

Political Newsletter

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Zurich Airport

EDITORIAL

Dear Readers

For the 2021 financial year, our company has for the first time published an Integrated Report in accordance with the requirements of the Global Reporting Initiative (GRI), which sets high standards for our corporate, environmental and social responsibility and creates transparency on sustainability issues. We will continue to refine our sustainability goals and report annually on progress made. An overview of the Integrated Report can be found on page 5.

Sustainability has several, equally important dimensions. In the ecological dimension, the challenges in air transport are particularly pronounced. Therefore, the articles in this newsletter are dedicated to the greening of the aviation sector.

Sustainable Aviation Fuels (SAF) are very promising for the decarbonisation of air transport. However, they are only available in limited quantities and are expensive. As a political solution, the introduction of a blending quota is on the table, which Zurich Airport supports, provided it is harmonised at the European level. Although it would make flying more expensive, the blending quota would generate a direct climate benefit and create a binding perspective for CO₂-neutral air transport. Read more about this key technology and the airport's role in promoting it on pages 3–4.



Sustainability is also given high priority in our activities abroad. The construction of Noida International Airport in India – the first CO₂-neutral airport in its class – is a milestone in our international business. Learn more about this project and the importance of sustainability in our international projects from my Executive Board colleague Daniel Bircher on page 7.

I wish you an informative read.

Lukas Brosi
Chief Financial Officer
Flughafen Zürich AG

Sustainable Aviation Fuels: Key technology for achieving climate targets in aviation

Why are synthetic aviation fuels so important in the climate policy debate? What role can airport operators play in promoting renewable fuels? Flughafen Zürich AG answers these questions.

Intensive research is being carried out worldwide to find alternative power systems and fuels. Progress varies depending on the mode of transport: on the road, the transition to hybrid or electric cars has been ongoing for years. In air transport, the criteria of weight and range define (and limit) the possibilities. Due to physical parameters, aviation will continue to rely on liquid fuels in the future. Therefore, the most promising solution for the decarbonisation of air transport is the use of climate-neutral fuels, so-called Sustainable Aviation Fuels (SAF).

The characteristics of SAF are the same as those of conventional kerosene though with an 80 to 100 % lower carbon footprint. Switching to SAF has another major advantage: existing logistics and infrastructures can still be used and no additional investments are needed. This applies to both airplanes currently in service and in production as well as to refuelling infrastructure on the ground (e.g. pipelines). On the contrary, new airliners powered by electricity or hydrogen require large investments in completely new infrastructures. These costs are in addition to the expenses for research and development of the new aircraft itself.

Committed to the development and marketability of SAF

Flughafen Zürich AG has been promoting SAF for years. In 2020, it concluded an agreement with Synhelion to purchase the fuel produced in the test facilities at cost price. Synhelion is an ETH spin-off specialised in the development and production of solar fuels (see Political Newsletter Summer 2020, pages 9–10).

Zürich Airport's role in the fuel process

As an airport operator, Flughafen Zürich AG is not involved in the fuel process as a buyer or seller. However, it is committed to increase the use of sustainable aviation fuels and acts as a platform with a mediating and hinge function.

Flughafen Zürich AG is involved in knowledge transfer and in establishing processes for the use of SAF in Switzerland. It initiated and helped to adapt the entire process to import SAF. The feasibility of using sustainable fuels (import and fuelling) was demonstrated on the occasion of the WEF Annual Meeting in January 2020 and in July 2021 respectively, when private jets and a SWISS aircraft were fuelled with SAF for the first time at Zurich Airport.

Flughafen Zürich AG actively advocates for a blending quota

To leverage the usage of SAF, the Federal Council proposed the introduction of a blending quota for SAF as part of the revision of the CO₂ Act. The proposal is in line with both EU regulation and the companies' commitment and conviction. Therefore, Flughafen Zürich AG welcomes the direction of the proposal and supports the implementation of a blending quota (see box on page 4).

A blending quota lays the foundation for the market-based decarbonisation of aviation. Companies that want to produce SAF or invest in SAF are simultaneously offered a perspective and a purchase guarantee. This builds the foundation to drive technology and increase the supply of SAF while reducing the current price differential with fossil fuels.

Driving forward the reduction of self-generated CO₂ emissions

Flughafen Zürich AG is not only committed to an effective reduction of CO₂ emissions in air transport, but also pursues reduction goals for its own airport infrastructure. By taking measures on its buildings, it has been able to reduce its own CO₂ emissions by more than a third in the last 30 years, although the volume of buildings has more than doubled in the same period. By joining the federal government's "Exemplary Energy and Climate" initiative, Flughafen Zürich AG committed to further increasing energy efficiency and promoting the transition to renewables.

