

## Combined non-financial Statement

### About this combined statement

The combined non-financial statement complies with Sections 315b and 315c in connection with Sections 289b to 289e of the German Commercial Code (HGB). This combined non-financial statement has been audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft according to ISAE 3000 (revised) with limited assurance. An unqualified auditor's opinion can be found on page 230.

The description and development of the most important non-financial performance indicators, the concepts and measures of which form the basis of this combined non-financial statement, are set out in the chapters "Control" beginning on page 41 and "Non-financial Performance Indicators" beginning on page 80. The target values set for the Fraport Group and Fraport AG can also be found there. The forecast figures for the 2020 fiscal year can be found in the chapter titled "Business Outlook" beginning on page 128.

### Use of frameworks

The combined non-financial statement is based on the requirements of the Global Reporting Initiative (GRI) standards. The materiality matrix and the explanations relating to "Anti-corruption and bribery matters", "Respect for human rights", "Customer satisfaction and security", "Employee-related matters", "Social matters", "Environmental matters" were prepared in reference to the requirements of the GRI. The GRI Report of the Fraport Group for the 2019 fiscal year will be available on May 6, 2020 at [www.fraport.com/responsibility](http://www.fraport.com/responsibility). References to information beyond the scope of the combined management report and consolidated financial statements are additional information and do not form part of this combined non-financial statement.

### Description of business model

The Fraport Group is among the leading global airport groups with its international portfolio. Fraport provides all operational and administrative services for airport and terminal operation as well as other associated services. The range of services also includes planning and consulting services. Fraport's business model, competitive position, and the Group structure can be found in the "Situation of the Group" chapter beginning on page 28.

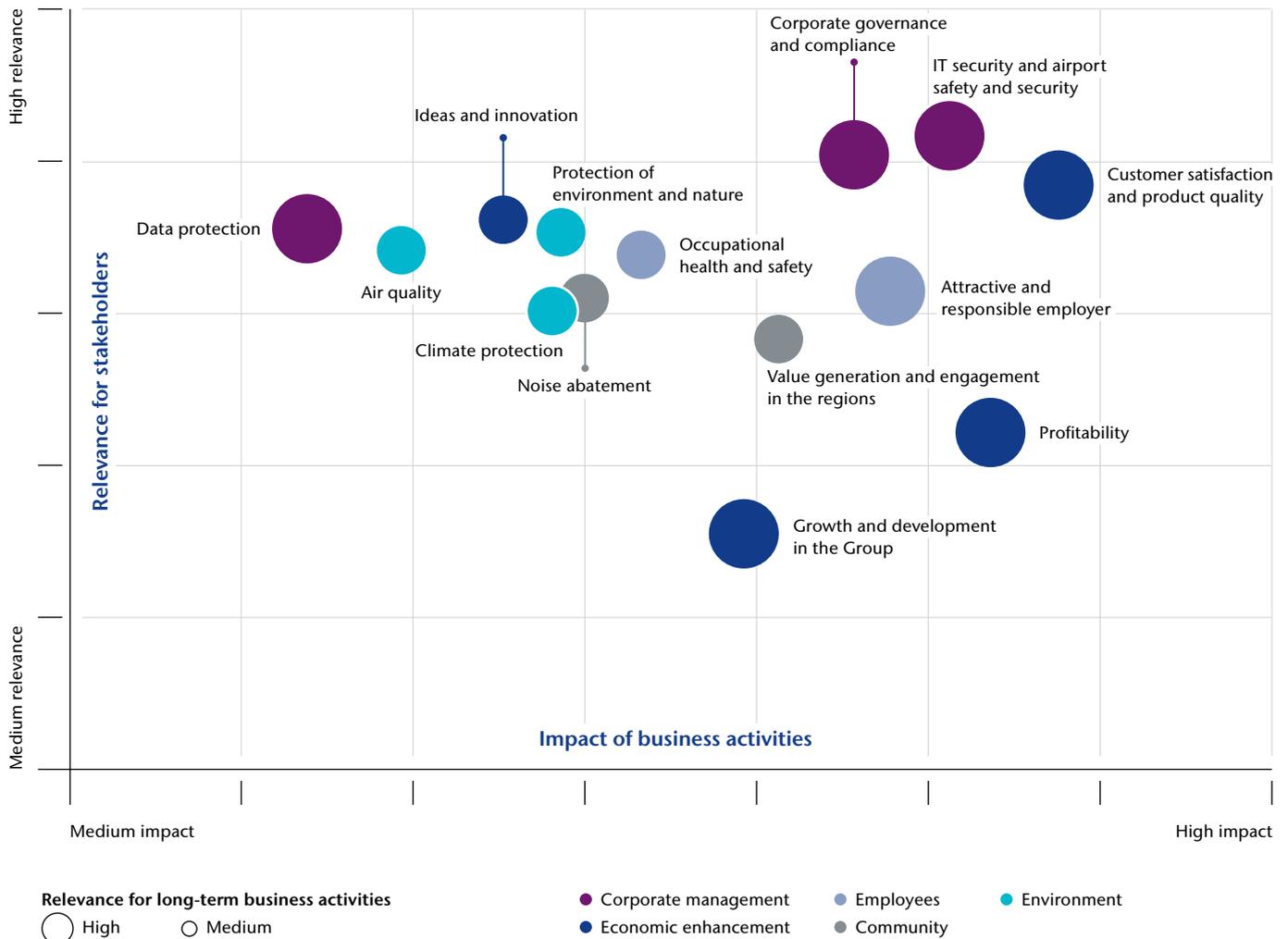
### Derivation of materiality

The mission statement, which represents the foundation of the Group strategy, encompasses the Group goals "Growth in Frankfurt and internationally", "Service-oriented airport provider", "Economically successful through optimal cooperation", "Learning organization and digitalization", and "Fairness and recognition for partners and neighbors". The vision of establishing Fraport as Europe's top airport operator and also to set global standards forms the basis of the Group strategy.

Based on these Group goals, the Executive Board has defined six key non-financial performance indicators in accordance with Section 315 (3) of the HGB in conjunction with section 289 (3) of the HGB. These are global passenger satisfaction and baggage connectivity, employee satisfaction, women in management positions, sickness rate, and CO<sub>2</sub> emissions (see also the chapter entitled "Control" beginning on page 41 and "Non-financial Performance Indicators" beginning on page 80).

The materiality matrix pursuant to the requirements of the GRI framework used by Fraport is the result of a systematic exchange with internal and external stakeholders. In 2018, Fraport AG conducted an elaborate assessment of the selected topics. Fraport's management and representatives of the most important stakeholders (analysts, shareholders, employee representatives, banks, employees, airlines, local residents living near airports, business partners, investors, media, NGOs, passengers, politicians and authorities, economic associations, and science) confirmed the relevance of the current topics in an online survey. Both groups were also asked to prioritize the topics. In 2019, the Executive Board reaffirmed the validity of the materiality matrix. The following graphic shows the impact of direct and indirect business activities on the corresponding aspect, its relevance for stakeholders, as well as the relevance for Fraport's business activities.

Materiality matrix



In accordance with Section 289c (3) of the HGB, the scope of the reportable non-financial aspects is based on a two-step materiality assessment. Material aspects are those that are relevant to an understanding of Fraport’s business development, business result and situation as well as to an understanding of the effects of Fraport’s business activities on non-financial aspects.

Taking the aforementioned requirements under the German Commercial law into account, the key topics identified according to the definition of the materiality matrix of the GRI have been attributed to non-financial aspects in accordance with Section 289c (2) of the HGB as follows: The aspects “Respect for human rights” and “Anti-corruption and bribery matters” are combined in the aspect “Corporate governance and compliance” in the materiality matrix. The aspect of “Employee-related matters” corresponds to the “Employees” dimension in the materiality matrix and is divided into “Attractive and responsible employer” and “Occupational health and safety”. The aspect of “Social matters” corresponds to the dimension “Community” with the issues “Noise abatement” as well as “Engagement in the regions”, and the aspect of “Environmental matters” corresponds to the dimension “Environment” with the issues “Climate protection”, “Protection of environment and nature”, and “Air quality”.

Beyond these reportable non-financial aspects, Fraport has also identified “Customer satisfaction and security” as an additional aspect. This includes the topics of “Customer satisfaction and product quality”, “IT security and airport safety and security”, and “Data protection”. The crossover aspect “Supply and subcontracting chain” is not an individual aspect but deals with all reportable information in connection with the non-financial aspects in a separate chapter.

Financial matters are not part of this statement but can be found in the chapter “Economic Report” beginning on page 59. This concerns the topics “Profitability”, “Growth and development in the Group”, and “Ideas and innovation”.

### **Identification of risks**

Fraport defines the risks associated with the combined non-financial statement as future developments or events that may negatively affect non-financial aspects. The risk evaluation is conservative, i.e. the greatest possible impact for Fraport is assessed. A distinction is made between a gross risk and net risk. The gross risk is the greatest possible negative impact of the risk prior to countermeasures. The net risk represents the expected residual impact after initiation or implementation of countermeasures. The risk assessment in this statement reflects the net risk.

