from property, as a relatively diversified stream, has become starkly evident.

Opportunities lie in ensuring we have the right tenancy mix to safeguard our business in the future.



AFL Max kicks goals

The nation's first immersive footy skills and entertainment centre opened July in Burbridge Business Park. Backed by the biggest names in the sport, the state-of-the-art facility brings together the latest Technology and traditional skills development for players and fans of all ages.

Customers can sharpen up their kicking, passing and tackling skills, work up a sweat, experience the excitement of a live game in the virtual reality zone and entertain the kids all under one gigantic 5,500 m² roof.

Stepping up engagement

The Master Plan was developed through extensive stakeholder and community consultation, including a 60-business day public comment period. This was the first time the consultation process run in-house rather than relying on an external consultancy and gave our team the opportunity to build in-house capability and skills in relation to the technical studies and community engagement required to prepare a detailed and comprehensive document.

Just over 70 public submissions were received but there were no major challenges to the content of the plan. The engagement process undertaken during the preparation of the plan has gone a long way in furthering our relationships with key stakeholders and the community, with the Federal Government commending us on our effort. The ongoing consultation with key stakeholders and community groups will provide invaluable input and knowledge over the 8 year life of the Master Plan 2019.



Commercial

Our commercial business revenues comprise retail tenancies, car parking and advertising.

Showcasing the best of South Australian Retail

We are continuing to build on the momentum of our terminal expansion retail leasing strategy. The strategy centres on creating a unique selling proposition by showcasing the 'Best of South Australia' brands to our customers. It will broaden our food and beverage, duty free and specialty retail offerings, through leveraging South Australia's world class, iconic brands.

In February 2020, we opened the first stage of the terminal expansion project which included the new food and retail precinct on Level 2 at the northern end of the terminal. This stage features a new and iconic Penfolds in-airport concept bar and kitchen, the first of its kind globally. The retail offering also includes Boost Juice, Lego Kaboom, Airport Pharmacy, Soul Origin and Precinct Adelaide Kitchen. This area also saw work commence on the new Virgin Airlines Lounge.

In addition to the new retail area, new offices opened on Level 1 to house the airlines administration personnel and other tenants from Aviation House.

The impact of COVID-19 on our retail tenants has been significant, resulting in total closure of all stores inside the terminal in April. As at September 2020, retail stores have started to re-open as customers slowly return to travel.

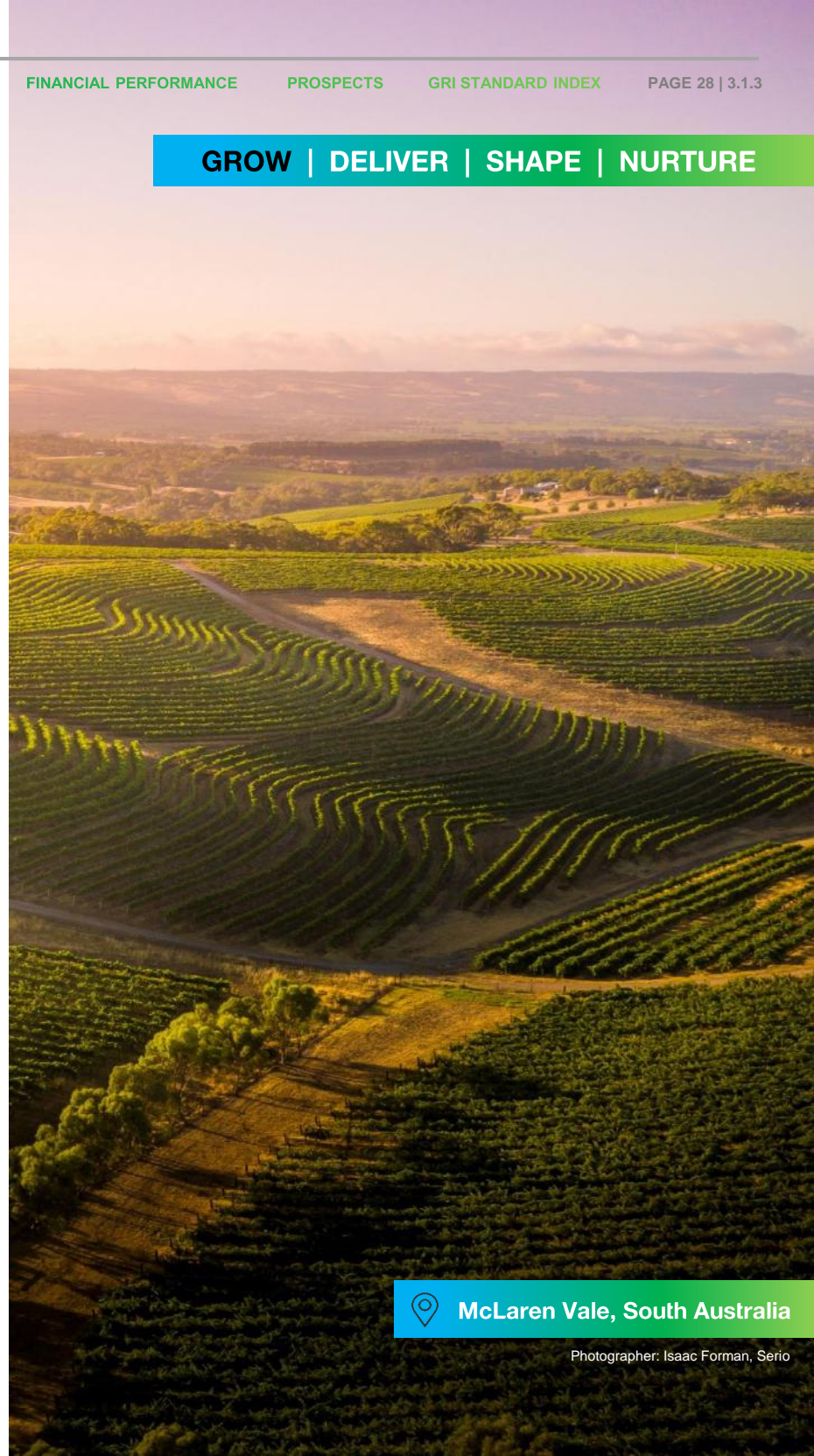
As a result, we will continue to deliver our retail leasing strategy over time but our short-term priority has shifted to working with tenants to ensure we are well placed to

capitalise on the opportunities that present themselves on the other side of the pandemic. Our goal is to help tenants reach a sustainable level of trading by helping them where we can.



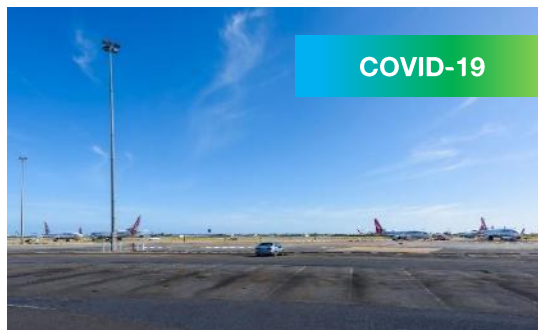
Stage one of our terminal expansion – new retail opened 26 February 2020 then closed from April due to COVID-19.

GROW | DELIVER | SHAPE | NURTURE



McLaren Vale, South Australia

Photographer: Isaac Forman, Serio



Long term car park – Prior to and during COVID-19.

Car Parking

Adelaide Airport is committed to delivering a connected and seamless terminal and travel experience across multiple channels.

Improvements to our online booking system in 2019 allowed us to compete more effectively with off-site parking providers, resulting in a 7.2 per cent increase in online bookings at the time.

Through the use of digital marketing, we now offer incentives for customers through a wider range of fit-for-purpose parking products, which enables efficient management of capacity while providing customers with cost effective parking options. Online parking customer engagement has helped us retain our favourable Net Promoter Score of 75 for car parking products and services.

Car parking continues to be a core growth area within our commercial business, despite the challenges of COVID-19.

Use of technology such as licence plate recognition will allow us to create a 'windows up' experience. This touchless journey presents an opportunity to offer a premium service while ensuring customers feel safe, secure and confident in the Adelaide Airport brand.

Omni-channel campaigns such as 'Meet and Greet' have also created awareness for customers wanting to park for a short period when picking up/dropping off friends and family.

Ultimately, parking is a function of passenger movement. The changes in personal behaviour have fundamentally changed the business. In the short to medium term, the impact or benefit to the business is the likelihood of people being more likely to travel in their vehicles, which may result in extracting a larger portion of passengers into parking.



Growth

↓ \$6.39M
*excluding staff parking



Online Bookings

↓ 25.9%



Long Term Parking Revenue

↓ 25.69%



Net Promoter Score

75
*No change from last year

Advertising

Advertising revenue from Adelaide and Parafield Airport assets remained steady until COVID-19. From mid-March, forward sales and advertising bookings experienced a sharp decrease. However, we believe that our quality, high exposure advertising assets present a significant opportunity for advertisers as we move into the recovery phase. Additionally, we plan to roll out a new suite of digital and static advertising products on completion of the terminal expansion.



Digital shopping experience

A retail voucher tool was introduced to provide a stronger digital shopping experience, with special offers tailored around events and holidays. This tool provides real time results to help us better understand our customers' needs.



Catering for the FIFO market

The Fly-In Fly-Out (FIFO) market has remained a reliable and consistent revenue stream throughout COVID-19. We have worked to maximise and optimise our offering by creating a FIFO product that benefits Adelaide Airport, the FIFO traveller and their employers. This newly created product provides opportunities for FIFO employees to access substantial cost savings on airport parking, while reducing payroll tax liability for employers.

Terminal Expansion

GROW | DELIVER | SHAPE | NURTURE

Adelaide Airport's terminal expansion, our largest construction project since the completion of our terminal in 2005, continued for a second year.

Construction continues

Adelaide Airport's terminal expansion, our largest construction project since the completion of our terminal in 2005, continued for a second year.

We reached a significant milestone in February 2020 with the opening of Stage One, which included the new northern retail concourse, new airline and Government offices on Level 01, and staff and goods security screening areas on ground floor. The remaining stages of the project will open progressively throughout the remainder of 2020 and 2021 with a scheduled project completion date in late 2021.

This project is vital for our continued growth and in line with our goal to provide the best possible service offering to our customers. The expansion will significantly upgrade international arrivals and departures, and create more retail and dining options for both domestic and international travelers.

International upgrades will include a second, longer baggage belt for arrivals, more space for inbound and outbound passenger processing, expanded security screening areas, a larger duty-free precinct for arrivals and departures and expanded dining and retail options.



To watch our terminal expansion vision video, [click here](#)

Gate 18 will become a permanent international gate and will be the focus of the improved retail and boarding facilities. Other international gates will continue to utilise Adelaide Airport's swing gate system to allow both international and domestic operations.

Embedding the team

The terminal expansion project has successfully remained on schedule - despite COVID-19 – by embedding part of the Adelaide Airport team with our construction partner, WATPAC. This enabled lateral thinking and cooperation to ensure the best outcomes.

The agility of this structure has also allowed us to alter the scope of the project and adjust the program to capitalise on the reduced passenger activity within the terminal, resulting in program efficiencies.



July 2019



June 2020

Terminal Expansion construction progress – Views from above from July 2019 compared with June 2020.

Workers and hours worked:



250
More than 250 workers have been working on the terminal expansion project at the peak of construction.



There were more than 675,000 man hours spent on the Terminal expansion project to 30 June 2020.
675,000hrs



4,300m³
of poured concrete



2,600m²
of precast concrete



2,000 tonnes
of steel



[▶ To watch our construction time lapse videos, click here](#)

Customer Experience

GROW | DELIVER | SHAPE | NURTURE

The customer experience we deliver underpins our long-term shareholder value. The majority of our transactions may be considered business-to-business, but our relationships with all of our customers – travellers, airlines, retailers, tenants and regulatory bodies – remain critical in a high-profile operational environment.

Our job is to imprint our brand on the customer journey by making the experience easy, seamless and connected for all. This will remain a key focus in the recovery environment as customer expectations shift and greater focus is placed on touchless travel.

By participating in the Australian Aviation Recovery Coalition, Adelaide Airport has worked together with airlines and airports to establish a set of protocols to minimise the risks of COVID-19 at each stage of the passenger's journey. This has helped to provide consistency across the passenger journey in Australia.

Adelaide Airport has continued work across the business to develop a program to assist people with hidden disabilities, such as autism, dementia or anxiety. This program uses a lanyard system to discreetly notify staff that the customer has a hidden disability that may require extra guidance and support.

Our airport community is currently undertaking training that will provide a common understanding and knowledge across our partners, when interacting with people with a disability. We aim to perform as 'one team' and offer the best support to accommodate and assist our customers.

This program will be rolled out for the public to utilise later this year. This program enables Adelaide Airport to be aligned with other airports as they work to meet this challenge.



On the ground, we opened a new dedicated taxi drop-off area in Atura Circuit, creating a better customer experience for travellers arriving by taxi. At peak times, taxis account for up to 30 per cent of all traffic entering the airport. The changes to the drop-off zone have significantly freed up space for other drivers using this area.

The taxi drop-off zone is one of several recent improvements to ground transport facilities at Adelaide Airport. Other initiatives include improvements to the taxi rank, upgrades for chauffeured vehicle parking and new ride share pick-up and holding zones.



Taxi drop-off area – One of our Customer Service Officers directing customers to the terminal.

Impacts of COVID-19 on our customers

During the height of the pandemic, our airport customer experience changed drastically. The only permitted travellers were essential workers or those travelling on compassionate grounds, and our departure hall and gate lounges were closed to the general public. All terminal operations were moved to the southern end of the terminal and the northern end was completely closed off. All retail stores in the terminal closed and seating was reduced to encourage social distancing.

The SA Department of Health and SA Police set up health screening points to check all arriving passengers. Customers understandably felt uncertain about air travel, so we implemented additional hygiene and social distancing measures to help people feel safe and travel with confidence. Communication about our new safety measures was also key in easing customer concerns.

Ensuring quality for our customers

Adelaide Airport maintained number one Australian ranking for two consecutive quarters in 2019 for Overall Airport Satisfaction in the Airports Council International (ACI) Airport Service Quality (ASQ) survey and reached a score of 4.32 out of 5 in Q3 2019. This is of particular importance as these results have been achieved despite the disruption related to the terminal expansion construction project.



Introducing new health & safety measures

The safety and wellness of our people and customers is paramount and a key aspect of reinstating customer confidence. We have introduced a range of measures in our terminal and car parks to create a safe and secure environment as we recover from the COVID-19 pandemic, taking significant steps to achieve social distancing objectives and reduce contact. We have also provided hand sanitiser stations throughout the terminal and increased our frequency of cleaning, particularly around common touchpoints such as handrails, self-service kiosks and security screening.



Our customers getting health checks during COVID-19

GROW | DELIVER | SHAPE | NURTURE

Sustainability

Sustainability is at the core of our Vision and Strategic Plan.

Our focus

Sustainability is at the core of Adelaide Airport’s Vision and Strategic Plan. The value placed upon sustainability helps our business respond to, and get ahead of, the complex social, environmental, market, and technological influences that we operate within.

We recognise the important role our airport can play in creating a sustainable future and have continued to embed sustainability into our business, revising our corporate sustainability strategy with a greater focus on creating value for all stakeholders including shareholders, customers, people, partners and the community.

AAL continues to participate in domestic and international committees that have a focus on sustainable development including active membership on the Airports Council International (ACI) Asia Pacific Regional Environment Committee, which allows us to both learn from and contribute to these forums.