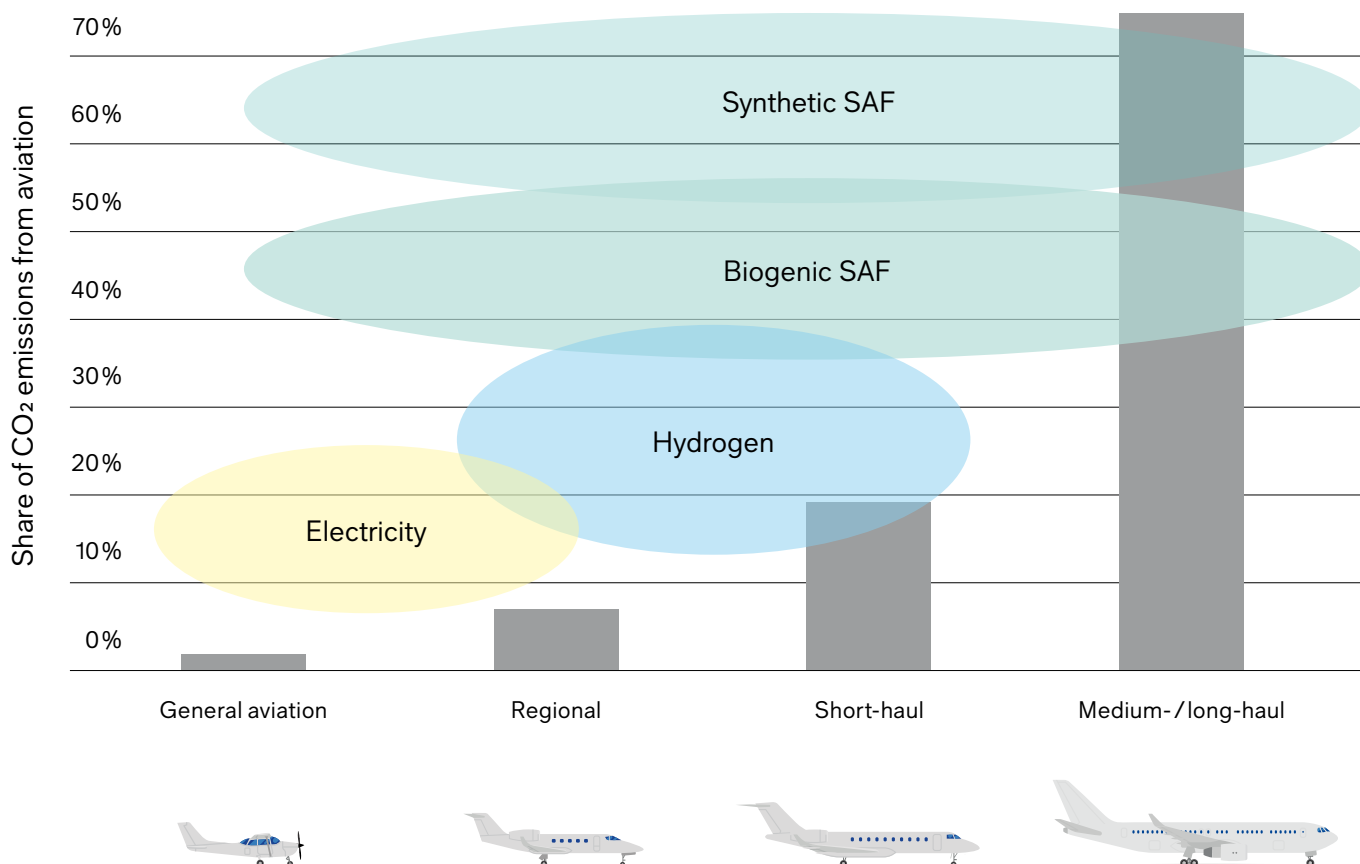
Pragmatic and effective:

A blending quota as the strongest lever for decarbonising air transport

Flughafen Zürich AG supports the current draft revision of the CO₂ Act. It intends to introduce a blending quota for Sustainable Aviation Fuels (SAF) based on EU regulations. A blending quota is associated with additional costs for the aviation industry (obligation to purchase the expensive SAF) which the market has to integrate in its own pricing. Furthermore, a blending quota effectively contributes to climate protection in contrast to a national air ticket tax which takes money away from the aviation industry and thus prevents investments in the decarbonisation of the sector. Such a tax does little or nothing for climate protection but puts Switzerland at a competitive disadvantage. Therefore, only a harmonised blending quota with the EU does not distort competition and is much more effective as it contributes to net-zero emissions in air transport – this is economically and ecologically sustainable.

