

# **Corporate Governance Statement**

FOR THE YEAR ENDED 31 DECEMBER 2017

# Corporate Governance Statement 2017

This statement outlines the corporate governance framework and practices of ASX-listed Sydney Airport (SYD) in the form of a report against the ASX Corporate Governance Principles and Recommendations (3rd Edition) (ASX Principles).

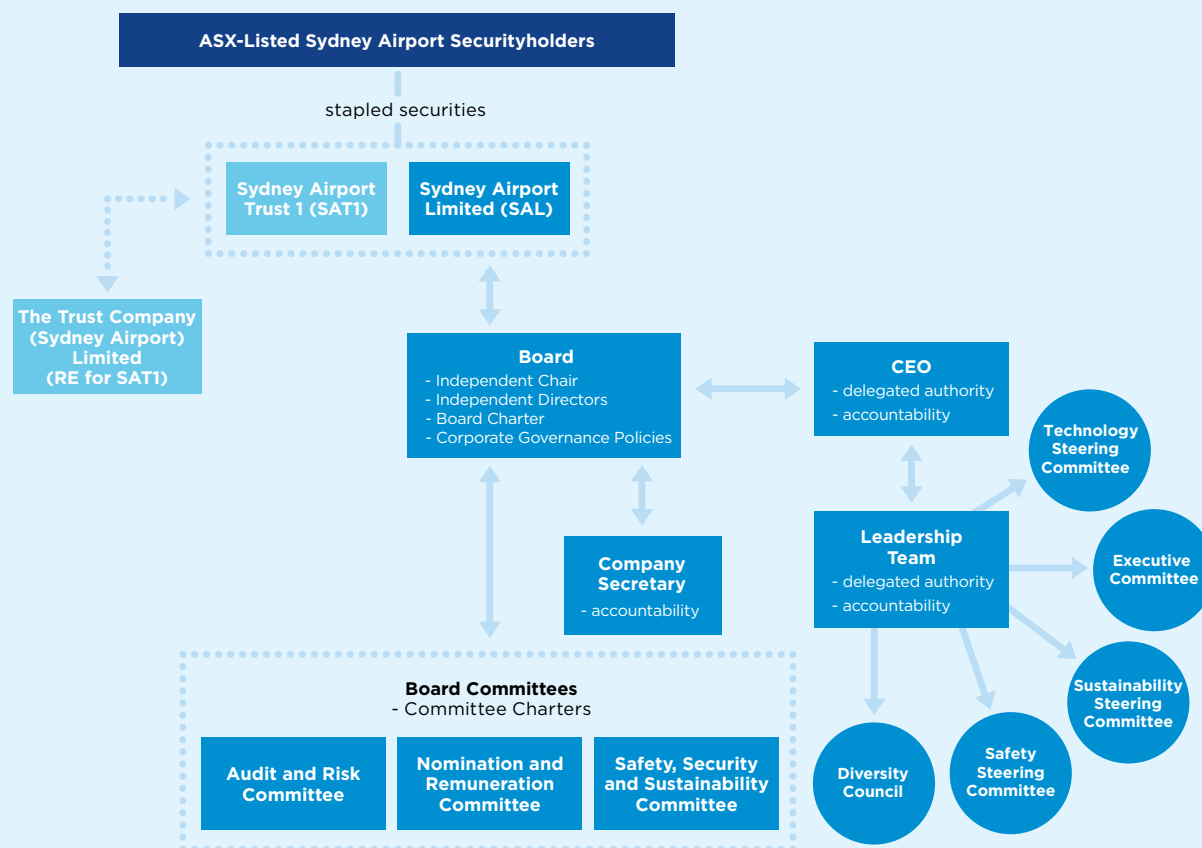
SYD is comprised of Sydney Airport Limited (SAL), which is the parent company of the operator of Sydney (Kingsford Smith) Airport, and Sydney Airport Trust 1 (SAT1) a registered managed investment scheme, whose responsible entity is The Trust Company (Sydney Airport) Limited (the RE), a wholly owned subsidiary of Perpetual Limited (ASX:PPT) (Perpetual). Each SAL share is stapled to a SAT1 unit, and the stapled securities are quoted on ASX under the ticker "SYD".

SAL and the RE have distinct boards, each of which functions independently of the other. Each has a commitment to high standards of corporate governance, and operates in accordance with their own policies and procedures.

The RE is reliant on Perpetual for access to adequate resources including directors, management, staff, functional support (including company secretarial, responsible managers, legal, compliance and risk, finance) and financial resources. Perpetual has at all times made these resources available to the RE.

In operating SAT1 the RE's overarching principle is to always act in good faith and in the best interests of SAT1's unitholders, in accordance with its fiduciary duty. The RE's duties and obligations in relation to SAT1 principally arise from: the constitution of SAT1; the compliance plan for SAT1; the Corporations Act 2001; the ASX Listing Rules; the RE's Australian Financial Services Licence; relevant regulatory guidance, contractual arrangements and other applicable laws and regulations.

An overview of SYD's corporate governance framework is depicted below:



This statement applies to both SAL and the RE. It is current as at 20 February 2018, and has been approved by the boards of SAL and the RE. It has been lodged with ASX along with SYD's ASX Appendix 4G and the 2017 Annual Report, each of which is available on the Sydney Airport website ([www.sydneyairport.com.au](http://www.sydneyairport.com.au)).

## Principle 1: Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

### Recommendation 1.1

#### SAL Board

The SAL board's roles and responsibilities are formalised in a board charter available on the Sydney Airport website. The charter sets out the extent to which the board has delegated its responsibilities to management and the way in which the board operates to discharge its responsibilities.

