

Sydney Airport



Sustainability
Report
2016

ASX-listed Sydney Airport comprises
Sydney Airport Limited and Sydney Airport Trust 1



Gates 8-10 登机口



Gates 50-63 登机口



Airline lounges 航空休息室

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Assurance Statement



Letter from the Managing Director and CEO

I'm very pleased to present Sydney Airport's 2016 Sustainability Report, highlighting our progress and achievements over the year.

At Sydney Airport, we're committed to responsible growth that delivers positive outcomes for our customers, investors and the community in which we operate. To achieve this, we know that sustainability must be at the heart of everything we do.

This year we finalised our new sustainability strategy, to support our vision to deliver a world-class airport experience and foster the growth of aviation and tourism for the benefit of Sydney, NSW and Australia. Our new strategy is building on our position of sustainability leadership in our industry.

Commitment to safety

Safety is always our top priority, and we continued to collaborate with our business partners to build a strong safety culture across our airport in 2016.

We implemented a range of safety programs, from new awareness campaigns to ongoing safety initiatives such as the management of foreign object debris (FOD). Our ramp safety team's work to remove FOD from the airfield has dramatically increased in recent years as our operations have grown, with ramp safety hours more than tripling since 2013. This is just one example of our relentless focus on keeping the airport community safe.

It's pleasing to see these efforts are delivering results, with our Lost Time Injury Frequency Rate (LTIFR) reducing by almost 50% since 2013. In recognition of our efforts, we won an Australian Airports Association award during the year for our aviation safety performance.

We'll continue this work in 2017 as we implement additional safety awareness campaigns.

Investing in the future

We're building a strong culture of collaboration across our airport to identify smarter ways to achieve better outcomes. We were extremely proud to celebrate the opening of our new Integrated Operations Centre (IOC) in November, drawing on the very best of technology to deliver genuine improvements across our operations.

The purpose-built, state-of-the-art facility is seeing us work together with our business partners to manage landside, terminal, airside and emergency operations in real time.

Building our people

We were delighted to be recognised as an Employer of Choice by the Australian Business Awards this year. We've worked hard to create a values-based culture that helps our people to strive for excellence and collaborate closely with their peers. This award was welcome recognition of these efforts, and of our commitment to ensure Sydney Airport continues to be a great place to work in the future.

The year also saw us further our commitment to diversity, with the introduction of a new Diversity Policy in January. Female staff currently represent 36.4% of our employees, reflecting 8.7% growth for the year.

Reducing our environmental footprint

I was delighted that Sydney Airport achieved Level Three Airport Carbon Accreditation in 2016, recognising our efforts to engage with the airport community to reduce our overall carbon footprint. We also achieved our carbon reduction target four years ahead of schedule, reducing our carbon intensity by 26% and achieving an absolute reduction of 8% since 2010. This important work has delivered real benefits, not just to our airport operations and partners, but also to the broader community.

“At Sydney Airport, we're committed to responsible growth that delivers positive outcomes for our customers, investors and the community in which we operate.”

Investing in our community

We increased our investment in the community this year, contributing \$3.3 million. This has delivered a wide range of positive outcomes, from supporting young people with their studies, helping Indigenous boys to complete their High School Certificate and creating opportunities for 7,000 Nippers to learn vital leadership skills in their community. We also funded 2396 accommodation nights at Ronald McDonald House Charities during the year, to support the families of seriously ill children.

I'm delighted to confirm our contribution to the community has doubled since 2014, and look forward to announcing new partnerships in 2017 as we implement a refreshed community investment strategy.

We also introduced an employee volunteering policy this year, giving our people the chance to work with our community partners to support important social and environmental causes. This is extending our reach into the local community, and providing our people with meaningful connections to our city.

Improving our sustainability performance

Since commencing sustainability reporting in 2014, we've measured our performance by participating in a number of ratings schemes. This year, we were delighted to be listed on the Dow Jones Sustainability Indices. We also achieved a 'leading' rating by the Australian Council of Superannuation Investors, and an 'AA' rating by the MSCI ESG. We were also pleased to be included in RobecoSAM's 2017

Sustainability Yearbook, indicating that we are a top 15% performer for our industry. These ratings confirm our position of sustainability leadership in our industry, as we continue to look for new ways to further build on our sustainability performance.

MEMBER OF

**Dow Jones
Sustainability Indices**

In Collaboration with **ROBECOSAM**

Thank you to all our stakeholders for their continued support during the year. In particular, I would like to thank our employees for their contribution to our sustainability achievements, and I look forward to another successful year ahead.



KERRIE MATHER

MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER





Sustainability snapshot

2016 HIGHLIGHTS



Total passenger movements

41.9m ↑ up 5.6%



EBITDA

\$1,085.7m ↑ up 8.2%

FOSTERING A CULTURE OF EXCELLENCE



Employer of choice¹

Diversity



36.4%
female
representation

Training hours



↑ 21.7%

4,797
total training
hours

¹ As received at the 2016 Australian Business Awards.

KEEPING OUR PEOPLE SAFE



Lost Time Injury Frequency Rate (LTIFR)

3.3 ↓ down from 5.5 in 2014



Airfield ramp safety hours

8,780 ↑ tripled since 2014

VALUING OUR ENVIRONMENT AND THE COMMUNITY



Carbon intensity

25.6% ↓ reduction in carbon intensity since 2010



Community investment

\$3.3m ↑ up from \$1.5m in 2014

Comparisons are on 2015 performance unless otherwise stated.



PERFORMANCE SCORECARD

	2013	2014	2015	2016	
Passenger satisfaction score					
T1	3.88	3.85	3.84	3.89	↑
T2	3.75	3.85	3.85	3.85	↔
EBITDA (\$)					
	910.3m	948.3m	1,003.6m	1,085.7m	↑
Revenue (\$)					
	1,055.3m	1,163.5m	1,228.9m	1,364.6m	↑
Distributions					
	22.5c	23.5c	25.5c	31.0c	↑
Passengers					
	37.9m	38.5m	39.7m	41.9m	↑
Total Recordable Injury Frequency Rate¹					
Employees	19.4	16.4	9.6	17.6	↑
Service providers ²	nm ⁹	nm ⁹	19.8	21.2	↑
Lost Time Injury Frequency Rate³					
Employees	6.5	5.5	2.4	3.3	↑
Service providers ²	nm ⁹	nm ⁹	7.2	6.8	↓
Female representation (%)⁴					
	30.9	30.8	33.5	36.4	↑
Carbon emission intensity (kg CO₂e / passenger)⁵					
	3.2	3.2	3.1	2.8	↑
Waste					
Portion of total waste recycled (%) ⁶	30.8	31.9	31.7	31.3	↔
Total waste per passenger (tonnes) ⁷	0.183	0.194	0.184	0.187	↔
Community investment (\$) ⁸					
	nm ⁹	1,484,389	2,597,873	3,291,835	↑

1 Total Recordable Injury Frequency Rate (TRIFR) represents the number of medical treatment injuries (MTIs) and lost time injuries (LTIs) per million hours worked. An MTI is a work-related injury or illness that requires treatment by a medical practitioner and does not result in lost time but can result in restriction of work duties, incurred by employees and contractors.

2 Service providers (including cleaning, security, kerbside management, waste management, parking, trolleys and bussing) engaged by Sydney Airport. Reporting frameworks were put into place in 2015, and hence data is not available for previous years.

3 LTIs per one million hours worked. A LTI is a work-related injury or illness that results in at least one full work day or shift being lost after the day on which the injury or illness occurred, incurred by employees and service providers.

4 Female representation for the month of December in 2013, 2014, 2015 and 2016.

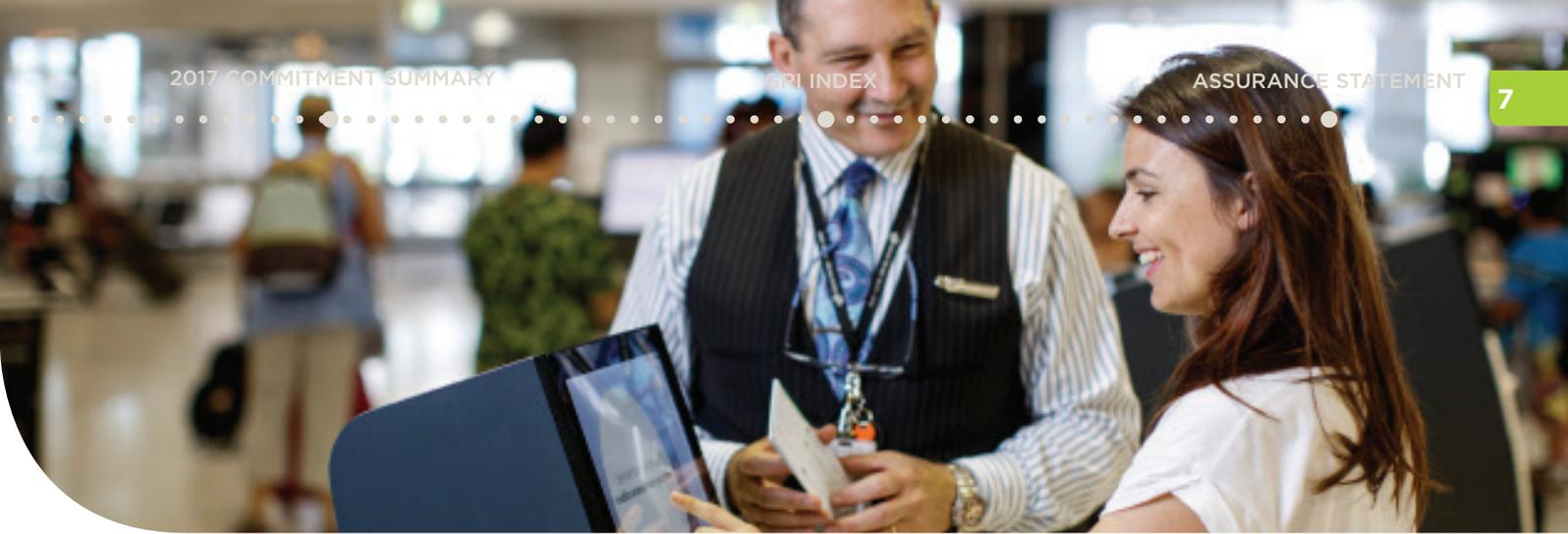
5 Emission intensity includes Scope One (CO₂, CH₄, and N₂O) and Scope Two (CO₂) emissions. Excludes emissions from tenants and T3. Carbon emissions calculated in accordance with the National Greenhouse Accounts Factors 2013.

6 Recycled waste assumes a recovery rate of 25% from the general waste stream.

7 Includes all waste generated at the airport, with the exception of waste generated on aircraft, T3, Qantas premium lounge and car parks. It also excludes construction waste. Passenger numbers exclude T3.

8 Community investment value includes cash, in-kind, management costs, leveraged revenue and total foregone revenue.

9 Not measured.



Sustainability strategy

Our ambition is to be an industry leader in sustainability, driving responsible growth that balances social and environmental needs with corporate objectives. For us, sustainability is about:

- being a responsible business and ensuring sustainability risks are identified and appropriately managed;
- integrating social and environmental considerations into our decision making processes; and
- working in collaboration with our customers, the airport community and other stakeholders to deliver mutually beneficial outcomes.

Set out in our sustainability policy are the following objectives:

- be responsive to airline and aviation partners, passenger, customer and staff needs;
- be a good neighbour to the communities in which we operate;
- deliver sustainable growth in line with demand for aviation services;
- efficiently manage the airport for the long term, striving to innovate wherever possible;
- ensure the safety and security of users of the airport;
- be an employer of choice, attracting and retaining the right people to realise our vision;
- integrate sustainability principles into our planning, design, construction, service delivery and procurement processes;

- actively respond to climate change by managing our carbon emissions and putting in place adaptation measures; and
- proactively work to reduce our environmental footprint.

You can view our sustainability policy on our website¹.

Implementing a new sustainability strategy

Sustainability has always played an important role in our business. We've implemented a wide range of programs that have had a positive impact on the communities in which we operate, our people and the environment.

In 2016, we reviewed our sustainability approach and looked at ways we could generate further value for our stakeholders. The result is a new sustainability strategy which underpins our strategic vision and ensures we continue to have a positive impact on our people, our customers and our neighbours.

As part of this process, we established performance targets and Key Performance Indicators (KPIs) for a number of our material issues and continued to evaluate our performance to manage risk and drive continuous improvement. Additional performance targets will be considered in the year ahead.

As part of the development of our new sustainability strategy, we've given consideration to the United Nations Sustainable Development Goals (SDGs) and the role we can play in achieving

“Our ambition is to be an industry leader in sustainability, driving responsible growth that balances social and environmental needs with corporate objectives.”

them. The SDGs comprise 17 goals and 169 targets aimed at solving the world's biggest challenges including ending poverty, addressing climate change and ensuring human rights are protected. Our broad approach to sustainability is consistent with SDGs principles and we are working on contributing to a number of the goals. To that end, we have outlined how our 2017 commitments align with a number of the SDGs. For further information please refer to the 2017 Commitment Summary section in this report.

On a broader scale, the aviation industry is playing a key role in global sustainable development. The industry is a catalyst for trade, transportation and tourism; is a major employer; and is generating social value by bringing the world's people and cultures together. Refer to the Aviation Benefits Beyond Borders website for further information.

¹ www.sydneyairport.com.au



OUR NEW STRATEGY AIMS TO ADDRESS THOSE ISSUES THAT ARE MOST MATERIAL TO OUR BUSINESS AND OUR STAKEHOLDERS



Community

making a positive contribution to the communities in which we operate



Innovation and technology

fostering an innovation culture, approaching things differently and using technology to deliver better outcomes



Customer experience

working with our employees, airport users, business partners and other stakeholders to deliver an enhanced customer experience



Waste

minimising waste going to landfill



Environmental efficiency

improving energy and water efficiency and reducing carbon intensity



Climate change

building resilience and adapting to the physical impacts associated with climate change



Skills, training and employment

attracting and retaining the right people and investing in their growth and development



Inclusion and diversity

creating an inclusive and diverse airport work environment



Materials and supply chain

sourcing responsible materials and managing the social and environmental impact of our procurement decisions



Health and wellbeing

promoting a healthy workforce to support the physical and emotional wellbeing of our people and the airport community



Safety and security

ensuring the safety and security of the airport community



Information security

providing a secure digital environment for our customers



Governance and reporting

establishing systems to ensure sustainability is embedded into the way we do business and how we report on our performance to our stakeholders

Sustainability governance

We have developed a governance framework to guide our sustainability journey. The Sustainability Steering Committee and Diversity Council, led by our Managing Director and CEO and including our executive leadership team, provides governance for our sustainability and diversity programs and initiatives. The committee provides regular updates on sustainability progress and performance to the Board.

Our Board's Safety, Security and Sustainability Committee assists

the Board to fulfil its responsibilities with regard to safety, security and sustainability and to monitor the business' performance against our sustainability commitments. The Committee's charter provides further details on the Committee's objectives and functions. The charter can be viewed on Sydney Airport's website.

Further detail on our corporate governance framework can be viewed in our 2016 Corporate Governance Statement on our website.

GOVERNANCE FRAMEWORK

Sydney Airport Limited Board

Responsible for corporate governance policies and risk management including those relevant to sustainability

Safety, Security and Sustainability Committee

Assists the Board to fulfill responsibilities relevant to sustainability

Sustainability Steering Committee and Diversity Council — Executive Leadership Team

Develops, updates and oversees implementation of Sydney Airport's sustainability and diversity strategies

Sustainability Working Groups — comprising members from across the business

Delivers sustainability and diversity programs and projects





Focusing on the issues that matter

At Sydney Airport, we use the Global Reporting Initiative (GRI) G4 Guidelines to frame the content of our sustainability report, enabling us to report on those issues that are significant to our business and our stakeholders.

We undertook a comprehensive materiality assessment process during the year to identify, review and prioritise material social, environmental, economic and governance risks based on their significance to the business and our stakeholders.

As part of this process, we identified the most material risks in accordance with Principle 7.4 of the ASX Corporate Governance Principles and Recommendations, as summarised in our 2016 Corporate Governance Statement. Our material financial risks have also been summarised in the Operating and Financial Review of our 2016 Annual Report.

The key steps in our materiality assessment process were:

1. Agreed the stakeholders with whom we should engage for the materiality assessment. This exercise identified those stakeholders of most importance to Sydney Airport. In particular, it identified those stakeholders that can be expected to be significantly affected by our activities and whose actions can be reasonably expected to affect the ability of Sydney Airport to successfully implement its strategies and achieve its objectives. Key stakeholder groups identified through this process are outlined in the diagram on the right.

2. Undertook a detailed desktop review to identify potential key issues for Sydney Airport. This included:
 - a review of material issues covered in our 2014 and 2015 sustainability reports;
 - an analysis of material issues identified by other large ASX companies and those companies that operate in the aviation and transport industries;
 - a review of relevant laws, regulations, international agreements or voluntary agreements with strategic significance to our business and our

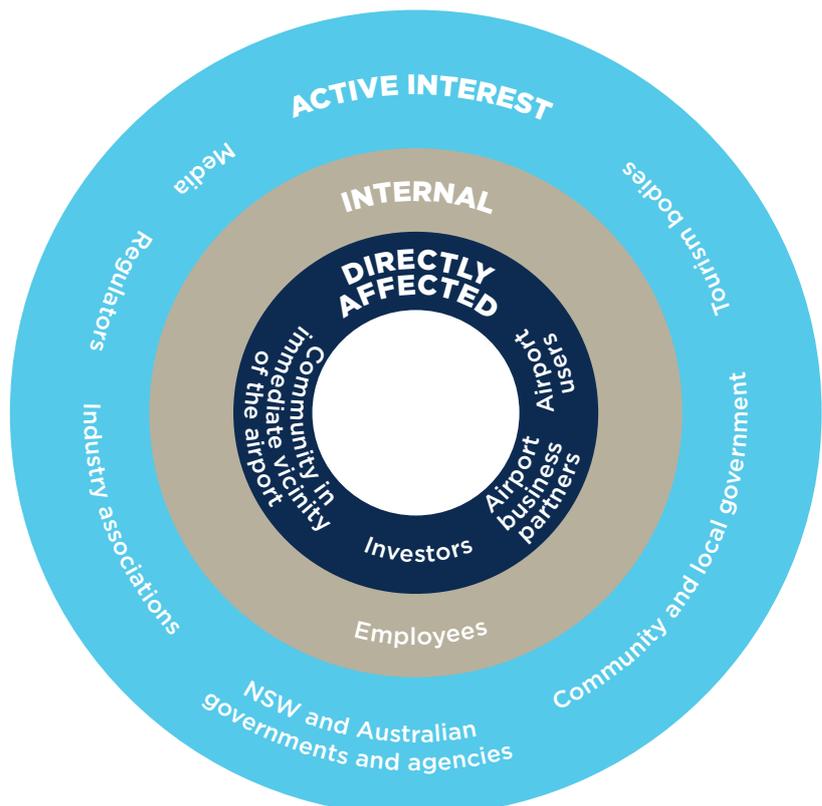
stakeholders to identify key theme areas; and

- a review of our organisational values, policies, strategies, operational management systems, goals and targets to identify key theme areas.

These steps were followed by the compilation of a shortlist of material issues for discussion and review by internal and external stakeholders.