UN SDGs

The United Nations Sustainable Development Goals (SDGs) are a blueprint for a better more sustainable future for all.

Through high level mapping against our strategic and sustainability objectives we have identified several UN SDGs which we believe are highly relevant to our activities and role in the value chain including.

SDGs: The United Nations Sustainable Development Goals (SDGs) that we believe are highly relevant to our activities



2030 Sustainability Targets

Despite the challenges associated with the COVID-19 pandemic, we have not lost sight of the importance of continuing to embed sustainability within our business and have taken a significant and exciting step forward in our sustainability journey with Board approval of a suite of long term, performance based, environmental sustainability targets that are aimed at reducing our environmental impact and improving the efficiency and resilience of our infrastructure and operations.

The 2030 targets have been developed through a comprehensive benchmarking and engagement process for five strategic focus areas: **Carbon, Energy, Landscapes, Water and Waste**. The targets are aligned with relevant global, aviation industry and national and state goals including:

- United Nations (UN) 2030 Agenda for Sustainable Development
- International Panel on Climate Change (IPCC) 2018 Special Report on Global Warming of 1.5C
- Airport Council International (ACI) 2050 Net Zero Goal
- Green Adelaide

The targets directly support the growth of the airport through more efficient operations, emissions reduction and climate resilience and are based on a FY18 baseline.

The targets will be achieved through a series of operational improvements, proactive planning & investment in new, modernised built assets and low carbon technologies. Integrating resource efficiency and climate change mitigation and adaption into operations and built assets will reduce exposure to risks of rapidly changing markets.



Carbon



50% Reduction
in scope 1 and 2 emissions to 4,586tCO₂e

Net Zero by 2050



Energy



15% Reduction
in Terminal Energy use to 130kWh/m²

15% Onsite Renewable Energy
to 3361MWh



Landscapes



15% Increase in Canopy Cover
across landside area



Water



30% Reduction
in potable water use to 11.6 l/PAX

60% Recycled Water Use
to 215544kL



Waste



30% Reduction
in waste disposal to landfill

60% Recycling
rate from AAL operations including terminal

Climate change

Adelaide Airport is an essential community asset which supports the mobility and economic growth of our State and Nation. We strive to deliver exceptional outcomes for our customers, partners, shareholders and community, with reliable and resilient infrastructure and operations.

The aviation industry is currently being significantly impacted by restrictions on travel throughout this COVID-19 pandemic period but demand will ultimately recover and we recognise climate change has the potential to affect our business through physical and transitional impacts. We also recognise the need to address climate change and for AAL to play a role in restricting global temperature increase to less than 2°C, in line with the Paris Agreement. We have recently updated our emission reduction targets using the Science Based Target methodology with the development of two targets using a 2018 baseline:

- 50% reduction in emissions by 2030
- Net Zero emissions by 2050

We believe that setting and achieving these targets supports our continued and efficient operation in a carbon constrained world.

We also recognise the need to adapt to the changing climate and have established a suite of complementary sustainability targets for energy, water, waste and landscapes that will help us to achieve our emission reduction targets and increase the resilience of our infrastructure, operations and services.

We undertook a climate risk assessment and developed our first climate change adaption plan in 2015 and have progressively integrated climate risk management and adaption into our business.

We are supporters of the Taskforce on Climate-related Financial Disclosures (TCFD) and have recently undertaken a significant body of climate related work to build on our strong base and further align management and disclosure of climate change risk to the TCFD framework. This work included a comprehensive risk review, revised climate change adaption plan and TCFD review.

In line with the TCFD recommendations, we have developed a progressive approach to enhancing our climate risk assessment, management and disclosures and whilst we have previously referred to climate change risk and adaption and reported our emission footprint, the disclosures contained within this 2020 Integrated Report are our first TCFD aligned disclosure. Many of these risks are also opportunities where well managed:

AAL has integrated climate risk management into its Enterprise Risk Management Framework. Many of the climate related risks exist independent of the impacts of climate change and therefore have detailed risk controls however, climate change can add additional causal factors, increasing the likelihood and/or consequence of risks.

In addition to the detailed risk controls, AAL's Climate Change Adaptation Plan takes a longer-term view of climate change and sets out a series of "Adaptation Actions" centered around the four key climate related causal factors; heat, drought, rainfall and sea-level rise, that seek to ensure climate risk and opportunities are considered, further strengthening the climate resilience of AAL's assets and operations.

Our work on climate risk also identified a range of opportunities including:

- Increased focus on resource efficiency reducing operational costs;
- Increased climate resilience, amenity and property value through the improved use of landscapes and vegetation;
- Improved pavement performance and reduced local temperatures through the continued deployment and research into cool pavement applications;
- Diversified energy generation and storage capacity, demand management and better integration into the external electricity network and markets;
- Aviation biofuel production and supply; and
- Local offsetting projects and programs.

AAL is actively exploring these opportunities and in some cases is an industry leader in their research and application, such as the use of irrigation to cool the local temperatures and research into cool pavement applications.

Our climate related risks

Casual Factor	Impacts
Physical	
Excessive Heat	Impacts to infrastructure including pavements and buildings, decreased aircraft performance and maximum takeoff weights, increased pressure on HVAC systems and associated increased energy costs, pressure on utility networks and supply (electricity and water), health and wellness implications including increased incidents of heat stress, fatigue and downtime, changes to distribution and occurrence of diseases and reduced tourist appeal and amenity.
Drought	Water availability and increasing water costs, reduced amenity and operational impacts caused by dust, changes to wildlife and bird behavior and increased wildlife hazard management response requirements.
Heavy Rain	Impacts on aircraft operations due to disruption to navigation aid equipment or low visibility, damage to infrastructure including airport surfaces and lighting, injury to workforce or passengers, disruption to site access due to short term flooding of external road network.
Sea-level rise	Sea-level rise has been assessed however, whilst some peripheral areas of the airport are low lying, sea-level rise is unlikely to be an issue until water levels rise to two metres. Notwithstanding impacts include accelerated erosion, damage to or permanent inundation of low lying infrastructure, raised water table.
Transitional	
Political and legal	Introduction of market mechanisms, mandates or regulation relating to existing services and exposure to litigation.
Technology	Changes in aircraft, expansion in use of biofuel, changes affecting ground transport and competing technologies.
Market	Local economic impacts changing demand for travel to and from Adelaide, changes in tourism patterns and increased cost of resources.
Reputation	Flight shaming and contribution to global warming, airports role in the wider aviation and transport sector's emissions and action to mitigate.

Our TCFD Disclosures

TCFD Element	AAL Response
<p>Governance Disclose the organization's governance around climate-related risks and opportunities</p>	<p>AAL has integrated climate risk (and opportunities) into its mature Enterprise Risk Management Framework. This framework has three levels of risk governance including:</p> <ul style="list-style-type: none"> • The Board which has oversight and responsibility for risk, including climate risk. • The Executive General Management, Risk Management Committee (RMC) which is responsible for the establishment and implementation of the Enterprise Risk Management Framework and ensuring that risk management, including climate risk, is integrated into planning and operations; and • The Risk Working Group (RMG) comprised of managers from each business unit supports and informs the RMC taking an active role in assessing and managing risk, including climate risk. <p>A climate update is provided to all levels of risk governance on an annual basis with additional updates provided as required.</p>
<p>Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material</p>	<p>AAL's climate risk review and climate change adaption plan formalised in 2016 and updated in 2019 and 2020 respectively, includes the identification and assessment of physical and transitional climate risk and opportunities using the representative concentration pathways 4.5 and RCP8.5 within the context of AAL's Enterprise Risk Management Framework. A summary of climate change related risks is provided in a table on page 36 with additional commentary on opportunities and the potential impact of climate change on our business, our resilience and our mitigation and adaption response.</p> <p>AAL's strategic objective to ingrain sustainability and innovation, which underpins our future is supported by our Corporate Sustainability Strategy with a commitment to understand and mitigate physical and transitional climate risk, through active management of carbon emissions and maintenance of resilient assets and communities.</p>
<p>Risk Management Disclose how the organization identifies, assesses and manages climate related risks</p>	<p>AAL's Enterprise Risk Management Framework is aligned with Risk Management Standard AS/NZS 31000 and sets out the process for the identification, assessment, evaluation, management and reporting of all risks, including climate risk, in accordance with AAL's Risk Management Policy.</p> <p>AAL's climate risk review and climate change adaption plan updated in 2019 and 2020 respectively includes the identification and assessment of physical and transitional climate risk and opportunities using the representative concentration pathways 4.5 and RCP8.5 within the context of our Enterprise Risk Management Framework.</p>
<p>Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>	<p>AAL uses a range of metrics to assess the impact of climate-related risk and opportunities on our business as well as the progress of our adaptive activities.</p> <p>AAL measures and reports its carbon footprint annually through the Airports Council International (ACI) Airport Carbon Accreditation program and has maintained level 3 'optimisation' accreditation since 2015. Level 3 accreditation requires participants to achieve ongoing emission reductions of combined scope 1 and scope 2 emissions and activity to encourage and support stakeholders to reduce scope 3 emission.</p> <p>AAL's carbon footprint is verified by an independent third party bi-annually as part of this program. AAL had a number of targets set within the 2014 Master Plan which matured in FY20. AAL exceeded both the carbon emission reduction and energy efficiency targets.</p> <p>AAL undertook a significant process to develop a suite of new performance based sustainability targets to replace and build on those targets which matured with the 2014 Master Plan, including carbon emission reduction targets aligned with the Science Based Target methodology of 50% reduction in emissions by 2030 from the 2018 baseline and Net Zero emissions by 2050. AAL's carbon emission footprint including historic data is provided above.</p>

Energy & emissions

We are committed to reducing our carbon footprint and have retained Level 3 accreditation under the Airports Council International, Airport Carbon Accreditation program since 2015. Level 3 accreditation requires ongoing reduction of scope 1 and 2 emissions compared to a rolling three-year average and engagement with key stakeholders to encourage reduction of scope 3 emissions.

Electricity is a significant operating cost and the primary driver of our carbon footprint. Whilst Parafield is a fairly modest energy consumer, Adelaide has a larger energy requirement with electricity consumption accounting for 93% of Adelaide's carbon footprint and T1 accounting for 78% total energy consumption at Adelaide. As such there has been a focus managing our energy business including the inset networks and increasing energy efficiency within our main terminal building.

In addition to comprehensive carbon management plans at both Adelaide and Parafield airports we have a united energy strategy and associated cross functional energy strategy working group which drives energy efficiency initiatives.

Our energy efficiency and emission reduction program has been significantly impacted by COVID-19 with a number of initiatives at various points of project planning, including an additional 2MW terminal solar installation, ~\$4.2m terminal LED lighting upgrade and green firm power purchase agreement, temporarily on hold. We are continuing to keep abreast of energy efficiency and emission reduction opportunities and will seek to recommence the above-mentioned projects as we progress through the recovery phase.

Notwithstanding, in response to the COVID-19 lockdown and associated lack of activity within the Adelaide Airport terminal, we instituted a suite of measures to reduce energy consumption including shutting down significant areas of the terminal and aligning lighting and HVAC system operation with the level of activity within the terminal.

Note: Emissions reported on one year in arrears.

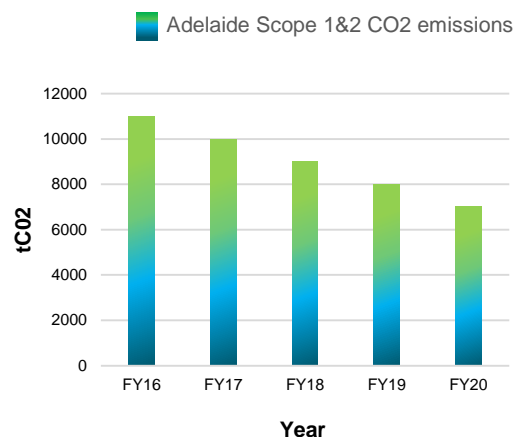
Emission reduction from previous year:

Adelaide: 8268 tCO₂, ↓0.79%

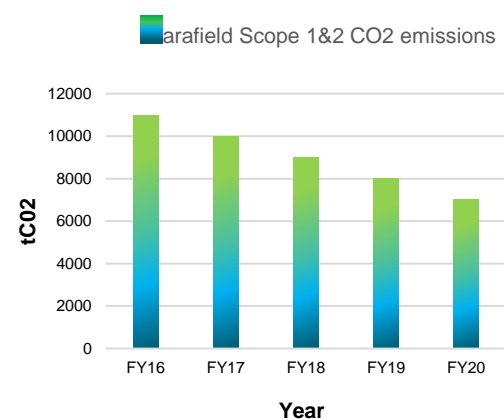
Parafield: 269 tCO₂, ↓ 9.03 %

Group: 8537 tCO₂ ↓ 1.04%

Adelaide Airport CO₂ Emissions



Parafield Airport CO₂ Emissions



Indicator	AAL	PAL	Group
Electricity			
Renewable electricity generated (kWh)	1,800,155	-	1,800,155
Grid electricity consumed (AAL expense + outgoings)	14,361,021	489,010	14,850,031
Total electricity consumed including renewable electricity generated (kWh)	16,161,176	489,010	16,650,186
Electricity Intensity (kWh/PAX)	2.57	-	-
Renewable energy generation (%)	0.11	-	-
Electricity recharged to tenants	25,297,928	2,652,719	27,950,647
Gas			
Gas consumption (AAL expense + outgoings) (MJ)	7,255,014	-	7,255,014
Gas recharge (MJ)	150,000	-	150,000
Fuel			
Diesel consumption (L)	38,085	6,635	44,719
Petrol consumption (L)	2,667	32	2,698
Total	40,751	6,667	47,418
Total Energy			
Total energy consumption (electricity + gas + fuel) (MJ)	66,889,416	1,999,660	68,889,075

Carbon Emissions	AAL	PAL	Group
Scope 1 (tCO ₂ -e)	610	23.8	633.8
Scope 2 (tCO ₂ -e)	7658	245	7903
Scope 1 + 2 (tCO ₂ -e)	8268	269	8537
Scope 3 (tCO ₂ -e)	111767	8695	120462
Emissions Intensity (Scope 1+2 kgCO ₂ -e/PAX)	1.28	-	-

Waste management

AAL has a mature waste program underpinned by our Waste Strategy and has implemented administrative measures and infrastructure investment to divert the significant portion of organic compostable waste from the general waste stream. These measures include specific

clauses in terminal tenant lease agreements to introduce compostable food service ware and mandate recycling, investment in organics compactor and progressive replacement of public space bins to include an organics stream.