To identify these risks, the risk management system described in the chapter “Risk and Opportunities Report” in the combined management report has been expanded and linked to a corresponding analysis of the risks that have or will have potential negative effects on the non-financial aspects.

For fiscal year 2019, there were no additional reportable risks for the Fraport Group and Fraport AG in connection with the non-financial aspects, which are necessary to understand the business development, business result, the situation of the corporation as well as the impact of their activities on the non-financial aspects, beyond the material risks already listed in the Risk and Opportunities Report on page 110.

### **Consideration of the supply and subcontracting chain specific to the business model**

Unlike manufacturing companies, Fraport’s management does not focus on the supply chain. Instead, the focus is placed on the quality of the services offered and the functionality of the infrastructure required for this. It is crucial, however, that business partners and suppliers are selected carefully. The Group companies each have their own procurement management.

Fraport compels business partners and suppliers to comply with its Supplier Code of Conduct as part of its General Terms and Conditions (GTC), depending on the local conditions. The Supplier Code of Conduct details how to treat employees correctly, including respecting human rights, environmental and climate protection, and integrity in the course of business, for example the prohibition of corruption and bribery. A violation of this code may result in the termination of the business relationship. A contractual penalty may be imposed and a claim for lump-sum damages may be raised in the event of antitrust violations and serious misconduct. Business partners and suppliers must also undertake to observe these principles in dealings with their own suppliers.

The fully consolidated Group companies are also obliged to comply with the Group Compliance Management System (CMS) policy. An important part of the Group policy is the Code of Conduct for Employees, the implementation of which is obligatory in the Fraport Group. The policy also includes instructions to make the Supplier Code of Conduct part of the General Terms and Conditions insofar as this is possible for the Group companies pursuant to national law. This is particularly relevant for major construction projects such as the new terminal at Lima Airport, the modernization of the Greek regional airports, and the construction activities of the Brazilian Group companies Fortaleza and Porto Alegre, where compliance with the Fraport Supplier Code of Conduct is an integral part of the contract. If such inclusion in the General Terms and Conditions is not possible, or is only possible if the Supplier Code of Conduct is modified, the local management shall inform the department dealing with compliance at Fraport AG.

Fraport AG undertakes to generally focus on sustainability criteria when purchasing products and services and has signed a target agreement initiated by the Hessian Ministry for the Environment, Climate Protection, Agriculture, and Consumer Protection. The “Environmental Management” department of Fraport AG receives an annual evaluation of which framework contracts will be tendered in the following year. Within the scope of a declaration of understanding between the Central Units “Central Purchasing, Construction Contracts” and “Corporate Development, Environment and Sustainability”, the “Environmental Management” department informs the responsible stakeholders about possible ecological procurement criteria and certificates (e.g. the OEKO-TEX 100 standard).

Fraport has a heterogeneous requirement structure. Its requirements range from architectural services to the construction of airport infrastructure and its maintenance, from office materials to IT services and aircraft push-backs. Over 60% of the order volume at Group airports have been awarded to domestic companies. At Fraport AG, more than 70% went to companies in the Rhine-Main region. Around 98% Fraport AG's order volume amounting to approximately € 1,278 million was awarded to suppliers and service providers based in Germany, approximately 1% to those based in the EU and about 1% to those based in the US and Switzerland. As there are comparable legal standards in these countries, in particular in relation to anti-corruption and bribery matters (see page 86) and respect for human rights (see page 87), the first level of Fraport AG's supply chain is not deemed critical. The five largest suppliers to Fraport AG according to order volume are the companies FraSec, FraGround, FraCareS, Goldbeck Südwest GmbH, and GCS. Fraport AG wholly owns the Group companies FraSec, FraGround, and GCS. The group company FraCares is 51% owned by Fraport AG. These mainly provide security services, ground services, and cleaning services. Goldbeck Südwest GmbH have been contracted to install photovoltaic systems at Frankfurt Airport and is subject to the award conditions described above.

If Fraport AG tenders and awards contracts for product groups that include suppliers or service providers from risk countries, the contractors will be reviewed depending on the order value. This also applies to orders for work clothes, for example. The location of production sites is periodically checked. If a business relationship is started with a supplier from one of these countries, sanction lists are extensively checked in advance. Sanction lists are official lists of people, groups or organizations subject to economic or legal restrictions. If there are irregularities, further checks are planned which may result in the withdrawal of an order. An examination of the first level of the supply chain by contractors' country of origin is an essential part of regular monthly reporting for the Central Unit "Central Purchasing, Construction Contracts".

Fraport AG has fulfilled the legally compliant assignment of external personnel based on independent service and work contracts, as opposed to temporary work, by implementing external staff compliance within the framework of a policy on assignment and deployment of external personnel. The policy includes a mandatory inspection process in determining different types of contracts and reduces the risk of false service or work contracts or covert contracts for temporary work. This review process also covers the assignment of external workers by Group companies for Fraport AG. The Group companies independently ensure the legally compliant assignment of external personnel by implementing suitable processes.

A separate procurement process via the Group company Fraport Ausbau Süd was defined for the Expansion South project, in particular Terminal 3 at Frankfurt Airport, due to the size and complexity of the project. By submitting an offer in this procurement process, building companies are obliged to comply with all requirements in the Posted Workers Act (Arbeitnehmer-Entsendegesetz, AEntG) and the Minimum Wage Act (Mindestlohngesetz, MiLoG), to make contributions to the collective bargaining parties' joint facilities, and also to only engage subcontractors or other third parties that meet these requirements. The Fraport Supplier Code of Conduct also forms part of any agreement. A due diligence review process was defined for purchases made for the construction of Terminal 3, which has since been carried out depending on the order value. In addition to mandatory checking of sanction lists and company information, this includes extensive research online on potential business partners before business relationships are started.

### **Correlations with the financial statements**

The reportable correlations with the combined management report and the consolidated financial statements and the annual financial statements Fraport AG are explained at the end of each respective non-financial aspect.

## Anti-corruption and bribery matters and respect for human rights

### Anti-corruption and bribery matters

Fraport strives to consistently lead the Group responsibly and transparently. Fraport does not tolerate any form of corruption or other unfair business practices. In addition, Fraport is committed to internationally recognized norms, guidelines, and principles, in particular, the principles of the UN Global Compact, the Universal Declaration of Human Rights, the United Nations (UN) conventions, and the Core Labour Standards of the International Labour Organization and the OECD Guidelines for Multinational Enterprises.

Within the scope of its management responsibilities, the Executive Board determines the values and codes of conduct of the Fraport Group and draws up the framework conditions for legally compliant and ethical behavior of its executives and employees.

The anti-corruption and bribery matters are therefore an essential part of the Fraport Code of Conduct for Employees, which applies worldwide. The Executive Board is expressly committed to the fundamental values set out in the Code of Conduct for Employees and takes a clear stand against corruption with a “zero tolerance principle”.

Measures to combat corruption and bribery, as well as information and instructions on how individual employees can contribute to this, are regularly communicated to the employees of the Fraport Group. Employees must complete training on anti-corruption matters.

Fraport has set up a whistleblowing system that is available to all Group companies. The whistleblowing system is an essential tool for preventing and detecting potential compliance violations and thus combating corruption and bribery. In addition, Fraport AG has an ombudswoman, an external, independent lawyer, at its disposal. Employees at the Frankfurt site can also contact an internal representative.

The individual measures to combat corruption and bribery are based on the Group-wide Compliance Management System (CMS), according to which the Group companies develop their own specific CMS based on certain minimum requirements. The responsibility for the CMS of each respective Group company lies with its local management. The CMS of Fraport AG serves as a benchmark for the Group-wide CMSs and sets the relevant standards for the Group companies.

A risk-based compliance due diligence conducted by the Strategic Business Unit “Global Investments and Management” is in place to examine the integrity of Fraport AG business partners’ activities in foreign-related investment projects – integrity of potential business partners are taken into account as part of standard processes. As part of their CMS, the Group companies implement their own measures to combat corruption and bribery. Particularly with regards to financing projects, additional measures against corruption and bribery are implemented, in part also as stipulated by external lenders. Within the context of the tender offer for the expansion of the airport, the Group company Lima has obliged all bidders to sign an anti-corruption agreement.

The Group companies partially have their own guidelines regarding bribery and corruption. Fraport USA, for example, has established guidelines that set out rules on compliance, legally compliant business practices, and safeguarding corporate interests. The Group companies Fortaleza and Porto Alegre have their own anti-corruption guidelines. Compliance issues and information received on violations of the Code of Conduct for Employees are handled within the Group company Fraport Slovenija by the Ethical and Compliance Committee.

The CMS of Fraport AG is based on and starts with a compliance risk analysis, which is carried out regularly and whose main areas of focus include the fight against corruption. With its Compliance Helpdesk, the Compliance department of Fraport AG supports and advises employees of all positions and hierarchy levels. Many of the requests in 2019 related to preventing corruption.