3. Conducted consultation with internal and external stakeholders to discuss and prioritise key material issues. Consultation included internal workshops and one-on-one interviews with external stakeholders.

OUR STAKEHOLDERS



- 4. Analysed consultation outcomes and developed a materiality matrix depicting the issues of material significance to the business and stakeholders.
- 5. The Sustainability Steering Committee reviewed and approved the identified material issues.

“Using the GRI G4 Guidelines, we report on sustainability issues that are significant to our business and our stakeholders.”

VERY IMPORTANT



- o Safety
- o Security
- o Access to and from the airport
- o Passenger experience
- o Future capacity of the airport
- o Stakeholder and community engagement
- o Financial performance
- o Operational efficiency and continuous improvement
- o Customer service and satisfaction
- o Business continuity and resilience

IMPORTANT



- o Fair and ethical business operations
- o Innovation and technology
- o Climate change adaptation and resilience
- o Energy consumption and carbon emissions
- o Environmental management
- o Indirect economic impact
- o Sustainable procurement
- o Employee attraction and retention
- o Employee reward and recognition
- o Employee health and wellbeing
- o Employee performance and career development
- o Diversity and equal opportunity
- o Cyber security
- o Community investment
- o Aircraft noise

LOWER IN PRIORITY



- o Biodiversity
- o Water consumption
- o Waste management

OUTCOMES OF THE MATERIALITY ASSESSMENT

From the stakeholder feedback we produced a materiality matrix for consideration by our Sustainability Steering Committee. The matrix prioritised issues into the following categories:

- issues that are **very important** to our business and our stakeholders;
- issues that are **important** to our business and our stakeholders; and
- issues that are **lower in priority** to our business and our stakeholders.



We have used the prioritisation of issues in our materiality matrix to guide the content of this report and determine the applicable GRI G4 material aspects. The table below outlines our material issues against corresponding GRI G4 material aspects, where it is appropriate. We

have also indicated for each issue whether the primary impact occurs internally or externally to our business, and indicated the section of the report where we have discussed each issue in further detail including our management approach.

Material issue	GRI material aspect	Boundary	Report section
Safety	Social, Labour Practices and Decent Work – Occupational Health and Safety	Internal, external	Safety and security
Security		Internal, external	Safety and security
Access to and from the airport	Economic – Indirect Economic Impacts	External	Planning for the future
Passenger experience	Social, Product Responsibility – Customer Health and Safety, Product Service and Labelling	External	Enhancing the customer experience
Future capacity of the airport	Economic – Indirect Economic Impacts	External	Planning for the future
Stakeholder and community engagement	Society – Local Communities	External	Enhancing the customer experience; Being a good neighbour
Financial performance	Economic – Economic Performance	Internal, external	Planning for the future
Operational efficiency and continuous improvement	Society – Local Communities	Internal, external	Planning for the future
Customer service and satisfaction	Social, Product Responsibility – Customer Health and Safety, Product Service and Labelling	External	Enhancing the customer experience
Business continuity and resilience	Economic – Economic Performance	Internal, external	Planning for the future

Material issue	GRI material aspect	Boundary	Report section
Fair and ethical business operations	Social, Society – Anti-corruption, Anti-competitive Behaviour, Compliance	External	Building resilience
Innovation and technology		Internal, external	Planning for the future
Climate change adaptation	Economic – Economic Performance	Internal, external	Protecting the environment
Energy consumption and carbon emissions	Economic – Indirect Economic Impacts	External	Protecting the environment
Environmental management	Environmental – Compliance	Internal, external	Protecting the environment
Indirect economic impact	Economic – Indirect Economic Impact	External	Planning for the future
Sustainable procurement	Environmental – Supplier Environmental Assessment Social, Labour Practices and Decent Work – Supplier Assessment for Labour Practices, Human Rights – Supplier Human Rights Assessment	Internal, external	Building resilience

Material issue	GRI material aspect	Boundary	Report section
Employee attraction and retention	Social, Labour Practices and Decent Work - Employment	Internal	Looking after our people
Employee reward and recognition		Internal	Looking after our people
Employee health and wellbeing	Social, Labour Practices and Decent Work - Occupational Health and Safety	Internal	Looking after our people
Employee performance and career development	Social, Labour Practices and Decent Work - Training and Education	Internal	Looking after our people
Diversity and equal opportunity	Social, Labour Practices and Decent Work - Diversity and Equal Opportunity	Internal	Looking after our people
Cyber security		External	Safety and security
Community investment	Economic - Indirect Economic Impacts	External	Being a good neighbour
Aircraft noise	Society - Local Communities	External	Being a good neighbour

Material issue	GRI material aspect	Boundary	Report section
Biodiversity	Environmental - Biodiversity	External	Protecting the environment
Water consumption	Environmental - Water	External	Protecting the environment
Waste management	Environmental - Effluents and Waste	External	Protecting the environment





Stakeholder engagement

Fostering positive, strong, lasting relationships with all those who might be affected by the decisions and activities concerning the airport's development and operation is a priority for us, and we acknowledge that this is vital to our long-term success.

We recognise each of our stakeholders has different interests, needs and interactions with the airport. An overview of our stakeholder engagement activities undertaken during 2016 is outlined below, together with the key issues that were raised by our stakeholders.

Method and frequency of engagement	Examples of key interest areas
AIRPORT USERS	
While airport users include other stakeholders besides passengers, we focus on engaging with passengers. Engaging with Sydney Airport employees occurs as part of our employee engagement process as detailed below.	
PASSENGERS	
<ul style="list-style-type: none"> • Monthly passenger satisfaction surveys • Quarterly, internationally benchmarked passenger satisfaction surveys • Ongoing tracking and analysis of customer feedback through all channels including social media, multilingual app and website • Competitions requesting ideas for improvement • Real-time reportable notification system for service requests 	<ul style="list-style-type: none"> • Service quality • Terminal ambience and presentation • Passenger and staff processing • Passenger experience • Safety and security • Wayfinding • Services and amenities • Accessibility to airport • Provision of services and facilities for people with special needs
AIRPORT BUSINESS PARTNERS	
Airlines	
<ul style="list-style-type: none"> • Monthly airline operators committee • Quarterly Industry Consultative Forum • Ongoing airline satisfaction surveys • Biannual joint passenger facilitation meetings • Quarterly Common Use Terminal Equipment User Board • Quarterly Airport Emergency Committee • Daily communications as part of operational management • Real-time reportable notification system for service requests 	<ul style="list-style-type: none"> • Airline engagement • Service quality • Passenger experience • Safety and security • Efficiency of the airport • Allocation of assets • Team responsiveness and availability • Consultation • Understanding product and brand requirements • Operational effectiveness and responsiveness • Preventative and reactive maintenance • Cleanliness • Future growth of the airport
Border agencies	
<ul style="list-style-type: none"> • Daily communications as part of operational management • Weekly planning and facilitation management review • Biannual border agency operational and customer focus area review • Ongoing strategic airport management meetings 	<ul style="list-style-type: none"> • Forecast passenger numbers (from daily to five-week look ahead) • Operational planning and staff rostering arrangements • Planning and status of project implementations (e.g. deployment of automated SmartGates) • Anticipated operational challenges, expected impacts and contingency plans in place • Industrial action management plans • Passenger feedback



Method and frequency of engagement

Examples of key interest areas

Retail business partners

- | | |
|--|---|
| <ul style="list-style-type: none"> • Daily communication as part of retail operations management • Retailer meetings and reviews on a regular basis at store level • At least quarterly meetings with key retail accounts • Retailer presentations three times a year • Monthly retail customer experience scorecard prepared for each terminal and distributed to retailers • Ongoing tracking and analysis of customer feedback through all channels including social media, Chinese social media via WeChat and website | <ul style="list-style-type: none"> • Service quality to the passenger • Service quality business to business • Terminal presentation • Passenger experience • Safety and security • Product offering including product pricing • Forward product opportunities • Services and amenities |
|--|---|

Definitions

Airport business partners include airlines, tenants, and border and government agencies that we work with on a day-to-day basis.

Airport users include passengers, meeters and greeters, and airport workers.

Method and frequency of engagement

Examples of key interest areas

EMPLOYEES

- | | |
|--|---|
| <ul style="list-style-type: none"> • Consultative groups as required • Six-weekly WHS Committee • Monthly staff newsletter • Quarterly all-staff briefings • Rebranded user-friendly intranet • Monthly Service Star program • Employee recognition program • Annual performance reviews • Ongoing staff bulletins and emails • Ongoing team meetings • Cross functional team social interactions | <ul style="list-style-type: none"> • Developing capability • Health and wellbeing • Safety and security • Employee engagement • Reward and recognition • Information sharing • Career opportunities • Improving diversity |
|--|---|

INVESTORS

- | | |
|--|---|
| <ul style="list-style-type: none"> • Annual General Meeting • Bi-annual results announcements • Face-to-face meetings • Investor roadshows • ASX releases including monthly traffic statistics • Website (with a specifically focused investor section) • Investor days • Stakeholder/investor emails and webcasts | <ul style="list-style-type: none"> • Corporate strategy • Financial performance • Operational performance • Growth opportunities • Traffic growth • Capacity and investment • Corporate responsibility |
|--|---|

Method and frequency of engagement	Examples of key interest areas
TOURISM BODIES, INDUSTRY ASSOCIATIONS AND ADVOCATES	
<ul style="list-style-type: none"> • Regular meetings • Attendance at relevant overseas delegations • Ongoing participation in tourism events and partnerships as part of a collaborative effort to attract airline services and visitors to Sydney 	<ul style="list-style-type: none"> • Growth in visitation to Sydney • Sustainable growth in aviation
NSW AND AUSTRALIAN GOVERNMENTS AND AGENCIES	
<ul style="list-style-type: none"> • Regular meetings and briefings with relevant agencies and elected representatives • Daily communication with Airservices Australia 	<ul style="list-style-type: none"> • Upgrades to the on-airport and off-airport road network • Improvements to public transport and active transport access • Implementation of the National Airports Safeguarding Framework • Planning and development in areas around the airport that could affect airport operations • Protection of Sydney Airport's prescribed airspace • Growth in visitation to Sydney • Airfield operations
MEDIA	
<ul style="list-style-type: none"> • Regular briefings • Airport tours • Media releases • Proactive outreach • Responses to specific requests • Airport access and 24-hour on-call media phone 	<ul style="list-style-type: none"> • Financial performance • Growth strategy • Operational issues • Corporate responsibility, in particular community engagement • Tourism growth • Investment in road, terminal and airfield improvements • Airport regulations
REGULATORS	
<ul style="list-style-type: none"> • Regular and ongoing meetings with relevant organisations, including the Department of Infrastructure and Regional Development, Civil Aviation Safety Authority, Airport Coordination Australia, WorkCover, Office of Transport Security and the Australian Competition and Consumer Commission 	<ul style="list-style-type: none"> • Adequacy and quality of airport investments to provide capacity to meet demand and customer expectations • Airport prices, returns on capital and service quality • Airport processes regarding passenger and staff safety and security





2016 Sustainability performance

In our sustainability strategy we set a number of commitments on an annual basis to address our most material issues. We make these commitments public in our sustainability reports. Outlined below is the progress we have made against the commitments in our 2015 Sustainability Report.

Commitment	Status	Commentary
 Safety and security		
<ul style="list-style-type: none"> Open a new dedicated Emergency Operations Centre (EOC) co-located with integrated operations, landside, terminal and airside operations with critical business units to enhance our incident and emergency response capabilities 	 Complete	<p>Our new IOC is now operational, and incorporates a dedicated EOC on the premises. The world-class facility brings together our management of landside, terminal and airside operations. It allows us to manage business as usual activities as well as incidents and emergencies. The facilities are co-located to enhance cross functional collaboration with our stakeholders, allowing us to respond in real time, and build new solutions to managing our growing airport.</p>
<ul style="list-style-type: none"> Implement new Incident Management Software to improve communications to stakeholders as part of a holistic approach to incident and emergency management 	 Complete	<p>New software has been delivered and is being used by our teams for operational incidents, as well as for communication to the airport community.</p>
<ul style="list-style-type: none"> Continue works on the perimeter fence replacement to improve airport security 	 Ongoing	<p>We have continued to replace segments of the perimeter fence on a staged basis. The project is on schedule and due for completion by 2018.</p>
<ul style="list-style-type: none"> Development of our WHS Risk Profile 	 Ongoing	<p>We have commenced development of our WHS Risk Profile starting with our Corporate, Asset and Facilities sections of our business.</p>
<ul style="list-style-type: none"> Development of the WHS governance strategy and enhanced reporting including lead indicators and mechanisms of injury 	 Ongoing	<p>Sydney Airport is currently investigating software solutions for our Safety Management System to ensure we put in place a robust enterprise-wide reporting solution.</p>
<ul style="list-style-type: none"> Delivery of a safety and security awareness campaign 	 Complete	<p>Our Safe SYD and Secure SYD awareness campaign was launched in December 2016 with a focus on office spaces, terminals and ramp areas.</p>
<ul style="list-style-type: none"> Delivery of WHS training for people managers 	 Ongoing	<p>We have commenced WHS training for our people managers through a number of awareness activities carried out during the year, including 'Safety Month' where each department dedicated time to better understanding WHS risks relevant to their area of work. A targeted training program is scheduled to be rolled out in 2017.</p>
<ul style="list-style-type: none"> Delivery of a refreshed WHS online induction 	 Complete	<p>Our online induction course was refreshed with all employees required to complete the course during the year.</p>



Commitment

Status

Commentary



Planning for the future

<ul style="list-style-type: none"> Continued delivery of the T1 improvement program including gate lounge redevelopment and new retail and dining concepts 	<p>●●●●</p> <p>Ongoing</p>	<p>Delivered a range of terminal enhancements to deliver improved service standards as part of our International Aeronautical Agreements. New gate lounge delivery has commenced. The program will be delivered gate by gate, with roll out to be complete by 2018. Major project to raise the roof of the terminal to create an expansive dwell precinct with natural light, comfortable seating and indoor landscaping is complete. Retail and dining outlets are opening progressively.</p>
<ul style="list-style-type: none"> Further improvement of check-in efficiency through increased automation 	<p>●●●●</p> <p>Ongoing</p>	<p>Agreement reached with Qantas to deliver a primarily automated check-in product for T1. Procurement of additional mobile kiosks has commenced with kiosks expected to be introduced at T1 in mid-2017.</p>
<ul style="list-style-type: none"> Implementation of a refreshed digital strategy 	<p>●●●●</p> <p>Ongoing</p>	<p>Implementation of our digital strategy has continued with a range of projects being delivered, including multilingual wayfinding kiosks, multilingual Flight Information Display Screens (FIDS) and new systems to monitor and alert passengers of queue wait times using dedicated display screens.</p>
<ul style="list-style-type: none"> Completion of the new entrance from Marsh Street to Centre Road at T1 parking precinct 	<p>●●●●</p> <p>Ongoing</p>	<p>Works have commenced with the project due to be completed in 2017.</p>
<ul style="list-style-type: none"> Construction of a new shared pedestrian/cycle bridge providing direct access to T1 from Cooks River Drive 	<p>●●●●</p> <p>Ongoing</p>	<p>Works have commenced with the project due to be completed in 2017.</p>
<ul style="list-style-type: none"> Continue to progress discussions with the Commonwealth Government on Western Sydney Airport (WSA) 	<p>●●●●</p> <p>Ongoing</p>	<p>Ongoing engagement with the Commonwealth Government in the lead up to the receipt of the Notice of Intention in December 2016.</p>
<ul style="list-style-type: none"> Continued implementation of our five-year investment strategy to deliver an improved passenger experience and airport operations 	<p>●●●●</p> <p>Ongoing</p>	<p>Projects delivered in the period include:</p> <ul style="list-style-type: none"> expanded security lanes; new bathrooms to improve passenger experience; new wayfinding, e-directories and upgraded Flight Information Display Screens to make it easier for passengers to navigate the terminal; expanded check-in counters; and expanded departures bussing lounge and bussing arrivals lobbies to facilitate more efficient bussing arrivals.
<ul style="list-style-type: none"> Continue to encourage use of fixed electrical ground power and pre-conditioned air units 	<p>●●●●</p> <p>Ongoing</p>	<p>A refreshed ground power and pre-conditioned air improvement program is due to be rolled out in 2017 following consultation with relevant stakeholders. This will deliver a range of environmental benefits including reduced carbon emissions and improved air quality.</p>
<ul style="list-style-type: none"> Continue to support airlines and deliver necessary infrastructure as they increase aircraft size 	<p>●●●●</p> <p>Ongoing</p>	<p>Redevelopment of Bay 31 to improve efficiency and increase flexibility to accommodate different aircraft types. New gate lounge delivery has commenced. The program will be delivered gate by gate, with rollout to be complete by 2018.</p>

Commitment	Status	Commentary
 Enhancing the customer experience		
<ul style="list-style-type: none"> Implementation of a Customer Relationship Management tool 	 Complete	<p>Salesforce was introduced during the year, providing the business with the ability to better track customer contact. This is helping us to make better decisions that enhance the customer experience.</p>
<ul style="list-style-type: none"> Centralising and streamlining the approach for customer contact through the delivery of a dedicated, specialised team formed from representatives from across the business to manage these customer interactions 	 Complete	<p>The launch of Salesforce coincided with the creation of a customer care team. This team works collaboratively across the business to manage customer contact through this centralised system and provides a consistent voice to the customer from Sydney Airport. It also provides customers with a more streamlined way to contact the airport through the delivery of a 133 SYD number.</p>
<ul style="list-style-type: none"> As part of the service level framework, development of appropriate systems to measure KPIs and establish baseline data to inform improvement plans 	 Complete	<p>A suite of KPIs has been developed and systems by which to measure them implemented. These are now being used to track performance and identify areas for improvement.</p>
 Building resilience		
<ul style="list-style-type: none"> Delivery of competition and consumer law learning sessions that are intended to deepen employees' understanding through targeted role play and discussion groups 	 Ongoing	<p>Targeted sessions held with relevant groups. Additional training to be held as part of Code of Conduct training in 2017.</p>
<ul style="list-style-type: none"> As part of continuing improvement initiatives, review of existing competition and consumer law governance and checking processes across the broader business 	 Ongoing	<p>Updating of competition and consumer law governance is continuing as part of an overall review of corporate governance for the business.</p>
<ul style="list-style-type: none"> Finalisation of a Supplier Code of Conduct and development of a program to ensure compliance with the Code 	 Complete	<p>A supplier Code of Conduct has been finalised and the Code has been tested throughout the year in a number of tenders.</p>



Commitment

Status

Commentary



Looking after our people

<ul style="list-style-type: none"> Implement a company-wide recognition scheme to reinforce and celebrate our values, and complement our existing Service Star Awards 	 Complete	Launch of a company-wide recognition scheme to thank employees who demonstrate our values through their actions and behaviours at work. In the five months since launching, we have received 54 nominations (more than one in eight employees recognised with more than half of nominations being cross-functional recognition).
<ul style="list-style-type: none"> Establish a project team to deliver a new intranet to improve information management and cross-functional communication 	 Complete	Launch of our new intranet site 'Airportal' which includes a suite of collaboration tools to assist with sharing of information and communication across the business.
<ul style="list-style-type: none"> Continue to implement our new health and wellbeing initiatives, building on our program from 2015 	 Complete	Continued delivery of our 'Passport to Health' program which supports our employees to maintain physical and mental health and wellbeing. Our program also helps our employees maintain work-life balance and supports the communities in which we operate.
<ul style="list-style-type: none"> Develop a new volunteering leave policy to encourage staff to volunteer in the community and complement our community engagement program 	 Complete	Introduction of a volunteering leave policy allowing our employees to take one volunteer day per calendar year. Since its introduction, our employees have completed 252.25 volunteer hours.
<ul style="list-style-type: none"> Continue to provide opportunities for our people to connect cross-functionally through participation in events that reinforce positive behaviours, support charities or enhance wellbeing such as Harmony Day, Safety Week, Australia's Biggest Morning Tea and Movember 	 Complete	Hosting of a range of events and activities throughout the year to encourage our people to connect cross-functionally. A number of team volunteering days were organised to support the communities in which we operate, supporting families in need, improving health and education outcomes, and protecting the environment.

