

Combined Separate Non-financial Report

Description of Business Model

The Fraport Group is among the leading global airport groups with its international portfolio. Fraport provides all operational and administrative services for airport and terminal operation as well as other associated services. The range of services also includes planning and consulting services. Passenger traffic, which impacts on a majority of the services the Group provides, is key to the Group's revenue and earnings performance.

In contrast to time-limited airport operating models, the Fraport Group parent company, Fraport AG, wholly owns and operates Frankfurt Airport with no time limits. With more than 9,800 employees, Fraport AG, which has been stock exchange-listed since 2001, is also the biggest single company of the Group, which has more than 21,900 employees. Including the Frankfurt site, Fraport was active at 30 airports through Group companies at the time the consolidated financial statements were prepared. More information on the business model, the competitive position, and the Group structure can be found in the "Situation of the Group" section of the Group management report starting on page 54, as well as in the Fraport AG management report in the section "Situation of the Fraport AG" starting on page 4.

About This Report

This combined separate non-financial report describes, in accordance with Section 315b and 315c in conjunction with Section 289b – 289c of the HGB, the activities of the Fraport Group (Fraport AG and all fully consolidated Group companies, hereinafter: "Fraport") as well as the Fraport parent company (hereinafter: "Fraport AG"). It is identified whether the remarks refer to the Fraport Group or to Fraport AG.