To facilitate the effective and efficient discharge of the board's responsibilities, it has delegated the day-to-day exercise of certain powers to management. The powers conferred upon management such as operating and capital expenditure limits and the authority to enter into revenue contracts, leases and licences are clearly documented. Notwithstanding that operating or capital expenditure may be within a delegate's delegation, matters reserved only to the board as outlined in the charter must be raised with the Chief Executive Officer (CEO) and the board.

The chairman of the SAL board is Trevor Gerber. The chairman is responsible for leading the board, facilitating the proper briefing of directors, facilitating effective discussion of matters considered by the board and managing the board's relationship with management.

The CEO is responsible to the board for implementation of strategies, policies and decisions determined by the board.

Non-executive directors (NEDs) meet after each board meeting in the absence of management.

#### RE Board

The RE board delegates to Perpetual management all matters not reserved to the RE board, including the day-to-day management of the RE and the operation of SAT1. Directors, management and staff are guided by Perpetual's Code of Conduct which is designed to assist them in making ethical business decisions.

The role of the RE board is generally to set objectives and goals for the operation of the RE and SAT1, to oversee the RE's management, to regularly review performance and to monitor the RE's affairs acting in the best interests of the unitholders of SAT1.

The RE Board is accountable to the unitholders of SAT1. It is responsible for approving the RE's overall objectives, overseeing their implementation in discharging their duties and obligations to SAT1.

The role of the RE's management is to manage the business of the RE in operating SAT1.

### Recommendation 1.2

#### SAL Board

Director selection and appointment practices ensure the SAL board is of a size and composition conducive to making appropriate decisions, with the benefit of a variety of perspectives and skills and in the best interests of Sydney Airport. Directors with a range of qualifications, expertise, experience, diversity and personal attributes are appointed to the board to enable it to effectively discharge its duties and to add value to the board's deliberations.

Security holders are provided with all material information to enable them to make an informed decision on whether or not to elect or re-elect a director at the AGM. Biographies of each of the directors standing for election or re-election are provided in the Notices of Meeting, including a list of qualifications, experience, skills, tenure, independence status and other material directorships.

Profiles for directors of SAL are available in the Sydney Airport 2017 Annual Report.

#### RE Board

This recommendation is not applicable to the RE.

**Recommendation 1.3**

**SAL Board**

All NEDs of SAL have received a letter of appointment addressing the matters recommended by the ASX Principles. They clearly set out the terms of engagement outlining their roles, responsibilities, entitlements and access rights. NEDs are informed of the agreed procedure for the board and committees to obtain independent professional advice at Sydney Airport’s expense and are provided with Sydney Airport’s key policies. All senior executives have comprehensive written employment agreements.

**RE Board**

This recommendation is not applicable to the RE.

**Recommendation 1.4**

**SAL Board**

The SAL Company Secretary has a dual reporting line to the CEO and to the SAL board, through the Chairman.

The Company Secretary directly communicates to the board, advising on governance matters, facilitating inductions and professional development for directors and ensures that the directors receive timely, regular and appropriate information to enable them to fulfil their duties. This information is provided as part of directors’ board papers and regular reporting on airport performance.

**RE Board**

This recommendation is not applicable to the RE.

**Recommendation 1.5**

**SAL Board**

SAL adopted an updated diversity policy in 2016. A copy of the policy is on the Sydney Airport website. The SAL Nomination and Remuneration Committee assists and advises the SAL board to establish and monitor strategies to promote workplace diversity at Sydney Airport. On an annual basis the board reviews statistics and trends on all aspects of diversity, including age, gender, tenure, ethnicity and indigenous background to ensure we are continually making progress in achieving our goal of having a diverse workforce.

SAL’s Diversity Council consists of the executive team and is chaired by the CEO. The Diversity Council meets quarterly with a focus to implement, drive and review progress against diversity objectives set by the board. The SAL board has committed to the Australian Institute of Company Directors “30% Club” for both board and management. In addition, we continued to work towards our targets to increase female representation at Sydney Airport, both in terms of overall staff numbers and new hires. During the reporting period Sydney Airport was recognised as a global gender equality leader on Equileap’s Top 200 list.

<b>Goal</b>	Achieving gender equality at Sydney Airport	
<b>Target</b>	30% representation of women at board and management	
<b>Measures</b>	% of females on the board	28.6% (28.6% in 2016)
	% of females across our workforce	37.9% (36.4% in 2016)
	% of females in management positions	38.9% (36.8% in 2016)
	% of new recruits that are females	50% (47.1% in 2016)

New gender targets will be set by the board in 2018.

## Gender Equality

The proportion of women employed in Sydney Airport as at each 31 December is set out in the following table:

	2014 (%)	2015 (%)	2016 <sup>1</sup> (%)	2017 (%)
Board	28.6	28.6	28.6	28.6
Senior executive	44.4	40.0	33.3	27.3
Senior manager	20.0	35.5	41.4	48.3
Middle manager	41.4	37.9	n/a	n/a
Manager	16.7	27.6	n/a	n/a
Other manager	n/a	n/a	35.5	36.5
Overall	30.8	33.8	36.4	37.9

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

Although senior executive female employee numbers have decreased, we continue to make improvements in relation to gender equality with our overall female employee numbers increasing 1.5% from 36.4% to 37.9% during 2017. Our female managers account for 38.9% of all managers and 50% of our 2017 recruits were female.

Gender diversity at the board level has remained constant over the past four years. Sydney Airport is currently in the process of recruiting a new director planned to be announced prior to the AGM.