Commitment	Status	Commentary
 Being a good neighbour		
<ul style="list-style-type: none"> Continue to explore opportunities to expand our community engagement program 	 Complete	A review of our current strategy was undertaken this year following the completion of a sentiment survey. A new strategy was developed and approved, resulting in an increase in investment with current and new partners.
<ul style="list-style-type: none"> Enhance the capturing, measurement and reporting of the diverse range of programs and initiatives within our community engagement program 	 Ongoing	As new partnerships are formed and reviews undertaken with current partners, outcome and impact data/testimonials are sought and inputted into our community investment measurement tool, the London Benchmarking Group platform.
 Protecting the environment		
<ul style="list-style-type: none"> Completion of a climate change vulnerability assessment 	 Complete	A Climate Risk Assessment was undertaken and an Adaptation Plan was developed. Implementation of our Adaptation Plan has commenced.
<ul style="list-style-type: none"> Mapping and calculation of Sydney Airport's Scope Three carbon emissions 	 Complete	Scope Three emissions modelled and calculated as part of Level Three Airport Carbon Accreditation.
<ul style="list-style-type: none"> Progression towards achieving Level Three Airport Carbon Accreditation 	 Complete	Level Three Airport Carbon Accreditation achieved.
<ul style="list-style-type: none"> Implementation of energy and carbon reduction projects to progress towards achieving Sydney Airport's carbon reduction target 	 Ongoing	We have continued to implement energy and carbon reduction programs which have delivered, a 25.6% reduction in carbon emissions per passenger and an absolute reduction of 8% since 2010. This means we have met our target to reduce carbon intensity by 25% from 2010 levels, four years ahead of schedule.





About this report

This report covers the period from 1 January 2016 to 31 December 2016, with the exception of environmental data sets which are reported for 1 July 2015 to 30 June 2016, in line with Sydney Airport's other external environmental reporting. It is prepared in accordance with the Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines 'core' option for reporting. It covers all of Sydney Airport's operations and matches the reporting scope of our Annual Report. There has been no change in reporting scope from our 2015 Sustainability Report.

We do not claim that this report provides 100% coverage of our sustainability performance. This report is, however, our best attempt to report openly and honestly with our stakeholders and is a reflection of our current level of knowledge and understanding of our sustainability issues.

To provide stakeholders with a greater level of confidence in our reporting, we have engaged KPMG to provide limited assurance over whether selected data claims within our 2016 Sustainability Report including safety, customer satisfaction, energy and carbon, female representation and waste are prepared in accordance with the GRI G4 Principles of Defining Report Quality. KPMG has also provided limited assurance over whether the 2016 Sustainability Report is prepared in accordance with the GRI G4 Principles of Defining Report Content. KPMG's assurance statement is included within the assurance section of this report.

We welcome feedback on our sustainability reporting and performance. Please email us at sustainability@syd.com.au.



Our safety performance



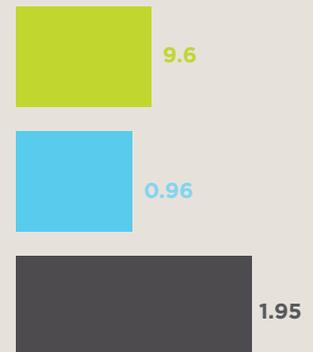
Lost Time Injury Frequency Rate (LTIFR)¹



Total Recordable Injury Frequency Rate (TRIFR)³



Passenger Incident Rate⁴



2013 2014 2015 2016



Safety and security

Our safety approach

We are committed to ensuring the highest levels of safety across all of our operations as an integral part of all aviation and non-aviation activities.

Our safety objectives are:

- to comply with both workplace and Civil Aviation safety legislation and standards;
- to strive for an accident free workplace and apply best practice principles;
- to involve Sydney Airport employees and other stakeholders in the decision making process through effective consultation; and
- to ensure that all Sydney Airport managers and team leaders take responsibility for all aspects of safety as an integral part of their role.

To achieve our objectives, our Safety Management System (SMS) provides us with a risk management framework aligned to AS/NZS 4801, where we systematically identify, assess and manage foreseeable aviation-specific safety issues as well as work health and safety risks. Our SMS has been designed to meet the requirements of the *Civil Aviation Safety Regulation 1998 Part 139*, *Civil Safety Authority Circular 139.16* and *Work Health and Safety Act and Regulations (NSW) 2011*.

We have in place a Work Health and Safety (WHS) Steering Committee chaired by the Managing Director and CEO and comprising all members of the Executive Leadership Team. This Committee oversees the

implementation of our SMS and monitors safety performance across the organisation.

We support the reporting of incidents, hazards and near-misses and when necessary undertake investigations to understand the root causes of incidents. This includes assessing the need to introduce measures such as injury prevention programs, manual handling training and/or engineering and construction controls.

We routinely assess the integrity of our SMS through internal audits and completing management reviews of our systems and practices. Our Corporate Safety Improvement Plan (CSIP) outlines initiatives that we implement over the year to continuously improve our approach. Implementation of our CSIP is monitored by the WHS Steering Committee on a bi-monthly basis.

Airfield safety

Our ramp safety program continued in 2016, as we worked together with our aviation partners to ensure compliance with airside safety requirements. The ramp safety team focuses on:

- improving airside driving behaviours such as wearing seatbelts, use of mobile devices and adhering to speed limits;
- improving communication of risk factors on the ramp through Toolbox Talks, stakeholder forums and engaging with frontline staff;
- active hazard monitoring; and

1. Lost time injuries (LTIs) per one million hours worked. An LTI is a work-related injury or illness that results in at least one full work day or shift being lost after the day on which the injury or illness occurred, incurred by employees and service providers.
2. Service providers (including cleaning, security, kerbside management, waste management, parking, trolleys and bussing) engaged by Sydney Airport. Reporting frameworks were put in place in 2015, and hence data is not available for previous years.
3. Total Recordable Injury Frequency Rate (TRIFR) represents the number of medical treatment injuries (MTIs) and LTIs per million hours worked. An MTI is a work-related injury or illness that requires treatment by a medical practitioner and does not result in lost time but can result in restriction of work duties, incurred by employees and contractors.
4. Passenger incident rate is the number of first aid and medical treatment injuries per 100,000 passengers. Medical conditions and inflight medicals are excluded from this rate.



- management of Foreign Object Debris (FOD) across the airfield.

FOD on the airfield can cause significant damage to aircraft and as such can pose a significant safety risk. To mitigate this, we conducted weekly audits of the apron to identify and remove any large items or build-up of FOD. As a result of the weekly FOD audits, 28 tonnes of FOD was removed from the airside precinct during the year. In collaboration with our business partners, we have completed an additional 12 FOD walks this year in the International precinct, and six in the Domestic precinct. These walks were sponsored by stakeholders engaged by Sydney Airport including airlines, ground handling agents and contractors.

Managing safety on construction sites

Our project compliance team conducted almost 9,000 site inspections this year with a focus on safety, security, environment and quality, ensuring that contractors

complied with Sydney Airport requirements.

The inspections were conducted on construction projects across the airfield, Domestic and International terminals, landside roads, car parks and hotel sites. The primary function of the team is to monitor and report on safety, security, environment and quality compliance with WHS regulations, Sydney Airport standards and contractual requirements.

Our project compliance supervisors continued to undertake daily inspections to reduce risk and ensure the safety of passengers and business partners. During inspections, improvement opportunities were raised with the contractor responsible

for actioning and closing the item. Safety, security, environment and quality data is collected on site and analysed routinely to identify opportunities for continuous improvement.

This year we also commenced implementation of a FOD management strategy for airfield construction programs. FOD walks were completed at the end of each shift, led by a dedicated FOD manager. In addition, FOD prevention strategies were incorporated into each airfield construction project management plan.

“Our project compliance team conducted almost 9,000 site inspections this year with a focus on safety, security, environment and quality, ensuring that contractors complied with Sydney Airport requirements.”



Passenger safety

Passenger safety and ensuring an enjoyable passenger experience is a top priority. We monitor passenger incidents monthly to identify trends and take proactive steps to address items in our terminals that may contribute to passenger incidents or may adversely impact their journey. Our project compliance team conducted five terminal presentation inspections per week. The inspections focused on identifying hazards and faults so that our passengers are kept safe and to ensure our terminals continue to be presented to their optimal standards. This year we developed an app that directly interfaces with our incident reporting software allowing identified hazards and faults to be more quickly addressed.

Creating a strong safety culture

Our WHS induction forms an integral component of our safety culture and reminds us of the things we need to stay focused on every day. This year we refreshed our induction program

and asked all of our employees to refresh their understanding by completing the course again.

The induction program covered a wide range of WHS issues, including:

- our general safety obligations, policies and procedures;
- the health and safety responsibilities of each of us, and of Sydney Airport as an employer;
- the process for reporting incidents and hazards in the workplace;
- risk management;
- emergency management, and
- first aid procedures.

This year we also commenced inductions for third-party contractors engaged by our retail business partners to complete fit-outs. Our induction included advice on WHS requirements, minimising impacts on the operational environment and maintaining a quality of work that meets Sydney Airport standards. Our project compliance team also ensured a greater presence on site during retail fit-outs to ensure all risks are being managed.

Access to local weather information to improve ramp safety

During the year we partnered with WeatherZone to provide our aviation business partners with access to live weather information for the aerodrome and surrounding area. Accessible via an internet log-in, the product allows our stakeholders to assess the impact the weather may have on their operations. The system also forms part of our Incident and Emergency Management Strategy, which was awarded the Australian Airports Association (AAA) Project – Major Airport Award during Airport Safety Week 2016.

Health and injury prevention program

Our safety data found body stressing and manual handling injuries make up the majority of our WHS incidents, with most of these occurring within the baggage handling services team. To reduce the risk of injuries and lost time, this year we launched a health and injury prevention program tailored specifically for our baggage handling services team. The program takes a holistic approach and includes a combination of engineering controls and people resilience measures.

Engineering controls were applied to both operations and maintenance tasks. Controls included measures to reduce the need to manually handle bags, provision of manual handling aids and ongoing work to improve access. In addition, our prevention program included onsite physiotherapy and an individualised strength and conditioning exercise program.

Airside driving awareness

During the year we developed an airside driving awareness e-learning course. The course, which will be rolled out from early 2017, will seek to improve awareness amongst airside drivers of the nature of hazards associated with the airside environment. Developed in consultation with our stakeholders, the course will build an awareness of the various operations that take place across the airfield, appropriate airside driving behaviours and FOD awareness. All airside drivers will be required to complete the course as a



prerequisite for initial and renewal of Airside Driving Authorities.

To improve the efficiency of the Airside Driving Centre's (ADC) operations and allow stakeholders real-time access to airside driving information regarding their operation, the ADC will implement a new IT solution that will consolidate three of its existing systems into one. The new system will provide online applications and access to vehicle and driver information such as penalty points, training and renewal requirements. The system will also allow automation of a number of reporting and analysis functions which are currently manual processes.

Aerobridge awareness program

To improve safety outcomes, we developed a new training program to reduce instances of human error associated with the operation of aerobridges. Using a train the trainer approach and in partnership with dnata Airport Services, the training program will be rolled out to all

aerobridge operators in 2017. The training includes the completion of an e-learning course and a practical assessment with all operators then required to recomplete this training and assessment every two years.

Security management

Ensuring Sydney Airport is a secure operating environment is a top priority. Our security management system meets the regulatory obligations set out in the *Aviation Transport Security Act 2004* and the *Aviation Transport Security Regulations 2005*. In broad terms, our program sets out the airport's security context, mitigation measures and emergency and contingency plans. We undertake regular reviews of our plan, with any updates requiring approval from the Department of Infrastructure and Regional Development.

We coordinate the management of aviation security with other parties, including Commonwealth agencies that have responsibilities for or are connected with aviation. We have

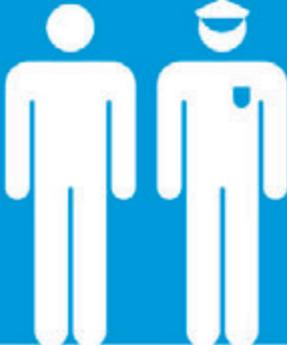
prepared a security guide for all airport employees that summarises roles and responsibilities in aviation security, and explains why certain procedures and requirements are a part of aviation security. The guide also explains what employees need to do in the event of a security incident.

We focus on maintaining a strong security culture, by investing in regular staff security awareness programs. A new security awareness campaign, incorporating the 'Secure SYD' brand mark (pictured), was launched in 2016.

This is supported by a national aviation security awareness strategy called Airport Watch, which takes a community approach similar to Neighbourhood Watch programs. It focuses on identifying and resolving suspicious activity in real-time.

Managing cybersecurity and information security

Whilst technology presents many opportunities for our business and our customers, it also presents a number of risks — in particular with regard to cybercrime. We recognise the need to



Welcome to Sydney Airport.

We are committed to your safety and security.

Sydney Airport  Secure **SYD**



Luggage and other items left lying around may be seen as a security risk.

Keep your belongings with you at all times.

Sydney Airport  Secure **SYD**

prevent and respond to cyber attacks that could potentially disrupt our operations and impact our customers.

We manage cybersecurity at Sydney Airport as part of a more comprehensive approach to managing information security. We have developed and are implementing an Information Security Management System (ISMS) that aligns with ISO 27001 standards and are taking a proactive risk management approach with a focus on:

- raising awareness around cybersecurity and ensuring our policies are being embedded across the business;
- continuing to enhance the systems we have in place that detect and prevent cybercrime; and
- continuing to monitor cyber risks and threats and work in collaboration with relevant stakeholders to share information.



SAFETY AND SECURITY COMMITMENTS FOR 2017:

- Enhance aviation and workplace safety and security outcomes through:
 - delivery of safety leadership training for people managers;
 - continued development of the safety risk profile;
 - continued implementation of the enterprise wide Safety Management System (SMS) and enhanced performance reporting including the use of lead indicators;
 - external compliance audit of the safety management system;
 - implementation of airside driving awareness e-learning module;
 - implementation of an airside driving management system;
 - continued delivery of our Safe SYD and Secure SYD awareness campaigns; and
 - enhance security systems including upgrading CCTV and access control.
- Continued management of cybersecurity risks and certification of our ISMS to ISO 27001 standards

Aviation security is everyone's responsibility.

Please stay alert at all times.

Sydney Airport Secure **SYD**

Security checks are the law because they save lives.

It's why you must comply to enter secure areas.

Sydney Airport Secure **SYD**





Planning for the future

As we plan for the future and support passenger growth, we are committed to delivering a step change in customer experience and operational efficiency across our supply chain. We operate in a complex environment which involves working with many different stakeholder groups across the airport. Our ongoing commitment to enhance the passenger experience whilst driving greater efficiency has driven a focus on real-time collaboration, innovation and genuine engagement with our stakeholders.

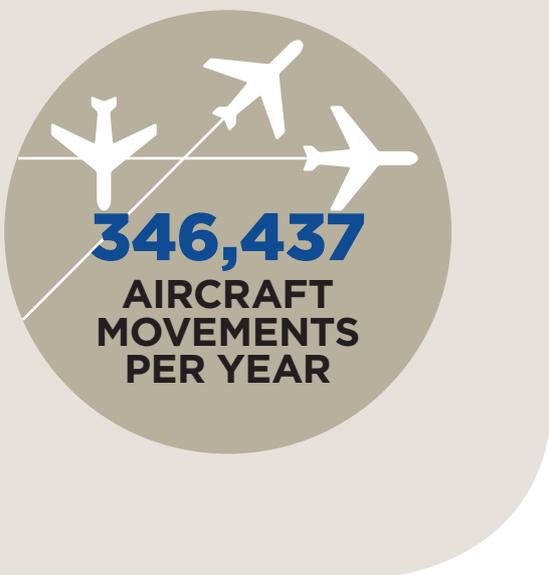
Access to and from the airport

We recognise that ground transport is the critical first step in the passenger journey and are committed to making it easier for airport users to travel to and from the airport. We have been collaborating with the NSW Government to deliver an integrated ground transport plan that includes a joint \$500 million investment program. We are now two years into this five-year program, which has been staged to enable ongoing airport operations and minimise the impact on commuter traffic.

The key objectives of the joint plan with the NSW Government are to:

- create better roads in and around the airport precinct;
- improve access to the terminals;
- improve drop-off and pick-up facilities;
- increase train services to and from the airport;
- increase bus services from the airport to greater Sydney; and
- improve pedestrian access into and around the airport precinct.

During the year, we reconfigured traffic movements in the T2/T3 precinct through the creation of a six lane dedicated exit. The new configuration has increased outbound capacity by 35% in the morning peak and 50% in the evening peak and allowed an additional 750 vehicles to exit the precinct per hour. The reconfiguration of the entry road has also involved widening the approach from two lanes to five and removing a set of traffic signals.





To continue to meet customer preferences and to cater to all modes of transport we also changed pick-up arrangements for the T2/T3 precinct. These new arrangements include a Priority pick-up zone that caters for ridesharing services and pre-booked vehicles, a free Express pick-up zone as well as an option to park for free at our Blu Emu car park for up to one hour.

We have been working to upgrade the road network into the T1 terminal precinct including widening and enhancing the Marsh Street entry to Central Road, resulting in a 30% increase in throughput. We have also commenced construction of a new elevated pedestrian and cyclist shared path and bridge that will directly connect the Alexandra Canal cycleway with Sydney Airport's P7 car park at Level 1. This will provide pedestrians and cyclists with quicker and safer access to the International precinct. The bridge is scheduled to open in 2017 with additional bike storage provided as part of the project.

We continue to assess and plan for peak periods to minimise disruptions for passengers arriving at the airport. We are implementing a plan to reduce delays which includes:

- accommodation of 30% more drop-off vehicles per hour through the creation of an additional drop-off facility;
- heightened operations management for peak traffic times including having additional staff available to assist;
- improving efficiency of critical roads by limiting all non-essential traffic; and
- encouraging Sydney Airport staff to use alternative forms of transport and arrive out of peak times.

