

Political Newsletter

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Zurich Airport

EDITORIAL

Dear Readers,

Trade creates prosperity. And trade needs functioning transport routes. That was true 3000 years ago and it is still true today. Only the mode of transport and the global range have changed in the meantime. That is why an airport is more important today than the geostrategic position of a seaport. Luckily for Switzerland.

Switzerland earns every second franc abroad, and increasingly from outside of Europe. Among other things, thanks to the direct flight connections to the world. Our international connectivity continues to be good. And it does not cost the taxpayer a cent, as both Swiss International Air Lines and Zurich Airport are fully financed by private capital. Even during the historically unprecedented pandemic crisis, Flughafen Zürich AG required no government bridging finance or subsidies.

Switzerland's good intercontinental connectivity is by no means guaranteed, however. Further success depends on favourable framework conditions. Unfortunately, there are a number of overdue reforms. The runway system at Zurich Airport has remained unchanged for the past 50 years, despite today's significantly larger aircraft and a much stricter safety culture. Simple operational improvements that would simplify unnecessary movements and aircraft crossings in the airspace and on the ground are making hardly any progress and are getting tied up in endless legal loops.

There is a risk that the interests of a few will end up blocking the further development of vital infrastructure in our country. The ability to develop must remain possible, especially in the interests of safety and reliability.

Andreas Schmid also recognises the risk of a standstill in his article on page 6. After 23 years of dedicated service as Chairman of the Board of Directors, he says goodbye to his office and looks back on an eventful and successful time.



Transformation to climate neutrality is also essential if the airport is to be fit for the future. Flughafen Zürich AG is well placed to make the transition and is committed to sustainable development on the ground and in the air (see pages 3–4). The airport has indeed been committed to sustainability for decades, which fits well with the 75th anniversary we are celebrating this year.

After 23 years with Flughafen Zürich AG, the time has also come for me to move on to new ventures. I am delighted that Lukas Brosi has been promoted from within the company to take over from me. I am also grateful for the trust that has been placed in me, the constructive dialogue with all our stakeholders, and the many wonderful personal encounters I have been privileged to experience during my time here.

It was a unique time, and I will always feel deeply connected to the airport.

Warmest regards,

Stephan Widrig
Chief Executive Officer
Flughafen Zürich AG

For a sustainable future – at the airport and in the air

Switzerland's biggest airport sets ambitious goal of net zero greenhouse gas emissions by 2040, without any offsetting. Flughafen Zürich AG also supports the Swiss aviation industry's net zero carbon by 2050 target. This dual climate strategy at the airport and in the air leads the way for climate protection.

Climate protection has been a key concern for Flughafen Zürich AG for many years. To date it has succeeded in cutting its own carbon emissions by around one third since 1990 – despite a 50% increase in its buildings footprint. Flughafen Zürich AG is now shifting up a gear and has set itself the ambitious goal of reducing its greenhouse gas emissions to net zero by 2040. Besides refurbishment and upgrading plant and equipment, it has defined a reduction roadmap with concrete measures. Along with making the transition to fossil-free energy, Flughafen Zürich AG has prioritised optimising energy efficiency and usage.

Infrastructure

As an infrastructure operator, the biggest lever it has for reducing CO₂ lies in its buildings and facilities. When constructing new (replacement) buildings, Flughafen Zürich AG applies the highest sustainability standards. The Circle and the planned new Dock A are al-

ready being hailed as flagship projects. The Circle was rated in the highest category of internationally renowned sustainability label «Leadership in Energy and Environmental Design (LEED)» – with the best result that any building in Switzerland has ever achieved. The entire complex operates without the use of fossil fuels. The company is also seeking LEED certification for Dock A on the basis of its use of photovoltaic solar panels and thermal energy from renewable sources. The extensive use of wood as a sustainable building material is also setting new standards.