Guidelines on receiving invitations and gifts have been defined for the employees of Fraport AG in a separate policy, which regulates, among other things, the electronic documentation of the approval of received gifts and invitations. The policy supports employees in complying with existing laws and internal regulations.

The Compliance Board of Fraport AG supports and promotes the cooperation of the subsystems Compliance Management (CMS), Risk Management (RMS), and Internal Control System (ICS). It is the central body that brings together topics specific to the segments as well as generally applicable issues with a view to further developing the CMS consistently.

Adherence to Fraport's compliance principles is examined as part of the internal auditing. The internal auditing department provides independent and objective audit and consulting services in all major business units of Fraport AG, its subsidiaries and joint ventures and Group companies and performs compliance audits. The focal points of the audits are developed on the basis of a standardized, risk-oriented planning approach.

In the role of Chief Compliance Officer, the head of the Central Unit "Legal Affairs and Compliance" is responsible for the content, organization, upkeep, and further development of the CMS of Fraport AG. This officer answers directly to the Executive Director Retail and Real Estate. Semi-annual reports inform the Executive Board about the activities of the department dealing with compliance of Fraport AG and the status of measures to combat corruption. It receives information on material compliance violations immediately after they become known. The aforementioned concepts for identifying and reporting irregularities ensure that the Executive Board gains direct knowledge of any known cases or any other relevant information in this regard.

### **Respect for human rights**

Fraport stands for a commitment to respecting human rights. Fraport is also committed to internationally recognized codes of conduct, in particular, the principles of the UN Global Compact, the Universal Declaration of Human Rights, the OECD Guidelines for Multinational Enterprises, and the Core Labour Standards of the International Labour Organization.

Respect for human rights is enshrined in the Group-wide binding Code of Conduct for Employees: Fraport undertakes to respect the fundamental right to freedom of association and the right to collective bargaining that governs the general working conditions within the Group, give legitimate employee representatives an open and trusting cooperation, and strive for a fair Group-wide balance of interests. Fraport rejects any form of forced or child labor and advocates for the rights of children and adolescents.

As an international company, Fraport encourages diversity in its workforce and pursues the objective of rejecting any form of discrimination. The principle of mutual appreciation and respect is an essential part of the Fraport value culture: Fraport stands for a fair, respectful, and cooperative relationships.

Fraport has the same expectations regarding respect for human rights towards its business partners; these requirements are set out in the Supplier Code of Conduct. In this code, Fraport business partners are obliged to work towards ensuring that all other companies, like subcontractors, involved in the provision of services, consistently comply with these standards.

The certified electronic whistleblower system, which is implemented across the globe and readily available on the internet, is an important tool for preventing and uncovering violations of human rights. In addition, employees in Germany can also contact an external ombudsperson contracted by Fraport AG or their internal representative, as needed.

The Group companies also implement their own specific measures to safeguard human rights. Regulations on working hours and complaints mechanisms, for example, are implemented as part of large financing projects, some of which are also demanded by external lenders. The planning and construction contract for the construction project at the 14 Greek regional airports, for example, obliges the general contractor to fully protect human rights. Violations of these provisions constitute a breach of contract and may result in termination of the contract. Regular visits to the construction sites are made to verify compliance with the contractual agreements.

The Group Company Lima complies with the standards of the IFC Environmental Health & Safety Guidelines and is required to comply with the requirements of the Environmental Impact Study for the Expansion Program of the AIJCH of the Peruvian State. In addition, the company will commit itself to respect the "Equator Principles", a set of rules set forth by banks to comply with environmental and social standards in the area of project financing. Compliance with the principles is a prerequisite for financing and will also be included in the contractual agreements.

In addition to an electronic whistleblower system introduced in 2018, Group companies Fortaleza and Porto Alegre have set up meetings that are convened as required and provide an opportunity to discuss reports of potential violations and the subsequent steps to be taken. Within the scope of the expansion program, the Group company Porto Alegre is committed under the concession contract to relocate over 900 families. Initial measures to implement their relocation have already been taken. The relocation is being conducted in a structured manner that is already in practice in Brazil. Close cooperation with the competent authorities of the municipal administration and the regional government ensures strict compliance with local legislation. The Group company Porto Alegre will compensate the affected families.

Human rights violations can be reported via the existing whistleblower channels. The organizational concepts for identifying, notifying, and reporting irregularities ensure that the Executive Board gains direct knowledge of any known cases of human rights violations or any other relevant information in that regard.

## Customer satisfaction and security

### Customer satisfaction and product quality

The customer comes first at Fraport, both in Frankfurt as well as at all international Group airports. This is also reflected by the mission statement, "Gute Reise! We make it happen." The goal is to continuously optimize the focus on customers and service at Fraport's airports. Passenger satisfaction and baggage connectivity are considered the most important criteria for service quality.

Passenger satisfaction at the Group airports are significant non-financial performance indicators. Passenger satisfaction in Frankfurt is additionally part of the remuneration calculation for the Executive Board (see also chapter "Strategy", "Control", "Remuneration Report" and "Non-Financial Performance Indicators" beginning on page 36). In order to guarantee service quality while traffic volume increases, and to meet passengers' and airlines' increasing requirements, Fraport is conducting extensive expansion and modernization measures at the Group airports. Among other things, a new terminal will be built at Lima Airport and extensive expansion and modernization measures will be carried out at the Greek regional airports. At the Greek regional airports and Brazilian airports, among others improvements have been made to the check-in systems to avoid long waiting times. More attention has also been placed on the cleanliness of the terminals and the comfort of the passengers. With various measures, for example the further development of the "We Care" service program, the Group company Twin Star continues to maintain a high service level. In 2019, measures in the areas of the website, parking, and employee motivation were implemented, among other things. Based on the previous year's results, the Group company Lima has identified the areas that had the lowest satisfaction levels and developed a corresponding package of measures including monitoring. The Group company Fraport USA has adapted the system for evaluating satisfaction in order to respond better to the needs of its customers in the future.

The service program launched at Frankfurt Airport in 2010 has increased global passenger satisfaction significantly at the Frankfurt site. As part of five sub-initiatives, directions and signposting, ambiance and convenience, and the range of relaxation, work and entertainment options on offer in the terminals were all significantly improved. Most of the measures were successfully completed in 2018. Individual measures, such as the renovation of the sanitary facilities, also continued in fiscal year 2019. In addition, various measures have been implemented to expand the range of digital passenger services. Among other things, free WiFi for passengers has been further improved and simplified in terms of availability and access procedures. Other digital information media have been implemented to assist passengers in the terminal. In order to improve the procedures around security checks, various measures to increase the capacity for security checks were carried out in 2019 in cooperation with the German Federal Police. In addition to the introduction of new security check technology and equipment at the Frankfurt site, an extension hall was built in Terminal 1, Area A, which provides additional capacities, particularly for the summer months. At the same time, various optimization measures were initiated for the workflows and processes of the security checks, such as enhancing the tray return system. In order to better prepare passengers for their time at Frankfurt Airport, a comprehensive information and communication concept has been developed and implemented. In addition to tips for a timely and smooth arrival at the airport, the focus was on the most important messages for preparing for security checks (including hand luggage regulations, carrying electronic devices, etc.). Passenger satisfaction with waiting times at security checkpoints was down in 2019 at 74% (previous year: 80%). Across all four quarters, satisfaction was below the target of 80% (Q1 2019: 79%; Q2 2019: 76%; Q3 2019: 72%; Q4 2019: 68%). Along with the infrastructure measures, approximately 900 employees completed training within the scope of the "Service Excellence" program in 2019; the goal was to further improve hospitality and service orientation.

Fraport has also been directly exchanging ideas with Deutsche Lufthansa, the security companies working at the Frankfurt site, retail concessionaires and other service providers, and Deutsche Bahn regarding service, hospitality, and customer satisfaction in the Service Quality Committee since 2016. The first important milestone was the definition and approval of the Service Guidelines for FRA. In these guidelines, the partners reiterate their desire and their joint responsibility to strengthen the Frankfurt site and to further develop service quality and trusting cooperation. An example of such successful cooperation is the inclusion of trainers at partner companies for joint training activities (e.g. intercultural training) and visits by the Executive Board and management levels at events within the framework of the "Service Excellence" program and other training programs at Fraport AG. The goal is to ensure that common passengers, customers, and guests retain a positive impression of Frankfurt Airport in addition to improving global satisfaction of the passengers, the willingness to recommend Frankfurt Airport, satisfaction with the hospitality, and improving the sense of security.

Fraport AG's Executive Board is informed in quarterly reports about the most important key figures of passenger satisfaction and involved in decision-making processes. The Executive Board also adopts annual target levels for the most important passenger satisfaction criteria. These levels are authoritative for all relevant business units and in some cases for service providers. Improvement measures are primarily set out in the service program, employee training, and other infrastructure projects.