Waste	AAL	PAL	Group
Total waste and recycling (t)	751.50	2.02	753.52
Hazardous (t)	1.27	-	1.27
General (t)	525	1	526
Total recycling (t)	225	1	226
Proportion of total waste diverted from landfill (%)	30%	49%	30%

Water

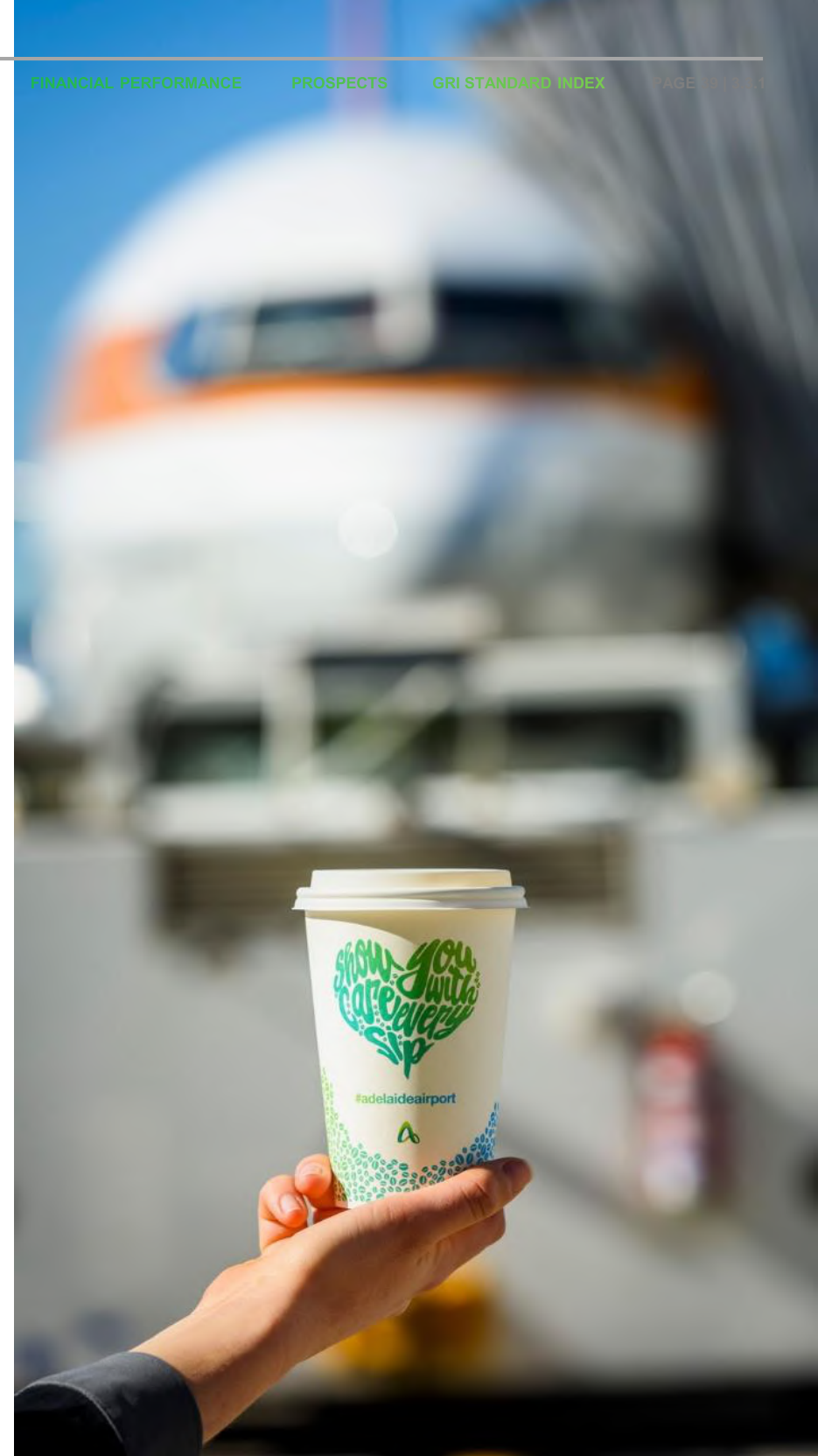
South Australia is the driest state in the driest inhabited continent. Pressure on potable water resources will continue to increase with drought, climate change and a growing population, likely leading to water shortages and increasing water cost.

To reduce operational cost and AAL's impact on local water resources, it is essential that we use water sustainably now and into the future. Whilst the conservation of potable water is essential, the

implementation of water sensitive urban design and use of alternative water products such as, stormwater and recycled water, will be an important and cost-effective tool to mitigate the impacts of and adapt to the changing climate.

We are continuing to develop our understanding of our water resources requirements and to develop an integrated water management strategy.

Water Resources	AAL	PAL	Group
Potable water consumption (megalitres)	45.2	23.9	69.1
Recycled water consumption (megalitres)	71.3	-	71.3
Total water consumption (megalitres)	117	23.9	140
Percentage of recycled water use	61%	0%	51%



Biodiversity

Whilst there are no threatened ecological community or species listed under the Environment Protection and Biodiversity Conservation Act 1999 (EPBC Act) present on the airport sites, AAL manages and maintains conservation zones at both Adelaide and Parafield airports. The Patawalonga Creek Conservation Zone (PCCZ) is located west of Adelaide Airport's Tapley's precinct and is noted as one of the last remaining remnant native Adelaide Plains creek habitats in metropolitan Adelaide. This area, characterised by a substantial remnant stand of *Melaleuca halmaturorum* (Swamp Paperbark), which was listed by the National Trust in May 2006. The stretch of creek is also an important refuge for native aquatic fauna such as tortoises, frogs, invertebrates and waterbirds, as well as several other reptiles and mammals.

Works to restore this stretch of Patawalonga Creek continue through seed collecting, native vegetation planting, weed control and surveys, and are guided by the management strategies outlined in the Patawalonga Creek Conservation Zone Management Plan.

Thanks to the tens of thousands of volunteer hours, facilitated by the long-standing Friends of Patawalonga Creek, as well as AAL's strategic partnerships with not-for-profit bodies including Conservation Volunteers Australia, the PCCZ has made substantial progress over the years. The site now stands as an important local ecological, educational and community-based recourse, having seen volunteers from primary schools, high schools, university students, TAFE, corporate business, Work for the Dole, and AAL staff, all contribute to helping the PCCZ hold back the pressures of surrounding urbanisation.

In 2018, the site was opened for the first time to the general public representing a key milestone in the continuing journey of Patawalonga Creek as a valued asset to the local community.

AAL's new landscape target to increase canopy cover by 15% offers a new approach to biodiversity and conservation. Recognising the environmental, social and economic benefits that can be realised through

the greening of our urban environment we will significantly extend the reach and beneficial impact of our work that has to date been restricted to conserving small parcels of remnant vegetation, through the development of climate resilient and ecologically vibrant precincts.

Environmental compliance

AAL has continued to implement its Environmental Management System (EMS) which is aligned with ISO14001 and has demonstrated a high level of environmental management, with no significant environmental incidents observed, and all compliance reporting obligations completed. AAL adopts a robust schedule of EMS reviews and updates, including internal and external reviews as required.

AAL adopts a risk-based approach for management of airport tenants. Environmental risks are based on the potential for a tenant's business activities to cause environmental harm, their previous environmental performance and the quality of the existing risk management controls. The frequency of AAL's environmental tenant inspections aligns with a tenant's risk rating. The online tenant environmental self-assessment process previously introduced by AAL has been further refined to better align the frequency of environmental tenant inspections with actual risks.

AAL maintains an Environmental Site Register for the airport to identify on-site locations that have been a source of environmental impact and/or subject to environmental monitoring, assessment, inspection, incident investigation and/or environmental significance status.

Environmental monitoring of noise, air quality, storm water, soil and groundwater, and heritage items, are continued in alignment with the Airport Environment Strategy (AES) and reporting against all environmental goals, management and compliance actions outlined in the AES is routinely provided to AAL's Executive Committee. This reporting includes hazardous spills and near-misses, environment-related complaints, monitoring results including exceedances of regulatory criteria, and ongoing management of contaminated sites. In accordance with airports legislation this reporting extends to the DITRDC Airport Environment Officer as part of a regular reporting schedule.

Managing Per and Poly Fluorinated Alkyl Substances (PFAS)



AAL continues to manage PFAS (Per and Poly Fluorinated Alkyl Substances) from historic Commonwealth Government and Airservices firefighting activities at both Adelaide and Parafield Airport.

AAL has continued to foster a constructive relationship with stakeholders including the SA EPA in managing PFAS contamination at Adelaide and Parafield Airport through established Project Control Groups, and continues to collaborate with both state and Federal regulators to keep all stakeholders and the community informed.

New guidelines for PFAS Soils have been developed to provide guidance for AAL and third-party development.

Off-airport PFAS investigations undertaken by Airservices for Adelaide Airport, and AAL for Parafield Airport suggest the potential risks to local communities are negligible.

Shaping Our Business

Procurement

We are continuing to evolve our procurement activities with a focus on achieving value for money whilst further incorporating environmental, social and governance considerations in our purchasing decisions in alignment with ISO 20400. This includes avoiding unnecessary consumption, reducing environmental impacts, supporting diversity, encouraging local employment and fostering innovation.

We continue to work with our suppliers and partners collaboratively and have instituted Contract Development Plans (CDPs) with our strategically important supply partners including our cleaning contractor and our security contractor.

The COVID-19 pandemic has had a significant impact on our operations and on our major service contracts. We have worked closely with key suppliers to refine our business model and optimise our investment in the face of unprecedented times to meet an anticipated “new normal”. We commend our people and our suppliers who have supported us in this time. The level of immediate change and the demonstrable outcomes achieved are a credit to their hard work and the partnerships formed. We will continue to work with our suppliers to ensure that procurement activity continues to deliver value.

Identifying & tackling modern slavery

AAL's supply chain is extensive and global, and incorporates a wide range of products and services spanning a variety of industry sectors. At its most complex, AAL's supply chain is several tiers deep, across multiple jurisdictions. In developing its action plan, AAL adopted UN Guiding Principles on Business and Human Rights which recommends that businesses

focus on assessing general areas of operations and supply chains where modern slavery risks are likely to be most significant, prioritising the risks they respond to first, focusing on the most 'severe' risks, i.e. those that would cause the most harm to people, have the gravest impact or scale, or where delayed response would make them irremediable.

Potential risk areas identified can be classified in categories as follows:

- Procurement and outsourcing of support services e.g. cleaning, trolley management, bussing, security etc.
- Construction and Infrastructure including the products and raw materials in our supply chain.
- IT hardware and software.
- Other low value indirect procurement e.g. uniforms, safety clothing.
- Sub-Contractors.
- Tenants and their contractors.
- Human trafficking through the airport e.g. international arrivals

AAL has spent the past 12 months developing and implementing its action plan to mitigate the risk of modern slavery. This includes:

- Embedding and maintaining effective systems, controls and internal policies to prevent slavery.
- Education and support for AAL Contract Managers and other stakeholders.
- Implementation of additional due diligence and mechanisms for control.

Business enablement

Adelaide Airport continued to support its people and the various functions and processes in which it operates by continuing to invest in technology. Q1 of 2020 saw the

rapid deployment of collaboration tools allowing the business to continue to work seamlessly throughout the COVID 19 pandemic. The ever changing risk environment has facilitated the need for new cyber security initiatives to be rolled out and to keep us at the forefront of technology and information security.

Adelaide Airport is driving ongoing customer engagement and awareness of new products and services through numerous Electronic Direct Mail (EDM), social media and physical placements of campaigns and general advertising. Our Customer Relationship Management (CRM) system brings all customer feedback into one place to maximise the benefits of operating this system. We continue to work with retailers and broader tenants to deliver opportunities to grow their businesses using the existing CRM, and enhancing relationships with existing customers such as FIFO and corporate to offer value through relevant information and services.

In 2019, we updated the website to assist in content management of Shop, Eat and Enjoy pages, while providing digital voucher redemption and interactive wayfinding solutions. We utilise the 'mobile first' criteria, which ensures customers are given a seamless mobile user experience and enables digital campaign redemption at the retail point of sale.

Adelaide Airport continues to move to a modern workplace, which will provide an intuitive, consistent and reliable employee technology experience, improved business processes and the opportunity for enhanced collaboration. Our modern workplace will further improve our information management practices, workforce flexibility and help our people to meet the changing needs and expectations of our customers. More than 24,000 documents have been reviewed as part of this program. This has resulted in over 10,500 documents being digitised to ensure that appropriate historical information is retained and accessible. The remaining documents have been securely destroyed.

Aviation & Security

As an essential service Adelaide Airport has continued to operate throughout the COVID-19 pandemic. Despite the reduced aircraft and passenger movements during the lockdown, aviation safety and security remain paramount.

AAL continues to adapt to ongoing changes in the security landscape. We work closely with our security contractors, regulator and agencies such as Border Force and the Australian Federal Police (AFP) to ensure the safety and security of our infrastructure, operations and most importantly the people who work at or travel through our airport.

Following a successful trial period, we have now permanently installed the first 3D x-ray and state-of-the-art body scanner at our central security screening point with further upgrades planned over the next two years.

In response to the significantly reduced passenger and staff screening requirements associated with the impact of COVID-19 pandemic, we have streamlined our security screening operations, temporarily closing the peripheral screening points and implementing measures to improve efficiency and safety of the central screening operation including increased cleaning and sterilisation activities.

Maintaining safe and serviceable infrastructure and operations is of critical importance to the success of any airport and whilst security measures within the terminal such as passenger and baggage screening are extremely important and highly visible, there is also a plethora of activity undertaken by the Airside Operations team to ensure safe and efficient airfield operations to maintain regulatory compliance. These activities include movement area serviceability inspections, wildlife hazard management, security patrols and personnel and vehicle security checks.

We have made significant improvements to the monitoring and reporting of airside operations with development and implementation of a mobile reporting application and digital operations log. At the same time as improving data quality, this initiative has increased productivity and improved safety and security outcomes by streamlining data collection and reporting and facilitating real time visibility of safety and security activities.

Safety activities	Total
Inspecting Runways Taxiways & Aprons	732
Wildlife Harassment	860
Obstacle Control	570
Airside Escorts	780
Practical Airside Driving Assessment	386

Hours conducting safety activities	Total
Inspecting Runways Taxiways & Aprons	893
Wildlife Harassment	1796
Sweeping Runways Taxiways & Aprons	587

Security activities	Total
ASIC Audit AAL	1766
Security Patrol	8196

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Facilities Management

Managing our assets

As an airport operator we are responsible for the management and maintenance of a broad range of infrastructure and assets across the airport site from aviation specific infrastructure such as runways, taxiways and aprons, airfield lighting and our multi-user terminal to our offices and tenant buildings, waste management, our landside road system, airport landscaping and electricity, water and sewage networks.

Responding to COVID-19

The Facilities Management team was instrumental in implementing important operational cost saving measures in response to the impact of the COVID-19 pandemic, which included the concentration of activity to one end of the terminal and a significant flex-down of terminal energy consumption.



Toolbox Meetings – Our Facilities Management team's daily meetings.

Facilities Management	Total
Road/Pavement	
Sealed Road Area	310,317m ²
Sealed Road Length	39.95km
Aircraft Movement Pavement	898,993m ²
Airside Line-marking length	170km
Total Car Parks	8900
Total Gross Pavement Area	1,673,745m ²
Services	
Underground Elec / Comms Conduit (AAL and utility)	185km
Domestic Water Pipe	53km
Drainage	113km
Water Meters	115
Electrical Transformers	60
Electricity Intake Meters (NMIs)	6
Electricity Sub-Meters	>380
Buildings	
Number of Buildings	184
Total Building Footprint	352,263m ²
Street Lights	1,292
Footpath Length	9,073m
Air Bridges	14
AAL Maintained Carparks	2350

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Our People

Adelaide Airport recognises that putting people at the core of the company’s business strategy helps to drive a more engaged and productive business, which increases our ability to create value.

Planning for the future

This year, we have placed added importance on workforce planning to ensure we have the necessary capability for the business, not just in the short term, but also to deliver our Strategic Plan over the long term.