Mobility & energy

Another major step is the switch to renewable energy for operating machines and vehicles. Vehicle electrification is top of the list here. A geological channel running under the airport also offers great potential for harnessing geothermal heat, possibly on a large scale. Some preliminary underground investigations were carried out in

3 questions for Emanuel Fleuti, Head of Sustainability and Environment

Flughafen Zürich AG has reached Level 4 of Airport Carbon Accreditation (ACA). What does that mean?

ACA is the certification programme introduced by Airports Council International (ACI). It verifies airports' management of their greenhouse gas emissions and provides a common framework for comparing them. There are currently around 420 accredited airports in the world. Level 4, the highest level, requires a greenhouse gas reduction target in line with the Paris Agreement, defining a roadmap to achieve this, and evidence that airport partners are also being actively encouraged to reduce their emissions too. Flughafen Zürich AG fulfils these requirements and has even greater ambitions: it aims to reduce its greenhouse gas emissions at Zurich Airport to net zero already by 2040.

The Council of State's Environment Committee (ESPEC-S) is currently debating amendments to the CO₂ Act. Flughafen Zürich AG is supporting the proposed mandatory SAF blending quota. Why?

It is important to address the problem at its root. And that is the use of fossil fuel, not flying per se. Pure SAF cuts CO₂ emissions by almost 100%, but at present there is simply not enough of it to go round and it is consequently very expensive.