Meeting future capacity

Trends show that aircraft movements and passenger numbers have grown steadily over the past two decades. In 2016 international passengers grew by 8.9% while domestic passengers grew by 3.8%. This has been driven primarily by airlines adding new routes and services and upgauging aircraft, as well as the

Passenger movements 2016

Arriving	13,475,282	7,507,378	20,880,469
Departing	13,475,282	7,426,454	20,982,660
	Total Domestic	Total International	Total
	26,929,297	14,933,832	41,863,129

Region	Arriving	Departing	Total	Total %
Asia-Pacific	5,243,669	5,175,784	10,419,453	69.8%
Americas	1,216,938	1,227,485	2,444,423	16.4%
Europe	229,376	229,293	458,669	3.1%
Middle East	688,560	677,007	1,365,567	9.1%
Africa	79,995	75,141	155,136	1.0%
Other	48,840	41,744	90,584	0.6%
Total	6,883,327	6,816,270	13,699,597	100.0%

commencement of services by a new carrier.

Our current International Aeronautical Services Agreement with airlines is underpinned by a five-year investment plan that outlines key projects to increase capacity, improve operational efficiency and enhance the passenger experience. In 2016 we delivered projects under the investment plan that increased capacity in our baggage handling system and check-in hall, improved the efficiency of bussing and inbound passenger facilitation, and enhanced the passenger experience through improved wayfinding and FIDS.

We plan for our longer term future growth through our Master Plan, a five-yearly process which targets the delivery of a better passenger experience as well as improved efficiency, safety and maximisation of airport infrastructure capacity. As part of this work, we carry out detailed long-term forecasting recognising that future traffic growth has the potential to amplify economic, environmental and social impacts from the airport, both positive and negative. Our master planning process details our long-term vision and plans for responding to growing passenger demand. It includes an assessment of the future needs of airlines and other airport users, a land use zoning plan, makes assumptions in changes to the number of airline passengers, flights and the volume of air freight,

information about aircraft noise, and the plans for dealing with any environmental issues associated with implementing the Master Plan. Our current Master Plan covering the period to 2033 can be found on Sydney Airport's website.

In addition to our master planning process, we continue to identify and investigate opportunities to meet future capacity requirements. For example, we have commenced a study to assess the feasibility of expanding T1 to the north to provide additional gate capacity for larger and next generation aircraft and are considering other potential projects that will provide additional gate capacity in the Domestic precinct.

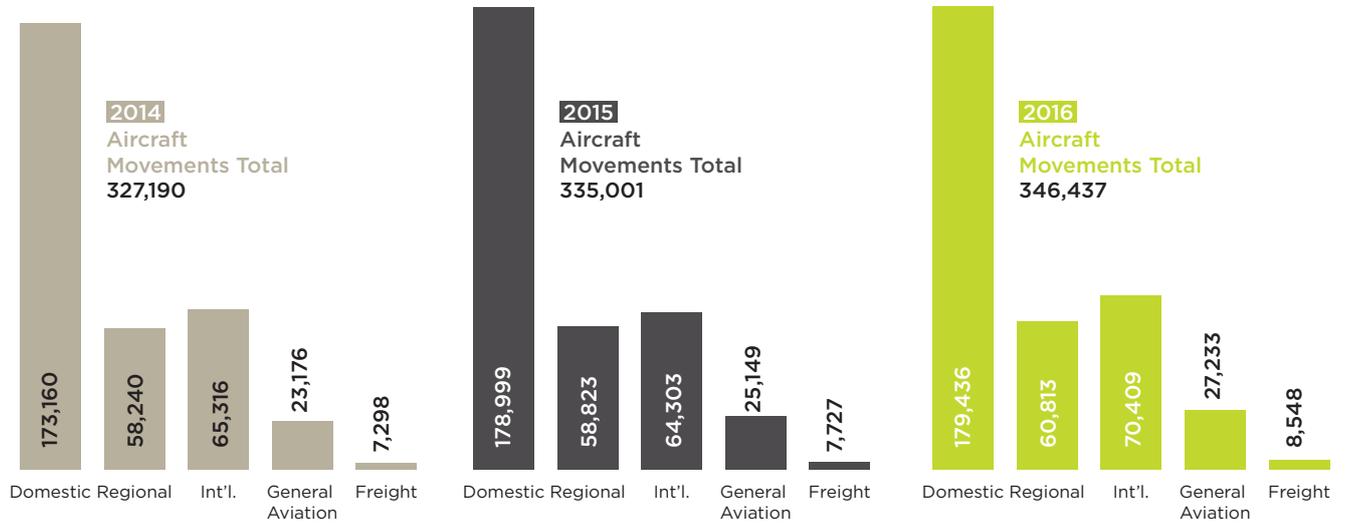
Enhancing service delivery

Collaborating with our business partners

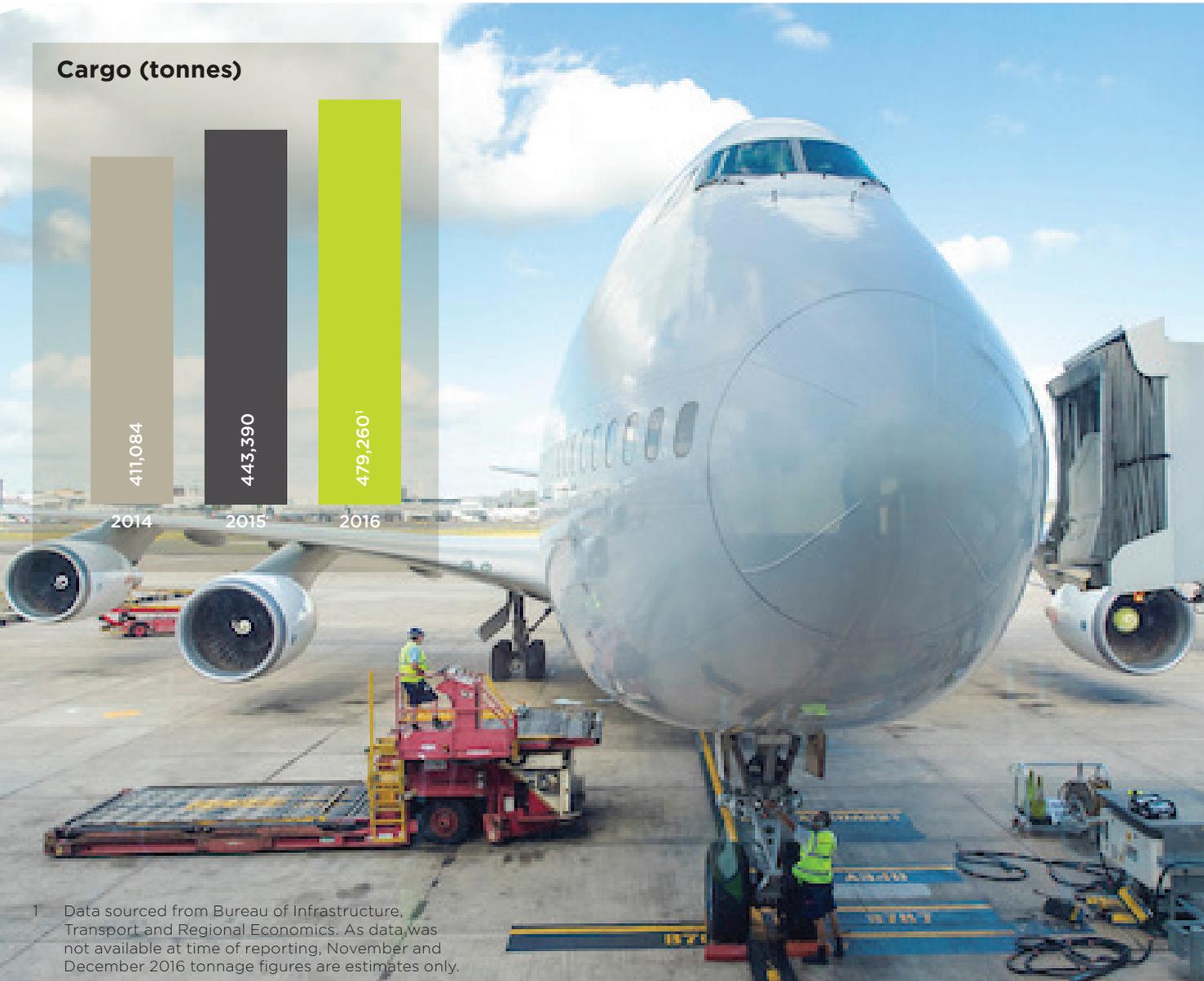
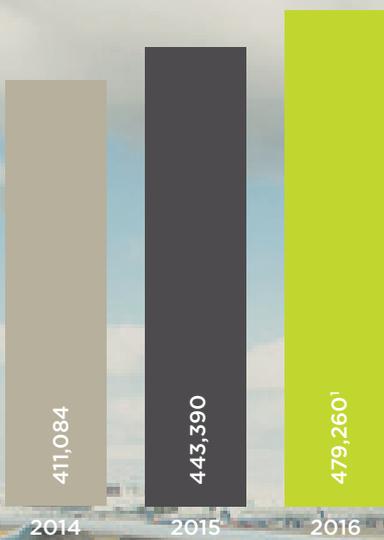
We work collaboratively with our airline partners to improve service delivery and enhance the customer experience. Whilst we acknowledge that On Time Performance (OTP) of Sydney Airport is influenced by many factors, we understand that it is a key business driver for our airline partners and work hard to gauge our performance and identify areas for improvement. During the year we identified areas of focus to target improvement of OTP:

- introduction of Airport Collaborative Decision Making (A-CDM) - a framework where all airport stakeholders work

Aircraft movements



Cargo (tonnes)



¹ Data sourced from Bureau of Infrastructure, Transport and Regional Economics. As data was not available at time of reporting, November and December 2016 tonnage figures are estimates only.



to a common objective of meeting Target Off Block Time;

- investigating different approaches to gate and bay allocation and management;
- defining and providing an efficient bussing service and ramp facilities; and
- enhancements to the baggage handling system.

We have also adopted a more collaborative approach to working with airline business partners and ground handlers to identify new systems, infrastructure needs and process improvements that will support more efficient operations across the airport. We established a forum with ground handlers to better understand the issues affecting their performance in areas such as check-in, baggage handling and ramp operations. The forum has facilitated joint identification of issues and development of solutions, and

has allowed for ground handlers to streamline their operations and focus more on improving efficiency to support the airlines they represent. This collaboration has materially improved outcomes, for example, the missed bag rate has shown an improving trend averaging at 3.5 per 1,000 bags for the 12 months, below the industry average of 7.3 per 1,000.

We also established a working group with our airline partners and ground handlers to focus on improving our bussing operations. Together, we defined the product that would meet the needs of our collective customers and identified and implemented a series of initiatives to achieve the targeted outcome. This has included jointly developing standard operating procedures and passenger management and information plans.

As a result of our engagement we also invested in a new high lift to be utilised in boarding and disembarking

passengers who are Persons with Reduced Mobility (PRM) from bussed aircraft. This equipment is shared by airlines and helps ensure that PRM passengers will have a consistent and positive arrival or departures bussing experience. A second high lift has been procured and will be brought into service in early 2017.

Last year we collaborated with Australian Border Force to be the first Australian airport to introduce outbound SmartGates. This has vastly improved outbound processing times from 46 seconds per transaction to less than 26 seconds. Nearly 75% of our passengers are now using SmartGates.

Driving improved efficiency and enhancing the passenger experience

During the year we opened our new IOC, a purpose built facility where we are co-located with our key stakeholders allowing us to



2 minutes

average
wait time in
security

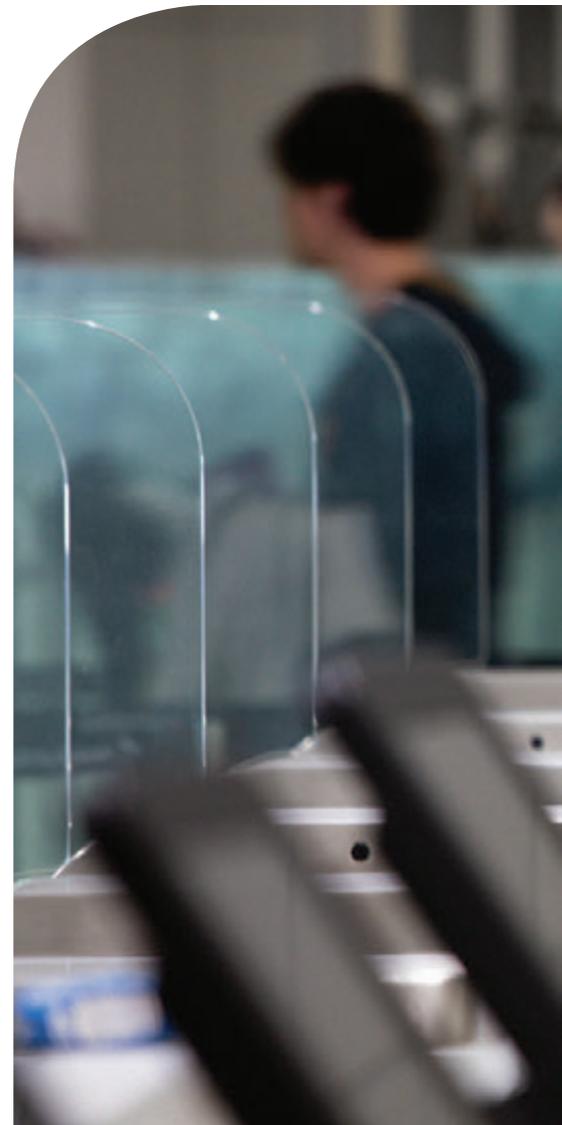


75%
of passengers
now use
SmartGates

In 2016, we
invested

\$385m

in airport
improvements



collaboratively manage landside, terminal, airside and emergency operations. We have installed state-of-the-art technology, providing us with a complete picture of what is happening at the airport at any particular time and allowing us to respond in real time to any issue across the airport.

We have doubled our frontline duty management team to ensure the efficient and safe management of both our Domestic and International terminals. This complements our new IOC ensuring we are responding to any issue quickly and effectively.

We have also embarked on an improvement program of more than 200 projects that span all aspects of our operations to deliver improved customer outcomes. One of our largest projects this year has been in our International terminal where we have raised the roof to increase space and natural light, created wider walkways and clearer sight lines and

optimised spaces for our passengers to dwell closer to their gates.

Enhancing the digital customer journey

We recognise that technology and innovation present many opportunities for airports to improve operational efficiency and enhance the passenger experience, and we strive to be a leading airport in innovation.

To harness these opportunities we focus on collaborating with our stakeholders for mutually beneficial outcomes that improve the passenger journey. Our focus on open data has put the passenger in charge of their airport experience, providing a seamless journey from the 'couch to the gate'.

We have recently installed new large, touchscreen multilingual wayfinding kiosks in 13 languages to help passengers better navigate the

terminals. Passengers can scan their boarding pass or enter their flight number to get the most direct route to their gate. The kiosks provide the latest airport information on where to go and what to do whilst in the terminal. This is complemented by our Airport Ambassadors, who are equipped with iPads and language translation apps to better assist passengers. We are also rolling out new multilingual FIDS which include information in 13 languages.

We have introduced technology to monitor queue wait times at security to ensure we are directing resources to where they are needed most. Live queue wait times were also introduced at security screening for the first time to allow passengers to make informed decisions about their journey through the terminal, helping them to feel more relaxed. On average the wait time in security is two minutes, with over 70% of our





passengers processed in five minutes or less.

We commenced development of our new website to better engage and communicate with our passengers and stakeholders in the future. A key feature of the website is helping passengers to plan their journey from the 'couch to the gate'. We have also been looking at opportunities to communicate information to our customers through multiple digital channels. We are developing an open data strategy to share information that is valuable to our passengers with other stakeholders for use in their digital platforms, such as flight information, wayfinding, transport options and queue times.

Contributing to our economy

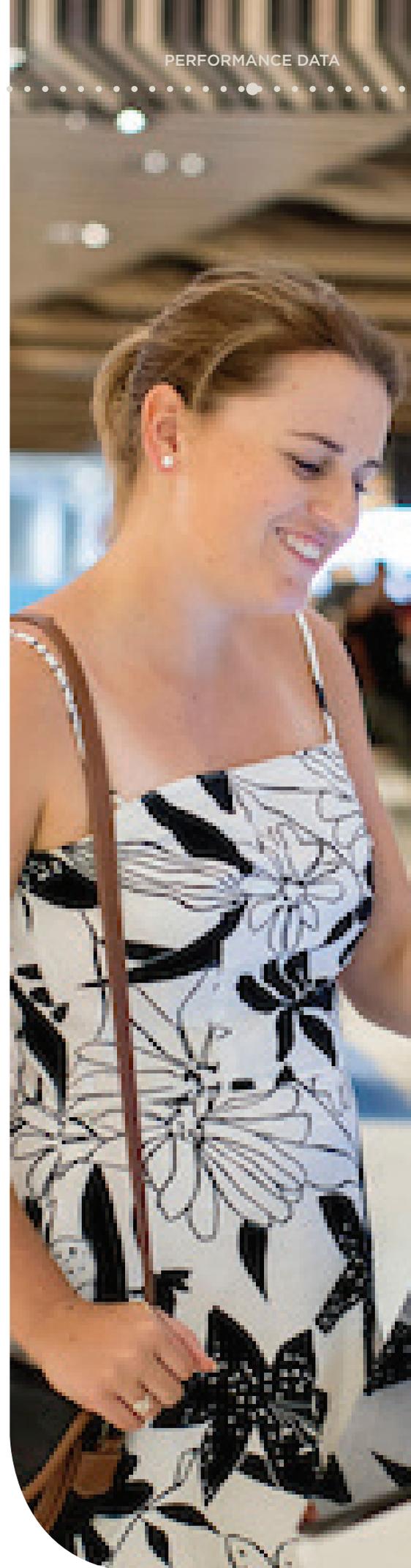
We are proud that Sydney Airport is regarded as one of Australia's most important pieces of infrastructure. Both directly and indirectly, we make a significant contribution to the local, regional and national economy.

Whilst there are approximately 29,000 people working at around 800 businesses located at the airport, there is also a very large network of off-airport businesses that rely on or support airport related activity such as freight/logistics, catering, engineering, vehicle rental and accommodation. A study completed by Deloitte Access Economics in 2015 found Sydney Airport contributes to the economy through the facilitation of tourism and trade.

International visitors spend money during their stay in Australia and the airport facilitates the delivery of goods to overseas markets. The Deloitte study showed that economic contribution facilitated through international tourism and exported freight in 2014 was \$30.8 billion in total value added, and 306,700 full-time equivalent (FTE) jobs.

Direct economic value generated¹	(\$m)
Revenues	1,364
Direct economic value distributed	(\$m)
- Operating costs	198.8
- Employee wages and benefits	54.5
- Payments to providers of capital	1,133.7
- Payments to governments	8.1
- Community investments	3.3
Direct economic value retained	(\$b)
	33.8

¹ Global Reporting Initiative methodology applied.