Moreover, the reliable loading of luggage for departing flights and the fast delivery of luggage to the baggage claim for arriving flights have a major impact on customer satisfaction. Fraport AG measures this performance for departure baggage with the non-financial performance indicator "baggage connectivity" (see also chapter "Strategy", "Control" and "Non-Financial Performance Indicators"). In order to maintain connectivity at its current high level in the future coupled with increasing number of baggage items, Fraport is constantly working on optimization measures that are implemented in close cooperation with airlines within the scope of regular performance discussions. In 2019, on the one hand, recruitment and qualification was intensified. On the other hand, processes were developed further regarding the IT infrastructure of the baggage transfer system.

Despite all the precautions taken, there was an extensive disruption of the baggage transfer system in Terminal 1 in September 2019, more than two years since the last major system error. This was caused by several simultaneous electrical and subsequent mechanical failures. In order to reduce the risk of similar disruptions in the future, an operational and infrastructural package of measures was adopted. The construction of additional bypasses and baggage collection points will create redundancies and relieve the strain on the system during peak traffic times.

The Executive Board is informed about the development of baggage connectivity on a monthly basis. Management receives information on a daily basis so that action can be taken at an early stage. The figures are regularly discussed with the airlines, and measures are implemented for improvements. For example, Deutsche Lufthansa frequently receives a detailed monitoring report, and optimization measures are managed jointly at regularly held meetings. In the future, a focus will be placed on the inbound processes and improving information flows, among other things, within the context of further digitalization.

## IT security and airport safety and security

Security is the key requirement for air traffic. This principle applies equally to passenger traffic and air freight. Accordingly, security management has always been a top priority at Fraport.

All countries in which Fraport is active belong to the International Civil Aviation Organization (ICAO) and have contractually committed to comply with the organization's safety standards and recommended practices for airports. In contrast to most ICAO member states, German law allocates passenger and baggage checks to government authorities, whereas in other countries this is usually the responsibility of the airports.

### IT Security

All important business and operating processes at Fraport AG are supported by IT systems and IT components. Due to the ongoing development of new technologies and the increasing global threat of cyberattacks generally, there is an underlying risk potential for IT systems. Fraport takes account of this situation with active and preventative IT security management. The objective is to protect the IT systems and data against failure, manipulation, and unwanted publication. These systems are configured redundantly and are housed at separate sites. The risks in the area of IT security are included in the risk management system. The requirements for IT security are specified in the IT security policy and security guidelines that must be followed throughout the Group, and compliance with these requirements is checked regularly by the internal auditing department, by IT security management, or external advisors (see also the chapter titled "Risk and Opportunities Report" beginning on page 110).

The Group companies outside of Frankfurt use their own IT infrastructure, that they protect according to the Group's IT security guidelines. As a rule, the IT systems of the Group companies at the Frankfurt site as well as the SAP systems of Fraport Greece are integrated into the technology of Fraport AG and managed from Frankfurt. Exceptions in this regard are only possible with the consent of the Executive Board. At Fraport AG, a separate section is responsible for IT security within the Service Unit "Information and Telecommunication". Its tasks are, among other things, the ongoing identification and implementation of measures to meet high security standards.

Within the scope of a working group in the German Aviation Association, Fraport AG along with other airport operators, Deutsche Lufthansa and the German Air Traffic Control has developed the security standards of the industry. These are based on the new requirements laid out by the IT Security in Critical Infrastructures Act (KRITIS). The goal is to establish a high standard of security within the aviation industry through the selection of security measures, the assignment of measures according to predefined confidence levels, and mutual assessment. The required proof of compliance with the legal requirements of the German IT Security Act has been submitted by Fraport AG to the competent authorities on time. An industry standard for air traffic is being drawn up and is currently under review.

The use of a standardized tool for all IT security processes, including documentation, is currently being planned. In addition, the department coordinates awareness-raising activities for staff and external workers to ensure a high security awareness. The IT Security Officer at Fraport AG reports weekly to the Chief Information Officer, and a report is submitted to the IT Management Board every two months. The level of IT security is also part of the annual management report for the ISO 9001 quality management certification. A specific KPI system can provide information about the status of IT security measures, divided into security and compliance aspects, at any time. The resulting overall score is regularly reported to the Executive Board.

In 2019, Fraport AG once again implemented a variety of projects to adequately respond to the growing risks arising from information technology. In addition, new requirements from the German IT Security Act, such as the reporting of incidents and an independent audit of security levels, have been implemented.

### Airport safety and security

This area encompasses both security and safety: Safety refers to the operational safety of the overall airport as well as the safety within the airport site. Security is understood in terms of defending against terrorist threats and protecting civil aviation. This particularly focuses on safeguarding the security of everyone at Fraport's airports. The relevant measures include passenger, baggage, and cargo inspections and reviewing the access control points for airport employees and suppliers. Regular weekly or monthly meetings are held with airlines, security service providers, and authorities to exchange current information.

At the international Group airports, the security requirements of each respective country as well as international standards for safety and security management are in effect. Compliance with and adherence to these requirements is the responsibility of the local management of each respective Group company and includes, among other things, establishing and maintaining a safety management system and implementing access checks before entering the security area.

Safety and security are of central importance in day-to-day operations and already play an important role in the planning of new terminals as well as air and land infrastructures at Group airports. Fraport AG supports the Group companies in planning and implementing security measures and occasionally trains its employees, for example, within the scope of safety and security workshops at the Group sites and in Frankfurt. In the context of specialist exchange events, there is also a regular exchange between the Group companies on the topic of airport security.

### Safety

The Safety Management System (SMS) is in place with the goal of preventing personal injury and damage to aircraft, vehicles, or infrastructure due to accidents and technical defects. For example, anyone with access to the airside areas (apron and runway) must complete SMS training before they may enter the airside areas.

Based on European statutory regulations, Fraport AG is obligated to operate an SMS at Frankfurt Airport. With the SMS, security incidents are recorded and evaluated, and potential vulnerabilities are identified. It is meant for all organizations and individuals with access to the airside areas at Frankfurt Airport. The EASA Safety Manager follows the guidelines of the European Aviation Safety Agency (EASA) and enjoys a direct reporting right to the Executive Board.

As a central reporting and alarm point for security matters, Fraport AG operates a security control center at Frankfurt Airport, which activates the emergency and crisis management, if required. The airport fire department, medical services, ambulance service, and the security services then coordinate operations in the field. A crisis unit commences operation in the "Emergency Response and Information Center" (ERIC). It coordinates and executes all measures that require a concerted approach at the site beyond any routine damage and risk prevention. The Care Team and the ERIC Support Team were merged in the 2019 fiscal year under the umbrella concept Fraport Emergency Team (F.E.T.). If necessary, the "Fraport Emergency Team", consisting of volunteer employees of Fraport AG and the Group companies at the Frankfurt site, is deployed, which interacts with passengers, greeters, and relatives on site, supports the crisis unit, or operates the "emergency information center" to handle telephone inquiries.

The contingency plan for Frankfurt Airport "FRA Not" documents which preparations have been made for various emergency scenarios and defines procedures to minimize the impact.

ICAO and EASA prescribe regular exercises to be carried out by the respective airport operating company at the international airports to train for the handling of emergencies and other security-related scenarios. Such exercises have no impact on flight operations. The results will be used for further education and training.

### Security

Both international and European regulations contain guidelines on the structural design of airport infrastructure for the purposes of defending against attacks on the security of air traffic. The security measures at the airports aim to prevent attacks, such as acts of sabotage or terrorist activities.

In Germany, the Air Security Act (LuftSiG) regulates passenger and baggage checks, access controls in the airside areas as well as the security of the premises, which are the direct responsibility of the airport operator. At Frankfurt Airport, Fraport employees as well as employees of the Group company FraSec and other private security providers currently carry out airport security checks on behalf of the German Federal Police.

Fraport AG develops measures in agreement with the competent authorities responsible for maintaining the high safety standards. In 2019, test runs for an autonomous fence monitoring system were continued in cooperation with the Fraunhofer Institute, and evaluations are still ongoing. The Security Awareness Campaign launched in 2018 has been followed up and expanded to include safety issues. In October, for example, "security days" were held, during which airport employees were informed about security-relevant topics with booths, testimonials, and talks. Airport security, the security control center, airport fire protection, and the ambulance service were involved. Two films to raise awareness about safety-related topics were produced.

### **Data protection**

The objective is to ensure the handling of personal data in compliance with the data protection laws and to safeguard the rights of the data subjects, irrespective of whether the data is from passengers, customers, employees, or external companies.

The Executive Board works towards ensuring that Group companies in Europe comply with the European General Data Protection Regulation (GDPR) as at Fraport AG. The individual Group companies are independently responsible for the implementation, which is monitored by Fraport AG. For the Group companies outside the EU, the laws on data protection must be complied with in accordance with national regulations. In addition to training employees, the Group companies have created technical conditions for compliance with data protection, which are regularly checked for their effectiveness.