Potential of different fuel options in aviation

- Sustainable Aviation Fuels (SAF) show the greatest potential for decarbonising aviation.
- Medium- and long-haul flights make up the majority of global air traffic and depend on liquid fuel.
- SAF are climate-neutral fuels and have the same characteristics as conventional kerosene. Additionally, delivery and fuelling of SAF can be done by using the existing infrastructure.
- The raw materials for SAF must be renewable and sustainable. Production needs to be fossil-free.
- Electric and hydrogen power systems have a lower potential due to their physical characteristics.



Annual report from a sustainability angle

Flughafen Zürich AG published its first Integrated Report in accordance with the Global Reporting Initiative (GRI) standard. It shows the overall impact on the environment and society as well as the positive and negative effects of business activities.

Sustainable business practices have been important for Flughafen Zürich AG for more than 30 years. Taking a holistic view of all impacts on the environment and society remains crucial with a focus on those areas where the company's activities have the largest impact. The report identifies five sustainability pillars with large impact on third parties and a particularly strong stakeholder interest.

Overview of sustainability topics

Local Impact

Regional Contribution

Noise

Ecological Impact

Climate

Energy

Waste and Circular Economy

Air Quality

Biodiversity

Water

Social Impact

Occupational and Aviation Safety

Business Ethics

Anti-Corruption

Human Rights

Equality of Opportunity and Freedom from Discrimination

Responsible Employer

ICT Security and Data Protection

- Material sustainability topics
- Other sustainability topics

Topic	Description
Regional contribution	Contribute to added value and economic development in the region and to quality of life and location quality in general.
Noise	Reduce noise arising from aircraft and operations and protect residents against excessive aircraft noise.
Climate	Reduce greenhouse gas emissions and take measures to counter the impact of climate change at our locations.
Occupational and aviation safety	Protect employees, customers, passengers and visitors as well as the infrastructure against damage arising from accidents or criminal acts.
Business ethics	Act reliably, transparently and fairly towards business partners, competitors and authorities.

Flughafen Zürich AG, Integrated Report 2021

Regional contribution

Wherever it operates, Flughafen Zürich AG contributes to economic and social development. The company sees itself as a responsible player with a regional impact. In Zurich, it fulfils the concession mandate of the federal government to ensure Switzerland's global connectivity. Zurich Airport generates a value added of approximately CHF 5 billion (3.5% of the GDP of the Canton of Zurich). In addition, the airport operator has paid out taxes and dividends of over CHF 1.2 billion to the public since 2000. The observation deck and a newly designed park with around 80,000 m² of green space as part of the Circle are popular meeting and leisure places. Moreover, commitments to institutes of higher education as well as sponsoring of cultural and social events in the communities bordering the airport adds to the company's engagement in the region.

Noise

Noise emissions due to flight operations cannot be completely avoided. Flughafen Zürich AG is actively pursuing measures to reduce negative effects through technical, constructional, operational and financial measures. Noise data which is collected at

14 permanent measuring stations is published in monthly bulletins. The stations also serve to monitor flight routes. If a pilot deviates from the route without a justified reason, an investigation is automatically initiated. The airport's own noise protection hangar massively reduces noise emissions during engine test runs. Also, airlines are given financial incentives to use quieter aircraft by collecting noise charges. Last but not least, active communication with the population, including a special hotline operated by the Noise Management Department, is also part of the commitment.

Climate

Flughafen Zürich AG is committed to net zero by 2050 and has defined a reduction path. The airport operator has reduced its own CO₂ emissions by about a third since 1990, even though the number of buildings has increased and the number of passengers has doubled. Energy consumption is being reduced through the renovation of buildings and the use of geothermal structures. Moreover, Flughafen Zürich AG uses fossil-free electricity from the grid and produces its own electricity with photovoltaic systems. Capacities of the latter are continuously expanded. By participating in the federal government's "Energy and Climate Exemplary" initiative, the company is taking on a national pioneering role.

Two more key sustainability topics

- **Occupational and aviation safety:** Safety comes first – particularly in aviation. This includes the integrity of every person involved as well as the infrastructure. Flughafen Zürich AG operates an integrated management system for the systematic management of all safety and security aspects relating to flight operations at Zurich Airport. The aim is firstly to reduce organisational risks by putting clear processes and organisational structures in place, and secondly to systematically improve prevention of injuries and material damage.
- **Business ethics:** Compliance with the law, respectful treatment of all people and acting as a fair and reliable business partner are among the core values of Flughafen Zürich AG. Its compliance management system is used to systematically identify, understand and comply with statutory requirements as well as with internal corporate guidelines and ethical principles. Also, the company runs a whistleblowing office and a separate reporting procedure for aviation safety and labour law issues. This serves to ensure that irregularities and violations of rules and regulations are detected and eliminated.