PLANNING FOR THE FUTURE COMMITMENTS FOR 2017:

- Improve access to and from the airport through:
 - completion of the elevated pedestrian and cycleway at T1;
 - creation of an additional exit lane and replacement of Cooks River Avenue traffic signals with a free flowing upgrade;
 - creation of an expanded car park at T1 including the installation of a rooftop solar array; and
 - widening of Qantas Drive.
- Continuing to enhance the digital customer journey through:
 - launch of our new website; and
 - launch of a wayfinding service that is accessible from a smart device.
- Enhancing service delivery through:
 - continued upgrade of our baggage handling system including the installation of more energy efficient motors;
 - continued rollout of new wayfinding and e-directories;
 - delivery of gate lounge redevelopments at T1;
 - increased automation of passenger facilitation in the check-in halls and at the borders;
 - delivery of the Airport Collaborative Decision Making framework; and
 - delivery of a ground power and pre-conditioned air improvement program.
- Drive the sustainable design and operation of our facilities by undertaking a baseline study against the Green Star rating scheme
- Completion of Terminal Planning and Design Guidelines and Wayfinding Guidelines to ensure a consistent and sustainable approach
- Continue to encourage sustainability principles to be embedded into retail fit-outs
- Continue to encourage healthy eating and lifestyle choices in our terminals



**Sydney Airport's
Customer Care Centre
assists more than**

22,000

customers per month



Enhancing the customer experience

Our customers are central to all that we do and we continuously strive to enhance their experience. Our customers are users of the airport and broadly include passengers, airlines, other aviation partners, border and government agencies, meeters and greeters, and staff.

Airport user satisfaction

We are committed to continually providing airport users with a better, more enhanced experience. Our customer charter sets out our commitment to ensure we provide the highest level of service. Our goal is to ensure customers have a seamless and enjoyable journey through Sydney Airport. To achieve this we strive to:

- 

Deliver a safe, easy and efficient airport experience for all customers through superior customer service, operational efficiency and innovation
- 

Ensure our customers experience the highest levels of safety and security in a clean, easy to navigate and environmentally sustainable facility
- 

Proactively acknowledge, welcome and offer assistance to customers by providing a team of approachable, friendly and efficient staff and volunteers who are proud to be part of the airport community
- 

Provide our customers with choice and value by offering a wide range of quality products and services
- 

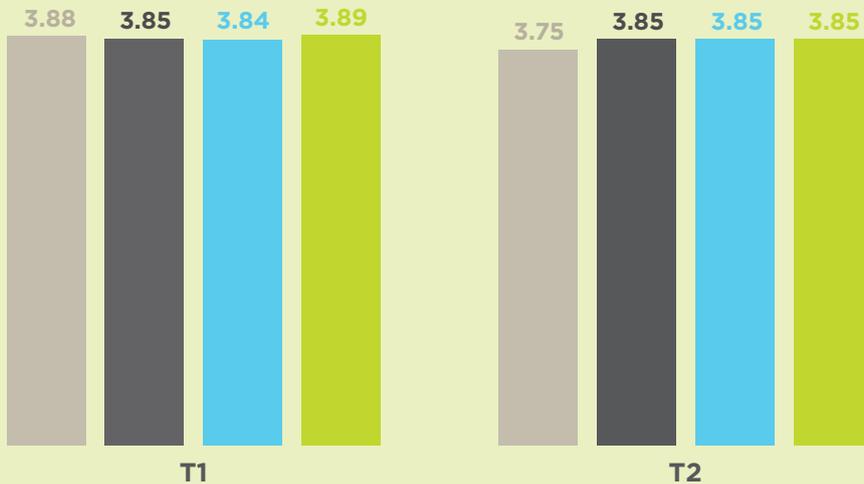
Ensure our customers have convenient access to and enjoy a more informed journey through the use of technology
- 

Keep our customers informed through multiple channels. Listen and ensure a timely response to all customer queries and feedback

Our customers can provide feedback in a number of ways which are listed on the 'contact us' page of our website. These options include our centralised phone number '133 SYD (793)', email, letter and our online contact form. This year we streamlined our customer service approach and established the Sydney Airport Customer Care Centre with a dedicated, specialist team responsible for managing customer contact. The team is supported by a new customer relationship management tool which helps to allocate and track interactions with customers, ensuring each customer's requirement is managed by the team member who has the most relevant expertise in a timely manner.



Passenger satisfaction¹



2016
2015
2014
2013

¹ Passenger ratings provided as part of the monthly passenger satisfaction surveys. These ratings are based on one question in the survey: 'Thinking about your whole experience at Sydney Airport today and taking into account all aspects of your time here, how would you rate your experience at Sydney Airport today?'

We regularly survey our passengers to better understand their views and implement initiatives to enhance their experience. Each year we conduct over 8,200 surveys through an external provider to seek feedback on the quality and range of services that we provide at the airport. Our survey asks passengers to rate their experience using a five-point scale, where one is very poor and five is very good.

Our Customer Experience Committee (CEC) is chaired by the General Manager Corporate Affairs and meets on a monthly basis to review passenger feedback. This ensures passenger satisfaction drivers are being used to inform our business decisions, particularly when defining scope for new projects. We are continuously improving our approach, focusing on the right initiatives and addressing areas that are impacting the passenger experience where

practical. The CEC continuously reviews projects from a customer perspective and leverages its broad cross-business representation to develop and/or alter strategies and initiatives to improve customer experience outcomes.

Our customer management system and complaint handling framework is certified to the International Customer Service Standard 2010-14, which is designed to assist organisations in the development, measurement and improvement of an effective customer service management system. As part of the certification our systems are externally audited on an annual basis to ensure we continue to comply with the standard.

Airline satisfaction

While day-to-day interactions help to ensure that most operational needs are met, they also complement the



Key drivers of passenger satisfaction

more formal consultation framework in place. This framework is what forms the foundation for business prioritisation and subsequent planning through to delivery.

Regular surveys conducted with airline station managers identify the following priorities:

- gate allocation (impact of bussing on OTP and PRMs);
- baggage (reducing through 2016);
- access to the precinct;
- check-in allocation/automation;
- wayfinding; and
- Ground Service Equipment (GSE) availability/storage.

In 2015, we signed new agreements with many of our international airlines regarding the provision and pricing of airport services for the five-year period from 1 July 2015.

This was the culmination of an unprecedented level of engagement between Sydney Airport, the Board of Airline Representatives Australia (BARA) and our airline partners.

The new, outcome focused agreements see Sydney Airport working closely with airlines to improve the passenger experience and airport operations by prioritising passengers, airline operating requirements and efficiencies, airport capacity and a service quality culture.

This is underpinned by a five-year investment strategy which sets out a pipeline of projects to support these objectives.

An Industry Consultative Forum (ICF) was established to facilitate ongoing quarterly discussions with the airline industry on the five-year strategy.

“This year we won an Australian Airports Association National Airport Industry Award for our Customer Care Centre.”

We have also developed a service level framework in consultation with international airlines as part of the new agreements. The framework enables the development and implementation of solutions to improve safety, efficiency and passenger experience at the airport. We consulted with BARA and airline partners to develop KPIs for baggage, passenger facilitation, peak planning/resource allocation and bussing. The KPIs will allow us to measure our progress against the service level framework.

Metrics that we measure and report to our airline partners on a routine basis include:

- OTP;
- security queue wait times;
- missed bag rates; and
- bussing time to terminal.

To ensure we are working to continually improve our service level outcomes, we will establish baseline KPI targets controlled by Sydney Airport by July 2017.

Sydney Airport

DEPARTURES

Gate 25

YOU ARE HERE

Gate 09

Customs & Security



ENHANCING THE CUSTOMER EXPERIENCE COMMITMENTS FOR 2017:

Continue to enhance the customer experience by:

- Design of customer service related training for frontline teams
- Integrated online reporting on the passenger experience for employees
- Review of our current customer survey framework and identification of opportunities to improve our approach
- Recertification of customer service standards through the Customer Service Institute of Australia
- Establishing baseline targets for our airline partner KPIs



Our Code of Conduct includes information on:

A green circular icon containing several interlocking gears of different sizes and colors (white, green, and grey).

Diversity and inclusion

A grey circular icon containing a white silhouette of a person sitting at a desk with a computer monitor.

Workplace behaviour

A green circular icon containing a white graphic of two arrows pointing in opposite directions from a central point.

Conflicts of interest including corruption and bribery

A grey circular icon containing a white speech bubble with a lowercase 'i' inside, and another speech bubble above it.

Intellectual property and confidential information



Building resilience

Governance

Our Board and Executive Leadership Team are responsible for governance at Sydney Airport. We have established a robust governance framework to help us deliver on our strategic priorities and objectives. An overview of our governance framework is outlined in our 2016 Corporate Governance statement which is available on our website.

Ethics and integrity

Our Code of Conduct sets out expectations for how we do business and how our employees, executive management and the Board conduct themselves. The document, which is approved by the Board and administered by the General Counsel and Company Secretary.

Familiarisation with the Code is a compulsory part of our induction process for new employees. As we updated the Code in 2016, it will be mandatory for all employees to complete refresher training in 2017.

Our Code of Conduct is supported by a number of training programs and additional policies such as equal opportunity, competition, workplace health and safety, and privacy.

We have a formal whistleblower policy and procedures for investigating any suspected breach of our Code of Conduct.

Risk management and business continuity

We believe risk management is about having a structured, systematic and consistent process in place to direct and control an organisation with regard to risks and opportunities.

Our risk management process sets out to identify objectives, identify the risks and opportunities associated with these objectives, analyse and evaluate the risks in a consistent manner, and treat risks that are not tolerable through the implementation of targeted risk treatment strategies. Sydney Airport's Enterprise Risk Management Framework (ERM) sets the foundation to facilitate this risk management process, which takes into consideration all areas of the company. This ensures we maximise visibility of risks and opportunities across the company to discourage the siloing of knowledge and processes. Our ERM has been based on the Australian Standard 'Risk Management - Principles and Guidelines AS/NZS ISO 31000:2009.

As a critical piece of infrastructure we need to ensure our facilities are resilient and can continue to operate under a range of different circumstances. Underpinning this commitment is the Airport Emergency Plan which details our holistic approach to incident and emergency management in accordance with the International Civil Aviation Organisation and Australian Civil Aviation Safety Authority regulations and standards.





Our plan is tested on a regular basis through a variety of modular activities including audits, desktop exercises, drills and full-scale emergency training exercises. These activities promote a cross-functional approach to incident and emergency response, with Sydney Airport partnering with state emergency response organisations, our partner airlines and ground handlers. We also promote an open and transparent approach to the management of the Airport Emergency Plan via the quarterly Airport Emergency Committee. This committee provides an opportunity for the airport community to collaborate on best practice approaches to incidents and emergency management, ensuring that lessons learnt from activities and incidents are managed and acted upon efficiently and effectively.

We recently embarked on a broad benchmarking study to assess the resilience of our facilities against other critical assets throughout NSW. Our study involves engagement with relevant organisations across NSW to look at ways to enhance our approach and ensure we continue to meet our commitment to the safety and security of our employees, passengers and the broader airport community.

We are delivering a program of work that is focused on ensuring the stability, reliability and security of Sydney Airport's technology. Our program initially focused on infrastructure resilience, with the replacement of the Storage Area Network (SAN) equipment completed earlier in 2016. Concurrent with this replacement was the installation of

a third fibre optic cable across the airport which provides redundancy in the event of a cable failure, and additional capacity for connectivity and data transfer. Recently we expanded our resilience program to include improvements to our service delivery with the implementation of a 24/7 IT support system.

Tax transparency

As an ASX listed company, we strive to be open and transparent in all our dealings with investors, the public and other stakeholders. As part of this commitment, we have voluntarily adopted the Tax Transparency Code and have commenced publicly releasing an annual Tax Governance Statement. This statement seeks to provide a greater understanding of our tax structure and tax governance policy. You can view our Tax



BUILDING RESILIENCE COMMITMENTS FOR 2017:

- Maintain the highest levels of corporate governance through:
 - delivery of business ethics training for our employees and enhanced governance of our refreshed Code of Conduct.
- Enhance the operational resilience of our business by:
 - continuing to work cooperatively with stakeholders on a range of business resilience exercises; and
 - completion of a resilience benchmarking study.
- Ensure the sustainability of our supply chain through:
 - delivery of a supplier engagement strategy as part of our Sustainable Supply Chain Management Program; and
 - considering becoming a signatory to the United Nations Global Compact.

Governance Statement for the period ended 31 December 2016 on our website.

Supply chain management

Our Procurement Policy sets out clear expectations for tender processes and other aspects of dealing with suppliers and is underpinned by a detailed procurement methodology that includes:

- risk assessments for all major contracts;
- governance standards to ensure the highest ethical behaviour and fair dealings;
- contractual requirements for suppliers to provide professional customer service; and
- ongoing management and review of safety performance across the supply chain, including safety

inductions, drug and alcohol management, workers' protective equipment, field audits and a proactive improvement program.

As we outsource a number of services to external providers, we need to ensure that we work with reputable and reliable companies. We have established processes in place aimed at ensuring that our suppliers are in good financial standing and that they observe all legislated requirements. We have developed a Supplier Code of Conduct which sets out clear expectations for our suppliers across the key areas of safety and wellbeing, corporate governance and ethics, workplace conditions, environmental management, community and supply chain management.

Our Sydney Airport Contractors' Site Manual sets out mandatory health,

safety, environmental and security requirements for works undertaken on site. This ensures a consistent approach to risk management across the airport and compliance with all regulatory requirements.

This year we commenced delivery of a Sustainable Supply Chain Management program that aligns with the United Nations Global Compact framework. As part of this, we undertook a risk assessment of our supply chain, and developed an engagement strategy to communicate expectations and consider collaborative efforts to generate sustainable outcomes.

We recently became a member of Supply Nation and are actively looking at opportunities to support Indigenous businesses.

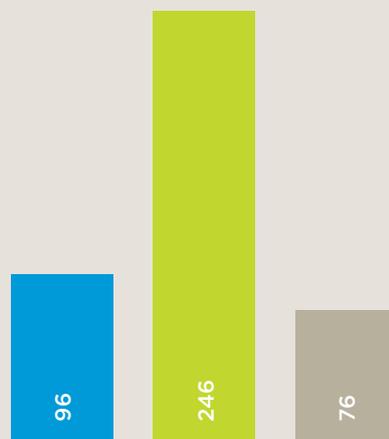


Sydney Airport workforce



Total workforce

Permanent full-time	373
Permanent part-time	18
Fixed term full-time	26
Fixed term part-time	1



Age (years)

18-34	96
35-52	246
53-69	76



Looking after our people

At Sydney Airport, we value our people and acknowledge that they are fundamental to our ongoing success. We are committed to building and sustaining a high performance culture that supports our people to reach their potential, resulting in increased organisational capability.

Sydney Airport’s ‘right’ approach is to:

- identify the right people;
- develop the right capability;
- demonstrate the right behaviours; and
- deliver the right outcomes.

The airport provides employment for approximately 29,000 people across 800 businesses, of which we employed 418 people directly in 2016.

Our values

Our key values drive our organisational culture, underpin how we interact with each other and our stakeholders, help us to deliver on our vision and provide a framework for how we make decisions at Sydney Airport.

In 2016, we introduced new measures to recognise the achievements of our people and support stronger collaboration across the organisation.

Our new employee recognition scheme allowed people to acknowledge, recognise and thank their colleagues for demonstrating our values through their actions at work. Staff can nominate anyone in the organisation, with nominees recognised at quarterly staff briefings. In the first five months of the scheme, 54 staff members had been nominated across the business - more than one in eight employees.

This scheme has provided new opportunities to recognise the benefits of cross-collaboration, and the importance of our values-based culture to drive operational performance.

Employee engagement

At Sydney Airport, we continuously review our performance and identify opportunities to improve our workplace. In 2015 we conducted a comprehensive employee opinion survey to gather feedback from our employees and identify opportunities for improvement. Since then we have developed action plans and commenced implementation of a number of improvement opportunities including hosting regular activities and events to bring our people together, such as an Australia Day BBQ, Harmony Day, Biggest Morning Tea and an R U OK Day function.

We continue to look at opportunities to enhance cross-functional communication and collaboration. We recently launched our new intranet ‘Airportal’, which helps to keep our people up to date on airport news and activities and promote information sharing across our business to foster a strong and vibrant employee culture.

Our values



Safety & security

Delivering the highest levels of safety and security



Integrity & openness

Acting honestly and openly to achieve corporate and social objectives



Sustainability

Responsible growth through balancing community and environmental needs with corporate objectives



Excellence

Striving to deliver an outstanding airport experience through operational efficiency, superior customer service and innovation



Teamwork

Fostering a collaborative and supportive work environment that values diversity



Creativity & flexibility

Working with our partners to achieve superior business outcomes



As part of our end-user computer strategy we recently delivered new computing hardware to our employees to promote responsiveness and flexibility. Our new operating environment includes tablets equipped with collaboration tools such as SharePoint, Skype for Business, OneNote, One Drive and Yammer, which are used in conjunction with high definition widescreens. As part of our strategy, we enhanced our Wi-Fi network to provide our employees the ability to work from any location at the airport.

Diversity and inclusion

We are committed to fostering a collaborative and supportive work environment that values diversity and inclusion, respecting and valuing a workforce with people of different backgrounds. The Board adopted our new Diversity Policy in January 2016, which includes a broader definition of diversity. You can view our new Diversity Policy on Sydney Airport's website. Our goal is to ensure our workforce is made up of people of different backgrounds who bring a range of skills, style, attributes and experiences that contribute to the success of our organisation.

We are establishing a Diversity Council, which will meet on a quarterly basis and be chaired by our Managing Director and CEO. The role of the Council will be to oversee the delivery of our diversity programs and initiatives to ensure we meet the commitments we have made in our Diversity Policy.

As part of our approach we annually review and report on our diversity initiatives and performance to the Board.

Flexible work

We support a flexible work environment allowing our employees to balance professional and personal responsibilities. We have policies and programs in place that encourage flexible workplace practices including:

- our Flexible Work Policy which has four types of flexibility available: flexible start and finish times, part-time work, job sharing and working from home when appropriate;
- a variety of leave options including a parental leave program and the option to purchase an additional two weeks of leave per year; and
- access to technology allowing employees to work remotely across the airport and at home as appropriate.

This year we also established a policy to support employees who may be experiencing domestic and family violence. The policy provides employees with access to additional leave to manage legal matters, moving house or other associated appointments without using annual leave.

Gender equality

As a signatory of the Australian Institute of Company Directors '30% club', we have set a goal of 30% female representation for our Board and management roles. In addition, we continued to work towards our targets to increase female representation at Sydney Airport. As a result of our efforts, we saw an 8.7% growth in overall female representation for the year, increasing to 36.4%.