The Data Protection Officer at Fraport AG monitors compliance with these regulations within the company. This officer reports directly to the Executive Board and is independent in exercising his tasks in the area of data protection. Violations of the GDPR or related complaints can be sent directly to him, anonymously if necessary. In 2019, Fraport AG did not record any violations of data protection that were reportable according to the GDPR.

Fraport AG has a notification process for data protection and data security incidents in place. To consolidate the processes and rules at Fraport AG, it has implemented existing processes in a data protection management system and is planning the implementation of a data protection policy. Appropriate training concepts such as an e-learning tool and video training have been established, which can be accessed on the intranet.

As part of the Association of German Commercial Airports (ADV), Fraport AG is part of a task force on the subject of GDPR.

The processes required for compliance with the GDPR are part of the quality management system according to ISO 9001. The records of processing activities have been created and are constantly being updated. A guideline for deleting personal data has been developed. The Executive Board is continually informed about relevant matters as necessary.

Personal data of passengers are required by Fraport AG primarily for the use of parking garages and for baggage handling. The processing of travel data is the responsibility of the airlines. The majority of the personal data processed by Fraport is due to the issue of airport ID cards and is thus compulsory for security reasons.

In order to guarantee the privacy rights of passengers, visitors, and employees, Fraport AG has a concept for using video technology at the Frankfurt site which lays out clear rules for users of all video data regarding the respective purpose and data protection requirements. Regulations on the use of Fraport video technology by authorities is also included.

Personal access rights to operating and security areas in Frankfurt are managed and verified by way of an identification management system as well as access control systems. Fraport AG has implemented both technical and organizational measures to protect data against misuse. Access to this system is allowed to only a limited group of people for a specifically defined task.

## Employee-related Matters

Fraport AG has a long tradition as a company with a social perspective and a partner-centered approach. Group-wide, Fraport aims to remain competitive at all sites and in all sections and thereby secure jobs with fair and just working conditions. This involves providing fair wages and salaries, and a package of benefits that goes beyond pay. Fraport offers a high level of job security, good working conditions based on collective bargaining agreements, professional and personal development options, and a highly developed corporate ethic.

The Fraport policy forms the overarching structure for all commitments and the codes of the Group based on specific topic areas. Pursuant to responsible corporate governance, Fraport has made a commitment to comply with internationally recognized standards of conduct, such as those defined in the principles of the UN Global Compact, the OECD guidelines, and the ILO Core Labor Standards. They are published in the Code of Conduct for Employees, which commits employees to comply with these fundamental principles.

Fraport Group has over 22,500 employees. Given the growing challenges, such as increasing international competition in the aviation industry and passengers' and airlines' increasing demands, and the continuous focus of the Group on earnings, the aim is to organize the personnel structure in such a way that this competitive pressure can be withstood. Employees' personal and professional skills are boosted Group-wide by training measures. This allows Fraport to ensure a high service quality.

The fundamental importance of the human resources strategy is taken into account by the three key non-financial performance indicators of employee satisfaction, women in management positions, and sickness rate both in Germany. The Executive Director Labor Relations is informed at quarterly meetings with the HR managers of the Group companies, among other things, of the development of these key figures at the Frankfurt site.

### Attractive and responsible employer

A sign of a good working environment is a high level of employee satisfaction, which is also part of the remuneration calculation for the Executive Board (see also the chapter entitled "Control" beginning on page 41, "Remuneration Report" beginning on page 50, and the "Non-financial Performance Indicators" beginning on page 80).

The results of the employee surveys are used by all international group companies to increase their own employee satisfaction. Based on this, the Group company Twin Star developed a package of measures in 2019, which is meant to contribute to increasing employee satisfaction, among other things, in the areas of communication, appreciation, and wages.

At Fraport AG, the results of the employee survey are used to identify potential for improvement and derive appropriate measures. They are documented by the Central Unit "Human Resources"; which controls the implementation and processes them for the departments or German Group companies. In individual cases, the measures and the intended improvements can be included in the target agreements with executives.

A high level of employee satisfaction is also a valuable contribution to attracting new and qualified and motivated employees. Fraport has developed and implemented a variety of measures and initiatives to meet the staffing needs of the labor-intensive Group companies. This also applies to recruiting suitable trainees for the approximately 30 apprenticeships and dual study programs.

In 2019, the employee retention measures focused on several groups of employees in facility management and on skilled workers responsible for operating and performing maintenance on the baggage transfer system. The employee loyalty measures follow a structured plan. Core elements of retention management are, on the one hand, so-called stay interviews with employees who, due to their operational functions and socio-demographic data, have a high degree of comparability with the employees who have left the company in the past. The feedback from these discussions is analyzed in order to see how influenceable work conditions, management behavior, and operational performance lead to generally higher employee satisfaction and, in turn, a higher retention rate. The experience gained so far will be gradually extended to other groups of employees.

As a responsible employer, Fraport respects and promotes personal diversity and attaches great importance to ensuring that this is reflected in the way employees interact with each other. Diversity is a key goal for Fraport, which the Group systematically tackles as part of its diversity management. Diverse cultural backgrounds, international experience and gender aspects enrich the collaboration and promote innovation and creativity. This enables Fraport to flexibly respond to the changing requirements in the

international markets and benefit from them. Fraport is sending a clear signal throughout the Group with its campaign “Respect for Diversity – I, You, We”, which was launched in June 2019. As part of a roadshow, the Diversity Team in the Group provides an opportunity for dialog. The aim of the campaign is to draw attention to the diversity of Fraport employees and thus express appreciation for this.

As far back as 2007 Fraport committed itself to the “Charta der Vielfalt” – a company initiative to promote diversity in companies and institutions. The Group agreement “Conduct of Partnership, Diversity and Equality in the Workplace” formed the platform for principles such as freedom from discrimination and equal opportunities. The company agreement includes explicit definitions of values as well as specific internal regulations and structures. From an organizational perspective, responsibility for diversity is assigned to the Executive Director Labor Relations with corresponding resources.

In order to identify, attract, promote, develop, and place talents in the company in the best possible way, a talent management process has been established. Through the long-term, systematic development and retention of talented employees, Fraport AG meets the long-term need for qualified employees and thus contributes to maintaining its competitiveness. Fraport places a particular focus on promoting women in management positions at the two levels directly below the Executive Board as well as at the respective management levels at the German Group companies (see chapter “Control” beginning on page 41 and “Non-financial Performance Indicators” beginning on page 80).

Fraport has worked on increasing the proportion of women in management positions for many years. Particular focus is placed on all staff development processes that have an influence on increasing the proportion. This includes strategic succession planning across all levels of management as well as talent management with a development check management system and corresponding individual development measures. The long-term measures that are already proving to be successful include the Cross Mentoring Program, coaching measures within the context of the continuous development of female executives as well as individual support within the scope of the development initiative “GROW” for middle management. The success of the initiative is, among other things, ensured thanks to a digital learning platform. There are also offers, such as the option of holding an executive position on a part-time basis within the scope of an 80% or 90% workload. For job vacancies, suitable female candidates are also actively approached and systematic development and career paths are presented. During the reporting period, the topic “part-time executives” was discussed to strengthen and encourage women and men with leadership responsibilities to reflect on and implement possible success-defining aspects of part-time positions.

The measures for strategic succession planning and the supervision of executives are carried out organizationally by the Central Unit “HR Top Executives”, which is assigned to the Executive Director Retail and Real Estate. Talent management, which is primarily concerned with developing potential executives, is assigned to the Executive Director Labor Relations within the Central Unit “Human Resources” of Fraport AG.

### **Occupational health and safety**

Occupational health management in the Fraport Group focuses on preserving the health, performance and therefore productivity of employees in the long term. With its preventive nature, Fraport contributes to maintaining employee performance and prevents work-related health risks. Employees are regularly informed about health-maintaining measures and their workplaces are ergonomically designed in the operational and administrative areas. Fraport evaluates the effectiveness of the measures by continuously analyzing the sickness rate, among other things, in the German Group companies (see also chapter “Control” beginning on page 41 and “Non-financial Performance Indicators” beginning on page 80). The aim is to stabilize the sickness rate in the medium term and to reduce it in the long term.

Fraport AG’s occupational health management initiates a wide range of health-promoting activities and measures with various focal points. For example, cooperation with gyms made it possible for employees to exercise close to their place of residence. Those who exercise regularly are rewarded with a contribution to membership fees. In 2019, occupational health insurance was extended to include an inpatient component. In total, around 2,500 contracts were concluded with employees and their relatives. In particular, the employees in operating areas were thanked for their work in particularly stressful circumstances (such as the heat in the summer months) with vouchers for ice cream, fruit, smoothies, and cereal bars. In addition, several skin cancer screenings were carried out at various locations on the airport premises in 2019. From an organizational perspective, responsibility for health management is assigned to the Executive Director Labor Relations with corresponding resources.

A strong prevention culture means that, in addition to health management, occupational safety is systematically integrated into the company's processes and structures as well. Strengthening the personal responsibility of all employees and management in particular is a top priority and is part of the goal of continually reducing accidents at work everywhere in the group.