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

## Diversity and Inclusion Strategy

In 2017 the business focused on the continued development of the diversity and inclusion strategy and framework. We have formulated our approach under four pillars:

Create an inclusive culture	Demonstrating leadership and establishing targeted policies and programs that foster a respectful and inclusive culture
Demonstrate leadership across the airport community	Proactively leading by example and collaborating with our business partners to support a diverse and inclusive airport
Attract, develop and retain a diverse workforce	Supporting a diverse workforce to drive creativity and innovation
Reflect our diverse customer base and community	Celebrating Sydney Airport's diversity and providing opportunities to under-represented groups in our community

We conducted our first staff diversity and inclusion survey to understand the key areas of interest and priorities for our people. The survey results have informed us that the key priority areas are:

- Raising awareness on diversity and inclusion;
- Making our workplace more flexible; and
- Making our workplace more inclusive and free from bullying and harassment.

These priority areas have been endorsed by the board.

An employee diversity and inclusion working group has been established to assist the Diversity Council in the development and delivery of programs focusing on these priority areas.

Further details of our diversity programs can be found in the 2017 Sustainability Report.

## RE Board

This recommendation is not applicable to the RE.

## Recommendation 1.6

### SAL Board

The chairman of the SAL board is responsible for evaluating and monitoring the performance of the board and manages this process in accordance with the board charter.

Evaluations are conducted annually, with independent third party evaluations taking place on a periodic basis. The independent third party evaluation previously scheduled for 2017 has been deferred following the retirement of Kerrie Mather and the potential appointment of a new director.

### RE Board

This recommendation is not applicable to the RE.

## Recommendation 1.7

### SAL Board

SAL has a robust performance management system which starts with the setting of comprehensive objectives which are supplemented by behavioural requirements. Objectives are reviewed mid-year and a formal appraisal of results is conducted at the end of the year. Remuneration outcomes (Fixed Annual Remuneration (FAR) increases and Short Term Incentives (STI)) are based on the performance outcomes achieved for the objectives. The deferral of a component of the STI ensures focus on both the short and long term success of Sydney Airport.

In 2015, SAL introduced a Long Term Incentive Plan (LTI Plan) to provide senior executives incentives to ensure that Sydney Airport continues its superior performance, by linking potential reward to continued growth in Sydney Airport's long term financial performance and security holder returns. This is subject to performance conditions set by the board and measured over a three year period.

Objectives for the CEO are approved by the SAL Board at the commencement of the year. The CEO then cascades the key themes to the senior executives where individual and cross functional objectives are set. During 2017, the performance of the Leadership Team was reviewed in line with the overall process outlined above.

### RE Board

This recommendation is not applicable to the RE.

## Principle 2: Structure the board to add value

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A listed entity should have a board of an appropriate size, composition, skill and commitment to enable it to discharge its duties effectively.

## Recommendation 2.1

### SAL Board

The SAL board has a Nomination and Remuneration Committee. The chair of the Committee must be an independent non-executive director. The Committee's charter sets out its composition, size, roles and responsibilities. A copy of the charter is on the Sydney Airport website. A table of Board and Committee members and the number of times they met throughout the year can be found on page 58 of the 2017 Annual Report.

### RE Board

This recommendation is not applicable to the RE.

## Recommendation 2.2

### SAL Board

SAL's director selection, appointment practices and annual performance reviews are thorough, ensuring the board has the benefit of a variety of experiences, perspectives and skills and continues to be of a size and composition conducive to making appropriate decisions in the best interest of Sydney Airport's investors and stakeholders.

Sydney Airport believes it is important that directors have a broad range of skills and experience to guide, challenge and advise management. The board is currently in the process of recruiting an additional director to expand the board's mix of skills, experience, knowledge and capabilities for the effective ongoing management of Sydney Airport.

The Board also supplements its collective skills and experience when specific issues arise by using external advisors.

## Board skills matrix

Set out in the following table are the skills and experience of SAL's directors and the requirements of the business:

Skills and Experience	
	<b>Aviation and transport</b> - Experience in aviation or transport with a large quality organisation. Aviation is our core business and an understanding of the complex network of stakeholders is of critical importance
	<b>Construction and engineering</b> - Sydney Airport has a significant annual capex program involving construction and engineering to ensure that airfield, terminal and landside works are delivered efficiently and effectively to facilitate capacity growth and an improved passenger experience
	<b>Information Technology</b> - IT strategies and innovations, network development, use and governance of critical information technology infrastructure is an essential part of day to day operations at the airport and enabling the delivery of a next generation experience. This is a core skill and experience within Management, and is supplemented with external experts when necessary
	<b>Legal</b> - Legal expertise is essential in the day to day management of risk, insurance, work, health and safety (WHS) and legal procedures, in addition to our engagement with airport tenants, contractors, government and other stakeholders
	<b>Retail</b> - Retail experience assists in evaluating progress of the implementation of our retail strategy, to deliver new and unique experiences that enhance the passenger journey. This includes proactively seeking compelling local and international brands that showcase exceptional product offerings unique to the airport, including airport and Australian firsts across food and fashion
	<b>Tourism development</b> - A proactive relationship with state and federal tourism bodies, in addition to international tourism bodies and regional governments is central to Sydney Airport's growth and marketing strategies
	<b>Leadership</b> - Driving direction, guidance, leading organisational change and strategic planning
	<b>Health and safety</b> - Developing proactive strategies and policies to ensure the health, safety and security of airport users
	<b>Banking and finance</b> - Detailed knowledge of financial and capital management strategies, treasury, accounting and reporting, corporate finance and internal controls, including assessing the quality of financial controls
	<b>Risk management</b> - Assessing appropriateness of risk management framework, building and adapting organisational risk culture, proactive identification of risks, developing effective policy and procedures to manage risks
	<b>Governance and compliance</b> - Providing direction on organisation-wide governance and compliance policies, systems and frameworks, training and education, and ensuring compliance
	<b>Government relations</b> - Interacting with domestic and international, state and federal governments and regulators
	<b>Remuneration</b> - Developing the framework, policies and practices to attract, retain and motivate directors and staff who will create value for security holders
	<b>Environment and Sustainability</b> - Developing environment and sustainability strategies and initiatives
	<b>Emotional Intelligence</b> - Highly developed communication and social skills

**RE Board**

This recommendation is not applicable to the RE.