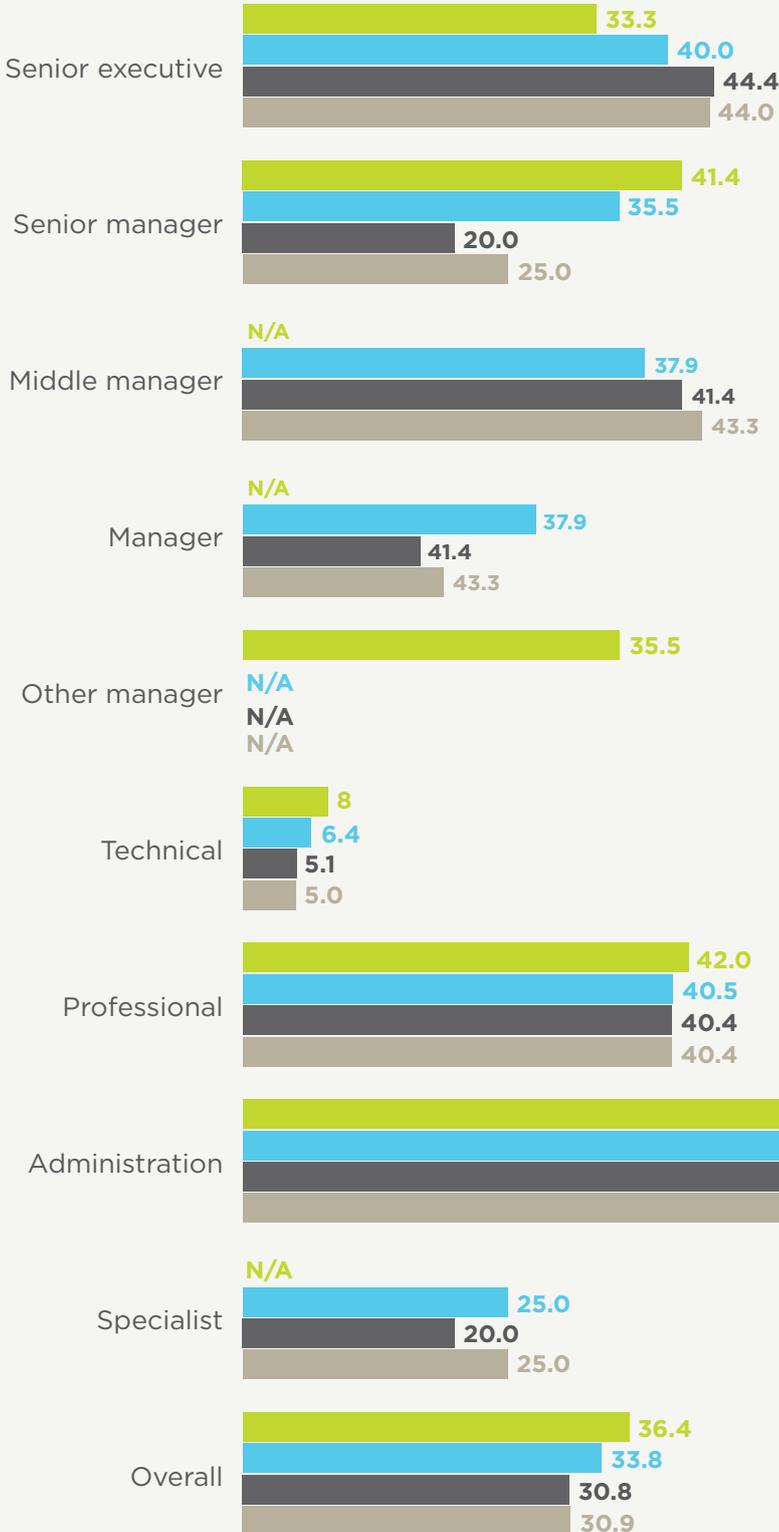
We continue to demonstrate our commitment to gender equality each year by reporting to the Australian Gender Equality Agency. You can view our latest report on Sydney Airport's website.





Female representation

%



2016¹
2015
2014
2013

Total female workforce



Board
28.6%



Leadership
33.3%



Management
36.8%

1. In 2016 we reassigned categories to align more closely with WGEA reporting. The 'Middle manager' and 'Manager' categories have been combined to create an 'Other manager' category. The 'Specialist' category has been removed with results divided across a number of other categories.



Cultural diversity

We recognise the need to have a workforce that reflects our customers and the vibrant community in which we operate, and are committed to recruiting and retaining a culturally diverse workforce.

We established our baseline ethnicity dataset in 2016 to better understand the cultural diversity of our workforce. This found our staff spoke 34 languages other than English, had a collective 38 countries of birth and 47 countries of heritage. This research has informed our understanding of our workforce, and our approach to fostering the benefits of diversity across the organisation.

Throughout the year we celebrated the diversity of our workforce and promoted a better understanding of different cultures through events such as Harmony Day, where our employees come together to share dishes from a range of cultures.

Indigenous Australians

During the year we increased our focus on the support we provide for Indigenous Australians. We aim to contribute to better socio-economic outcomes for Aboriginal and Torres Strait Islander people as well as play a role in increasing awareness of Indigenous heritage and culture.

We established a partnership with CareerTrackers Indigenous Internship Program, an organisation that creates internship opportunities for indigenous university students, and our first intern has commenced work. We have also become members of Supply Nation and have commenced identifying opportunities to support Indigenous business through our supply chain as well as through our support of Clontarf Foundation, a not-for-profit organisation established to help Indigenous boys complete high school.

In addition, our Memorandum of Understanding with the Inner West Council has helped 56 disadvantaged young people, including 25 indigenous people, access the Marrickville Souths Fitness and Breakfast Club. The program has decreased absenteeism from school among participants, while promoting healthy eating choices and the importance of exercise.

Health and wellbeing

We are committed to keeping our people safe and healthy both in the workplace and at home. Our Passport to Health program offers our employees a range of services and programs to support their emotional, physical and physiological wellbeing.

Maintaining physical health

- free health checks, breast screening, seated massage and vaccinations;
- participation in health and fitness programs such as the Global Corporate Challenge;
- ergonomic assessments and massage therapy;
- gym subsidy for bootcamps, yoga, Pilates and swimming;
- free onsite yoga;
- membership of the bicycle network, offering on-site staff workshops, insurance and bike maintenance services; and
- sponsorship and support of events such as the Ride to Work Challenge and Sydney to the Gong bike ride.

Maintaining mental health

- mental health awareness training;
- R U OK Day office activities;
- Employee Assistance Program; and
- 'Sydney Hairport' Movember team.

Supporting work-life balance

- flexible work arrangements;
- parental leave for both primary carer and secondary carer; and
- additional 'lifestyle' leave available.

Supporting the community

- payroll giving program;
- volunteering program for employees; and
- office events supporting community campaigns and charities.

Training hours



**4,797
hours**

41%
growth from
2015

27.8%
increase in
training hours per
employee

Learning and development

Learning and development is a key element of our people strategy and includes a comprehensive range of opportunities for our employees, to encourage our people to strive for excellence as we build internal capability. In 2016, we launched a new approach to our program spanning online, skill-based, on-the-job and leadership and management training.

In developing our program we consulted widely across the business to understand the training, learning and development needs of our organisation. It is based on the philosophy that 70% of learning occurs through on-the-job experience, 20% through mentoring and coaching and 10% through classroom courses and reading. The program is supported by our new learning management system, Learnflex, which provides a calendar of programs and a simple online registration process.

An overview of our training program is set out below:

Online programs

Modules include governance and compliance training such as our safety induction as well as courses to improve communications, presentation skills, project management, MS Office, coaching and management.

Skills based training

Face-to-face training programs including communications, customer service and systems training. Participation is based on job requirements and manager recommendations.

On-the-job learning

A key activity is our new 'Lunch and Learn' series with monthly sessions held on topics of interest from across the business.

Leadership and management modules

Topics covered include collaboration, managing change, coaching and feedback, managing teams, safety management and customer service delivery. These are focused on senior leaders and managers.

Sydney Airport was recognised as an Employer of Choice as part of the 2016 Australian Business Awards. This was validation of the leadership we demonstrate, the culture we have built and the programs we have implemented to make Sydney Airport an even better place to work.



LOOKING AFTER OUR PEOPLE COMMITMENTS FOR 2017:

- Maintain a positive culture through:
 - enabling increased cross functional collaboration by introducing new collaboration tools and leveraging our new intranet functionality;
 - establishing a Diversity Council and delivering improvements in our gender diversity and wage relativities, enhancing our cultural and Indigenous initiatives;
 - defining our service delivery paradigm;
 - ongoing initiatives to support the physical and mental health of our people; and
 - improved participation rates in workplace giving and volunteering.
- Developing the capability of our people through:
 - establishing a Learning and Development Council;
 - delivering and embedding Leadership and Management modules;
 - leveraging our online learning system; and
 - training our employees on customer service.



In 2016, our community investment has provided:

Opportunities
for
37
young
Indigenous
people


Training
7,000
Nippers at
15 Surf Life
Saving clubs


2396
accommodation
nights at Ronald
McDonald
House*


Support for
9
local sporting
clubs

* funds raised through Sydney Airport Community Christmas Appeal



Being a good neighbour

We're committed to fostering positive, strong, long lasting relationships with all those who might be affected by the decisions and activities concerning the airport's development and operation.

Our ongoing community and stakeholder engagement program ensures we:

- keep the local community, their elected representatives and other stakeholders informed about the operation, proposed development and future planning of the airport;
- work cooperatively with Australian and NSW governments and agencies, local governments and other organisations that have roles and responsibilities involving or affecting Sydney Airport;
- communicate and make available relevant and accurate information about Sydney Airport to the community and other stakeholders in a timely manner, in a form that is easy to understand and in a way that reaches all stakeholders; and
- listen to and genuinely consider feedback from the community and other stakeholders and, where possible, resolve issues of concern.

The stakeholder engagement section of this report outlines the range of ways we engaged with our stakeholders in 2016.

The Australian and NSW governments have a joint framework to protect the prescribed airspace around Sydney Airport and ensure that the highest aviation safety standards are maintained. We work with community stakeholders and local governments to ensure

proposed building and development activities comply with this framework. This includes ensuring obstacles such as trees are appropriately pruned or, where necessary, removed. We engage with local governments and the community with regard to any planned activities that are required to maintain the prescribed airspace.

Reducing noise impacts

For most of the world's major airports, aircraft noise is a long-standing issue. We acknowledge aircraft noise disturbs local communities and are committed to working with the government and our airline partners to manage and mitigate this impact, especially in those areas close to the airport and under flight paths.

Airservices Australia is the government agency responsible for managing the airspace around Sydney Airport, including the design of flight paths and the management of noise generated from aircraft approaching or departing the airport.

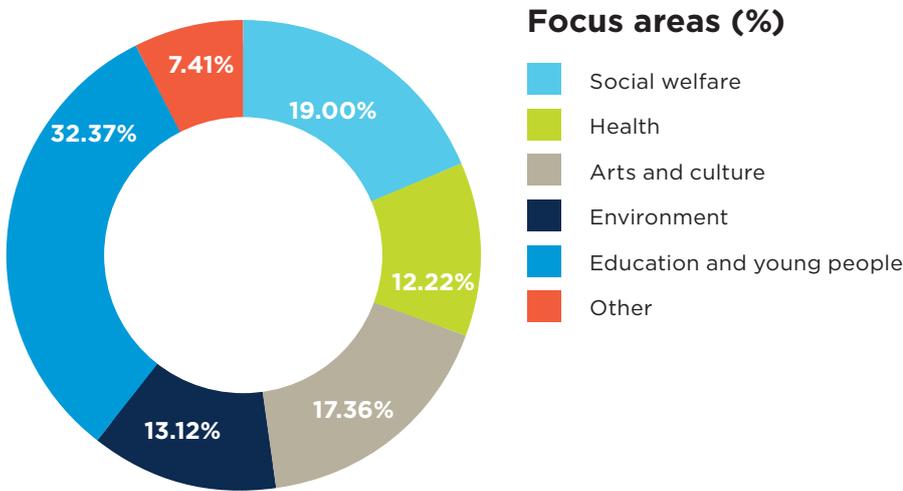
We prepare an Australian Noise Exposure Forecast (ANEF) and a range of other noise measures and publish them in our Master Plan. The ANEF is used primarily by local councils when making planning and development decisions in areas affected by noise around the airport. You can view our ANEF on Sydney Airport's website.

The International Civil Aviation Organisation (ICAO) has set progressively stricter noise standards for civil aircraft to reduce the noise impact airports have on local

Local environmental programs for **800** students across 19 schools



Community investment focus areas⁴



communities. New generation aircraft such as the A380 and B787 are much quieter than the aircraft they are replacing, and we work with our airline partners to accommodate increased numbers of these aircraft by upgrading our airfield and terminals. Since 2013, we have had a 145% increase in the number of new generation aircraft coming to the airport.

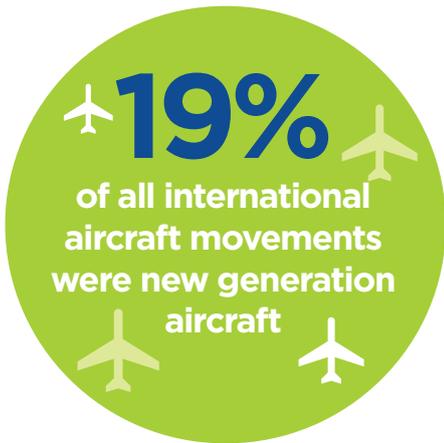
Noise from ground-based activities at Sydney Airport is managed separately to noise generated by aircraft taxiing, landing, taking off or in flight. Ground-based noise is generated from a number of sources including:

- road traffic;
- construction and development activities;
- operation of audible alarm and warning systems;
- operation of plant and equipment;
- aircraft engine ground running; and
- operation of aircraft auxiliary power units (APUs).

1. In 2014, Sydney Airport contributed \$855,639 including management costs to the community, as verified by London Benchmarking Group (LBG) AU & NZ. In addition, Sydney Airport provided free advertising space to community partners to the value of \$365,000 and enabled additional contributions to the community by customers and employees to the value of \$263,750 which we refer to as 'leverage' within the LBG framework.
2. In 2015, Sydney Airport contributed \$1,522,192 including management costs to the community, as verified by LBG AU & NZ. In addition, Sydney Airport provided free advertising space to community partners to the value of \$562,101 and facilitated additional contributions to the community from other sources such as customers and employees to the value of \$513,580 which we refer to as 'leverage' within the LBG framework.
3. In 2016, Sydney Airport contributed \$1,039,782 including management costs to the community, as verified by LBG AU & NZ. In addition, Sydney Airport provided free advertising space to community partners to the value of \$1,605,078 and facilitated additional contributions to the community from other sources such as customers and employees to the value of \$646,975 which we refer to as 'leverage' within the LBG framework.
4. Community investment focus areas broken down using LBG categories.

Our ground-based noise management strategy includes operational rules designed to maintain safety standards, comply with relevant noise standards and practices, and minimise noise impacts. During the reporting period, five ground-based noise complaints were received and one non-conformance occurred. Corrective action was taken in relation to the non-conformance and an internal investigation concluded the complaint was not related to a non-conformance with operational procedures.





We believe a key component of effective airport noise management is communication and community engagement. We actively participate in community forums that focus on operations at Sydney Airport and aviation more generally. This includes the Sydney Airport Community Forum which provides advice to the Minister for Infrastructure and Transport and aviation authorities on noise abatement and other related environmental issues.

Investing in our community

We have a proud history of partnering with the local community and supporting initiatives in the areas of health, education, environment and families in need. Our community investment strategy seeks to develop strong partnerships with organisations delivering programs and

initiatives that benefit the people and businesses within our local area and greater Sydney. We work with the community in a variety of ways, from donating to local community organisations and events through to major partnerships.

In 2016, we provided \$3.3 million as part of our community investment program. This includes a combination of cash, in-kind, management costs, leveraged revenue and total foregone revenue.

This year we refreshed our Community Engagement Strategy to deliver further value for the airport and the communities in which we operate. Our refreshed strategy has three investment pillars:

- 
Living local
 Keeping local communities connected, healthy, vibrant and thriving
- 
Leading and learning
 Supporting the leaders of tomorrow
- 
Sydney's airport
 A great airport that embraces Sydney

This is aligned with our broader sustainability strategy and will maximise opportunities for staff engagement and collaborative efforts with the airport community.

For further information on some of the community engagement programs we delivered in 2016 please refer to our Annual Report on Sydney Airport's website.

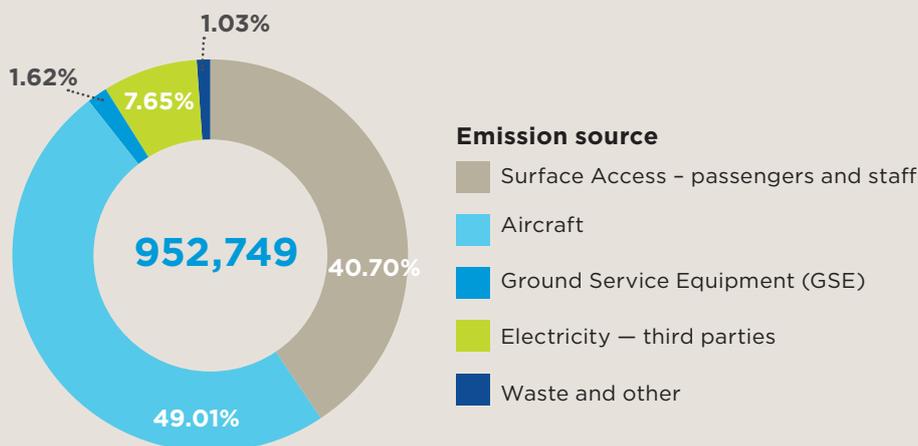


BEING A GOOD NEIGHBOUR COMMITMENTS FOR 2017:

- Delivery of the refreshed community investment strategy including:
 - rollout of corporate volunteering program; and
 - delivery of a 'Swim Smart' education campaign in collaboration with Surf Life Saving NSW.
- Implement a refreshed community engagement and consultation strategy
- Continue to support airlines and deliver necessary infrastructure as they increase aircraft size and upgrade their fleet



Sydney Airport Scope Three emissions





Protecting the environment

Our approach

We recognise that all major airports inevitably have an effect on the environment in which they operate, and we are committed to working with others to ensure aviation plays its role in protecting the environment.

Our cooperative and proactive approach to environmental management continued in 2016 as we worked with regulatory agencies, airport stakeholders and our business partners to reduce environmental impacts.

As part of our Master Plan we prepare an Airport Environment Strategy which provides the strategic direction and management of the airport over a five-year period. The purpose of the strategy is to:

- promote the continual improvement of environmental management and performance at the airport and build on the achievements and goals of previous strategies;
- ensure that all operations at the airport are undertaken in accordance with relevant legislation and standards; and
- establish a framework for assessing compliance at the airport with relevant environmental legislation and standards.

The Australian Government approves our strategy and we prepare and submit an annual report which

details our progress against the commitments we have made in the strategy.

As outlined in our strategy, we take a risk-based approach to environmental management and have in place an environmental management system that is consistent with AS/NZS ISO14001 Environmental Management Systems (EMS) - Requirements with Guidance for Use. Our EMS provides the framework by which our daily environmental management can be planned, implemented and reviewed, thus enabling a cycle of continuous improvement.

You can view our Environmental Strategy on Sydney Airport's website.

Managing our carbon footprint

We recognise the need to address climate change and restrict the global temperature increase to less than 2°C as per the international agreement on climate change as per the Paris Agreement, now ratified by the Australian Government.