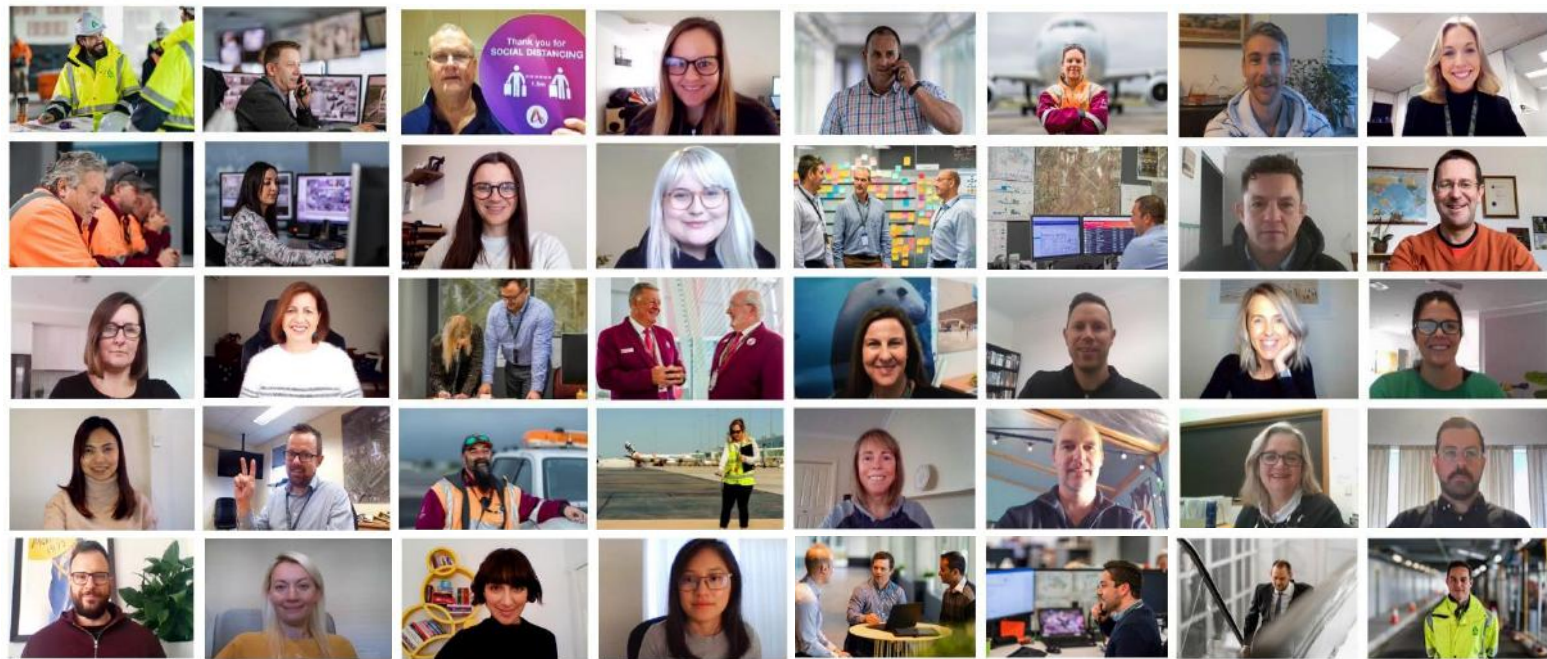
The adaptability of our workforce is crucial to the success of our strategy, and this shone through when the shock of COVID-19 hit in early 2020. As a protective measure for our people and to ensure the resilience of our business, 55 per cent of our team worked from home between April and June 2020.

Our operational team, which is core to ensuring the continuity of airport operations, continued to work onsite in revised settings that reduced physical contact between and within teams. Our people adjusted quickly to this new way of working and productivity remained high.

The success of working from home during COVID-19 and the introduction of new collaboration tools has changed the way we operate both internally and with our external business partners.

A flexible workplace

COVID-19 expedited a review of our flexible work arrangements policy. This revision reflects the ongoing lessons being learned through COVID-19 and has enabled significant changes to the way we work.



Some of our people working on-site and from home during COVID-19

Healthy Minds

The safety and wellness of our people has always been important pillar of our employee experience.

We have continued our ongoing partnership with the Adelaide-based Healthy Minds program. The program, which focuses on preventative measures for quality mental health, had a specific emphasis on strategies to be safe, well and maintain a healthy mind during COVID-19.

It also helped our team prepare to return to our normal workplace arrangements after these were set aside during the COVID-19 response.



Connections – Executive General Manager, People Culture & Terminals, with our staff.

Listening to our people

Adelaide Airport knows that listening to our people creates value for our business. We continue to exceed benchmarks for engaging with our people and acting on feedback.

This year, participation in our annual staff engagement survey reached 90 per cent, and importantly we continued to be recognised as an ‘employer of choice’.

A key pillar of the employee experience at Adelaide Airport is ‘Our Promise to Each Other’. This describes the commitment, attitude and behaviours expected of our team to maintain a culture of great customer service. In upholding Our Promise, we also measure and recognise internal customer

service through our staff survey process. We’re very proud of the achievement of our team, which this year saw the result rise for the fourth year in a row.

It has been more important than ever to maintain this engagement with our people during COVID-19. To assist our leaders in staying connected with their teams, we introduced regular employee pulse surveys through our ongoing partnership with the Adelaide-based Centre for People & Culture.

This regular and rapid engagement enabled us to stay connected to the emotional wellbeing of our team, their social connectedness, their collaboration capacity, and to help ensure they had the tools and resources needed to remain productive and effective during a time of significant change.

Training & development

We strongly believe in nurturing our people and creating opportunities for them to grow within our business.

This year, we focused on improving access to programs and tools and introduced a number of new learning and development opportunities for our people.



Training Hours

We provided an average of 24 hours of training per employee.

After COVID actual training hours continued to remain high but shifted to the uptake of free options like webinars and virtual conferences.

We converted face-to-face training delivery to eLearning or virtual delivery with Microsoft Teams and continued to prioritise and invest in mandatory training.

Turnover Rate

9.44 %, against a benchmark of 9.77%

Absenteeism

3.01 % against a benchmark of 3.04%

Staff breakdown

Occupation	Female	Male	Total
Full Time	49	97	146
Part Time	18	25	43
Casual	0	2	2
Total	67	124	191

Recruitment over 12 months

External recruitment	27	73%
Internal appointment	10	27%
Total	37	
Male	18	49%
Female	19	51%
Total	37	

Workplace profile

Occupation	Female	Male	Total
Management	20	46	66
Professionals	15	24	39
Technicians and trade	2	26	28
Community and personal service	7	26	33
Clerical and administration	23	2	25
Total			191

Age	Female	Male	Total
Under 30	79%	21%	24
30-50	36%	64%	100
Over 50	16%	84%	67
Total			191

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Work Health Safety

Adelaide Airport recognises the importance of duty-of-care to ensure the safety, health and wellbeing of workers and visitors to our sites.

Adelaide Airport recognises the importance of our duty-of-care to ensure the safety, health and wellbeing of workers and visitors to our sites. We are committed to establishing measurable WHS objectives and targets to ensure continuous improvement aimed at the elimination of work-related injury and illness.

Our WHS program is underpinned by our WHS Policy and Framework, which promotes a continuous improvement approach to the management of health and safety. The WHS Framework is aligned to the International Standard ISO 45001 (Occupational Health and Safety Systems) and promotes a best-in-class program adopted as part of ongoing operational activity.

Regular WHS reporting with emphasis on safety initiatives ensures relevant WHS information is communicated to staff via monthly reports, bi-monthly

WHS bulletins and via the WHS Committee. Reporting WHS performance was enhanced in 2019 with the introduction of a Key Performance Indicator scorecard with greater emphasis on leading safety indicators representing proactive hazard management and control assurance. Enhanced reporting includes benchmarking our injury performance against our own WHS injury performance over a rolling five-year average, providing a performance-based oversight of our WHS management activities.

All WHS incidents are analysed to determine emerging trends. Outcomes are distributed via toolbox talks and captured in the safety bulletin, assuring continued education and prevention of future incidents.

Comprehensive half-yearly risk reporting is provided to the Board's Audit and Compliance Committee with an annual focus on WHS.



5.83

TRIFR*
(below 5-year average of 8.30)

2.91

LTIFR*



50

Workplace Inspections



69

Job safety & environment assessment reviews



68

Contractor site safety inspections



90

Business unit safety oversight workshops



6

WHS Committee meetings

*TRIFR Total Recordable Injury Frequency Rate

*LTIFR Lost Time Injury Frequency Rare



Our Community

Adelaide Airport recognises that putting people at the core of the company's business strategy helps to drive a more engaged and productive business, which increases our ability to create value.

Engaging with our community

We are committed to supporting our stakeholders, through community engagement, government consultation, and industry representation.

We are embedded within multiple local community groups and complement our community engagement by forging partnerships with local organisations through sponsorship and community investment programs.

Community Aviation Consultation Groups

Regular scheduled committee meetings are held, such as the quarterly Community Aviation Consultation Groups (CACG), Planning Coordination Forums (PCFs) and Technical Working Groups (TWG) with consistent attendance and collaborative, constructive outcomes.

Both the Adelaide Airport Consultative Committee (AACC) and the Parafield Airport Consultative Committee (PACC) have a shared Planning Coordination Forum sub-committee, which reports separately to the AACC and the PACC.

The Planning Coordination Forum

The Planning Coordination Forum (PCF) is responsible for regular and strategic engagement with the Commonwealth Government, the SA Government, and relevant local governments. Discussions typically revolve around airport planning and operations, and on

the implications of development in the surrounding areas at both airports. In 2019, the PCF played a critical role in AAL's consultation on the Master Plan which included holding specific Master Plan workshops with the PCF through various stages of the draft Master Plan process.

One of the core mechanisms of engaging with the community is through our Community Aviation Consultation Groups (CACG). At Adelaide Airport, the primary CACG is the Adelaide Airport Consultative Committee (AACC). The AACC is chaired independently and provides a forum for the free exchange of views on airport issues such as noise, environmental issues, future land development, airport facilities, aviation services, and any other important issues that may arise.

The Parafield Airport Consultative Committee

The Parafield Airport Consultative Committee (PACC) serves a similar function, by providing an advisory forum for members to discuss their views on issues that might be affecting Parafield Airport and is also chaired independently. Attendees at the Committee meetings include a range of stakeholders including Airservices, Resident Associations, Industry Associations, Airlines and consistent senior representation from all levels of Government and key Government departments.

Members of the community who have a genuine interest in the airports attend and are encouraged. They are free to provide input, seek involvement and are provided access to all of the relevant information. Detailed reports are submitted by relevant members (including Adelaide

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and Parafield Airport) and the contents of the reports are discussed at the meeting along with presentations on topics raised by the Committees. Minutes of the meeting are available on the Adelaide and Parafield websites for public viewing.

Western Adelaide Consultative Group

Adelaide Airport is a member of the Western Adelaide Consultative Group (WACG), a forum of councils in western Adelaide, which meets quarterly to discuss ideas and work together on common or topical issues concerning western Adelaide. Members include the City of Charles Sturt, City of West Torrens, City of Holdfast Bay and City of Marion councils. Adelaide Airport and Adelaide Shores also attend as respective Commonwealth and State Government instrumentalities that govern material areas of land in western Adelaide.

Other community groups

We are a member of the City of Charles Sturt Western Business Leaders (WBL) Group which has a membership of more than 40 businesses in the local area. Adelaide Airport holds a seat on the WBL Executive group which has been established to assist in setting agendas for the WBL and developing the business interaction program. The purpose of the WBL is to grow, inform, engage and promote solutions for the Western Adelaide business community.

Adelaide Airport is also active in community engagement in the environment area. We are an active member of the Patawalonga Lake Advisory Group, Friends of Patawalonga Creek, Regional Climate Adaptation Groups and the Premiers Climate Council. We have also established a Wildlife Hazard Group, engaging with businesses and local Councils surrounding the airport to combat the prevalence of bird strikes at Adelaide Airport.

Community outcomes

A number of outcomes have been achieved through the Committees including but not limited to:

- PFAS: Regular information updates including provision of testing and ground water survey results at Adelaide and Parafield Airports;

- Noise Issues:
 - Education on runway arrivals during the curfew under the Adelaide Airport Curfew Act and noise abatement procedures.
 - Terminal Disability Access: Education for the committee regarding disability access at Adelaide Airport and upcoming initiatives.
- Remembrance Day and Darwin Defenders Day: worked with Airservices and the community to ensure that flights did not interfere with the minute's silence following feedback from the community.
- Building Height and Crane Approvals: Working closely with councils and Government to ensure appropriate and timely outcomes are reached through approval processes.
- Airservices Australia's Flight Path Design Principles: Provided updates to the AACC and PACC on the draft principles consultation process facilitated by Airservices and promoted opportunities to participate in the public consultation process
- Facilitation of discussions between members of the City of Salisbury Council and Parafield Airport flight training tenants regarding proposed amendments to the Parafield fly friendly program.



20 October 2020 – The Vickers Vimy Open Day was held on the lawns next to the Vickers Vimy aircraft. Members of the public were invited to experience a close-up viewing of the aircraft, visit educational stalls and witness a special flypast of vintage aircraft.

Vickers Vimy Open Day celebrates our historic aviators



Members of the public were for the first time allowed a close-up look at the historic Vickers Vimy aircraft at Adelaide Airport as part of the countdown to the Epic Flight Centenary celebrations held in November and December.

More than 600 people registered in advance for the opportunity to access the building housing the Vickers Vimy and see it from all angles. Usually the aircraft can only be viewed from the outside through floor to ceiling windows. The building itself is climate and UV-controlled, and the aircraft sits on vibration dampers due to its fragile state.

The event was also marked by a special flypast of vintage aircraft including Tiger Moths and Chipmunks to toast 100 years since the first flight between England and Australia.

Partnering with the community

Both airports continue to adopt a partnership approach to community engagement, investing in several worthwhile organisations. These partnerships are carefully considered and are aligned to our Strategic Plan, with the sole purpose of making a meaningful and measurable impact in the community which we operate in.

Our stable of partners are divided between economic (vibrancy) and social (diversity) impact.

Vibrancy: Adelaide Airport is recognised by its peers as contributing towards the State’s vibrancy and in turn driving economic outcomes.

Diversity: Adelaide Airport recognises and celebrates diversity of all kinds across South Australia.

Some of our community investment initiatives include:

- An active member on the Epic Flight Centenary Committee to commemorate 100 years since the first flight between England and Australia, including a public open day at the Sir Ross and Sir Keith Smith Memorial Building and sponsorship of the documentary “The Greatest Air Race” commemorating the Vickers Vimy centenary;
- Joint funding with the RFDS, of an Aboriginal Health Coordinator position at Port Augusta hospital to help Aboriginal patients navigate the health care system;
- Partnering with the Power Community to deliver The Power to End Violence Against Women program more broadly to include young women not just young men;
- Supporting the Foodbank Meal Pack Program which has enabled Foodbank to distribute more than 9,600 Meal Packs to those in need in our community;
- Sponsored the Australian Airports Association (AAA) scholarship to support women in airports. This is the first time this Scholarship has been offered and includes attendance to four-day AAA conference and a travel voucher to assist the delegate with their travel and associated costs;
- Financial support to the Country Fire Service Foundation and other charities for bushfire assistance;
- Program partners of the Adelaide Festival, Adelaide Fringe and Australian Dance Theatre, key arts organisations charted with encouraging event tourism to the state and exporting our art credentials to the world.

Music & Art in T1 program






Adelaide Airport remains a strong supporter of South Australian artists. Through the curation of more than 35 local artists and 41 music performances involving over 90 performers in 2019/20, we strive to continue investing in the creative economy.