The key principles for Fraport AG and the Group companies can be found in the Group policy "Occupational safety" (Occupational safety and health management manual) issued in August 2019. The Group policy further helps to increase the level of obligation. It draws on the requirements of ISO45001 and replaces the previous occupational health and safety management system. The defined guidelines are to be implemented independently by the Managing Directors and supplemented by company-specific rules in internal regulations. This requirement is valid effective immediately for Fraport AG and German Group companies. Taking into account the national laws, the guidelines is also an option for desired action for the international Group companies. Among other things, training and monitoring to sensitize employees as well as involve executives is carried out at the Group airports.

In accordance with the Occupational Safety Act, Fraport AG has implemented an occupational safety unit under the Executive Director Labor Relations, which advises and supports corporate departments in the further development of occupational safety. The Occupational Safety Board (OSB) represents the Executive Board's efforts for the effective and efficient organization of preventive health and safety for the Fraport Group worldwide. The cooperation and the exchange of experiences is part of the Board of Occupational Health and Safety Management System (OH&S-MS), which meets once a year Group-wide to review the management assessments and the status of occupational health and safety in the previous year and discuss the objectives and projects for the current and the coming year. The Group companies based at the Frankfurt site also participate in a quarterly OH&S-MS sub-board. Group-wide tasks are promoted together in order to work efficiently and resource-friendly.

Comprehensive measures to guarantee high occupational safety standards at the Frankfurt site are required, for example, when handling hazardous materials, in Ground Services' handling processes, in maintenance, in internal transport and traffic, and during infrastructure construction activities. In addition to workplace-specific basic and recurring training programs for all employees, special driver safety training is offered to employees whose work involves driving. There are occupational safety seminars for executives, for example on transferring obligations of the business operator. Targeted and temporary measures and projects are intended above all to raise employees' awareness of safe conduct in operational sections. With the "ZERO" project, another prevention project is currently on the agenda until 2020 as a part of Ground Services. Behavioral health and safety is to be strengthened in this department which is responsible for the loading and unloading of aircraft as well as internal transport.

With the increasing internationalization of the Fraport Group, the rate per 1,000 employees used thus far almost exclusively in the German-speaking region is being replaced by an international standard, the so-called LTIF (Lost Time Injury Frequency). This is calculated based on the number of accidents at work (from the first day of absence) in relation to the hours worked (in millions). The target is a Group LTIF value of less than 22.5 by 2025. For 2019, the LTIF was 25.0 compared to 26.5 in 2018.

## **Social Matters**

Airports are important business locations and contribute directly and indirectly to economic and social value creation. For example, Frankfurt Airport is the largest local workplace in Germany with almost 81,000 direct employees (as at December 31, 2015). Additional employment effects are also created in enterprises that are appointed by Fraport for the construction and modernization of airport infrastructures.

Fraport makes a major contribution to social value creation. Even at the sites of the international Group companies, regions close to the airport also benefit from the economic performance and the donations made and sponsorship activities undertaken by each Group company independently.

The goal is to make a positive contribution to the economic and social development of the regions and increase the corporate performance (gross value generation) by at least 2% per year. The Group's direct value creation includes expenses, among other things, for personnel, capital expenditure, taxes, interest, and dividend distribution to shareholders. Over the past fiscal year, corporate performance amounted to approximately €3.4 billion (+3.2%). The net value added amounted to around €2.5 billion (previous year: around €2.4 billion). The Fraport Group's indirect value creation includes consumption by airport employees and companies located at each airport, which also have their own value chain and employment effects and thus directly and indirectly make a contribution to the positive economic development of their respective regions.

### **Noise abatement**

Airports located in the vicinity of metropolitan areas are a burden for many local residents. At the Group airports, noise abatement measures are implemented according to the national requirements on noise protection and, where appropriate, based on more specific local regulations. The airports comply with the relevant national laws and have correspondingly implemented monitoring systems. At the Group airports in Europe, legally stipulated maximum noise limits must be observed. As a voluntary noise protection measure, the Group company Fraport Slovenija has introduced a ban on departures between 12:00 a.m. and 6 a.m. for departures in the direction of the towns of Šenčur and Kranj. In order to protect the residents of Burgas, the Group company Twin Star is assisting, among other things, in the construction of noise barriers. Frankfurt Airport is the site in the Group with the largest traffic volume by far, and it is also subject to the strictest statutory regulations. The local management approach is therefore described below.

Fraport wants to grow further at its main site while generating as little noise as possible in its operations. For Fraport AG, this means that, in addition to the legal requirements, it is constantly working towards measures that reduce aircraft noise exposure. The development of aircraft noise pollution in the area around the airport is continuously monitored. Measurement analyses and the results of comprehensive simulations are regularly reported to the supervisory authority and the Aircraft Noise Commission (FLK), and are also publicly disclosed on the company's website. Municipalities with Fraport aircraft noise measurement stations receive additional detailed analyses upon request.

Fraport AG collaborates with the region affected by aircraft noise, representatives of the state government, and other members of the aviation industry in two committees. The Aircraft Noise Commission (FLK) is a legally appointed body that advises the Hessian Ministry of Economics, Energy, Transport and Regional Development (HMWEVW), the German Air Traffic Control (Deutsche Flugsicherung, DFS) and the Federal Supervisory Office for Air Traffic Control. The FLK advises the aforementioned bodies on measures to protect against aircraft noise and air pollution resulting from aircraft exhaust gases.

The key task of the Airport and Regional Forum (FFR), which is assigned to the Hessian State Chancellery, is to foster dialog between the region and the aviation industry and to facilitate discussion of the effects of air traffic, with a particular focus on Frankfurt Airport and the Rhine-Main region. The FFR includes the "Active Noise Abatement" expert group, which advises on measures that may help to reduce aircraft noise and the impact on the area around the airport. The most recent results from the joint project is the updated "Frankfurt Air Noise Index (FFI 2.0)", an instrument for presenting the aircraft noise in the region and for comparing the results of aircraft noise as affected by active noise abatement measures. The index was used for the first time in the review of alternative routes of the "AMTIX-short" route. The overall best rated alternative route was then recommended to the Aircraft Noise Commission and to the DFS for trial operation.

Fraport Noise Monitoring, FRA.NoM, tracks the level values continuously measured at stationary measuring stations and indicates the aircraft noise in the last three months. It also reports the approaches and takeoffs at Frankfurt Airport. The information system for aircraft noise issues, FRA.Map, is available online and allows interested parties to find information for their location or place of residence on an interactive map. The system also displays the areas that are targeted by noise abatement measures or entitled to compensation payments.

As regards measures to reduce noise exposure, a distinction must be made between active and passive noise abatement. In active noise abatement, noise is reduced directly at the source or by implementing noise-reducing operating concepts and takeoff or landing procedures. These measures include establishing a “Ground Based Augmentation System” (GBAS) navigation system, which enables a steeper angle of approach of 3.2 degrees for all runways. With the so-called noise abatement model in both off-peak periods at night, individual takeoff and landing runways are alternately not used, enabling the local nighttime six-hour quiet period to be increased by one hour.

During the summer of 2019, there was a significant decrease in landings after 11:00 p.m. This was in part due to additional buffers in the flight plans at Frankfurt Airport. Similarly, no more takeoffs are scheduled after 10:40 p.m. to ensure a timely takeoff before 11 p.m. Late takeoffs after 11 p.m. are checked by the HMWEVW air traffic control in each individual case and, if applicable, approved if the delay was outside the airline’s responsibility (for example due to weather conditions). Furthermore, the current structure of the noise-related charges as part of the airport charges is an incentive to use low-noise aircraft. Fraport AG charges noise-related charges for takeoffs and landings. A noise surcharge of 50% is currently payable for aircraft movements during night hours. In the middle of the night starting at 11 p.m., the surcharge is 200% to make delayed aircraft movements unattractive. In November 2019, the HMWEVW approved the amendment to the Airport Charges Regulations requested by Fraport AG. Beginning in 2020, noise-related charges will be increased in general, with charges being raised more in the higher noise categories than in the lower noise categories. Separate charges within the scope of airport charges are applied to finance the passive noise abatement program.

The voluntary alliance for a noise emissions ceiling created in 2017 should help to ensure that the noise exposure at Frankfurt Airport during the day does not increase as much as would be permitted under the zoning decision, despite growth in aircraft movements. The traffic volume and traffic structure of the zoning approval for the expansion result in noise contours with continuous sound levels of 55 dB(A) and 60 dB(A). These contours have been reduced by 1.8 dB(A) across the board. The total areas within the reduced contours define the noise emission ceiling. If the limit is exceeded, Fraport AG and the airlines are obliged to review further noise abatement measures. If the limit is repeatedly exceeded, any of the parties involved can take action outside of the alliance. The monitoring report, jointly prepared by the partners in 2019, shows that the noise emission ceiling was also complied with in the 2018 fiscal year. This same result is also expected for 2019.