We are committed to playing our role to reduce carbon emissions by participating in the Airport Carbon Accreditation program, a voluntary carbon management scheme run by Airports Council International (ACI). The scheme, called Airport Carbon Accreditation, has four levels that progress from mapping carbon emissions, reducing emissions and



Carbon emissions¹

Total emissions (tCO ₂ e)	FY13	FY14	FY15	FY16
Scope One ²	5,364	5,024	5,349	5,746
Scope Two ³	85,350	85,425	82,999	79,898
Total Scope One & Two	90,716	90,448	88,348	85,644
Emissions intensity ⁴ (kg CO ₂ e per passenger)	3.22	3.20	3.05	2.79

Energy use

Energy use (GJ)	FY13	FY14	FY15	FY16
Electricity	34,9159	35,3481	347,439	34,2421
Stationary natural gas	60,961	52,775	64,804	63,422
Non-stationary diesel	25,866	28,398	24,593	2,7316
Other	6,180	4,745	4,429	7,944
Total	442,166	439,399	441,265	44,1103

Waste generation⁵

	FY13	FY14	FY15	FY16
Waste to landfill (tonnes) (excl. quarantine waste)	2,474	2,552	2,369	2,611
Stationary natural gas	1,592	1,757	1,687	1,799
Non-stationary diesel	25866	28398	24593	27316
Recycled waste (tonnes)	1,592	1,757	1,687	1799
Quarantine waste (tonnes) (also goes to landfill)	1,100	1,195	1,268	1330
Total waste (tonnes)	5,166	5,504	5,324	5740
Percentage of total waste recycled	30.8	31.9	31.7	31.3
Total waste per passenger (kg)	0.183	0.194	0.184	0.187

- Carbon emissions calculated in accordance with the National Greenhouse Accounts Factors 2013. Excludes emissions from tenants and T3.
- Scope One emissions include CO₂, CH₄, and N₂O. Excludes biogenic CO₂ emissions.
- Scope Two emissions include CO₂ emissions.
- Emissions Intensity includes Scope One (CO₂, CH₄, and N₂O) and Scope Two (CO₂) emissions. Passenger numbers exclude T3.
- Includes all waste generated at the airport, with the exception of waste generated on aircraft, T3, Qantas premium lounge and car parks. It also excludes construction waste. Recycled waste assumes a post collection recovery rate of 25% from the general waste stream from July 2015 to March 2016 and 30% from April to June 2016.



engaging with third parties through to carbon neutrality.

In 2016, we achieved Level Three Accreditation (Optimisation). The main requirements of Level Three include:

- expansion of the carbon footprint to incorporate specific Scope Three emission sources (including the landing take-off cycles and all aircraft ground running operations, surface access for passengers and staff);
- submission of a verified carbon footprint including Scope Three emission sources;
- evidence of activities to engage and assist stakeholders (such as airlines, ground handlers, staff and passengers) to reduce the overall carbon footprint; and
- continued implementation of initiatives to achieve an ongoing reduction in Scope One and Two emissions.

As part of the program we established a target to reduce our carbon intensity (carbon emissions per passenger) by 25% by 2020, from 2010 levels. Since that time we have reduced our carbon intensity by 25.6%, achieving our target well ahead of schedule. We also achieved an absolute reduction of carbon emissions of almost 8% since 2010.

We have achieved this through a range of energy efficiency opportunities including lighting upgrades and improvements to our



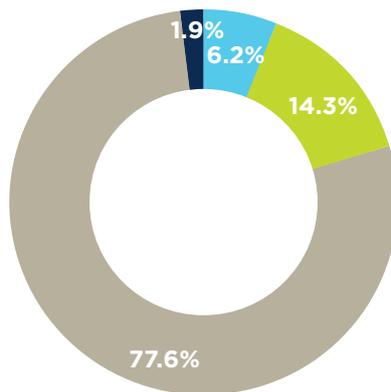
heating, ventilation and air-conditioning (HVAC) systems.

We use a significant amount of energy to operate our facilities, with almost 80% of our energy use arising from the purchase of electricity for heating, ventilation and cooling (HVAC) systems, lighting, baggage handling, lifts and elevators.

We are continuing to implement and support electric equipment and vehicles across the airport to contribute towards reducing carbon emissions and minimising impacts on local air quality. This year we introduced electric buses as part of the airport's parking and ground transport operations. Six electric buses will be used on the bus route between T2/T3 and the Blue Emu car park. The potential to source electricity to power the electric buses through solar or other green sources is currently being investigated. During the year we have also installed additional charging equipment for electric ground service equipment (GSE) we have operating at the airport such as tugs.

Climate risk and adaptation

In addition to reducing our carbon footprint, we are also committed to safeguarding the airport assets against the impacts of climate change, from both a physical and non-physical perspective. We recently prepared a detailed climate risk assessment and adaptation plan. The assessment included:



2016 Energy use by source¹

- Electricity
- Stationary natural gas
- Non-stationary diesel
- Other

1. Energy usage and sources calculated in accordance with the National Greenhouse Accounts Factors 2013. Excludes energy usage by tenants and T3.

- mapping and understanding the baseline climatic conditions at Sydney Airport;
- creating a set of future climate scenarios based on the main climate variables such as sea level risk, temperature, east coast lows, wind and drought;
- identifying climate based risks;
- documenting existing controls and strategies in place; and
- identifying actions required to fully prepare for a climate resilient future ranging from technical studies to stakeholder engagement.

A comprehensive review of the risk assessment and adaptation plan will be conducted at least every three years, focussing on updates to climate science, adjusting the climate

scenarios and identifying any new or emerging risks. This will assist Sydney Airport in managing these risks and ultimately ensuring resilience to climate change, business continuity and the protection of critical infrastructure at the airport.

Protecting biodiversity

The Botany Wetlands consist of 11 interconnected ponds that stretch over 4km from Gardeners Road in Mascot to the northern shore of Botany Bay. The wetlands are listed as significant on the Directory of Important Wetlands in Australia. We manage the downstream sections of the Botany Wetlands including Mill Pond (southern section), Engine Pond East, Engine Pond West and Mill Stream, with these known collectively as the Sydney Airport Wetlands.



Water usage¹

Total emissions (tCO ₂ e)	FY14	FY15	FY16
Potable water consumption (KL)	562792	671031	50721
Ground water (KL)	3,822	2,513	2,757
Water recycled (KL)	222,330	206,627	209,617
Water use per passenger (L)	27.87	30.39	23.46

1. Water usage data excludes T3.

Under the *Airports Act 1996* these wetlands are designated as an environmentally significant area.

As part of our Wetlands Enhancement Program, we've completed the following activities during the year:

- terrestrial and aquatic weeding;
- feral animal management;
- water quality monitoring; and
- revegetation, maintenance and monitoring of enhancement works undertaken in previous years, including revegetation, maintenance and plantings.

Kids Teaching Kids

This year, Sydney Airport partnered with Qantas to support school students to learn about the environment through Kids Teaching Kids, an award winning environmental and sustainability education program. The program aims to inspire future environmental leaders, with students exploring environmental issues and taking on the role of teachers by sharing their work with their peers. This year, we engaged and

mentored students in relation to a number of key environmental projects including the wetlands enhancement program, water and waste recycling initiatives and carbon management. Students were given the opportunity to visit Sydney Airport to see our environment initiatives first-hand, supporting their research efforts. Their experiences were each unique – some were given a tour of the water recycling plant, others spotted fish using the fish ladder to access the wetlands from Botany Bay and others were treated to an airfield bus tour to understand the complex and fascinating environment in which we operate. These experiences were then incorporated into the workshop presentations by the participating schools, adding an extra dimension to their desktop research.

Conservation Volunteers Australia partnership

We formed a partnership with Conservation Volunteers Australia in late 2014 to deliver environmental restoration programs and projects in areas close to the airport, including in the Kamay Botany Bay National

Park on the Kurnell Peninsula. Despite the long European history of the site, there is still native habitat in the form of sandstone and dune forests. Some areas are badly infested with exotic weed species so the focus of the program has been to assist National Parks to undertake bush regeneration conservation works to help re-establish the native habitat, with a specific focus on the Bangalay Sand Forest. The Kurnell peninsular supports a number of endangered species and marks the actual landing spot of the first British explorers to Australia shores and the first 'meeting place' between them and the local Dharawal people in 1770.

During 2016, six project days were held with nearly 40 Sydney Airport staff and community volunteers. A direct and significant contribution has been made to:

- reduce the impact of weeds listed as Weeds of National Significance;
- enhance habitat for the endangered Green and Golden Bell Frog found only in limited sites in Sydney;
- restore vital nesting habitat for the Little Tern, an endangered migratory bird; and
- protect the heritage values of the first meeting place between Dharawal people and British Explorers.

Volunteers cleared an area of 455m² of exotic weeds, removed over 50kg of rubbish and replanted native trees, shrubs and grasses over an area of 60m².



Waste management

Waste that is generated at the airport includes a broad range of solid and liquid waste streams from food waste to FOD, scrap metals, to litter from terminal buildings and maintenance areas. Sydney Airport managed the majority of waste disposal from T1 and apron, T2 and various other locations on the airport. Qantas is responsible for the management and disposal of waste from T3 and the Qantas Jet Base.

In 2012 we developed a Waste and Resource Recovery Strategy for the airport which focuses on increasing diversion of waste from landfill. This year we initiated a review of the strategy with the following key objectives:

- to develop a clear understanding of current waste generation, management and disposal practices at Sydney Airport;
- to identify future waste generation rates based on projected growth in passenger numbers and ancillary activities; and
- to identify potential options to reduce waste generation, improve recycling or resource recovery, reduce waste management costs and/or realise other operational benefits.

We will now work to finalise this assessment and commence implementation of feasible initiatives.

Total waste generation at the airport increased during the reporting period, from 5,324 tonnes in 2015 to 5,740 tonnes in 2016. Waste generation per passenger also increased, but only marginally from 184 grams in 2015 to 187 grams in 2016.

Resource Recovery partnership - Mascot Waste Community Cluster

This year we formed a partnership with other businesses in the local area to explore opportunities for holistic waste management and resource recovery, with an initial focus on quarantine waste. The 'Mascot Waste Community Cluster' involves Qantas, Gate Gourmet, Alpha Catering, Ikea and CHEP and is facilitated by the NSW Office of Environment and Heritage (OEH). The initiative is part of the NSW Government's push towards a sustainable circular economy.

Our Airport Environmental Strategy 2013-2018 outlines more than 100 ongoing and new actions and initiatives to minimise our impact on the environment and support our objective of sustainable growth. Our strategy maps out a program of works to address key environmental aspects including:

	Climate change and energy management
	Water management
	Air quality
	Ground based noise
	Ground transport
	Biodiversity and conservation
	Heritage
	Waste and resource management
	Soil and land management
	Spills and hazardous materials

Water management

We have continued implementation of our Water Quality Monitoring Plan, which guides our biannual stormwater monitoring of the airport. We work proactively with the airport community to improve water quality in the surrounding waterways. Water quality is managed through a number of initiatives including:

- gross pollutant traps on the airport boundary;
- a dedicated spill response vehicle operated 24 hours a day;
- spill kits in aircraft parking bays;
- flame traps in apron areas where aircraft refuel; and

- shut off valves at the Alexandra Canal and Cooks River discharge points.

Our recycled water treatment plant at the airport recycles sewerage from sources within the International precinct for reuse in toilet flushing and cooling towers. The plant delivers around 600,000 litres of recycled water a day, as well as offsetting sewerage disposal from the airport. The operation of the recycled water treatment plant has helped realise a significant reduction in potable water use per passenger over the past decade. In addition, we continue to implement water saving initiatives to reduce our use of potable water.



PROTECTING THE ENVIRONMENT COMMITMENTS FOR 2017:

- Maintain Level Three Airport Carbon Accreditation and consider progressing to Level Three+
- Continue to implement energy and carbon reduction projects to reduce Sydney Airport's carbon footprint
- Undertake a review of and update Sydney Airport's Environmental Management System to align with the updated AS/NZS ISO 14001:2015 Environmental Management Systems - Requirements with guidance for use
- Finalise the waste and resource recovery assessment and commence implementation of feasible initiatives



Performance data

	2013	2014	2015	2016
HEALTH & SAFETY				
Lost Time Injury Frequency Rate (LTIFR)¹				
Employees	6.5	5.5	2.4	3.3
Service providers ²	n/a	n/a	7.2	6.8
Total Recordable Injury Frequency Rate (TRIFR)³				
Employees	19.4	16.4	9.6	17.6
Service Providers	n/a	n/a	19.8	21.2
Passenger incident rate⁴	n/a	1.95	0.96	1.12
Ramp safety hours	2623	2519	6993.75	8780.05
Annual wildlife strikes⁵	1.5	1.7	1.5	1.8
Fatalities	0	0	0	0
Absenteeism rate (%)	n/a	2.37	2.03	2.38
CUSTOMER				
Passenger satisfaction⁶				
T1	3.88	3.85	3.84	3.89
T2	3.75	3.85	3.85	3.85
PEOPLE				
Employee headcount	338	348	379	418
Permanent				
Full time	316	324	348	373
Part time	14	14	11	18
Fixed term				
Full time	4	8	19	26
Part time	2	2	1	1
Casual				
	2	0	0	0
Age				
18-34	74	68	83	96
35-52	201	211	224	246
53-69	63	69	72	76

1. Lost Time Injuries (LTIs) per one million hours worked. A LTI is a work-related injury or illness that results in at least one full work day or shift being lost after the day on which the injury or illness occurred, incurred by employees and service providers.
2. Service providers (including cleaning, security, kerbside management, waste management, parking, trolleys and bussing) engaged by Sydney Airport. Reporting frameworks were put into place in 2015, and hence data is not available for previous years.
3. Total Recordable Injury Frequency Rate (TRIFR) represents the number of medical treatment injuries (MTIs) and lost time injuries (LTIs) per million hours worked. An MTI is a work-related injury or illness that requires treatment by a medical practitioner and does not result in lost time but can result in restriction of work duties, incurred by employees and contractors.
4. Passenger incident rate is the number of first aid and medical treatment injuries per 100,000 passengers. Medical conditions and inflight medicals are excluded from this rate.
5. Wildlife strikes per 10,000 aircraft movements.
6. Passenger ratings provided as part of the monthly passenger satisfaction surveys. These ratings are based on one question in the survey: 'Thinking about your whole experience at Sydney Airport today and taking into account all aspects of your time here, how would you rate your experience at Sydney Airport today?'



	2013	2014	2015	2016
Female representation (%)¹				
Senior executive	44	44.4	40	33.3
Senior manager	25	20	35.5	41.4
Middle manager	43.3	41.4	37.9	n/a
Manager	18.9	16.7	27.6	n/a
Other manager				35.5
Technical	5	5.1	6.4	8
Professional	40.4	40.4	40.5	42
Administration	90.3	88.6	90.6	94.3
Specialist	25	20	25	n/a
Overall	30.9	30.8	33.8	36.4
Total women in management (%)		26.7	32.8	36.8
Gender pay equity ratio	95.4	93.6	96.9	94.5
New hires (total)	39	55	86	87
Internal recruitment (%)	n/a	n/a	42	39
New hires by gender				
Female (%)	51.3	30.9	48.8	47.1
Male (%)	48.7	69.1	51.2	52.9
New hires by age				
18-34	20	24	44	38
35-52	16	27	41	46
53-69	3	4	1	3
Turnover				
Voluntary (%)	5.00	8.40	11.70	7.70
Non-voluntary (%)	2.40	4.60	3.20	4.20
Training				
Total hours	n/a	n/a	3,402.00	4,797.25
Average hours of training per employee	n/a	n/a	9.3	11.87
Parental leave				
Employees who took parental leave during the year	5	7	10	10
Employees returning to work after parental leave during the year	3	2	5	3
Parental leave return to work rate (%)	100	100	100	100
Number of employees taking secondary carer's leave	9	3	10	16

1. In 2016 we reassigned categories to align more closely with WGEA reporting. The 'Middle manager' and 'Manager' categories have been combined to create an 'Other manager' category. The 'Specialist' category has been removed with results divided across a number of other categories.

	2013	2014	2015	2016
COMMUNITY				
Employee volunteer hours	n/a	n/a	n/a	252.25
Employees participating in payroll giving (%)	n/a	0.86	1.85	3.83
Community investment (\$m) ²	n/a	1.484	2.597	3.292
ENVIRONMENT				
Carbon emissions ³	90,716	90,448	88,348	85,644
Scope One ⁴	5,364	5,024	5,349	5,746
Scope Two ⁵	85,350	85,425	82,999	85,644
Emissions intensity (kg CO ₂ per passenger) ⁶	3.2	3.2	3.1	2.79
Total carbon emissions offset through Greenfleet program (tonnes CO ₂ e)	430	430	430	295
Energy (GJ)⁷				
Electricity	349,159	353,481	347,439	342,421
Stationary natural gas	60,961	52,775	64,804	63,422
Non-stationary diesel	25,866	28,398	24,593	27,316
Other	6,180	4,745	4,429	7,944
Waste⁸				
Waste to landfill (tonnes excluding quarantine)	2,474	2,552	2,369	2,611
Recycled waste (tonnes)	1,592	1,757	1,687	1,799
Quarantine waste (tonnes, also to landfill)	1,592	1,195	1,100	1,330
Total waste (tonnes)	5,166	5,504	5,324	5,740
Percentage of total waste recycled	30.8	31.9	31.7	31.3
Total waste per passenger (kg)	0.183	0.194	0.184	0.187
Water⁹				
Potable water consumption (KL)	n/a	562,792	671,031	507,211
Ground water (KL)	n/a	3,822	2,513	2,757
Water recycled (KL)	n/a	222,330	206,627	209,617
Total water use (KL)	n/a	788,944	880,171	719,585
Percentage of total water recycled	n/a	28.18071	23.47578	29.13026
Water use per passenger (L)	n/a	27.87	30.39	23.46
Noise				
Ground running noise complaints	3	13	11	5
Breaches of the Aircraft Engine Operating Procedures	0	0	0	1
Environmental spills				
Large spills (greater than 100m ²)	10	5	3	4

2. Calculated and verified in accordance with the LBG AU & NZ framework. For further information breakdown of spend refer to the Being a good neighbour section of the report.
3. Carbon emissions calculated in accordance with the National Greenhouse Accounts Factors 2013. Excludes emissions from tenants and T3.
4. Scope One emissions include CO₂, CH₄, and N₂O. Excludes biogenic CO₂ emissions.
5. Scope Two emissions include CO₂ emissions.
6. Emissions Intensity includes Scope One (CO₂, CH₄, and N₂O) and Scope Two (CO₂) emissions. Passenger numbers exclude T3.
7. Energy usage and sources calculated in accordance with the National Greenhouse Accounts Factors 2013. Excludes energy usage by tenants and T3.
8. Includes all waste generated at the airport, with the exception of waste generated on aircraft, T3, Qantas premium lounge and car parks. It also excludes construction waste. Recycled waste assumes a recovery rate of 25% from the general waste stream.
9. Water usage excludes T3.