Flughafen Zürich AG – Integrated Report 2021:
report.flughafen-zuerich.ch/2021/ar/en

International business: Noida International Airport to be CO₂-neutral

Investments in international airports are part of Flughafen Zürich AG's business strategy. The company leverages its know-how and experience in airport operations. By exporting its expertise, it is creating positive economic impulses in the growth markets of tomorrow. Noida International Airport in Delhi, India, will set a new standard for sustainable aviation infrastructure.

On 25 November, the groundbreaking ceremony for the construction of Noida International Airport took place. It is the largest foreign project of Flughafen Zürich AG to date. The project is characterised by ambitious sustainability goals. Daniel Bircher, Chief International Officer, answers some key questions.

You are building a greenfield airport in India. What is your plan and what will the airport look like?

Following a successful application, Flughafen Zürich AG signed a concession agreement with the authorities of the state of Uttar Pradesh in October 2020. This obliges us to build and operate Noida International Airport until 2061. We have 1334 ha of land available for the project. The total investment for the construction is around CHF 750 million.

The project foresees two runways and two passenger terminals. By the end of the first construction phase which will last until 2024, the airport will have a terminal and a runway. It will be operating at the capacity of around 12 million passengers a year. In the short term, Noida shall connect Greater Delhi and the western part of Uttar Pradesh with other cities in India while developing into an international airport in the long-term, adding further connections from India to the world.

Noida International Airport will be the first airport in its class to achieve net-zero CO₂-emissions. How do you want to achieve this?

From the beginning, the project required that all buildings must be planned and constructed according to the latest international environmental standards. The architecture of the buildings contributes to an efficient resource management. The power supply is covered by a large photovoltaic system and we will further ensure to cover any additional power demand from the public grid only with sustainably produced electricity. We plan to operate only battery-powered vehicles at Noida. In addition, we will invest in facilities for rainwater treatment, wastewater purification as well as the airport's own waste recycling plant for the production of biogas, which will be used on site. Furthermore, all companies operating at the airport will be obliged to comply with strict environmental regulations.

What role do projects abroad play in Flughafen Zürich AG's strategy?

As the operator of Zurich Airport, we have an in-depth knowledge and a broad experience in managing and developing an airport. Zurich Airport remains the most important pillar of our company. However, to diversify our business model, we have decided to apply our know-how internationally. We focus on projects in the Latin American and selected Asian markets. Our international activities enable us to expand our aviation business and Noida is definitely a milestone in this regard. It is our largest project in India to date, but not our first one. Between 2005 and 2017, we planned, built and operated Kempegowda International Airport in Bangalore. We eventually sold the stake at a profit. This gives us confidence in our ability to build and run another airport of the highest quality.

How do you ensure that your high standards of climate and environmental protection are also implemented in your international activities?

Flughafen Zürich AG is a leader in actively shaping environmental protection at airports. Our expertise, based on decades of experience, is in demand worldwide. The origins of climate protection in our company go back to the environmental mission statement of 1998. We have been driving the ecological development of our infrastructure in Zurich for decades by using latest technologies. We consciously bring our experience into our international projects and implement high process and infrastructure standards abroad, which serve as a regional benchmark. The focus of the measures depends on the location, but mostly involves optimisations in the areas of waste management, energy efficiency and water protection.

The many comprehensive environmental protection measures in our international airport development projects prove that we are making an effective contribution abroad. To sum up, we do not solely focus on the positive economic impulses, such as the creation of jobs and the improvement of the connectivity in a region but we also pay attention to the environmental aspects.

Traffic Development

All figures January to April 2022

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



LOCAL PASSENGERS

3,663,714

Change vs. 2021
+339.1%

Change vs. 2020
+2.1%

Change vs. 2019
-43.8%



TRANSFER PASSENGERS

1,348,048

Change vs. 2021
+623.2%

Change vs. 2020
-8.4%

Change vs. 2019
-51.3%



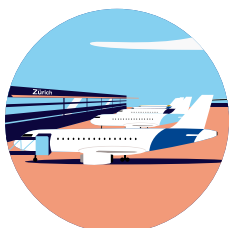
TOTAL PASSENGERS

5,028,119

Change vs. 2021
+387.3%

Change vs. 2020
-0.9%

Change vs. 2019
-46.0%



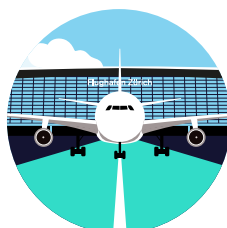
SHARE OF TRANSFERS

26.9%

Change vs. 2021
+8.6 percentage points

Change vs. 2020
-2.2 percentage points

Change vs. 2019
-2.9 percentage points



FLIGHT MOVEMENTS

56,811

Change vs. 2021
+148.8%

Change vs. 2020
+8.6%

Change vs. 2019
-34.5%



FREIGHT

145,876 t

Change vs. 2021
25.6%

Change vs. 2020
+38.0%

Change vs. 2019
-3.6%

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