**Recommendation 2.3**

**SAL Board**

SAL has adopted a definition of independence based on the ASX Corporate Governance Principles and Recommendations. SAL has not set tenure limits for directors.

Each director’s independence is assessed annually. The names of the Sydney Airport directors that are considered to be independent and the year in which they were appointed are listed below:

Trevor Gerber (Chairman)	2002
Michael Lee	2003
John Roberts	2009
Stephen Ward	2011
Ann Sherry	2014
Grant Fenn	2015

Trevor Gerber and Michael Lee have each been Sydney Airport directors for more than 10 years. The Board considers that each of them have clearly demonstrated their independence from management through their decision making and general performance as directors.

Grant Fenn is the Managing Director and Chief Executive Officer of Downer EDI Limited, the parent company of Downer EDI Works Pty Ltd and Downer Engineering Pty Ltd, which has entered into contracts with Sydney Airport, as described on page 119 of the Annual Report. The contracts were made following competitive tender processes and he was not involved in any board decision regarding the contracts. In considering Grant Fenn’s independence, the board has concluded that these contracts do not impact on his capacity to act in the best interest of Sydney Airport nor does it impact on this ability to act with independent judgement.

**RE Board**

The names of the RE directors that are considered to be independent and the year in which they were appointed are listed below:

Russell Balding	2013
Patrick Gourley	2013

Gillian Larkins and Christopher Green are not considered to be independent because they are executives of Perpetual, the parent company of the RE. Gillian was appointed a director of the RE in 2016. Christopher Green was appointed as an alternate director of the RE in 2016.

**Recommendation 2.4**

It is SAL’s policy that a majority of directors must be independent. All SAL NEDs are independent.

It is the RE’s policy that a majority of directors must be independent. A majority of RE directors are independent.

The boards of both SAL and the RE regularly consider the independence of directors based on the definition of independence set out in the ASX Corporate Governance Principles.

The RE board also ensures that it maintains independent judgement in board decisions. The RE board meets as required to consider matters in relation to SAT1.

The RE adds value in terms of the best interests of SAT1’s unitholders through being independent of SAL. This independent structure avoids any conflicts of interest between the RE and SAL whenever discretionary decisions are required of either entity in their respective capacities.

Each member of each board is subject to re-election on a rolling three yearly basis at the Sydney Airport AGM.

Additionally, the RE board has a Compliance Committee for SAT1 that does not contain any board members. The Compliance Committee has a majority of independent members and is chaired by an independent member who is not the chair of the RE Board.



### Recommendation 2.5

#### SAL Board

The SAL Board Charter requires the Sydney Airport Chairman to be an independent non-executive director. The Chairman may not hold the office of the CEO.

The market will be notified in a timely way of any change to a director's status as an independent director.

#### RE Board

This recommendation is not applicable to the RE.

### Recommendation 2.6

#### SAL Board

All new directors and executives are required to participate in an induction and training program about Sydney Airport and their roles and responsibilities. All directors are invited to participate in training sessions, conferences and airport tours organised by management.

During 2017 directors participated in cyber security training, completed an online training module of our new Code of Conduct and conducted a safety walk of the T1 International Terminal as part of their ongoing development and role modelling of our safety and security values.

#### RE Board

This recommendation is not applicable to the RE.

## Principle 3: Promote ethical and responsible decision making

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A listed entity should act ethically and responsibly.

### Recommendation 3.1

#### SAL Board

In 2017 SAL adopted a new Code of Conduct. The Code of Conduct applies to all directors, employees, contracted staff and consultants. The document sets out SAL's vision, mission, values and practices that govern the way that Sydney Airport and its people carry on business and engage with stakeholders. The Code of Conduct is available on Sydney Airport's website.

To ensure SAL's expectation of excellence and integrity and that all employees are clear on their responsibilities, company-wide small group briefings were conducted as well as the development of a new online training module that will form part of the induction program. From 2018, employees will complete an annual declaration of compliance with our Code of Conduct, and behaviours will continue to be reviewed as part of our annual employee review process.

Sydney Airport prohibits directors and staff participating in activities that involve a conflict between their duties and responsibilities or which are prejudicial to Sydney Airport's business. Directors and staff must not put themselves in a position of conflict with the best interests of investors or in a position which unfairly puts the interests of one investor above another's.

As part of our updated Code of Conduct we have introduced an enhanced Gifts and Entertainment Policy. Our policy requires all entertainment invitations to be approved by our General Counsel and Company Secretary. Clear guidance is provided in our Code of Conduct on when an event or function will not be approved. In addition, our Code of Conduct sets our expectations with regards to accepting of gifts, with all gifts to be declared to the Manager, Corporate Governance and held on our gift registry.