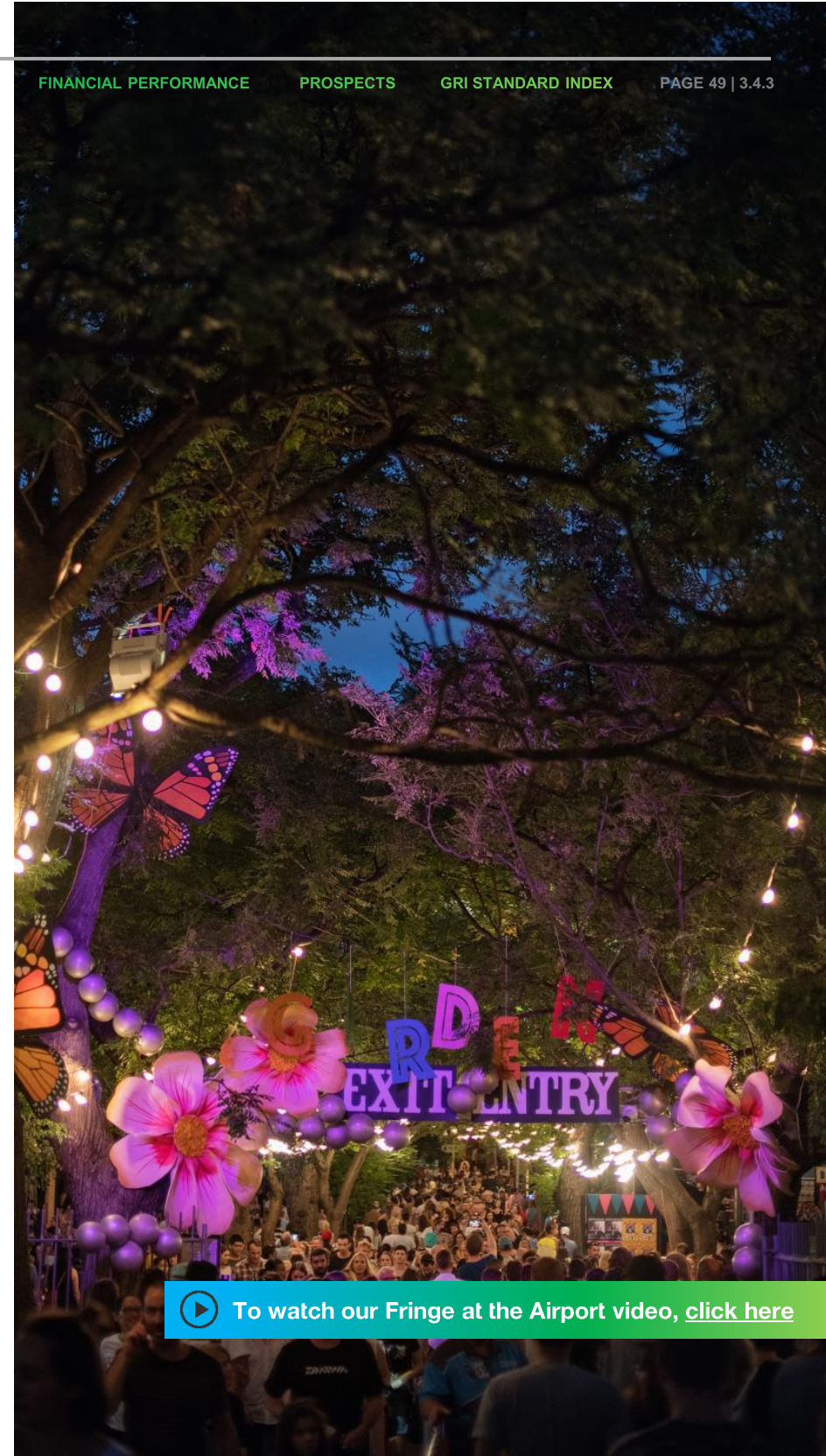


Adelaide Sounds – Customers enjoying live music in the terminal on a Friday evening.

Economic impact

Our community investment contributed to the following:

	\$126.7m State Impact
	3.9m Audience
	7,900 Performing artists
	50,000 Visitors to the state
	\$66.4m Visitor spending



[▶ To watch our Fringe at the Airport video, click here](#)

Social impact

Our community investment in 2020 resulted in the following social impact::



89 patients

received medical, cultural and relocation support from the RFDS Aboriginal Health Coordinator



300 Year 10 girls

participated in The Power to End Violence Against Women program



9,600 meal packs

distributed to those in need in our community

Adelaide Airport partnered with the Power Community, Port Adelaide's non-for-profit community arm, to kickstart the "Empowered" program which educates young women on healthy relationships.

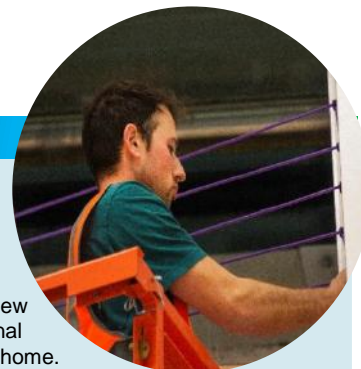
After much success engaging directly with men and boys, the program is being expanded to include women and girls through the support of Adelaide Airport. The program will be delivered to female students in Year 10, with the focus on supporting young women to promote a positive sense of self and identity, educating them on what healthy relationships look like, and how to identify signs that can lead to abusive behaviours.

The program will be delivered to 300 Year 10 girls across five secondary schools in South Australia.



Power Community 'Power to End Violence Against Women'

Flight Paths Art Installation



A new, permanent art installation was installed at Adelaide Airport, which aims to encapsulate and celebrate both the start of new adventures and the emotional re-connections of returning home.

Flight Paths by exciting young South Australian artist, Steve Bellosguardo, features a visually striking, flowing triangulation of coloured ropes and steel structures connecting the airport terminal adjacent International Arrivals with the Atura Hotel.

In addition to creating a stunning structure connecting new airport spaces that is visible from inside and outside the terminal, the installation acts as a subtle way-finding system between the terminal and hotel.

Flight Paths was commissioned by Adelaide Airport with the support of Guildhouse, South Australia's peak body for traditional and contemporary visual arts, craft and design.

Royal Flying Doctor Service Aboriginal Health Coordinator



Adelaide Airport and the RFDS continued to jointly fund an Aboriginal Health Coordinator position in the RFDS Port Augusta Primary Health Care Service team.

This position provides support through a cultural lens to Aboriginal and non-Aboriginal patients from remote areas during their treatment at Port Augusta Hospital.

Acting as patient 'conciierge', the RFDS Aboriginal Health Coordinator assists patients to navigate the health care system, providing cultural support for out-patient appointments, as well as assistance accessing essential items such as accommodation, transport, food, finance and basic language inequities for them and their families.

During 2019/20, 106 clients received medical, cultural and relocation support from the RFDS Aboriginal Health Coordinator during their admission and discharge from Port Augusta Hospital. The immediate social benefit from this meant 100% of clients reviewed by the Coordinator have had a verbal or written referral completed; and 82% of clients attended booked medical appointments during their stay in Port Augusta.

This has also led to:

- Reduced hospital re-admissions
- Increased engagement within the health care system
- Enhanced health literacy of patients
- Improved efficacy of data collection

Industry Participation

International

Adelaide Airport Executives are active participants in Airports Council International (ACI), particularly in the Asia Pacific Region. The Executive General Manager (EGM) Airport Operations, is the Vice Chair of the Asia PAC Regional Airport Security Committee and member of the World Security Committee which provides us with valuable insight and reach into global security best practice.

Our Sustainability Manager is a Member of the Asia-Pacific Regional Environment Committee which informs international and local environment regulation and practice and is acting Chair of the Climate Working Group. Committee membership ensures we can remain positioned as an Australian leader and innovator in the environment space.

National

On a national level, we are a member of the Australian Airports Association (AAA), with the Managing Director a member of the AAA CEOs Group and the EGM Planning and Infrastructure Chair of the AAA Planning Committee. The EGM Finance and Corporate and Legal and Corporate Affairs Manager are members of the AAA Corporate Affairs Group and other Executives participate on the specialist subcommittees and working groups reporting into the AAA Board and CEOs Group. Through these forums and regular one-on-one meetings with the CEO of the AAA, Adelaide Airport continues to provide strong representation to the association on issues affecting Adelaide Airport.

State

At a local level, Adelaide Airport has strategically selected membership of key organisations that can assist it in influencing key decision makers on policy and regulatory matters. These organisations include the South Australian Freight Council, the Committee for Economic Development of Australia, Property Council and the Committee for Adelaide. Our EGM Finance and Corporate is a Divisional Council Member of the South Australian Property Council, the Air Freight Representative on the South Australian Freight Council and sits on a number of education industry boards.

Local

Locally we continue to work closely with local councils. In January 2020 we provided the City of West Torrens elected members and management staff a tour of the Adelaide Airport Terminal Expansion project.

In response to a council motion from the City of Salisbury regarding proposed changes to the Parafield Airport fly friendly program, Parafield Airport facilitated discussions with members of the council and Parafield Airport flight training tenants on the proposed changes.

GROW | DELIVER | SHAPE | NURTURE





Parafield Airport

Parafield Airport

GROW | DELIVER | SHAPE | NURTURE

Parafield Airport Limited

Parafield Airport Limited is a wholly owned subsidiary of Adelaide Airport Limited. It operates Parafield Airport, South Australia's premier general aviation aerodrome and world-class training airport. The airport is home to six aviation training companies and is a growing business and retail hub for Adelaide's northern suburbs.

Strategy

The Parafield Airport Strategic Plan is structured around the same four pillars as Adelaide Airport's plan: **Grow, Deliver, Shape and Nurture.**

Given the majority of Parafield's revenue source is primarily generated through property, there is a strong emphasis on developing and maintaining good tenant relations to encourage them to grow.

Situated only 20 kilometres from the city in an area that is expanding, Parafield Airport provides an ideal location for property development. As a major northern economic hub, with good connections to the north and the CBD there is plenty of potential.

Prior to COVID-19, Parafield was on track with delivery of the Strategic Plan, particularly with the development in the commercial estate, between Kesters Road and Elder Smith Drive. This land was under offer to the developer, DevWest to build a 10,700 square metre district outlet centre. The project has since been delayed until



economic certainty returns, but we remain confident it will go ahead.

Other tenants in this precinct, such as Bunnings, are thriving and are expanding as a direct result of opportunities that have arisen during the current pandemic. In some instances, we have seen building projects brought forward, particularly those businesses with good capital reserves but obviously businesses linked to aviation have found it tougher as air traffic movements and aircraft maintenance activity have taken a dive.

There is an opportunity for Parafield to attract start-up businesses in aerospace and R&D. With Silentium Defence and Minchim Aviation now based at the airport, there is potential for an R&D cluster to grow. Pre COVID there was also an opportunity to develop an essential services cluster on the back of the new SA Ambulance Station, which opened up last year at Parafield.



Parafield Airport Commercial Estate

Flight training

Flight Training Adelaide is a major provider of flight training at Parafield, accounting for three quarters of flight traffic movements at Parafield.

Their business has remained strong despite the impact of COVID and it continues to train a significant proportion of students from overseas which will impact the scale of operations depending on the longevity of border closures.

FTA is lobbying the South Australian Government to be part of the pilot program, which would see international students welcomed back to Adelaide with the proper health and safety precautions in place.

Working with the community

Parafield Airport is acutely aware of the impact aviation-related activities, and particularly noise generated by these activities, can have on the local community. In response, we have a broad range of programs in place to address aircraft noise around the airport. We conduct quarterly stakeholder consultative committees and distribute community updates.

We continue to have a strong community engagement focus supporting the northern community through strategic partnerships with local organisations, like the combined Parafield and Salisbury Rotary Clubs' Northern Business Breakfast series.

We also support the North City Panthers Football Club, which are based at the airport, with both financial and in-kind support, providing them with change rooms, electricity, water, mowing and ground maintenance.

Supporting future aviators

Traditionally Parafield Airport has provided two scholarships annually to secondary students in the local community to allow them to achieve their Private Pilots License (PPL). The scholarships, valued at \$20,000 each, are available to students currently studying in Year 11 or 12 and attending a school with in the Sailsbury, Tea Tree Bully or Playford council areas.

This year the two successful students started their training in January despite the challenges posed by COVID on the training environment.



Flight Trainers at FTA



Risk & Governance

Risk Management

Risk Governance

Adelaide Airport has a strong risk governance structure in place. The Board and management have a strong working relationship and are committed to achieving the highest standards of corporate governance.

Our Risk Governance structure is comprised of a number of layers, and facilitates fluid risk reporting and transparency.

The Board, through the Audit and Compliance Committee, is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems, and receives comprehensive half yearly risk updates in addition to routine reports, addressing areas of significant or emerging risk.

Management, via the Risk Management Committee and the Risk Working Group, are committed to ensuring the Board can meet those responsibilities.

Risk and compliance management maturity at the operational level is fostered via the Risk Working Group. It provides a forum for the transparent reporting of risk, compliance and incident information between the Risk Management Committee, the risk and compliance department, and risk owners.

Risk Management Framework

Adelaide Airport's risk management program takes a holistic enterprise approach and is designed to ensure that all risks (strategic, corporate, operational and project), are identified, assessed, effectively managed and monitored in accordance with the Enterprise Risk Management Framework.

Risk management is supported by a strong and sustained commitment by management, as well as strategic and

and rigorous planning to achieve commitment at all levels. The Risk Management Framework provides users with a reference to assist in the identification, assessment, management and reporting of all risk types in accordance with our Risk Management Policy. It also outlines the methodology to assess the level of assurance against controls in place to manage all risk types.

The Framework is aligned with the current Risk Management Standard AS ISO 31000:2018 Risk Management Guidelines (the Standard) and supports an enterprise approach to the management of risk.

Assurance

The Enterprise Risk Management Framework is underpinned by a robust assurance program. Internal audit carries out regular systematic monitoring of control activities and reports to both the relevant business unit and the Audit and Compliance Committee.

The Internal Audit Plan has been expanded to take a risk management approach to audit planning across all business functions, as opposed to purely financial control reviews. It is developed by taking into consideration Audit and Compliance Committee input, our corporate and strategic risks, the Strategic Plan, executive and management input, assurance activity, emerging risks, and statutory and regulatory matters.

Our risk maturity is tracked against an Enterprise Risk Management Maturity continuum. This risk maturity evolution has resulted in an increased emphasis on embedded risk assurance activities undertaken by Adelaide Airport's WHS Risk and Compliance Business Unit, in addition to the internal audit program. Ongoing corporate, strategic, operational, WHS and project risk assurance reviews form a core part of our risk management program. Assurance and oversight of risk management is captured via monthly reporting with comprehensive quarterly risk

profile reporting, and risk and compliance program key performance indicator scorecard monitoring. Comprehensive half-yearly risk reporting is provided to the Board Audit and Compliance Committee, and includes linkage of incidents to risks and operational risks to corporate and strategic risks to provide further assurance around the completeness of our risk profile.

Compliance

Adelaide Airport's Compliance Management Policy and Framework align to the Australian Standard AS/ISO 19600:2015 Compliance Management Systems. The policy and framework capture both compliance requirements (such as laws, regulations, licences) and commitments (such as the airport head leases, voluntary principles and codes) in a holistic register. Compliance requirements and commitments are risk-assessed with compliance plans established for higher areas of compliance risk.

Resilience

Adelaide Airport takes an enterprise approach to resilience via our Resilience Strategy. This strategy creates a transparent cohesiveness across all of Adelaide Airport's resilience activities with an 'all-hazards' approach and is based on the British Organisational Resilience Standard (BSI 65000:2014).