2017 Commitment summary



Section	Commitment	Relevant United Nations Sustainable Development Goals
	<ul style="list-style-type: none"> • Enhance aviation and workplace safety and security outcomes through: <ul style="list-style-type: none"> - delivery of safety leadership training for people managers; - continued development of the safety risk profile; - continued implementation of enterprise wide Safety Management System (SMS) and enhanced performance reporting including the use of lead indicators; - external compliance audit of SMS; - implementation of airside driving awareness e-learning module; - implementation of an airside driving management system; - continued delivery of our Safe SYD and Secure SYD awareness campaigns; and - enhance security systems including upgrading CCTV and access control. • Continued management of cyber security risks and certification of our ISMS to ISO 27001 standards 	
	<ul style="list-style-type: none"> • Improve access to and from the airport through: <ul style="list-style-type: none"> - completion of the elevated pedestrian and cycleway at T1; - creation of an additional exit lane and replacement of Cooks River Avenue traffic signals with a free flowing upgrade; - creation of an expanded car park at T1 including the installation of a rooftop solar array; and - widening of Qantas Drive. • Continuing to enhance the digital customer journey through: <ul style="list-style-type: none"> - launch of our new website; and - launch of a wayfinding service that is accessible from a smart device. • Meet our future capacity needs through: <ul style="list-style-type: none"> - commencement of the development of our 2039 Master Plan; and - complete feasibility assessment for expansion of T1 to the north. • Enhancing service delivery through: <ul style="list-style-type: none"> - continued upgrade of our baggage handling system including the installation of more energy efficiency motors; - continued rollout of new wayfinding and e-directories; - delivery of gate lounge redevelopments at T1; - increased automation of passenger facilitation in the check-in halls and at the borders; - delivery of the Airport Collaborative Decision-Making Framework; and - delivery of a ground power and pre-conditioned air improvement program. • Drive the sustainable design and operation of our facilities by undertaking a baseline study against the Green Star rating scheme • Completion of Terminal Planning and Design Guidelines and Wayfinding Guidelines to ensure a consistent and sustainable approach • Continue to encourage sustainability principles to be embedded into retail fit-outs • Continue to encourage healthy eating and lifestyle choices in our terminals 	

Section	Commitment	Relevant United Nations Sustainable Development Goals
	<p>Continue to enhance the customer experience by:</p> <ul style="list-style-type: none"> • design of customer service related training for frontline teams; • integrated online reporting on the passenger experience for employees; • review of our current customer survey framework and identification of opportunities to improve our approach; • recertification of customer service standards through the Customer Service Institute of Australia; and • establishing baseline targets for our airline partner KPIs. 	
	<ul style="list-style-type: none"> • Maintain the highest levels of corporate governance through: <ul style="list-style-type: none"> - delivery of business ethics training for our employees and enhanced governance of our refreshed Code of Conduct. • Enhance the operational resilience of our business: <ul style="list-style-type: none"> - continue working cooperatively with stakeholders on a range of business resilience exercises; and - completion of a resilience benchmarking study. • Ensure the sustainability of our supply chain through: <ul style="list-style-type: none"> - delivery of a supplier engagement strategy as part of our Sustainable Supply Chain Management Program; and - considering becoming a signatory to the United Nations Global Compact. 	
	<ul style="list-style-type: none"> • Maintain a positive culture through: <ul style="list-style-type: none"> - enabling increased cross functional collaboration by introducing new collaboration tools and leveraging our new intranet functionality; - establishing a Diversity Council and delivering improvements in our gender diversity and wage relativities, enhancing our cultural and Indigenous initiatives; - defining our service delivery paradigm; - ongoing initiatives to support the physical and mental health of our people; and - improved participation rates in payroll giving and volunteering. • Developing the capability of our people though: <ul style="list-style-type: none"> - establishing a Learning and Development Council; - delivering and embedding Leadership and Management modules; - leveraging our online learning system; and - training our employees on customer service. 	  



Section	Commitment	Relevant United Nations Sustainable Development Goals
 <p>Being a good neighbour</p>	<ul style="list-style-type: none"> • Delivery of the refreshed community investment strategy including: <ul style="list-style-type: none"> - rollout of corporate volunteering program; and - delivery of a 'Swim Smart' education campaign in collaboration with Surf Life Saving NSW. • Development of a refreshed community engagement and consultation strategy • Continue to support airlines and deliver necessary infrastructure as they increase aircraft size and upgrade their fleet 	  
 <p>Protecting the environment</p>	<ul style="list-style-type: none"> • Maintain Level Three Airport Carbon Accreditation and consider progressing to Level Three+ • Continue to implement energy and carbon reduction projects to reduce Sydney Airport's carbon footprint • Undertake a review of and update Sydney Airport's Environmental Management System to align with the updated AS/NZS ISO 14001:2015 Environmental Management Systems - Requirements with guidance for use • Finalise the waste and resource recovery assessment and commence implementation of feasible initiatives 	 

GRI Index

GRI reference	Description	Relevant section/commentary
GENERAL STANDARD DISCLOSURES		
G4-1	Statement from the most senior decision maker in the organisation	<i>Letter from the Managing Director and CEO</i>
G4-3	Name of organisation	Sydney Airport Limited
G4-4	Report primary brands, products and services	<i>Annual Report, About Sydney Airport</i>
G4-5	Location of organisation's headquarters	<i>Sustainability Report, Corporate directory</i>
G4-6	Number and name of countries of operation	Sydney Airport operates from Kingsford Smith Airport, Sydney NSW Australia.
G4-7	Nature of ownership and legal form	<i>Sustainability Report, Corporate directory</i>
G4-8	Markets served	<i>Annual Report, About Sydney Airport</i>
G4-9	Scale of organisation, including: Total number of employees; Net sales; Total capitalisation broken down in terms of debt and equity; and Quantity of products or services provided	<i>Sustainability Report, Looking after our people and 2015 Full Year Financial Report</i>
G4-10	Employee numbers, gender breakdown, employment type, workforce by region, variation in employment	<i>Sustainability Report, Looking after our people and Performance data.</i> All employees are based in Sydney.
G4-11	Percentage of total employees covered by collective bargaining agreements	As at December 2016 we had 44.7% of our workforce covered by an enterprise agreement.
G4-12	Description of the organisation's supply chain	Sydney Airport's major suppliers include those that support the airport's developments or deliver services to and maintenance of airport facilities. In 2016, Sydney Airport's top supplier categories by spend were: 1. Construction services 2. Security services and equipment 3. Facilities, assets, maintenance services 4. Civil and asphalt works 5. Utilities — electricity/water/gas
G4-13	Significant changes during the reporting period	None
G4-14	Explanation of whether and how the precautionary approach or principle is addressed by the organisation	The precautionary principle is reflected in Sydney Airport's approach to risk management. <i>Sustainability Report, Building Resilience</i>
G4-15	Externally developed economic, environmental and social charters, principles or other initiatives to which the organisation subscribes or which it endorses	Sydney Airport uses the Global Reporting Initiative G4 Guidelines to develop this sustainability report. We participate in a number of sustainability initiatives including Inter Airport Environment Forum, Airport Carbon Accreditation Program and the London Benchmarking Group. We benchmark our activities using international indices to improve our performance including the Dow Jones Sustainability Index, MSCI and FTSE4Good.



GRI reference	Description	Relevant section/commentary
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organisations	Current memberships across the company: <ul style="list-style-type: none"> • Airports Council International • ANZ Airports ICT Forum • Asialink Business • Australasian Investor Relations Association (AIRA) • Australia-China Business Council • Australia-Indonesia Association • Australia-Israel Chamber of Commerce • Australian Airports Association (AAA) • Australian Chamber of Commerce and Industry (ACCI) • Australian Logistics Council • Australian Shareholders Association (ASA) • Botany Bay Business Enterprise Centre • Business Council of Australia • CAPA – Centre for Aviation • CEDA – Centre for the Economic Development of Australia • Chief Executive Women • Committee for Sydney • Green Building Council of Australia • Infrastructure Partnerships Australia • NSW Business Chamber (Sydney Business Chamber, Sydney Metro Forum, Sydney First) • Outdoor Media Association • Parking Australia • Supply Nation • Tourism and Transport Forum Australia (TTF)
G4-17	All entities included in the organisation's consolidated financial statements or equivalent documents including indication which of these are not covered by the report	<i>Sustainability Report, About this report</i>
G4-18	Process for defining the report content and the Aspect Boundaries	<i>Sustainability Report, Focusing on the issues that matter</i>
G4-19	Material Aspects identified in the process for defining report content	<i>Sustainability Report, Focusing on the issues that matter</i>
G4-20	Aspect Boundary within the organisation for each Material Aspect	<i>Sustainability Report, Focusing on the issues that matter</i>
G4-21	Aspect Boundary outside the organisation for each Material Aspect	<i>Sustainability Report, Focusing on the issues that matter</i>
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements	Not applicable
G4-23	Significant changes from previous reporting periods in the Scope and Aspect Boundaries	Not applicable – no significant change from previous reporting period.
G4-24	List of stakeholder groups engaged by the organisation	<i>Sustainability Report, Stakeholder engagement</i>
G4-25	Basis for identification and selection of stakeholder groups within whom to engage	<i>Sustainability Report, Focusing on the issues that matter</i>

GRI reference	Description	Relevant section/commentary
G4-26	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group	<i>Sustainability Report, Stakeholder engagement</i>
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	<i>Sustainability Report, Stakeholder engagement</i>
G4-28	Reporting period for information provided	<i>Sustainability Report, About this report</i>
G4-29	Date of most recent previous report	The most recent previous report was the 2015 Sustainability Report.
G4-30	Reporting cycle	Annual
G4-31	Contact point for questions regarding the report or its contents	<i>Sustainability Report, About this report</i>
G4-32	In accordance option chosen for the report	<i>Sustainability Report, About this report</i>
G4-33	Policy and current practice with regard to seeking external assurance for the report	<i>Sustainability Report, About this report</i>
G4-34	Governance structure of the organisation, including committees of the highest governance body and any committees responsible for decision-making on economic, environmental and social impacts	<i>Sustainability Report, Sustainability Strategy, 2016 Corporate Governance Statement</i>
G4-56	Values, principles, standards and norms of behaviour such as codes of conduct and code of ethics	<i>Sydney Airport website, About us</i>
G4-DMA	Report why an Aspect is material. Outline management approach to reducing impact. Outline mechanism for evaluating effectiveness of management approach	<p>An overview of the process to determine our material issues is outlined in the 'Focusing on the issues that matter' section of the sustainability report. Our materiality assessment involves the identification and prioritisation of issues and is based on the methodology set out in the Global Report Initiative (GRI) G4 guidelines. This requires consideration of the level of stakeholder concern and the current or potential impact. Our overall approach to managing our material issues is outlined in the 'Sustainability strategy' section of the Sustainability Report. The Safety, Security and Sustainability Committee together with the Sustainability Committee are responsible for evaluating the effectiveness of the management approach including the review of performance on an ongoing basis. Wherever possible our approach is to reduce any negative impacts associated with our operations and seek opportunities to enhance positive impacts. Our management approach to addressing specific material issues together with our performance can be found in the following sections:</p> <p><i>Safety and security</i> <i>Planning for the future</i> <i>Enhancing the customer experience</i> <i>Building resilience</i> <i>Looking after our people</i> <i>Being a good neighbour</i> <i>Protecting the environment</i></p>



GRI reference	Description	Relevant section/commentary
G4-EC1	Direct economic value generated and distributed. Economic value retained	<i>Sustainability Report, Building resilience</i>
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	<i>Sustainability Report, Protecting the environment</i>
G4-EC8	Significant indirect economic impacts, including the extent of impacts	<i>Sustainability Report, Building resilience</i>
G4-EN3	Energy consumption within the organisation	<i>Sustainability Report, Protecting the environment</i>
G4-EN8	Total water withdrawal by source	<i>Sustainability Report, Protecting the environment</i>
G4-EN10	Percentage and total volume of water recycled and reused	<i>Sustainability Report, Protecting the environment</i>
G4-EN11	Operational sites owned, leased, managed in, or protected areas and areas of high biodiversity value outside protected areas	<i>Environmental Strategy 2013-2018 pp. 14, 67-70</i>
G4-EN12	Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	<i>Environmental Strategy 2013-2018 pp. 14, 67-70</i>
G4-EN15	Direct GHG emissions (Scope One)	<i>Sustainability Report, Protecting the environment</i>
G4 -EN16	Direct GHG emissions (Scope Two)	<i>Sustainability Report, Protecting the environment</i>
G4-EN18	GHG intensity	<i>Sustainability Report, Protecting the environment</i>
G4-EN19	Reduction of GHG emissions	<i>Sustainability Report, Protecting the environment</i>
G4-EN23	Total weight of waste by type and disposal method	<i>Sustainability Report, Protecting the environment</i>
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	There were no significant fines or non-monetary sanctions during the reporting period.
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region	<i>Sustainability Report, Performance data</i>
G4-LA3	Return to work and retention rates after parental leave, by gender	<i>Sustainability Report, Performance data</i>
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs	The WHS Staff Committee has been established to represent workers and is a key avenue of consultation in the workplace. The WHS Staff committee reports through to the WHS Steering Committee, which is chaired by the MD and CEO. This WHS Staff Committee has representatives from each department who meet on a regular basis to discuss safety issues, lost time injury rates and any incidents that have occurred.
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days and absenteeism and total number of work-related fatalities by region and gender	<i>Sustainability Report, Safety and security</i>
G4-LA9	Average hours of training per year per employee by gender, and by employee category	<i>Sustainability Report, Looking after our people, Performance data</i>
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	<i>Sustainability Report, Looking after our people</i>

GRI reference	Description	Relevant section/commentary
G4-LA11	Percentage of employees receiving regular performance and careers development review, by gender and by employee category	Sydney Airport requires all of its employees to participate in its performance program which involves setting performance objectives and formally evaluating performance twice during the year. Our employees are also encouraged to have career discussions with their managers. In 2016, 100% of eligible employees participated in a formal performance assessment which requires performance outcomes to be documented in our performance system.
G4-LA12	Composition of governance bodies and breakdown of employees by employee category according to gender, age group, minority group membership, and other indicators of diversity	<i>Sustainability Report, Looking after our people, Performance data</i>
G4-LA13	Ration of basic salary and remuneration of women to men by employee category, by significant locations of operation	<i>Sustainability Report, Performance data</i>
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments and development programs	<i>Sustainability Report, Being a good neighbour.</i> Sydney Airport operates a single airport and therefore this equates to 100%.
G4-SO2	Operations with significant actual and potential negative impacts on local communities	<i>Sustainability Report, Being a good neighbour</i>
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	<i>Sustainability Report, Building resilience</i>
G4-PR5	Results of surveys measuring customer satisfaction	<i>Sustainability Report, Enhancing the customer experience</i>
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Sydney Airport did not receive any fines or non-monetary sanctions for non-compliance during the reporting period.
G4-SO7	Total number of legal actions for anti-competitive, anti-trust, and monopoly practices and their outcomes	Sydney Airport did not receive any legal actions for anti-competitive, anti-trust or monopoly practices during the reporting period.
A01	Total number of passengers annually, broken down by passengers on international and domestic flights and broken down by origin and destination and transfer passengers including transit passengers	<i>Sustainability Report, Planning for the future</i>
A02	Total annual number of aircraft movements by day and by night, broken down by commercial passenger, commercial cargo, general aviation and state aviation flights	<i>Sustainability Report, Performance data</i>
A03	Total amount of cargo tonnage	<i>Sustainability Report, Planning for the future</i>
A04	Quality of stormwater by applicable regulatory standards	<i>Sustainability Report, Protecting the environment</i>
A07	Number and percentage change of people residing in areas affected by noise	<i>Sustainability Report, Being a good neighbour.</i> Also refer to Airservices Australia's website for monthly noise statistics reports.
A09	Total annual number of wildlife strikes per 10,000 aircraft movements	<i>Sustainability Report, Performance data</i>



Independent Limited Assurance Report to the Directors of Sydney Airport Limited

Conclusion

Based on the procedures performed, and the evidence obtained, for the year ended 31 December 2016:

- We are not aware of any material misstatements in the Sustainability Report, which has been prepared by Sydney Airport Limited, in accordance with the GRI G4 Principles for Defining Report Content; and
- We are not aware of any material misstatements in the Selected Sustainability Information, which has been prepared by Sydney Airport Limited, in accordance with the GRI G4 Principles for Defining Report Quality.

Information subject to assurance

The Selected Sustainability Information, as presented in Sydney Airport Limited's ("SYD") Sustainability Report 2016 and available on SYD's website, comprised the following:

Selected Sustainability Information	Value assured
Total Scope 1 and Scope 2 greenhouse gas emissions for the period 1 July 2015 to 30 June 2016	85,644 t CO ₂ -e
Passenger satisfaction score T1	3.89
Passenger satisfaction score T2	3.85
Female representation overall	36.4 %
Waste to landfill	2,611 tonnes
Recycled waste	1,799 tonnes
Quarantine waste	1,330 tonnes
Lost Time Injury Frequency Rate (LTIFR) for SYD employees	3.3
Total Recordable Injury Frequency Rate (TRIFR) for SYD employees	17.6

Criteria used as the basis of reporting

The criteria used in relation to the Sustainability Report content are the GRI G4 principles for defining report content, and in relation to the Selected Sustainability Information the criteria are the GRI G4 principles for defining report quality and SYD's policies, procedures and methodologies.



Basis for conclusion

We conducted our work in accordance with Australian Standard on Assurance Engagements ASAE 3000 (Standard). In accordance with the Standard we have:

- used our professional judgement to plan and perform the engagement to obtain limited assurance that we are not aware of any material misstatements in the selected sustainability information, whether due to fraud or error;
- considered relevant internal controls when designing our assurance procedures, however we do not express a conclusion on their effectiveness; and
- ensured that the engagement team possess the appropriate knowledge, skills and professional competencies.

Summary of procedures performed

Our limited assurance conclusion is based on the evidence obtained from performing the following procedures:

- enquiries with relevant SYD personnel, and review of selected documentation, to assess the appropriateness of SYD's process for the application of the GRI G4 principles in defining the Sustainability Report content;
- enquiries with relevant SYD personnel to understand the internal controls, governance structure and reporting process of the Selected Sustainability Information;
- reviews of corporate documents concerning sustainability strategy and policies for material issues, and the implementation of these across the business;
- interviews with relevant staff at corporate level and service organisations engaged by Sydney Airport responsible for providing the information in the Sustainability Report;
- analytical procedures over the Selected Sustainability Information;
- agreement of a sample of Selected Sustainability Information to source documentation;
- evaluating the appropriateness of the criteria with respect to the Sustainability Report and the Selected Sustainability Information; and
- reviewed the Sustainability Report in its entirety to ensure it is consistent with our overall knowledge of assurance engagement.

How the Standard defines limited assurance and material misstatement

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Misstatements, including omissions, are considered material if, individually or in the aggregate, they could reasonably be expected to influence relevant decisions of the intended users taken on the basis of the Sustainability Report or the Selected Sustainability Information.

Use of this Assurance Report

This report has been prepared for the Directors of Sydney Airport Limited for the purpose of providing an assurance conclusion on the Sustainability Report and the Selected Sustainability Information and may not be suitable for another purpose. We disclaim any assumption of responsibility for any reliance on this report, to any person other than the Directors of Sydney Airport Limited, or for any other purpose than that for which it was prepared.



Directors' responsibility

The Directors are responsible for:

- determining that the criteria is appropriate to meet their needs;
- preparing and presenting the Sustainability Report and the Selected Sustainability Information in accordance with the criteria;
- determination of SYD's GRI level of disclosures in accordance with the GRI G4 guidelines; and
- establishing internal controls that enable the preparation and presentation of the Sustainability Report and the Selected Sustainability Information that is free from material misstatement, whether due to fraud or error; and maintaining integrity of the website.

Our responsibility

Our responsibility is to perform a limited assurance engagement in relation to the Sustainability Report and Selected Sustainability Information for the period 1 January 2016 to 31 December 2016, and to issue an assurance report that includes our conclusion.

Our independence and quality control

We have complied with our independence and other relevant ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Australian Professional and Ethical Standards Board, and complied with the applicable requirements of Australian Standard on Quality Control 1 to maintain a comprehensive system of quality control.

D.N. Ridehalgh

Partner

KPMG

Sydney

2 February 2017