SAL's securities dealing policy applies to directors as well as employees of both SAL and the RE and it restricts their ability to deal in Sydney Airport securities. Trading in Sydney Airport securities is not permitted during blackout periods. The blackout periods operate from 1 January until the day after full-year financial results are released to the ASX, and from 1 July until the day after half-year financial results are released to ASX. A blackout period also operates during the four weeks prior to the AGM until the day after the AGM. Additional blackout periods may also operate when Sydney Airport is considering market-sensitive transactions. Directors and staff are required to obtain prior approval for any trade from the company secretary in accordance with the securities dealing policy which is available on the Sydney Airport website.

In 2017 SAL adopted a Human Rights Policy. The policy outlines Sydney Airport's commitment to respecting and supporting human rights, consideration of human rights performance of existing and potential suppliers and setting expectations. Sydney Airport seeks to partner with suppliers, vendors, contractors and consultants who share in our commitment to demonstrate responsible business practices. These expectations form part of our procurement process and are set out in our Supplier Code of Conduct.

These policies can all be found in the Corporate Governance section of the Sydney Airport website.

### RE Board

Perpetual has a Code of Conduct and espoused Core Values and a further values framework known as the "Way we Work" within which it carries on its business and deals with its stakeholders. These apply to all directors and employees of Perpetual, and the RE. The Code of Conduct and Core Values supports all aspects of the way the RE conducts its business and is embedded into Perpetual's performance management process. The Code of Conduct is available on Perpetual's website [www.perpetual.com.au](http://www.perpetual.com.au).

## Principle 4: Safeguard integrity in financial reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

### Recommendation 4.1

#### SAL Board

The SAL Audit and Risk Committee comprises only independent directors and complies with the requirements of the ASX Principles. The chairman of the SAL board cannot chair the Audit and Risk Committee.

The SAL Audit and Risk Committee charter is available on the Sydney Airport website and it sets out the committee's role, responsibilities, and composition. The Audit and Risk Committee is responsible for overseeing the structure and management systems that ensure the integrity of financial reporting. Specifically, the committee:

- reviews and reports to the board on the financial reports and on the external auditor's audit of the financial statements;
- recommends to the board the appointment and removal of the external auditor, reviews the auditor's terms of engagement including arrangements for the rotation of the external audit partner, and the scope and quality of the audit;
- monitors auditor independence including the level of non-audit services provided, and reports its findings to the board; and
- reviews and reports to the board on reports from the internal auditors.

The relevant qualifications and experience of the members of the SAL Audit and Risk Committee are set out in the biographies of directors on pages 54-56 of the 2017 Annual Report.

#### RE Board

The functions of an audit committee are all undertaken by the full board of the RE with assistance from the RE's management.

The RE receives confirmations from personnel involved in the financial reporting and management of SAT1. The RE Board receives periodic reports from the external auditors in relation to financial reporting and the compliance plan for SAT1. In conjunction with SAL, the RE manages the engagement, monitoring and rotation of independent external auditors.

The relevant qualifications and experience of the RE board are set out in the biographies of directors on pages 72-73 of the 2017 Annual Report.

### Recommendation 4.2

Declarations under Section 295A of the Corporations Act 2001 ('CEO and CFO declarations') provide formal statements to the SAL board and to the RE board in relation to SAT1. The declarations confirm the matters required by the Corporations Act 2001 in connection with financial reporting. The RE also receives confirmations from the service providers involved in financial reporting and management of SAT1, including relevant Sydney Airport staff.

### Recommendation 4.3

The Sydney Airport auditor attends the AGM and is available to answer investor questions on the conduct of the audit, and the preparation and content of the auditor's report.

## Principle 5: Make timely and balanced disclosure

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A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

### Recommendation 5.1

Sydney Airport's continuous disclosure and communications policy is available on the Sydney Airport website. Sydney Airport provides timely, open and accurate information to its investors, regulators and other stakeholders to ensure that all investors have equal and timely access to material information concerning Sydney Airport and facilitate trading on an informed basis. The policy applies to both SAL and SAT1.

The continuous disclosure and communications policy facilitates compliance with ASX Listing Rules because it includes procedures for identifying potentially price-sensitive information, a process for escalation to the CEO and General Counsel for determination as to disclosure required, and a management sign-off process to ensure that ASX releases are accurate and complete. The SAL and RE boards approve announcements that relate to matters within the reserved powers of the boards and which have not been delegated to management or which are of particular significance to Sydney Airport. The ASX liaison person is the SAL company secretary.

## Principle 6: Respect the rights of investors

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A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

### Recommendation 6.1

Sydney Airport is committed to ensuring timely and accurate information about the airport, SAT1 and all relevant corporate governance information is available to security holders via our website. The website has a "Corporate Governance" section under the "About" tab that stores all the governance-related documents. All ASX announcements are promptly posted on the website under the "Investors" tab. The annual and half year results presentations, financial statements, media releases, key dates, traffic announcements, webcasts and other communication materials are also published in the Investors section of the website.

### Recommendation 6.2

Sydney Airport has a comprehensive security holder engagement program which includes annual reports, emails, briefings, presentations and events, including Investor Days and retail roadshows. The program includes periodic and ad-hoc briefings with institutional and private investors, analysts and the financial media. Sydney Airport aims to arrange time for questions at appropriate opportunities during briefing events providing a forum for two-way communication. Sydney Airport also provides the mechanism for investors to sign up for personalised notification of ASX and media releases as well as an "investors" email address through which everyone can communicate with our Head of Investor Relations.