It outlines the interaction between the various response and recover plans, which include business continuity, crisis management and IT disaster recovery plans, and the various mechanisms such as Crisis Management Team, Incident Assessment Team and the Terminal Incident Control Team, which are in place to support execution of these plans.

Governance

Company Structure

Adelaide Airport Limited is a private, unlisted South Australian company and is comprised of five entities:

All group entities have common boards and board meetings are held contemporaneously.

Adelaide Airport Limited (AAL)

is the main operating entity holding the lease rights to manage and operate Adelaide Airport.

Adelaide Airport Management Limited

is responsible for the employment of all AAL group staff.

Parafield Airport Limited

holds the lease rights to manage and operate Parafield Airport.

New Terminal Financing Co Pty Ltd

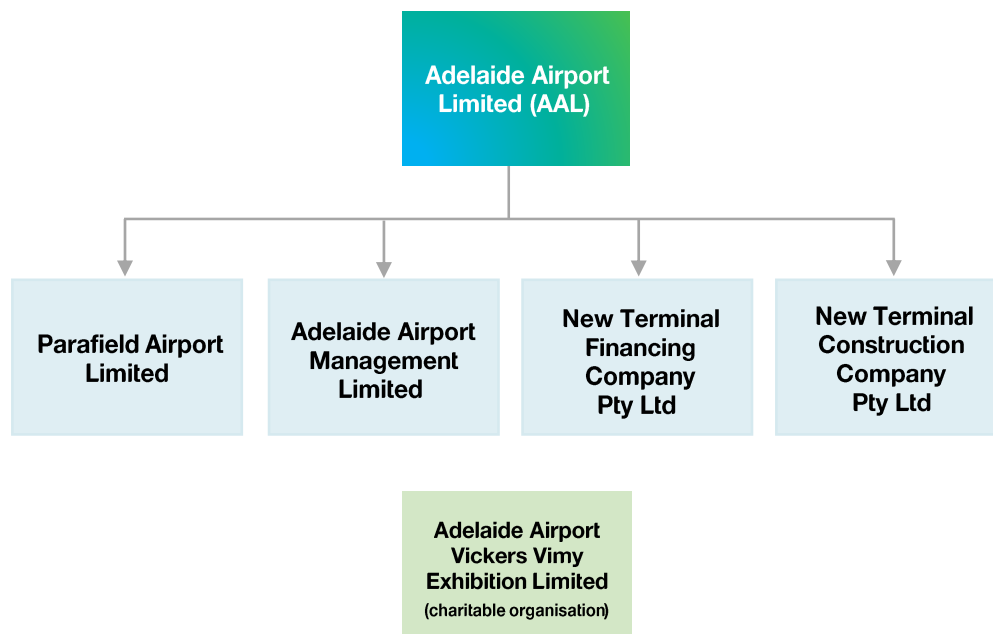
is the AAL group financing vehicle and issues the group's external debt.

New Terminal Construction Co Pty Ltd

was the construction company responsible for the new terminal and holds the Redeemable Preference Shares.

Adelaide Airport Vickers Vimy Exhibition Limited

Adelaide Airport Limited is the sole member. Adelaide Airport Vickers Vimy Exhibition Limited receives and administers the State and Federal funding that has been secured to relocate the Vickers Vimy Historical Aircraft from its current location in a memorial building adjacent to the long-term car park, to a central location in the expanded Adelaide Airport terminal building.



Our Directors



Alan Mulgrew
B.A., GRAICD, JP *Director*

Experience and expertise:

Alan was appointed on 6 September 2006 as a non-executive director. Alan has had over thirty years' experience as a senior aviation executive both within Australia and overseas, including responsibility for Perth and Sydney Airports. Since leaving Sydney Airport in 1997 Alan has provided strategic advice to numerous major institutions and served as a non-executive board member on a number of high profile boards spanning Aviation, Energy, Construction, Infrastructure, and Tourism.

Other directorships and positions:

Alan is currently a non-executive director of Queensland Airports Limited, Interflour Group and Cooperative Bulk Handling Group and is an advisory panel member for First Sentier Investors (formerly Colonial First State Global Asset Management) and infrastructure advisor for Perron Investments. He was formerly the Chair of Tourism Western Australia, Western Power and Western Carbon Pty Ltd.

Alan has also served as Chair and member of various Audit, Risk Management, Governance and Remuneration Committees.

Special Responsibilities:

Chair of the Aeronautical & Related Infrastructure Committee
Member of the Property Development Committee
Member of the Remuneration Committee



Christopher John McArthur
B.Eng., MBA, FAICD *Director*

Experience and expertise:

Chris was appointed on 30 March 2011 as a non-executive director nominated by First Sentier Investors (formerly Colonial First State Global Asset Management) as trustee of the Global Diversified Infrastructure Fund. Chris is the Head of Asset Management, Australia and Partner, Infrastructure Investments, with First Sentier Investors. He is responsible for the origination, execution and asset management of unlisted infrastructure investments globally, with a focus on transportation.

In prior roles, Chris was Head of the Commercial Division of Pacific National, the former Toll/Patrick rail joint venture and Australia's largest private rail group. He held various senior management positions with Qantas in Sydney and London, including as Head of the QantasLink regional airline group. Chris has a Bachelor of Engineering from the University of Melbourne where he also holds an MBA from the Melbourne Business School. He is a Fellow of the Australian Institute of Company Directors.

Other directorships and positions:

Chris is a current Director of Brisbane Airport and US-based Patriot Rail & Ports, a former Director of Perth Airport, UK-based utility Inexus Group, and former Chair of Airports Coordination Australia Ltd.

Special Responsibilities:

Acting Chair of the Audit & Compliance Committee until 24 September 2019
Member of the Audit and Compliance Committee
Member of the Property Development Committee
Member of the Aeronautical & Related Infrastructure Committee



James (Jay) Brendan Hogan

MBA, AFAMI, JP *Director*

Experience and expertise:

Jay was appointed on 29 July 2009 as a non-executive director nominated by Statewide Super. He has over 40 years' experience in the property development and construction industry around Australia and overseas, across a broad range of property asset classes. He has occupied Chief Operating Officer roles with high profile national ASX listed companies including Jennings Group and Stockland.

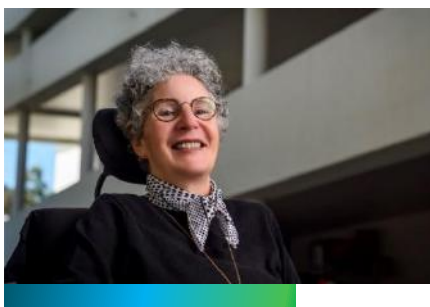
Other directorships and positions:

Jay is currently Chair of Mercure Kangaroo Island Lodge, Bremerton Vintners and Sevenhill Wines and is the former Chair of the Urban Construct Development Group.

Jay has been a member of numerous boards, joint ventures and Government Advisory Committees including the Natural Resource Council of Australia and Chair of the Urban and Regional Development Advisory Committee to Government. He was previously Chair of the Land Management Corporation, Chair of the South Australian Housing Trust, Chair of the Torrens Catchment Water Board, Deputy Chair of Homestart Finance and a Past President of the Urban Development Institute of Australia. In 1998 Jay was awarded Life Member of the Urban Development Institute of Australia in recognition of his contribution and services to the development industry and leadership in Urban Sustainability.

Special Responsibilities:

Chair of the Property Development Committee
Member of the Aeronautical & Related Infrastructure Committee
Member of the Remuneration Committee



Jane Yuile

B.Sc., MBA, FCA, FAICD *Director*

Experience and expertise:

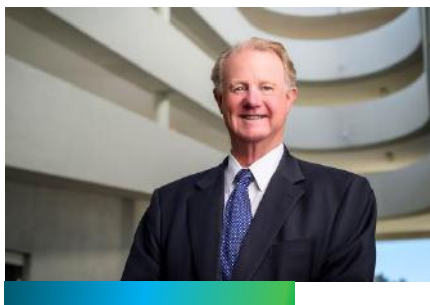
Jane was appointed on 1 June 2016 as a non-executive director nominated by UniSuper Limited. Jane has almost 40 years experience as a finance executive. For the last 20 years she has been a non-executive director on numerous boards in a variety of industries, and a consultant in governance, business strategy and risk. Prior to that she was the finance director of a listed technology solutions company and worked for one of the major Chartered Accounting firms in San Francisco, London and Melbourne. Jane has a Masters of Business Administration and Bachelor of Science, and is a Fellow of the Institute of Chartered Accountants and Australian Institute of Company Directors.

Other directorships and positions:

Jane is currently State Chair South Australia ANZ and is a Director of the Art Gallery of South Australia and Central Adelaide Local Health Network.

Special Responsibilities:

Chair of the Audit & Compliance Committee from 24 September 2019
Member of the Audit & Compliance Committee
Member of the Property Development Committee
Member of the Aeronautical & Related Infrastructure Committee



John Frederick Ward

B.Sc., FAICD, FCILT, FRAes *Director*

Experience and expertise:

John joined the Board on 28 August 2002 as a non-executive director nominated by UniSuper Limited. He is a professional company director and corporate advisor. He retired as the General Manager Commercial of News Limited in 2001. Prior to joining News Corporation in 1994 he was Managing Director and Chief Executive of Qantas Airways Limited culminating a 25 year career with the airline in a variety of corporate and line management roles covering Australia, Asia, Europe and North America.

Other directorships and positions:

John is an Honorary Life Governor of the Research Foundation of Information Technology and Director of Brisbane Airport Corporation. John is the immediate past Chairman of Wolseley Private Equity.

Special Responsibilities:

Chair of the Remuneration Committee
Member of the Audit & Compliance Committee
Member of the Property Development Committee
Member of the Aeronautical & Related Infrastructure Committee



Mark Dennis Young
 B.Ec., CA, FCPA, FAICD, FCIS
 Managing Director

Experience and expertise:

Mark was appointed as Managing Director of Adelaide Airport Limited on 1 November 2011. Prior to joining Adelaide Airport, in July 2001, Mark was Finance Director for Macmahon Holdings Limited enjoying a 20 year career that included experience in all aspects of that contract mining, civil engineering and building construction group. Mark has played a key role in Adelaide Airport's expansion and passenger growth over the past decade initially as Chief Financial Officer and subsequently as Managing Director. Mark holds a Bachelor of Economics (Accounting) at the University of Adelaide and is a Fellow of the Australian Society of Certified Practising Accountants, a member of the Chartered Accountants ANZ and a Fellow of the Australian Institute of Company Directors. Mark has completed an Advanced Management Program at the Harvard Business School in the US.

Other directorships and positions:

Mark was a non-executive director of the South Australian Tourism Commission until 24 June 2020.

Special Responsibilities:

Managing Director
 Member of the Property Development Committee
 Member of the Aeronautical & Related Infrastructure Committee



Michael Bryan Gorman
 B.Sc. (Arch), B.Arch., MBA, AMP
 Director

Experience and expertise:

Michael was appointed on 5 December 2017 as a non-executive director nominated by UniSuper Ltd. Michael has experience in both real estate and public equity and debt markets. He has held roles as Chief Investment Officer and Deputy Chief Executive Officer of a significant Australian Real Estate Investment Trust. Michael's experience extends beyond the investment in real estate to the master planning, management and development of large public property assets, including shopping complexes, as well as monitoring the ongoing management of retail environments to optimise the customer experience. Michael holds a Bachelor of Science (Architecture) from the University of New South Wales, a Bachelor of Architecture awarded with First Class Honours and University Medal from the University of New South Wales, a Masters of Business Administration from the Australian Graduate School of Management and completed the Advanced Management Programme at INSEAD.

Other directorships and positions:

Michael is a non-executive director of both Charter Hall Retail Management Limited and GPT Funds Management Limited. He is also a Fellow of the Australian Property Institute and the Royal Society of Arts.

Special Responsibilities:

Member of the Property Development Committee
 Member of the Aeronautical & Related Infrastructure Committee



Robert (Rob) Ian Chapman
 AssocDipBus, FAICD, FFSIA
 Chair

Experience and expertise:

Rob was appointed to the Board as Chair on 25 February 2014. Rob has enjoyed an extensive executive career within the financial services industry, having acted as both the Chief Executive Officer of St George Banking Group (2010 to 2012) and the Managing Director of BankSA (2002 to 2010). Prior to these roles Rob worked in Prudential Corporation, Colonial State Bank and the Commonwealth Bank across a variety of positions. Rob is a Fellow of the Australian Institute of Company Directors and Senior Fellow of the Financial Services Institute of Australasia and holds an Associate Diploma in Business from the South Australian Institute of Technology.

Other directorships and positions:

Rob currently serves as a Director on a number of prominent South Australian Boards including: Adelaide Football Club (Chair), Barossa Infrastructure Ltd (Chair), T-Ports (Chair), Chapman Capital Partners (Chair), Coopers Brewery Limited (Director), EFIC (Director), ICAM Funds (Director), AFL Max (Director) and is the former Chair of BankSA.

Special Responsibilities:

Chair of the Board
 Member of the Property Development Committee
 Member of the Aeronautical & Related Infrastructure Committee
 Member of the Audit & Compliance Committee
 Member of the Remuneration Committee

Board Governance

Corporate Governance Statement

Adelaide Airport Limited and the Board are committed to achieving and demonstrating the highest standards of corporate governance.

The relationship between the Board and senior management is critical to the Group's long term success. The Directors are responsible for the performance of the company in both the shorter and longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day-to-day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives as set out in the Group's delegations policy. These delegations are reviewed on an annual basis.

A description of the company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Board Composition

In accordance with the Shareholders Agreement the Board comprises a minimum of 4 and a maximum of 9 Directors (inclusive of the Managing Director).

Each shareholder holding not less than 15% of the issued shares of the company is entitled to nominate one or more Directors depending on the total proportion of shares held to the shares on issue.

The Directors may appoint one of their number as Chair or an independent Chair who would become a Director if

so appointed. The Chair is required to meet regularly with the Managing Director. The Board has the right to appoint Directors under the Company's Constitution.

The Board is required to undertake an annual Board performance review and consider the appropriate mix of skills required by the Board to maximise its effectiveness and its contribution to the Group.

Board Responsibilities

The responsibilities of the Board include:

- Providing strategic guidance to the company including contributing to the development of and approving the corporate strategy;
- Reviewing and approving business plans, the annual budget and financial plans including available resources and major capital expenditure initiatives within the financial limits set in the Shareholders Agreement;
- Overseeing and monitoring:
- Organisational performance and the achievement of the Group's strategic goals and objectives, including those seeking to address material environmental, social and governance (ESG) impacts
- Compliance with the company's Code of Conduct
- Progress of major capital expenditures and other significant corporate projects including any acquisitions or divestments;
- Monitoring financial performance including approval of the annual and half-year financial reports and liaison with the company's auditors;
- Appointment, performance assessment and, if necessary, removal of the Managing Director;
- Ensuring there are effective management processes in place and approving major corporate initiatives;
- Enhancing and protecting the reputation of the organisation; and
- Overseeing the operation of the Group's system for compliance and risk management reporting to shareholders.

Board Members

Details of members of the Board, their experience, expertise, qualifications, term of office and independent status are set out in the Directors' report under the heading "Information on Directors".

Directors' independence

Directors are appointed by the Board (or by the Shareholders in general meeting if so required by the Shareholders) in accordance with the Shareholders Agreement by nomination of the shareholders, and provision has been made in that agreement for the Directors to appoint a Chair who is not one of their number who would as a consequence of that appointment become and be a Director. The Board has opted to appoint a Chair who is independent from the shareholders of the Company.