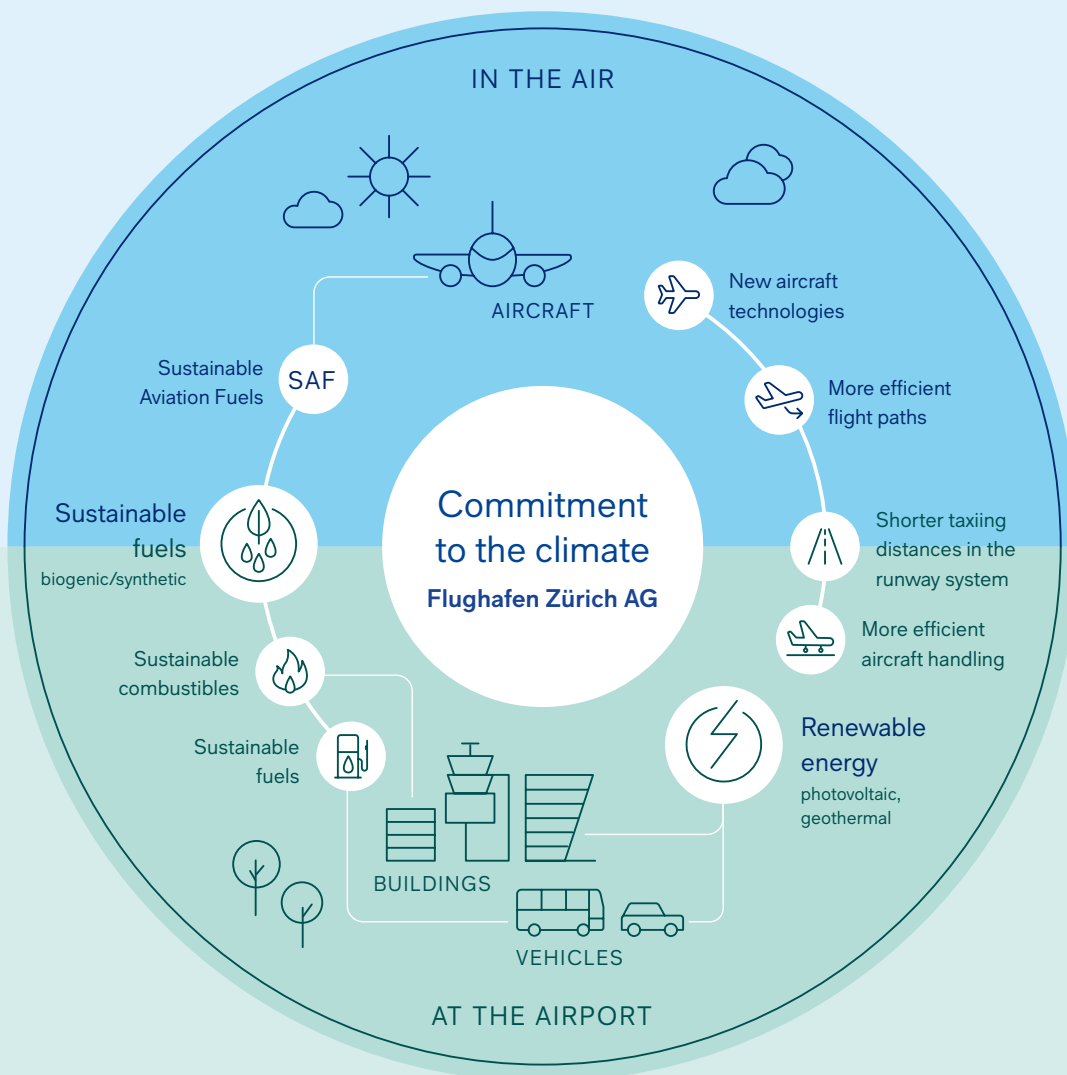


Scaling production requires that producers can count on significant demand for SAF. This is where a mandatory blending quota comes in, as it would oblige airlines to add a gradually increasing proportion of SAF to their fuel. As SAF is more expensive, this will also lead to an increase in ticket prices but there is one key advantage: the money will directly benefit the climate, and contribute to the decarbonisation of flying.

Does the aviation industry need more regulations to accelerate the transition?

Aviation is already heavily regulated and unilateral measures by individual countries will not help. We need international cooperation and harmonisation, at least with the EU. The problem does not stop at the border. We need real solutions and we absolutely have to think about mobility and climate protection going hand in hand. Mobility is not the problem. Quite the opposite in fact. It can greatly help to solve problems by bringing people and ideas together.

Flughafen Zürich AG's dual climate strategy



OBJECTIVE IN THE AIR

Support the aviation sector to achieve its net-zero target by 2050

Measures by Flughafen Zürich AG:

- Ensure the availability of SAF at Zurich Airport by establishing supply chains, reducing regulatory barriers, etc.
- Act as center of excellence
- Maintain a strong international network of partners
- Advocate for a blending quota for SAF in the CO₂ Act
- Advocate for optimised flight paths and shorter taxiing distances, e.g. by extending the runways

OBJECTIVE AT THE AIRPORT

Net-zero greenhouse gas emissions (without offsetting), ambition by 2040

Measures by Flughafen Zürich AG:

- Definition of a reduction roadmap, prioritised according to:
 1. Lower consumption by buildings, vehicles and machinery
 2. Increased efficiency, e.g. of lights and ventilation systems
 3. Substitution: fossil-free energy and products
- Focus on sustainable construction methods, e.g. sustainable building materials and recycling
- Achievement so far: around 1/3 reduction in emissions in absolute terms since 1990

the autumn of 2022 and further feasibility studies are planned. Further targets include transitioning from fossil fuels to biogas or synthetic gas, as well as adding photovoltaic systems wherever feasible and practical. And last but not least, digitalising and connecting the data of all system partners (airlines, ground handlers, air traffic control, airport operator, etc.) will enable more efficient aircraft handling and further shorten taxiing and queuing times. Extending the runways 28 and 32 will bring additional benefits.

SAF, SAF, SAF

Flight operations are responsible for the vast majority of aviation greenhouse gas emissions. The greatest leverage therefore lies in the use of sustainable fuels that do not emit CO₂ from fossil sources. The use of such sustainable aviation fuels (SAF) is the most promising route to reducing the impact of air travel on the climate. Flughafen Zürich AG is supporting the importation of SAF into Switzerland. Firstly on the policy level by lobbying for mandatory SAF blending quota as proposed in the revised CO₂ Act. Secondly, the

airport operator is providing a platform that is bringing key stakeholders together to advance the use of SAF in Switzerland. This includes establishing the necessary customs and import processes.