The RE is a member of the Financial Ombudsman Service, an independent dispute resolution body, which is available to investors in the event that any complaints cannot be satisfactorily resolved by the RE in line with our Continuous Disclosure and Communications Policy, which can be found on the Sydney Airport website.

### Recommendation 6.3

Sydney Airport regards the AGM as an important opportunity to communicate with security holders. It is also a major forum for security holders to ask questions about the performance of Sydney Airport, and to provide feedback about information they have received.

Investors are encouraged to attend the AGM, which is generally held in May each year. The full text of notices of meeting and explanatory material is published on the website. AGMs are webcast live and later archived for the benefit of security holders who are unable to attend in person. Investors who are unable to attend in person can also vote using proxy forms by post, fax or via the internet.

### Recommendation 6.4

Security holders are able to, and encouraged to, elect to, receive all company information in electronic format in line with Sydney Airport's commitment to sustainability.

## Principle 7: Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

### Recommendation 7.1

#### SAL Board

The SAL Audit and Risk Committee assists the board to monitor Sydney Airport's Enterprise Risk Management Framework as set out in the Audit and Risk Committee Charter.

The SAL board has established a policy governing Sydney Airport's approach to risk and internal control systems to minimise different categories of risks. Our risk management policy is available on the Sydney Airport website, and it addresses a wide range of risks including:

- financial risks (e.g. liquidity, interest rate and credit);
- legal risks (e.g. the enforceability of important contracts, litigation);
- compliance risks;
- operational risks (e.g. processes, information technology, outsourcing of services);
- environmental and social risks;
- WHS risks;
- strategic risks;
- climate change risks;
- reputation risks; and
- cyber security risks.

The board requires management to design and implement the risk management and internal control systems, including undertaking a risk assessment of SAL and its business and operations. Management reports to the board on whether those risks are being managed effectively. All SAL directors are also members of the board of Sydney Airport Corporation Limited, the company which operates Sydney (Kingsford Smith) Airport. This provides directors with direct visibility of matters considered and reported on by management.

#### RE Board

The RE values the importance of robust risk management systems and maintains a current risk register as part of its formal risk management program. SAT1 has a Compliance Committee, comprised of Michael Vainauskas, Michelene Collopy and Virginia Malley. The Compliance Committee meets at least quarterly. In 2017 all four meetings held were attended by all Compliance Committee members. The Compliance Committee Charter which can be found on the Sydney Airport website sets out its role and responsibilities. The Compliance Committee is responsible for compliance matters regarding the RE's compliance plan and constitution and the Corporations Act. Perpetual's Audit, Risk and Compliance Committee is responsible for oversight of Perpetual's risk management and internal control systems. The Audit, Risk and Compliance Committee is comprised of Ian Hammond (Chair), Philip Bullock, Nancy Fox and Craig Ueland. In 2017 there were seven meetings held which were attended by all members. The Audit, Risk and Compliance Committee terms of reference sets out its role and responsibilities. This can be obtained on the Perpetual website. The majority of the Compliance Committee and the Audit, Risk and Compliance Committee members are independent. They are chaired by independent members.

The RE manages the engagement and monitoring of independent external auditors for SAT1. The RE board receives periodic reports in relation to financial reporting and the compliance plan audit outcomes for SAT1.

### Recommendation 7.2

#### SAL Board

In 2017 the board approved amendments to the Enterprise Risk Management Framework. The board reviewed the risk appetite as part of this process.

During the year, management reported to the SAL Audit and Risk Committee regarding the effectiveness of the management of material risks. In addition, the board received assurance from the CEO and CFO that their declaration under Section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

### RE Board

Perpetual has a risk management framework in place which is reviewed annually. The declarations under section 295A of the Act provide assurance regarding a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. The RE also receives appropriate declarations from the service providers involved in financial reporting.

### Recommendation 7.3

#### SAL Board

SAL has an established internal audit function and framework which is regularly monitored and reviewed by the Audit and Risk Committee. Internal audits testing system controls and processes are undertaken by the internal auditor throughout the year.

### RE Board

Internal audit is an integral part of Perpetual's governance and risk management culture and aims to protect Perpetual's earnings, reputation and customers. Perpetual's Internal Audit (IA) function reports to the Chief Risk Officer and the Head of IA functionally reports directly to the Chairman of the Perpetual Board Audit Risk & Compliance Committee (ARCC). IA provides independent and objective assurance, a disciplined approach to the assessment and improvement of risk management and monitoring and reporting on audit findings and recommendations. The internal audit plan is approved annually by ARCC with results of audit activity reported quarterly.

### Recommendation 7.4

Sydney Airport is committed to responsible growth that delivers positive outcomes for our customers, investors and the community in which we operate.

We make sustainability central to our business strategy. As a sustainable business we are committed to:

- Operating fairly and responsibly, ensuring risks are identified and appropriately managed;
- Integrating social and environmental considerations into our decision-making processes; and
- Working in collaboration with our customers, the airport community and other stakeholders to deliver mutually beneficial outcomes.

Our sustainability approach focuses on three key areas:

- **Responsible business** – being ethical, responsible and transparent in how we do business;
- **Planning for the future** – Supporting future passenger growth and delivering a step change in customer experience; and
- **Supporting our community** – working with our communities to create shared value.

Sydney Airport's annual sustainability report is prepared in alignment with the Global Reporting Initiative (GRI) G4 requirements. The 2017 Sustainability Report is available on Sydney Airport's website. The report identifies those issues considered material to its stakeholders and the business and outlines how it is managing those risks.