Non-Executive Directors

The non-executive Directors are able to meet in scheduled sessions without the presence of management (in-camera sessions), to discuss the operation of the Board and a range of matters. In-camera sessions are scheduled on a regular basis as part of the Board cycle of business. Relevant matters arising from these meetings are to be shared with the full Board.

Term of Office

Nominee Directors hold office at the discretion of the appointing shareholder. Other Directors are appointed on a term of three years.

It is recognised that lengthy service on the Board may impact on a Director's independence and therefore non-nominee Directors must retire from office no later than completion of four terms of office (12 years).

Chair

The Chair is responsible for leading the Board, ensuring Directors are properly briefed in all matters relevant to their role and responsibilities, facilitating Board discussions and managing the Board's relationship with the company's senior executives.

Managing Director

The Managing Director is responsible for developing and implementing Group strategies and policies.

Commitment

The Shareholders Agreement requires that the Board meets at least once in each quarter of the financial year. Current practice is to hold a minimum of 10 meetings per annum.

The number of meetings of the company's Board of Directors and of each Board committee held during each financial year and the number of meetings attended by each Director are set out in the Directors' report under the heading "Meetings of Directors" in the annual statutory accounts for the Group.

Conflicts of Interests

The Directors shall comply with all of their obligations either at law or under the Corporations Act in relation to potential or actual conflicts of interest provided always that the other Directors (i.e. who do not have a conflict or material interest in the matter) shall be at liberty, subject to proper disclosure having been made, to resolve to permit the Director with the potential or actual conflict of interest to participate in discussions and voting on the matter giving rise to the conflict. In general terms the Directors shall deal with each matter of conflict on its merits.

Independent Professional Advice

The Directors, both individually or as a group, in furtherance of their duties, may seek and obtain independent legal and professional advice from external sources at the expense of the Company. Prior to seeking such advice, Directors will seek the approval of the Chair, such approval not to be unreasonably withheld. Each Director has the right of access to all relevant Company

information. A Director also has the right to have access to all documents which have been presented to meetings of the Board whilst in office, or made available in relation to their position as Director after ceasing to be a Director.

Performance Assessment

The Board undertakes an annual assessment of its collective performance, the performance of the Chair and of its committees.

The Chair undertakes an annual assessment of the performance of individual Directors and meets privately with each Director to discuss their assessment.

A review of the Board's performance was undertaken during the reporting period in accordance with the process set out above.

Corporate Reporting

The Managing Director and CFO have made the following certifications to the Board:

- That the company's financial reports are complete and present a true and fair view, in all material respects, of the financial condition and operational results of the company and Group and are in accordance with the relevant accounting standards.
- That the above statement is founded on a sound system of risk management and internal compliance and control and which implements the policies adopted by the Board and that the company's risk management and internal compliance and control is operating efficiently and effectively in all material respects.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the remuneration, audit and compliance, property development and aeronautical and related infrastructure committees. The committee structure and membership is reviewed on an annual basis. A policy of rotation of committee members applies. Each committee has its own written charter setting out its role and responsibilities, composition and structure membership requirements and the manner in which the committee is to operate. All of these charters are reviewed on an annual

basis. All matters determined by committees are submitted to the full Board as recommendations for Board decision.

Minutes of committee meetings once signed by the Chair of the committee are tabled at the immediately subsequent Board meeting.

Details of the meetings of committees and attendance of committee members are set out in the Directors' report under the heading "Meetings of Directors" in the annual statutory accounts for the Group.

External Auditors

The company and audit and compliance committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

It is a requirement that the external auditor ensure that the lead engagement partner is rotated at least every five years.

The external auditor is expected to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Risk Assessment and Management

The Board through the audit and compliance committee is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. In summary, the company policies are designed to ensure strategic, operational, legal, reputation, financial, climate and other ESG-related risks are identified, assessed, effectively managed and monitored to enable achievement of the Group's business objectives.

Considerable importance is placed on maintaining a strong control environment. There is an organization structure with clearly drawn lines of accountability and delegation of authority. Adherence to the company Code of Conduct is required at all times and the Board actively promotes a culture of quality and integrity.

The company risk management policy and the operation of the risk management and compliance system are managed by a Risk Management Committee comprising senior executives. The Board receives regular reports from this

Committee. Detailed control procedures cover management accounting, financial reporting, project appraisal, Health, Safety and Environment, IT security, compliance and other risk management issues. Internal audit carries out regular systematic monitoring of control activities and reports to both the relevant business unit and the Audit and Compliance Committee. In addition each business unit reports on the key business risks in its area to the Risk Management Committee. The basis for this report is an annual review of the past performance of their area of responsibility, and the current and future risks they face. Results of internal audit work are incorporated into this review if applicable. The Board reviews each element of corporate strategy over the course of the year according to the Board's cycle of business. The Board reviews the Group's strategic direction in detail and includes specific focus on the identification of the key business and financial risks which could prevent the company from achieving its objectives. The Risk Management Committee is required to ensure that appropriate controls are in place to effectively manage those risks.

In addition the Board requires that each major proposal submitted to the Board for decision is accompanied by a comprehensive risk assessment and, where required, management's proposed mitigation strategies.

Diversity

The Board attaches great importance to diversity, the corporate benefits arising from diversity and the importance of benefiting from all available talent.

Code of Conduct

The Board is committed to the continuing development of the code of conduct for the guidance of Directors, officers and other key executives. The code is to be regularly reviewed and updated as necessary to ensure that it reflects the highest standards of behaviour and professionalism and the practices necessary to maintain confidence in the Group's integrity.

Shareholder Communication

All shareholders receive a copy of the company's annual and half-yearly reports. In addition those reports are accompanied by a detailed report on the performance of the Group and other material issues prepared by the Managing Director.

Detailed briefings are provided to shareholders and bondholders at least once each year supported by a quarterly update publication.

Board Self-Assessment

The AAL Board undertakes an annual performance self-assessment and governance review each December. Periodically, as determined by AAL's Chair in consultation with the Board, an externally facilitated Board self-assessment is undertaken by the Board. A review of best practice governance also periodically forms part of the internal audit program. In 2019 KPMG was engaged to undertake a joint Board performance self-assessment and governance review. The scope of the review included consideration of the alignment of AAL's Corporate Governance framework to better practice in the context of the recent changes to the Australian Corporate Governance landscape including: Kenneth Hayne's Royal Commission Report; the APRA Prudential Inquiry into the Commonwealth Bank of Australia; new legislation relating to a variety of areas including whistleblowing, anti-corruption and modern slavery; and the fourth edition of the ASX's Corporate Governance Principles and Recommendations. The overarching observations were that AAL has a strong corporate governance framework with many of the key governance principles embodied by AAL for a number of years. Recommendations to enhance AAL's Corporate Governance Framework were considered by the Board and actioned accordingly.

Board Skills Matrix

AAL has a Board skills matrix that maps Director's skills and competencies, and is reviewed on an annual basis. Following the KPMG Corporate Governance review, the Board skills and competencies matrix was reviewed and updated with regard to the AAL Strategic Plan as a means of ensuring the Board has the appropriate mix of skills and expertise to align with the company's strategic objectives. The matrix was also amended to include a set of Board diversity objectives. AAL's Shareholders endorsed the updated skills matrix and the skills matrix will continue to be used to ensure proactive and systemic Board succession planning. The Board ensures that there is the right balance of expertise, skills and experience held by the Board relevant to AAL's business across AAL's key strategic focus areas. The skills matrix is regularly evaluated and takes into consideration the importance of emerging skillsets such as technology and data.

Diversity Qualities

There are many definitions and approaches to diversity. It

should encompass gender, culture, age, experience, mindset and expertise among other things. When considering Board composition, AAL's Board considers that it is most appropriate to look at a holistic approach to diversity, to create a long term and embedded culture of diversity, rather than setting special requirements. AAL has an established Diversity Framework that sets out a number of aspirations and guiding principles. The AAL Diversity Framework has been incorporated by reference into AAL Director's Skills Matrix Form with Directors required to assess their ability to contribute to this Framework. The skills matrix additionally requests Directors to provide a commitment to promote diversity through their position.

Board Training and Support

All new Directors undertake a comprehensive Board induction. Training and support is provided to Directors on an ongoing basis and guidance is provided from Directors to assist in identifying what additional training and support would be beneficial.

Board Cycle of Business

An annual Board Cycle of Business is agreed each year, which enables the Board to have coverage of key areas to discharge their duties and responsibilities and for the Board to address a range of topics including strategic reviews of various areas of the business. AAL also invites Board guests to attend meetings with the guests aligned with topics where Directors consider there is room for improved knowledge or where there are perspectives from which the company could benefit. This could include an assessment of emerging global trends, changes to consumer behaviours and/or technology, and opportunities for Board and management planning and awareness. A number of guests attended AAL Board meetings in the past year from business, retail, financial and aviation sectors and the Board also undertook a number of tours.

Delegations of Authority

AAL's Shareholder Agreement outlines matters that are required to be delegated to the Board and Shareholders. The Board has established Board delegations and undertakes an annual review of the delegated authorities of the Board as a standing agenda item on the Audit and Compliance Committee.

Mechanisms for advice and concerns about ethics

AAL is committed to achieving high standards of ethical conduct and compliance with its legal obligations. This commitment includes creating and maintaining a working

environment in which all people are able to freely raise concerns regarding actual or suspected unethical, unlawful or undesirable conduct in a safe, supportive and confidential environment. AAL has a Whistleblower Policy in place, which is underpinned by the AAL values of being accountable and authentic, conducting ourselves with integrity, being responsible, efficient and respectful, taking pride in our achievements, and building relationships based on trust to foster great teams.

The policy applies to any officer or employee of AAL, AAL suppliers and associates, a relative of an AAL Employee and former employees. In early 2019, AAL undertook a review of its Whistleblower Policy in response to changes to the Corporations Act 2001 (Cth) which came into effect

on 1 July 2019, to ensure that the policy complies with the changes and best practice. The revised policy was communicated to all staff using the Adelaide Airport staff intranet and various forums such as the Adelaide Airport Risk Working Group, with a focus on the key concepts set out in the policy including the reporting and investigation process.

As part of this review process, AAL implemented an independent, externally managed Whistleblower Hotline, through which a whistleblower may make a disclosure by phone, email, mail and through a customised website. This service is available 24/7 and is promoted on the AAL intranet, as well as signage in our buildings and site offices. People can make reports anonymously, and AAL's Whistleblower Policy prescribes that individuals who report concerns will be protected from reprisal or

detriment. Individuals are also encouraged to make reports directly to key persons at AAL, which include their manager, Executive General Managers and the People and Culture Manager.

AAL has other policies, procedures and guidelines in place that set out the manner in which AAL expects its directors, officers, employees and contractors to behave, such as the Code of Conduct. While these policies, procedures and guidelines set out the types of behaviour that may necessitate reporting under the Whistleblower Policy, they also independently set out AAL's policies on various matters (including employment practices, compliance with laws, foreign corrupt practices and conflicts of interest) breaches of which may or may not be open to be reported under the Whistleblower policy.

Company Secretaries



Brenton Cox Company Secretary
LLM (Cantab), LLB (Hons), GDLP, B.Com. (Acc), B.Fin.

Experience and expertise:

Brenton joined Adelaide Airport in 2013 and is currently responsible for the Chief Financial Officer, Corporate Affairs, General Counsel and Company Secretary, Aviation Business Development, Environment, Sustainability, Community, Risk and Work Health & Safety functions.

Brenton has airport Board experience as a non-executive director of Sydney Airport and Hobart Airport and executive experience with Sydney Airport, Macquarie Airports in Sydney and Macquarie Capital in London where he had a particular focus on European Airports.

Brenton was originally a commercial lawyer for Fisher Jeffries (now Dentons). He has a Masters of Law from Cambridge University in the UK, a First Class Honours Degree in Law from Adelaide University as well as a Bachelor of Commerce (Accounting and Corporate Finance) and Bachelor of Finance from Adelaide University. Brenton is admitted to practise as a solicitor and barrister of the Supreme Court of South Australia and the High Court of Australia.

Other directorships and positions:

Brenton is a Director of Seymour College (Chair of the Audit and Risk Committee), a member of the Adelaide Business School Industry Advisory Board and a Councillor of the Property Council of South Australia and Freight Council of South Australia.



Alicia Bickmore Company Secretary
LLB (Hons), GDLP, B.BehavSc. (Psych), LLM (Applied Law), GAICD

Experience and expertise:

Alicia is Adelaide Airport's Legal and Corporate Affairs Manager and was appointed Company Secretary in February 2017 after joining Adelaide Airport in July 2015.

Alicia was previously Legal Counsel for Viterra & Glencore Grain and a solicitor at Thomson Geer Lawyers. Alicia has a Bachelor of Laws and Legal Practice Honours and a Bachelor of Behavioural Science (Psychology) from Flinders University.

Alicia has completed a Masters of Law (In House Practice) at the College of Law and is a graduate and member of the Australian Institute of Company Directors. Alicia is admitted to practise as a solicitor and barrister of the Supreme Court of South Australia and the High Court of Australia. Alicia was listed as a leading Australian In-House Property and Real Estate lawyer in the Doyle's Guide 2019.

Other directorships and positions:

Alicia is a current committee member of the Adelaide Football Club Professional Standards and Integrity Committee and a past president and current committee member of the Association of Corporate Counsel Australia (SA Division).



Financial Performance

Financial Performance

Our Financial Performance

FY20 results have been significantly impacted by COVID-19 with full year EBITDA (Excluding fair value adjustment of investment properties) down \$(28.3)m or (20.4)% after a strong pre-COVID first half which saw passengers up +4.4% and EBITDA up +8.0% on prior year.

In June 2020 Adelaide Airport Ltd (AAL) secured \$150 million of new bank facilities with existing lenders, providing further liquidity in addition to unrestricted cash balances of \$145.5 million at 30 June 2020. Dividends on redeemable preference shares of \$10.9 million was paid in FY20 in addition to special dividends of \$20 million.

Increase in fair value of investment properties of \$7.5 million (FY19 increase of \$13.9 million).

Baa2 and BBB credit ratings were maintained with Moody's and Standard and Poor's respectively however the outlook from both ratings agencies was revised from stable to negative due to the expected impact of Covid-19 on passenger volumes.

\$110 million was spent on capital projects during FY20 which includes the expansion of the main terminal to significantly upgrade international arrivals and departures, and create more retail and dining options for both domestic and international travelers.

For more detailed information on our Financial Performance, please read this in conjunction with our 2020 Financial Statements.