Actions instead of words

At the end of last year, Flughafen Zürich AG succeeded in stepping up to the fourth and very highest climate protection rating awarded by Airport Carbon Accreditation (ACA). This makes Zurich Airport a global leader in the field. Flughafen Zürich AG has refrained from offsetting its greenhouse gas emissions via carbon credits, instead investing this money in creating actual reductions at the airport.





ANDREAS SCHMID TAKES HIS LEAVE

Saying farewell

After 23 years as Chairman of the Board of Directors, I would like to take this opportunity to look back on a highly interesting and exciting time. Much has changed in the aviation industry, especially at Zurich Airport. Among other things, this can be seen from the huge increase in passenger numbers over my time here. Larger aircraft and a significantly improved load factor have enabled us to keep the number of flight movements more or less constant. This allowed us to manage the volume of flights in a relatively environmentally friendly way.

Being an air travel hub connecting Switzerland to the world is at the very heart of our airport. We have always rejected growth at any price. We recognised the importance of a good balance between economic and environmental considerations and of our rootedness in the region. The operation and development of the airport would have been inconceivable without open dialogue with local residents, politicians and government agencies. We have had to earn trust over time, particularly in the early years of the privatised Flughafen Zürich AG.

As highlights I remember in particular the major projects: completing the fifth expansion stage with the inauguration of Dock E in 2003, commissioning the new Dock B in 2011,

and opening the Circle in the middle of the coronavirus pandemic. Investment decisions often had to be made in difficult times. We had to be far-sighted, prudent, but also decisive entrepreneurs.

Crises are likewise memorable. At the beginning of the century, Swissair grounded – an absolute fiasco in Switzerland's aviation history. The 2008 banking crisis and the pandemic likewise presented huge challenges. So I note with great pride that Flughafen Zürich AG managed to weather all these crises under its own steam without recourse to any state aid. Thanks to our diversified business model that included the development of our real estate portfolio and the commercial centers alongside building up our international business, we have greatly strengthened the company's resilience.

Some challenges remain unresolved, however. These include the dispute with Germany over aircraft noise, and generally the dead end we have reached regarding Swiss infrastructure policy. This calls for vigilance, especially in relation to the big questions for Zurich Airport's future:

- coping with the increasing demand for mobility on the ground and in the air
 - maintaining and strengthening entrepreneurial crisis resilience
 - supporting the decarbonisation of aviation
- Meeting these challenges requires careful decision-making by both the airport and policymakers.

Although I am now saying farewell as Chairman, I will always feel connected to the airport. I am confident that Zurich Airport will remain a prosperous mobility hub for another 75 years, connecting people and places and creating positive experiences in the process.

Andreas Schmid
Chairman of the Board of Directors
Flughafen Zürich AG

Traffic Development

All figures January to December 2022

The monthly traffic statistics can be accessed here:
www.zurich-airport.com/the-company/investor-relations-en



LOCAL PASSENGERS

16,041,109

Change vs. 2021
+107.3%

Change vs. 2020
+155.1%

Change vs. 2019
-27.8%



TRANSFER PASSENGERS

6,453,514

Change vs. 2021
+164.6%

Change vs. 2020
+221.9%

Change vs. 2019
-29.9%



TOTAL PASSENGERS

22,561,132

Change vs. 2021
+120.4%

Change vs. 2020
+170.5%

Change vs. 2019
-28.4%



SHARE OF TRANSFERS

28.7%

Change vs. 2021
+4.7 percentage points

Change vs. 2020
+4.5 percentage points

Change vs. 2019
-0.6 percentage points



FLIGHT MOVEMENTS

216,585

Change vs. 2021
+63.3%

Change vs. 2020
+94.5%

Change vs. 2019
-21.3%



FREIGHT

422,153 t

Change vs. 2021
+7.4%

Change vs. 2020
+45.0%

Change vs. 2019
-6.6%

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