## Principle 8: Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

### Recommendation 8.1

#### SAL Board

The SAL board has a Nomination and Remuneration Committee and a copy of its charter is on the Sydney Airport website. The role of the Nomination and Remuneration Committee is to assist and advise the board on director selection and appointment practices, director performance evaluation processes and criteria, board composition and succession planning for the board and senior executives, diversity within the organisation, the executive remuneration framework and remuneration reporting (including by gender). All members of the committee are independent directors.

#### RE Board

The RE does not have a Remuneration Committee. The fees and expenses which the RE is permitted to pay out of the assets of SAT1 are set out in the constitution, and the only remuneration paid directly is the fees for the independent directors. The RE's non-independent director and staff involved in the day to day operations of the RE are remunerated by Perpetual and not by SAT1.

### Recommendation 8.2

#### SAL Board

The Remuneration Report sets out Sydney Airport's policy and practices for remunerating SAL directors and Sydney Airport staff.

The remuneration of staff is determined by the SAL board on the recommendation of the Nomination and Remuneration Committee in respect of the CEO and other senior executives. Salaries are benchmarked against comparable market participants based on advice from remuneration consultants. An incentive policy has been developed to align staff performance with Sydney Airport's objectives. Policies are in place to ensure that no senior executive is directly involved in deciding their own remuneration.

The remuneration of SAL NEDs has been disclosed to investors and is described in the Remuneration Report on pages 59-69 of the 2017 Annual Report. NEDs' remuneration is determined with reference to external benchmarking undertaken by consultants engaged by the board. None of the NEDs are entitled to options, securities, bonuses or retirement benefits as part of their remuneration package from Sydney Airport.

The Nomination and Remuneration Committee develops and reviews the process for selection, appointment and re-election of NEDs as well as developing and implementing a process for evaluating the performance of the SAL board, board committees and directors individually.

NEDs are subject to election by investors at the first AGM after their initial appointment by the board. In addition, each NED must stand for re-election by security holders on a rolling three year basis.

Letters of appointment for the NEDs, which are contracts for service but not contracts of employment, have been put in place. These letters confirm that the NEDs have no right to compensation on the termination of their appointment for any reason, other than for unpaid fees and expenses for the period actually served.

#### RE Board

Perpetual has remuneration policies in place to maintain and attract talented and motivated directors and employees. The policies are designed to improve the performance of Perpetual.

### Recommendation 8.3

#### SAL Board

Sydney Airport introduced a Long Term Incentive Plan (LTI Plan) in 2015. The details of the LTI Plan are set out in the Appendix to the 2015 Notices of Meeting which can be found at [www.sydneyairport.com.au/investor/investors-centre/Annual-General-Meeting](http://www.sydneyairport.com.au/investor/investors-centre/Annual-General-Meeting).

#### RE Board

This recommendation is not applicable to the RE.

**Sydney Airport**



[WWW.SYDNEYAIRPORT.COM.AU](http://WWW.SYDNEYAIRPORT.COM.AU)

## Appendix 4G

### Key to Disclosures

### Corporate Governance Council Principles and Recommendations

Name of entity

Sydney Airport

ABN / ARBN

Sydney Airport Limited ABN 18 165 056 360  
The Trust Company (Sydney Airport) Limited ABN 83 115967  
as responsible entity of Sydney Airport Trust 1 ARSN 099 597 921

Financial year ended:

31 December 2017

Our corporate governance statement<sup>2</sup> for the above period above can be found at:<sup>3</sup>

This URL on our website: <https://www.sydneyairport.com.au/corporate/about/corporate-governance>

The Corporate Governance Statement is accurate and up to date as at 20 February 2017 and has been approved by the board.

The annexure includes a key to where our corporate governance disclosures can be located.

Date here: 21 February 2018

Sign here:



Print name: Jamie Motum  
Company Secretary

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<sup>1</sup> Under Listing Rule 4.7.3, an entity must lodge with ASX a completed Appendix 4G at the same time as it lodges its annual report with ASX.

Listing Rule 4.10.3 requires an entity that is included in the official list as an ASX Listing to include in its annual report either a corporate governance statement that meets the requirements of that rule or the URL of the page on its website where such a statement is located. The corporate governance statement must disclose the extent to which the entity has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. If the entity has not followed a recommendation for any part of the reporting period, its corporate governance statement must separately identify that recommendation and the period during which it was not followed and state its reasons for not following the recommendation and what (if any) alternative governance practices it adopted in lieu of the recommendation during that period.

Under Listing Rule 4.7.4, if an entity chooses to include its corporate governance statement on its website rather than in its annual report, it must lodge a copy of the corporate governance statement with ASX at the same time as it lodges its annual report with ASX. The corporate governance statement must be current as at the effective date specified in that statement for the purposes of rule 4.10.3.

<sup>2</sup> "Corporate governance statement" is defined in Listing Rule 19.12 to mean the statement referred to in Listing Rule 4.10.3 which discloses the extent to which an entity has followed the recommendations set by the ASX Corporate Governance Council during a particular reporting period.

<sup>3</sup> Mark whichever option is correct and then complete the page number(s) of the annual report, or the URL of the web page, where the entity's corporate governance statement can be found. You can, if you wish, delete the option which is not applicable.

Throughout this form, where you are given two or more options to select, you can, if you wish, delete any option which is not applicable and just retain the option that is applicable. If you select an option that includes "OR" at the end of the selection and you delete the other options, you can also, if you wish, delete the "OR" at the end of the selection.



## ANNEXURE – KEY TO CORPORATE GOVERNANCE DISCLOSURES

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>			
1.1	A listed entity should disclose: (a) the respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and information about the respective roles and responsibilities of our board and management (including those matters expressly reserved to the board and those delegated to management): <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable

<sup>4</sup> If you have followed all of the Council's recommendations in full for the whole of the period above, you can, if you wish, delete this column from the form and re-format it.