Adelaide Airport Limited Consolidated statement of profit or loss and comprehensive income For the year ended 30 June 2020

	Consolidated	
	30 June 2020	30 June 2019
	\$'000	\$'000
Revenue from continuing operations	196,355	225,464
Changes in fair value of investment properties	7,514	13,920
Other income	621	581
Employee benefits expense	(13,890)	(18,031)
Services & utilities	(45,875)	(50,059)
Consultants & advisors	(3,240)	(3,900)
General administration	(6,897)	(8,770)
Expected credit loss expense	(11,769)	(1)
Leasing & maintenance	(4,373)	(5,986)
Gain/(Loss) on disposal of property, plant & equipment	14	(5)
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	118,460	153,213
Interest income	834	1,262
Finance costs	(62,702)	(61,255)
Depreciation & amortisation	(24,662)	(28,031)
Impairment of property, plant & equipment	69	(409)
Changes in fair value of financial instruments	(1,464)	(1,890)
Profit before income tax	30,535	62,890
Income tax expense	(9,179)	(19,144)
Profit for the period	21,356	43,746
Other comprehensive income		
Items that may be reclassified to profit or loss		
Changes in the fair value of cash flow hedges, net of Tax	(13,687)	(16,945)
Changes in the fair value of foreign currency basis spread reserve, net of tax	1,419	(17,414)
Items that will not be reclassified to profit or loss		
Gain on revaluation of land and buildings, net of tax	(286)	1,363
Other comprehensive income for the period, net of tax	(12,554)	(32,996)
Total comprehensive income for the period	8,802	10,750

Adelaide Airport Limited
Consolidated balance sheet
As at 30 June 2020

	Consolidated	
	30 June 2020	30 June 2019
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	145,514	61,378
Trade and other receivables	20,031	38,122
Derivative financial instruments	5,129	1,093
Total current assets	170,674	100,593
Non-current assets		
Receivables	-	409
Derivative financial instruments	117,940	67,219
Property, plant and equipment	512,950	428,793
Investment properties	448,663	435,684
Intangible assets	184,945	182,984
Prepaid operating lease	115,424	117,431
Total non-current assets	1,379,922	1,232,520
Total assets	1,550,596	1,333,113
Liabilities		
Current liabilities		
Trade and other payables	37,257	26,477
Derivative financial instruments	700	15,809
Current tax liabilities	-	3,397
Franking deficit tax liabilities	6,385	-
Provisions	3,457	4,183
Deferred revenue	1,023	1,511
Total current liabilities	48,822	51,377
Non-current liabilities		
Borrowings	1,337,328	1,070,121
Deferred tax liabilities	106,700	108,723
Provisions	1,792	1,817
Derivative financial instruments	40,323	74,059
Deferred income	942	1,129
Total non-current liabilities	1,487,085	1,255,849
Total liabilities	1,535,907	1,307,226
Net assets	14,689	25,887
Equity		
Contributed equity	1,905	1,905
Other reserves	(64,911)	(52,357)
Retained earnings	77,695	76,339
Total equity	14,689	25,887

For more detailed information on our Financial Performance, please read this in conjunction with our 2020 Financial Statements.



Prospects

Prospects

Our Prospects

Whilst the future is no doubt challenging and global economic recovery from COVID-19 is likely to take some time, we have confidence in the measures we have implemented to ensure the long-term viability of our business and remain positive about our prospects.

In particular, we believe that the resilience and agility, that our business has demonstrated during this time of global crisis, places us in good stead to further improve productivity and to continue to develop our business through the COVID recovery phase and beyond.

With appropriate risk assessments and health initiatives, we anticipate our passenger volumes will recover to 2019 levels by the 2023/24 financial year.

A key factor will be the return of consumer confidence in flying, with domestic markets to generally lead international markets in their recovery. It is also expected business travel and passengers visiting family and friends are likely to recover before leisure travel.

The top five international markets that contribute predominantly to our passenger volumes are expected to grow strongly post-COVID.

We anticipate the first steps towards a return to international services will be selected travel 'bubbles' with neighbouring countries, with a

Trans-Tasman bubble between South Australia and New Zealand the likely first candidate.

Virgin Australia's re-emergence under the new ownership of Bain Capital with a re-focussed strategic plan will drive competition in the domestic airline market, in turn playing a key role in the recovery of domestic travel.

Our single integrated domestic/international multi-user terminal provides a high degree of flexibility and a lower-cost base than other terminal models and we will continue to work with our tenants and partners to optimise the financial and operational efficiency of our terminal.

We believe Adelaide Airport will benefit from the continued transition to new generation long haul aircraft which better suit our market size and a shift from the traditional hub and spoke network model to a point to point model driven by this transition to new generation aircraft and supported by consumer sentiment.

Increasingly our State of South Australia is being viewed as safe with highly desirable live-ability factors. An easy and seamless place for business and in a decentralised, technology enabled world, South Australia will offer an enviable value proposition.

We have a huge job ahead of us, as does the global aviation sector, but we have the infrastructure, the strategic direction and the people to meet the challenge.





GRI Standard Index

GRI Standard Index

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 102	General Disclosures	102-1	Name of the organization	About Us (p.9) and Governance (p.59)
GRI 102	General Disclosures	102-2	Activities, brands, products, and services	About us (p.9), Our Strategy (p.16), Our Business Model (p.17) and Governance.(p.59)
GRI 102	General Disclosures	102-3	Location of headquarters	1 James Schofield Drive, Adelaide Airport, South Australia, 5950
GRI 102	General Disclosures	102-4	Location of operations	AAL - 1 James Schofield Drive, Adelaide Airport, South Australia, 5950 PAL - 18 Tigermoth Lane, Parafield, South Australia, 5106
GRI 102	General Disclosures	102-5	Ownership and legal form	About Us (p.9) and Governance (p.59)
GRI 102	General Disclosures	102-6	Markets served	Grow (pp.21-25)
GRI 102	General Disclosures	102-7	Scale of the organization	Snapshot (p.11), Grow (p.21), Facilities Management (p.44), Our People (p.45) and Financial Performance (pp.66-67)
GRI 102	General Disclosures	102-8	Information on employees and other workers	Our People (p.45)
GRI 102	General Disclosures	102-9	Supply chain	Shaping Our Business (p.42)
GRI 102	General Disclosures	102-10	Significant changes to the organization and its supply chain	MD and Chairman's Report (pp.5-7)
GRI 102	General Disclosures	102-11	Precautionary Principle or approach	AAL implements the precautionary principle through its Environmental Management System (EMS)
GRI 102	General Disclosures	102-12	External initiatives	Sustainability (pp.35-41)
GRI 102	General Disclosures	102-13	Membership of associations	Industry Participation (p.53)
GRI 102	General Disclosures	102-14	Statement from senior decision-maker	MD & Chairman's Report (pp.5-7)
GRI 102	General Disclosures	102-15	Key impacts, risks, and opportunities	Our External influences (p.12), Materiality assessment (p.18) Materiality issues (p.19), Sustainability (p.35) and Shaping our Business (p.42)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 102	General Disclosures	102-16	Values, principles, standards, and norms of behavior	Our Strategy (p.16) and Our People (p.45)
GRI 102	General Disclosures	102-17	Mechanisms for advice and concerns about ethics	Mechanisms for advice and concerns about ethics (p.61-62)
GRI 102	General Disclosures	102-18	Governance structure	Governance (p.57), Our Directors (pp.58-60) and Board Governance (pp.61-64)
GRI 102	General Disclosures	102-19	Delegating authority	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-20	Executive-level responsibility for economic, environmental, and social topics	EGM Finance and Corporate is responsible for economic and environmental and community engagement topics, EGM People Culture and Terminals is responsible for our people and our community investment programs.
GRI 102	General Disclosures	102-21	Consulting stakeholders on economic, environmental, and social topics	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-22	Composition of the highest governance body and its committees	Governance (p.57), Our Directors (pp.58-60) and Board Governance (pp.61-64)
GRI 102	General Disclosures	102-23	Chair of the highest governance body	Our Directors (p.58) AALs Chair is not an executive officer in the organisation
GRI 102	General Disclosures	102-24	Nominating and selecting the highest governance body	Governance (p.57), Our Directors (pp.58-60) and Board Governance (pp.61-64)
GRI 102	General Disclosures	102-25	Conflicts of interest	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-26	Role of highest governance body in setting purpose, values, and strategy	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-27	Collective knowledge of highest governance body	Our Directors (pp.58-60) and Board Governance (pp.61-64)
GRI 102	General Disclosures	102-28	Evaluating the highest governance body's performance	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-29	Identifying and managing economic, environmental, and social impacts	Materiality Assessment (p.18), Material Issues (p.19), Our External Influences (pp.12-13), Risk Management (p.56) and Board Governance (pp.61-64)
GRI 102	General Disclosures	102-30	Effectiveness of risk management processes	Risk Management (p.56) and Board Governance (pp.61-62)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 102	General Disclosures	102-31	Review of economic, environmental, and social topics	Risk Management (p.56), Board Governance (pp.61-64) and Sustainability (pp.34-40)
GRI 102	General Disclosures	102-32	Highest governance body's role in sustainability reporting	AALs Board of Directors reviews and approves AALs Annual Report. Board Governance (pp.61-64)
GRI 102	General Disclosures	102-33	Communicating critical concerns	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-34	Nature and total number of critical concerns	Nil
GRI 102	General Disclosures	102-35	Remuneration policies	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-36	Process for determining remuneration	In addition to the general market update, each position is benchmarked for market relativity.
GRI 102	General Disclosures	102-37	Stakeholders' involvement in remuneration	Board Governance (pp.61-64)
GRI 102	General Disclosures	102-38	Annual total compensation ratio	Not reported.
GRI 102	General Disclosures	102-39	Percentage increase in annual total compensation ratio	Not reported.
GRI 102	General Disclosures	102-40	List of stakeholder groups	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-41	Collective bargaining agreements	Not reported.
GRI 102	General Disclosures	102-42	Identifying and selecting stakeholders	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-43	Approach to stakeholder engagement	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-44	Key topics and concerns raised	Our Community (pp.47-50) and Industry Participation (p.51)
GRI 102	General Disclosures	102-46	Defining report content and topic Boundaries	Welcome to our Integrated Review (p.2) Materiality Assessment (p.18) and Material Issues (p.19)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 102	General Disclosures	102-47	List of material topics	Materiality Assessment (p.18) and Material Issues (p.19)
GRI 102	General Disclosures	102-48	Restatements of information	Nil.
GRI 102	General Disclosures	102-49	Changes in reporting	During 2019/20, there have been significant changes to Adelaide Airport's operations due to the impact of COVID 19. These impacts have been documented throughout this report.
GRI 102	General Disclosures	102-50	Reporting period	The reporting period for the information provided is July 1, 2019 to June 30, 2020.
GRI 102	General Disclosures	102-51	Date of most recent report	The most recent previous Annual Report was published in October 2019 for the July 1, 2018 to June 30, 2019 reporting period.
GRI 102	General Disclosures	102-52	Reporting cycle	Annual.
GRI 102	General Disclosures	102-53	Contact point for questions regarding the report	Welcome to our Integrated Review (p.2)
GRI 102	General Disclosures	102-54	Claims of reporting in accordance with the GRI Standards	Welcome to our Integrated Review (p.2)
GRI 102	General Disclosures	102-55	GRI content index	GRI Standard Index (p.71)
GRI 102	General Disclosures	102-56	External assurance	AAL is working towards assurance of its annual integrated report.
GRI 102	General Disclosures	102-56	External assurance	This report has not been externally assured however, some components and data such as carbon footprint data and the group financial statements are verified and assured by third parties respectively.
GRI 201	Economic Performance	201-1	Direct economic value generated and distributed	2020 Snapshot (p.11), Aeronautical (p.21-25), Property (p.26-27) Commercial (p.28-29) Terminal Expansion (p.30-31) and Our Community (49-50)
GRI 201	Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	Sustainability (p.34-40)
GRI 203	Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Chairman and Managing Directors Report (p.5-7), Property (p.26-27) and Terminal Expansion (p.30-31)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 203	Indirect Economic Impacts	203-2	Significant indirect economic impacts	2020 Snapshot (p.11), Aeronautical (p.25), Terminal Expansion (p.31) and Our Community (pp.47-50)
GRI 302	Energy	302-1	Energy consumption within the organization	Sustainability (p.38)
GRI 302	Energy	302-3	Energy intensity	Adelaide Airport Only: Electricity intensity 2.5 kWh/PAX Energy intensity (including electricity, gas and fuel) 10.34 MJ/PAX
GRI 302	Energy	302-4	Reduction of energy consumption	Sustainability (p.38), Energy (including electricity, gas and fuel) consumption reduction compared to FY19 Adelaide Airport - 8.32% reduction Parafield Airport - 13.94% reduction Group - 8.49% reduction
GRI 303	Water and Effluents	303-5	Water consumption	Sustainability (pp.39-40)
GRI 304	Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability (p.40)
GRI 304	Biodiversity	304-2	Significant impacts of activities, products, and services on biodiversity	Sustainability (p.40)
GRI 304	Biodiversity	304-3	Habitats protected or restored	Sustainability (p.40)
GRI 304	Biodiversity	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	Sustainability (p.40)
GRI 305	Emissions	305-1	Direct (Scope 1) GHG emissions	Sustainability (p.38) Emissions are calculated in line with the Airport Council International, Airport Carbon Accreditation requirements using operational control approach and are verified by a third party biennially.
GRI 305	Emissions	305-2	Energy indirect (Scope 2) GHG emissions	Sustainability (p.38) Emissions are calculated in line with the Airport Council International, Airport Carbon Accreditation requirements using operational control approach and are verified by a third party biennially.
GRI 305	Emissions	305-3	Other indirect (Scope 3) GHG emissions	Sustainability (p.38) Emissions are calculated in line with the Airport Council International, Airport Carbon Accreditation requirements using operational control approach and are verified by a third party biennially.

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 305	Emissions	305-4	GHG emissions intensity	Sustainability (p.38) Intensity is calculated using combined scope 1 and 2 emissions with passenger movements as the denominator.
GRI 305	Emissions	305-5	Reduction of GHG emissions	Sustainability (p.38) Emission reductions have been achieved primarily due to a reduction in electricity consumption as a result of efficiency activities.
GRI 306	Effluents and Waste	306-2	Waste by type and disposal method	Sustainability (p.39)
GRI 306	Effluents and Waste	306-3	Significant spills	No significant spills occurred at either Adelaide or Parafield Airports during the reporting period.
GRI 306	Effluents and Waste	306-4	Transport of hazardous waste	Sustainability (p.39) "Hazardous" waste is limited to biosecurity waste and items confiscated security screening and boarder control.
GRI 307	Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	Sustainability (p.40) No significant environmental incidents were observed, and all compliance reporting obligations completed during the reporting period.
GRI 401	Employment	401-1	New employee hires and employee turnover	Our People (pp.44-45)
GRI 403	Occupational Health and Safety	403-1	Occupational health and safety management system	Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-2	Hazard identification, risk assessment, and incident investigation	Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-3	Occupational health services	Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-4	Worker participation, consultation, and communication on occupational health and safety	Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-5	Worker training on occupational health and safety	Our People (p.45), Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-6	Promotion of worker health	Our People (pp.44-45)
GRI 403	Occupational Health and Safety	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Work Health Safety (p.46) and Risk Management (p.56)

GRI Standard Number	GRI Standard Title	Disclosure Number	Disclosure Title Individual disclosure items ('a', 'b', 'c', etc.) are not listed here	AAL Response and/or GRI Content Index by Page Number and/or Section
GRI 403	Occupational Health and Safety	403-8	Workers covered by an occupational health and safety management system	Work Health Safety (p.46) and Risk Management (p.56)
GRI 403	Occupational Health and Safety	403-9	Work-related injuries	Work Health Safety (p.46) No fatalities as a result of work related injury occurred during the reporting period at either Adelaide or Parafield Airports.
GRI 403	Occupational Health and Safety	403-10	Work-related ill health	Work Health Safety (p.46) No fatalities as a result of work related ill health occurred during the reporting period at either Adelaide or Parafield Airports.
GRI 404	Training and Education	404-1	Average hours of training per year per employee	Work Health Safety (p.46)
GRI 404	Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	Our People (pp.44-45)
GRI 404	Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	100% of AAL and PAL staff receive annual performance and career development review annually.
GRI 405	Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Our People (p.45)
GRI 406	Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	No incidents of discrimination occurred during the reporting period.
GRI 412	Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	Nil
GRI 412	Human Rights Assessment	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Shaping our Business (p.41)
GRI 413	Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Our People (pp.47-50)
GRI 415	Public Policy	415-1	Political contributions	Nil
GRI 418	Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Nil.
GRI 419	Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	Nil