Passive noise abatement measures are intended to reduce the noise level inside buildings by way of structural modifications. Fraport AG has extensive statutory obligations to take measures in around 86,000 households close to Frankfurt Airport. Eligibility is defined by a noise protection area determined by the Hessian State Government in accordance with the strictest regulations of the Aircraft Noise Act. Fraport AG satisfies these requirements in full.

In announcing the “Together for the Region – Alliance for Noise Abatement 2012” program in February 2012, the state government promised affected residents additional, more extensive support than previously made in the vicinity of the airport by drawing on a regional fund. The Equalization of Burdens Act, with which the State of Hesse has made an additional €22.6 million by the year 2021 available to local authorities particularly burdened by aircraft noise, has been in effect since January 1, 2018.

In the area of passive noise abatement, the Fraport Group held provisions in the amount of €41.5 million as at the balance sheet date December 31, 2019 (see Group Notes, note 39, and Fraport AG’s Notes, note 30).

### **Engagement in the regions**

For Fraport, social responsibility has been a corporate principle for many years. In the Group companies outside Germany, the focus is on donations and sponsorship measures, especially in the areas of child protection, environmental protection, and sports. Among other things, Fraport Greece supports “ELIZA – Society for the Prevention of Cruelty to Children”, which is committed to protecting against violence and neglect of children.

Fraport AG has long supported numerous clubs and institutions. Fraport AG's funding concept for its community, cultural and social engagement is "Active for the region". It primarily serves to boost clubs and support volunteer work in the region around Frankfurt Airport. All activities are combined into an independent department within the Central Unit "Corporate Communications" and assigned to the Chairman of the Executive Board.

The so-called "neighborhood framework" describes the geographical boundary for these support activities. The area is based on district and state borders taking into account the most important approach and takeoff routes. If these change, the neighborhood framework will also be modified – as was most recently the case when Runway Northwest was inaugurated.

Donation priorities include the promotion of social and charitable institutions, particularly those that encompass measures relating to education, social equality, health, and the integration of marginalized groups in society. Employees can also apply for donations as patrons of their clubs.

Sports sponsorship in the Rhine-Main region includes both recreational and professional sports. Well-known names that have concluded long-term contracts with Fraport AG include the FRAPORT SKYLINERS and Eintracht Frankfurt. In the area of basketball, Fraport sponsors not only the German national division team but also gives donations to support the project "Basketball goes to school". The Eintracht Frankfurt Fußball AG and Eintracht e.V. with 18 different departments also receive support.

In the fields of culture and education, Fraport is involved in the Rheingau Music Festival, among other things. There are also long-term partnerships with the Frankfurt cultural institutions Städel Museum, Schirn Kunsthalle, and Liebieghaus sculpture collection. Overall, in 2019 Fraport supported more than 1,500 projects run by various clubs and institutions by making donations and providing sponsorships totaling around €5.41 million.

Fraport has financially supported youths' and young adults' integration into working life for 20 years with the ProRegion Foundation. In addition to projects for the vocational and social integration of young refugees, other projects on professional orientation and competence assessment in general education schools continuously receive funding. Since the Foundation merely acts as a funding institution, it relies on close cooperation with proven institutions of youth vocational training. These include Gesellschaft für Jugendbeschäftigung e. V., an association dedicated to youth employment in Frankfurt, Evangelischer Verein für Jugendsozialarbeit, an association for youth social work, Verein für Kultur und Bildung e. V., an association for culture and education, and Berufsbildungswerk Südhessen in Karben, an institute whose goal is to prepare youth for careers and vocational training.

As one of the largest employers in Hesse, Fraport AG is also focused on helping young people integrate into the workplace with two career preparation programs. The "Startklar" (Ready to Takeoff) and "BIFF" (Berufliche Integration von Flüchtlingen in Frankfurt Rhein-Main or Professional Integration of Refugees in Frankfurt Rhine-Main) programs are aimed at young people without formal training or young refugees. Around 60% of the participants have successfully completed the annual programs and started vocational training.

Fraport has supported nature and environmental conservation projects, research, and environmental education since 1997 with the environmental fund. Its best-known project is the RhineMain Regional Park, which extends between Rüdeshheim, Wetterau, the Kinzig Valley, and the Hessian Ried.

## Environmental Matters

The operation of an airport and air traffic have various effects on the environment. Fraport is committed to the due and proper consideration of the environmental requirements associated with this.

Addressing environmental concerns is particularly important in the case of expansion measures in order to minimize environmental impacts while keeping with growth targets. Both the financing of the expansion activities at the Brazilian airports Fortaleza and Porto Alegre as well as at Lima Airport and in Frankfurt are subject to environmental requirements. For the financing of Terminal 3, the European Investment Bank (EIB) requires a project progress report every year that also includes the description of all significant environmental aspects. This helps to reduce environmental risks and is one of the principles of transparency, which aims to increase the reliability of the EIB Group as seen by its shareholders and the citizens of the European Union in general.

Fraport's environmental policy includes a commitment to report each year on environmental activities and performance (see also [www.fraport.com/responsibility](http://www.fraport.com/responsibility)). To this end, the Group companies report to Fraport AG once a year on a comprehensive catalog of standardized environmental indicators and projects as well as associated improvements, and Fraport AG compiles this information for reporting purposes.

### Climate protection

The Executive Board has determined CO<sub>2</sub> emission, which should be reduced Group-wide, as the most important key figure for measuring environmental impact (see also chapter "Control" beginning on page 41 and "Non-financial Performance Indicators" beginning on page 80).

A way of successfully managing CO<sub>2</sub> is to participate in the Airport Carbon Accreditation program of the ACI (Airports Council International). Since 2010, it has evolved into the world standard for CO<sub>2</sub> reporting and management at airports. Participation at level 2 ("reduction") or higher requires proof of both a CO<sub>2</sub> reduction target, a CO<sub>2</sub> management program in accordance with international requirements, and of annual emission reductions verified by external auditors. Frankfurt Airport reached level 3 ("Optimization") back in 2012. Ljubljana Airport achieved level 2 in 2015 and is aiming for level 3+ ("neutrality") in the medium term. In the past fiscal year, the Group airports in Varna, Burgas, Kefalonia, Mytilene, Rhodes, and Thessaloniki participated for the first time in the Airport Carbon Accreditation and reached level 1 ("Mapping"). The other Group airports have yet to participate; however, they are obligated to have their CO<sub>2</sub> footprint assessed by way of an external audit. Lima Airport is currently preparing to participate in Level 1.

Fraport AG has used its own monitoring instrument, the CO<sub>2</sub> and energy consumption monitoring system, since 2013 to depict, analyze, and manage energy consumption at the Frankfurt site. It creates transparency about consumption and consumers, helps to improve energy efficiency and reduce energy costs. It also allows qualified statements to be made at any time about the current CO<sub>2</sub> emissions at Fraport AG and allows any undesirable developments with respect to the strategic CO<sub>2</sub> targets for Fraport AG to be detected at an early stage. The company's monthly energy consumption, which is recorded in a sophisticated manner by building, system or equipment, serves as the database. All energy sources, such as electricity, district cooling, district heating, gas, fuel for vehicles, and other fuels, are taken into account.

Since 2014, all decisions relating to Fraport AG's energy management at Frankfurt Airport have been prepared in a separate body, known as the Energiezirkel, which is chaired by the Executive Director Controlling and Finance and reports to the Executive Board semiannually. One of the goals is to decrease energy consumption by 20% by 2022 compared to fiscal year 2013 through, among others things, the optimized use of air conditioning and ventilation systems, without major capital expenditure. Other measures mainly concern improvements in building, system, and process energy efficiency. The conversion to LED lamps throughout the entire airport site is ongoing. For the vehicle fleet and the aircraft handling equipment, the specialist departments assess the opportunities to use alternative forms of propulsion, in particular electric vehicles, as an alternative to vehicles with combustion engines.

In the 2019 fiscal year, Fraport AG focused on using renewable energy to meet future energy needs at Frankfurt Airport. From 2020, photovoltaic systems will be installed on selected buildings in the north and south of the airport. Since 2019, Fraport AG has been compensating for the company business trips by its employees through the organization "atmosfair".

Fraport AG was involved in the Carbon Disclosure Project (CDP) in the 2019 fiscal year, which analyzes CO<sub>2</sub> emissions, climate risks, reduction goals, and strategies of companies, reaching Level C ("Awareness") This is evidence of transparent reporting and the company's awareness of its influence on climate change.

CO<sub>2</sub> emissions are measured and monitored by the department of Environmental Management within the Central Unit "Corporate Development, Environment and Sustainability". The Executive Board is informed about the development of Fraport AG's CO<sub>2</sub> emissions on a quarterly basis and on group emissions every six months. In addition, the development of CO<sub>2</sub> emissions is reported to the Executive Board every six months via detailed monitoring for each building at Fraport AG.