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
1.5	<p>A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p>	<p>... the fact that we have a diversity policy that complies with paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of our diversity policy or a summary of it:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a></p> <p>... and the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with our diversity policy and our progress towards achieving them:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraphs (c)(1) or (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>... the evaluation process referred to in paragraph (a):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and the information referred to in paragraph (b):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 2 - STRUCTURE THE BOARD TO ADD VALUE</b>			
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a nomination committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/reports">https://www.sydneyairport.com.au/investor/investors-centre/reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a nomination committee and the processes we employ to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>... our board skills matrix:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and (c) the length of service of each director.	... the names of the directors considered by the board to be independent directors: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and, where applicable, the information referred to in paragraph (b): <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i> ... and the length of service of each director: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
2.4	A majority of the board of a listed entity should be independent directors.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	... the fact that we follow this recommendation: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>PRINCIPLE 3 – ACT ETHICALLY AND RESPONSIBLY</b>			
3.1	A listed entity should: (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it.	... our code of conduct or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 4 – SAFEGUARD INTEGRITY IN CORPORATE REPORTING</b>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, who is not the chair of the board,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the relevant qualifications and experience of the members of the committee; and</p> <p>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have an audit committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/reports">https://www.sydneyairport.com.au/investor/investors-centre/reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have an audit committee and the processes we employ that independently verify and safeguard the integrity of our corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>... the fact that we follow this recommendation:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	<p>... our continuous disclosure compliance policy or a summary of it:</p> <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p>... information about us and our governance on our website:</p> <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	<p>... our policies and processes for facilitating and encouraging participation at meetings of security holders:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we are an externally managed entity that does not hold periodic meetings of security holders and this recommendation is therefore not applicable
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p>... the fact that we follow this recommendation:</p> <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at <i>[insert location]</i>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>			
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a committee or committees to oversee risk that comply with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/reports">https://www.sydneyairport.com.au/investor/investors-centre/reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a risk committee or committees that satisfy (a) and the processes we employ for overseeing our risk management framework:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>... the fact that board or a committee of the board reviews the entity's risk management framework at least annually to satisfy itself that it continues to be sound:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and that such a review has taken place in the reporting period covered by this Appendix 4G:</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
7.3 A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	[If the entity complies with paragraph (a):] ... how our internal audit function is structured and what role it performs: <input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location] [If the entity complies with paragraph (b):] ... the fact that we do not have an internal audit function and the processes we employ for evaluating and continually improving the effectiveness of our risk management and internal control processes: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	... whether we have any material exposure to economic, environmental and social sustainability risks and, if we do, how we manage or intend to manage those risks: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/investor-sustainability">https://www.sydneyairport.com.au/investor/investors-centre/investor-sustainability</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement



## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation	We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>	
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>[If the entity complies with paragraph (a):]</p> <p>... the fact that we have a remuneration committee that complies with paragraphs (1) and (2):</p> <p><input checked="" type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p> <p>... and a copy of the charter of the committee:</p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/corporate/about/corporate-governance">https://www.sydneyairport.com.au/corporate/about/corporate-governance</a></p> <p>... and the information referred to in paragraphs (4) and (5):</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/reports">https://www.sydneyairport.com.au/investor/investors-centre/reports</a></p> <p>[If the entity complies with paragraph (b):]</p> <p>... the fact that we do not have a remuneration committee and the processes we employ for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> at <i>[insert location]</i></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>... separately our remuneration policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives:</p> <p><input type="checkbox"/> in our Corporate Governance Statement <b>OR</b></p> <p><input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/reports">https://www.sydneyairport.com.au/investor/investors-centre/reports</a></p>	<p><input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b></p> <p><input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable</p>

## Key to Disclosures Corporate Governance Council Principles and Recommendations

Corporate Governance Council recommendation		We have followed the recommendation in full for the whole of the period above. We have disclosed ...	We have NOT followed the recommendation in full for the whole of the period above. We have disclosed ... <sup>4</sup>
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	... our policy on this issue or a summary of it: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input checked="" type="checkbox"/> at <a href="https://www.sydneyairport.com.au/investor/investors-centre/Annual-General-Meeting">https://www.sydneyairport.com.au/investor/investors-centre/Annual-General-Meeting</a>	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> we do not have an equity-based remuneration scheme and this recommendation is therefore not applicable <b>OR</b> <input type="checkbox"/> we are an externally managed entity and this recommendation is therefore not applicable
<b>ADDITIONAL DISCLOSURES APPLICABLE TO EXTERNALLY MANAGED LISTED ENTITIES</b>			
-	<i>Alternative to Recommendation 1.1 for externally managed listed entities:</i> The responsible entity of an externally managed listed entity should disclose: (a) the arrangements between the responsible entity and the listed entity for managing the affairs of the listed entity; (b) the role and responsibility of the board of the responsible entity for overseeing those arrangements.	... the information referred to in paragraphs (a) and (b): <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement
-	<i>Alternative to Recommendations 8.1, 8.2 and 8.3 for externally managed listed entities:</i> An externally managed listed entity should clearly disclose the terms governing the remuneration of the manager.	... the terms governing our remuneration as manager of the entity: <input type="checkbox"/> in our Corporate Governance Statement <b>OR</b> <input type="checkbox"/> at [insert location]	<input type="checkbox"/> an explanation why that is so in our Corporate Governance Statement