### Protection of environment and nature

The environmental policy from 2008 obliges all Group companies to make use of natural resources and the environment in a sustainable, conserving and preventive manner, and to continually improve their environmental performance. To this end, environmental management systems were introduced at Fraport AG and at all fully consolidated Group companies that are classified as “fundamentally environmentally relevant” due to their business activities. These systems are, almost without exception, certified in accordance with the relevant standard ISO 14001 or the European EMAS Regulation. Companies that join the Group and do not yet have such a system are obliged to introduce an environmental management system in the course of the acquisition. At the end of the past fiscal year, 84.1% of fully consolidated, environmentally relevant Group companies, weighted according to revenue, had such a system.

Environmental management systems serve to systematically organize, manage and monitor corporate environmental protection within the relevant company. The environmental management systems cover all environmental factors such as energy consumption, CO<sub>2</sub> emissions, air pollutant emissions, effects of business activities on nature and biodiversity, water consumption, and waste. The functionality and effectiveness of the environmental management systems is reviewed and certified by external certifiers (ISO 14001) or environmental verifiers (EMAS) on an ongoing basis. The Coordinator for the Environmental Management System at Fraport AG reports to the Chairman of the Executive Board in management reviews. Fraport AG’s employees’ many years of experience in environmental management benefit all Group airports, for example in the form of technical support, including on site.

Promoting biological aviation safety is the responsibility of Wildlife Hazard Management. Wildlife Hazard Management at the international Group airports is implemented according to international regulations as well as, where appropriate, based on more rigorous national and local targets. Corresponding monitoring systems are implemented. Wildlife Hazard Management at Group airports is concerned, among other things, with the monitoring of birds in order to ensure safe operations. In addition to deterrence through acoustic signals, this also includes the releasing of animals in the surrounding areas. The management and maintenance of the green areas is a prerequisite for reducing the number of potential animals that are relevant to aviation safety on the airport sites and is also ensured by the Wildlife Hazard Management.

Comprising an area of around 22 square kilometers, Frankfurt Airport is among the most compact major airports in the world. Around half of this land is unsurfaced. The largest open continuous area is located close to the runways. In nature conservation terms, this extensively maintained permanent grassland is a high-quality habitat that is home to many rare and endangered animal and plant species. Frankfurt Airport has since become a nationally significant retreat and protection area for some species, such as the skylark. The Wildlife Management department is responsible for preserving and further enhancing this value, as long as flight operations allow. Its success in doing so is monitored closely, including counting the number of birds.

In the 2019 fiscal year, the technology for detecting and forecasting flocks of birds was switched from infrared to radar, the so-called “Bird Intrusion Radar Detection System (BIRDS)”. The system is based on a horizontally and vertically rotating radar that monitors three air space sections above the Main river. One of them is the air space above the junction of the Main river with the approach corridor from the west. The system is able to detect flocks of birds in the alarm areas and, if necessary, transmit corresponding alerts to the German Air Traffic Control (DFS) in connection with the forecast of when the birds are expected to reach the crossing point. The imaging method used by the system detects the altitude and speed of a flock of birds, recording the number of birds and their size.

Wherever possible, Fraport AG extends the green areas at the Frankfurt site. For example, the new buildings in CargoCity South are increasingly being planned with ecological green roofs. Fraport AG will upgrade some 2,300 hectares of land in the immediate and wider vicinity of the airport from a nature conservation perspective as a legal requirement under the zoning decision for the airport expansion. High-quality habitats such as deciduous forests, orchards, marshes, and nutrient-poor grassland are being developed. Measures to counterbalance the Expansion South project, in particular Terminal 3, are already included in this extensive package of measures. The implementation and evaluation of the measures are subject to continuous monitoring. Once a year, the Wildlife Control Committee meets in Frankfurt, consisting of, among others, the German Air Traffic Control, the Fire Department, and the German Federal Police, as well as airline representatives. It assesses wildlife risks and establishes control measures. For ecological compensation measures, Fraport Group held provisions in the amount of €22.1 million as at the balance sheet date December 31, 2019 (see also Group Notes, note 39, and Fraport AG’s Notes, note 30).

On a voluntary basis, Fraport AG also supports projects to preserve and promote ecosystems and biodiversity in the Rhine-Main region using funds from the environmental fund.

### **Air quality**

At the Group airports, air quality measurements and measures to improve it are implemented according to the national requirements and based on advanced specific local regulations. Air quality is also monitored at the Greek regional airports. The Group companies comply with the relevant national laws and have implemented their own monitoring systems where required.

Fraport AG has been focusing on the issue of air quality at the Frankfurt site for many years, including the assessment of the airport's share in the local concentration of nitric oxide. The ongoing discussion on diesel pollutants continues to keep the subject in focus. There is no legal obligation for airports to monitor air quality, yet Fraport has set the objective of gaining a deeper understanding of the emission of air pollutants (emissions) by the airport and their effect on the environment and people (immissions). At the Frankfurt site, air pollutants have therefore been continuously monitored at several air measuring points since 2002. The measuring stations, initially operated by Fraport itself, were transferred in 2017 to the non-profit Umwelthaus GmbH (UNH) in Kelsterbach, an institution of the State of Hesse. From this, the Hessian State Office for Nature Conservation, Environment and Geology (HLNUG) was entrusted with running the airport measuring systems as well as evaluating and providing the measurement data.

From an organizational standpoint, the "Environmental Impact, Noise, and Air Quality" department of the Strategic Business Unit "Airside and Terminal Management, Corporate Safety, and Security" is responsible for this task. The Executive Board is directly involved as it receives an annual report on the matter regarding the results of the measurements on the airport site and in the neighboring areas. In addition, the results are regularly published on the website in Fraport AG's "Air quality annual report". The measurements show that the air quality on the airport site have remained unchanged at an urban level since the beginning of monitoring by Fraport.

Fraport AG cooperates with the German Aviation Association and the Airports Council International. In addition, there are collaborations with the HLNUG and the UNH to study the so-called ultra-fine particulates (UFP). Unlike conventional, limit-controlled pollutants, airports have proven to be a significant source of UFP. There are no reliable statements yet on possible health effects. In order to gain further knowledge, the FFR has taken up the subject area in its work program at the request of the state government. A "UFP" working group has been set up at UNH, in which Fraport AG is also involved. An expert hearing was held by this working group in August 2019 in order to assess the current state of knowledge on the subject. It is now planned to further deepen the level of knowledge in the context of a large-scale study, in which, among other things, the current measurements of the HLNUG are to be incorporated.

At the local level, there is an overlap of air pollutant concentrations related to the airport and those not attributed to the airport. The airport's impact on the air quality in the surrounding areas is largely limited to zones within a close proximity and to the nitrogen dioxide (NO<sub>2</sub>) emissions component. Measurements and modeling suggest, however, that external influences, such as road traffic, also play a role in the air quality on airport grounds. In addition, the level of pollutant concentrations strongly depends on the weather.

To gain information on the proportion of a certain polluter to the overall exposure in a region, computational models have been developed that include all the relevant sources of pollution and their emissions for a given zone. The LASPORT program takes into account various airport-related emission sources in the lower atmosphere, prepares spread computations, and illustrates the exposures. It was developed on behalf of the Association of German Airports (ADV) in 2002 and is now being expanded and regularly implemented in collaboration with specialists from Fraport AG.

While aircraft emissions can be genuinely represented on the basis of the very differentiated traffic data available, the processing and quality assurance of operational data relating to the other airport sources should be improved in order to provide a complete and systematic inventory of air pollutant emissions. The ability to annually record air pollutant emissions of all relevant emission sources from airport operations should be in place by 2022. This will enable future potential for mitigation to be identified, and to be controlled, and their success to be mapped. It also serves as a data basis to determine the proportion of the airport's operations on immissions in the surrounding area. The selection of the pollutants to be observed depends on their relevance. They are especially relevant if they are regulated by a threshold value and are emitted in a noticeable amount at the Frankfurt site.

As an airport operator, Fraport can only indirectly influence emissions from aircraft. In order to motivate airlines to use low-emission aircraft, airport charges are levied on nitrogen oxides and hydrocarbon at the Frankfurt site. The emissions-based fee is charged per kilogram of nitrogen oxide equivalent emitted during takeoff and landing ("landing and take-off cycle", LTO) by an aircraft. The charges are levied per landing and per takeoff. The necessary information on aircraft and engine types is determined by way of a recognized fleet database.

Aircraft turbines mainly emit carbon dioxide (about 7%) and water vapor (approximately 3%) in addition to mixed air (about 90%). The additional resulting pollutants carbon monoxide, nitrogen oxides, sulfur dioxide, hydrocarbons, and soot account for less than one percent overall. The emission spectrum of aircraft turbines corresponds to that of road traffic. The quantities of these pollutants emitted by the aircraft at the Frankfurt site are calculated annually and published in the environmental statement.

In addition to flight operations, air pollutants at airports also arise from the apron and vehicle traffic as well as the operation of heaters run on oil or gas. As a way of reducing pollutants, Fraport has gradually upgraded its fleet of vehicles at Frankfurt Airport to include low-emission and electric motors.