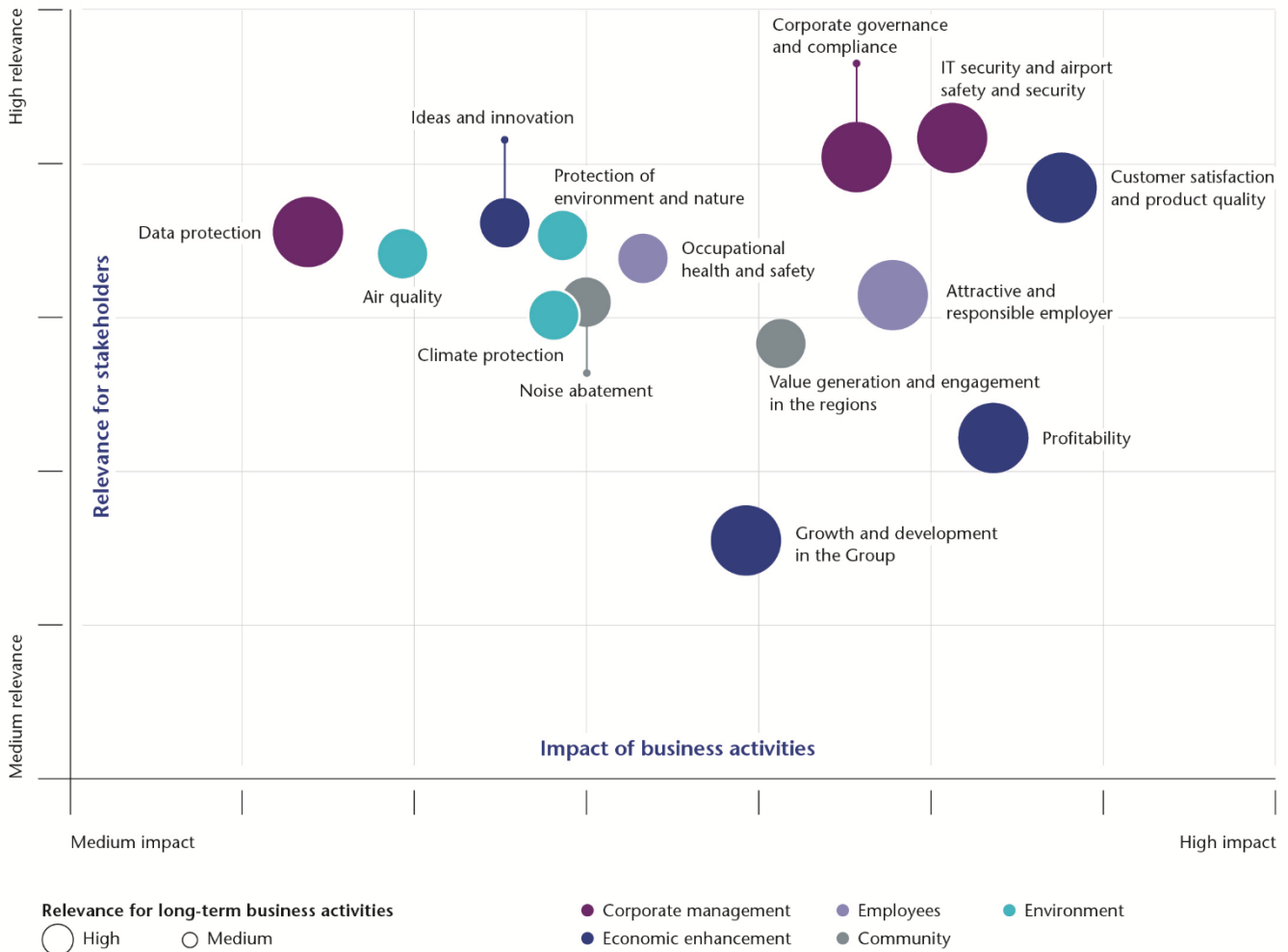
Derivation of materiality

In fiscal year 2018, Fraport continued with the implementation of its Group strategy developed on the basis of the mission statement implemented in 2015/2016. The mission statement encompasses the Group goals "Growth in Frankfurt and internationally", "Service-oriented airport provider", "Economically successful through optimal cooperation", "Learning organization and digitalization", and "Fairness and recognition for partners and neighbors". The vision of establishing Fraport as Europe's top airport operator and also to set global standards forms the basis of the Group strategy.

Based on these Group goals, the Executive Board has defined six key non-financial performance indicators in accordance with Section 315 (3) of the HGB in conjunction with Section 289 (3) of the HGB. These are global satisfaction of passengers and baggage connectivity, employee satisfaction, women in management positions, sickness rate, and CO₂ emissions. These performance indicators are also included in the Group management report in the chapters "Control", "Non-financial performance indicators", and "Business outlook" starting on page 67, as well as in the corresponding sections of the Fraport AG management report starting on page 10.

The materiality matrix pursuant to the requirements of the Global Reporting Initiative framework used by Fraport is the result of a systematic exchange with internal and external stakeholders. In 2018, Fraport AG conducted an elaborate assessment of the selected topics. Fraport's management and representatives of the most important stakeholders (airlines, analysts, banks, business partners, economic associations, employee representatives, employees, investors, local residents living near airports, media, NGOs, passengers, politicians and authorities, science, and shareholders) confirmed the relevance of the current topics in an online survey. Newly included were the additional topics of "Corporate governance and compliance", "Data protection", "IT security and airport safety and security", and "Air quality". Both groups were also asked to prioritize the topics. In a subsequent step, the new matrix was confirmed by the Executive Board. The graphic shows the impact of direct and indirect business activities on the corresponding aspect, its relevance for stakeholders, as well as the relevance for Fraport's business activities.

Materiality matrix



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

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

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

The financial matters are not part of this report but can be found in the Group management report in the section “Economic Report” beginning on page 83 as well as in the corresponding section of the Fraport AG management report beginning on page 24. This concerns the topics “Profitability”, “Growth and development in the Group”, “Ideas and innovation”, and “Value generation”.

Use of frameworks

The combined separate non-financial report is based on the requirements of the Global Reporting Initiative (GRI) standards. The materiality matrix and the text on the aspects “Respect for human rights”, “Anti-corruption and bribery matters”, “Customer satisfaction and security”, “Employee-related matters”, “Environmental matters”, and “Social matters” were prepared in reference to the requirements of the GRI. The GRI Report of the Fraport Group for fiscal year 2018 will be available on May 8, 2019 at www.fraport.com/responsibility. References to information beyond the scope of the Group management report and consolidated financial statements are additional information and do not form part of this combined separate non-financial report.

Identification of risks

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

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

For fiscal year 2018, there were no additional reportable risks for the Fraport Group and Fraport AG in connection with the non-financial aspects, which are necessary to understand the business development, business performance, the situation of the corporation as well as the impact of their activities on the non-financial aspects, beyond the material risks already listed in the Group’s Risk and Opportunities Report on page 113 as well as Fraport AG’s Risk and Opportunities Report on page 42.

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

Unlike for manufacturing companies, there is no comparable relevance for the supply chain, but rather the focus is placed on the quality of the services offered and the functionality of the infrastructure required for this. Irrespective of this, it is crucial that business partners and suppliers are selected carefully. The Group companies each have their own procurement management.

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

Fraport AG undertakes to focus on sustainability criteria when purchasing products and services. In addition, the company was one of the first in Hesse to sign a target agreement initiated by the Hessian Ministry of the Environment, Climate Protection, Agriculture and Consumer Protection in 2016. Consequently, social and ecological criteria are considered in purchasing decisions in addition to economic criteria.

Fraport AG has a heterogeneous requirement structure. Its requirements range from architectural services to the construction of airport infrastructure including maintenance, office materials, and IT services to aircraft push-backs. More than 60% (approximately €528 million) of Fraport AG's order volume of approximately €874 million was awarded to companies in the Rhine-Main region in 2018. Around 98% of the order volume was awarded to suppliers and service providers based in Germany, approximately 1% to those based in the EU and about 1% to those based in the US and Switzerland. As there are comparable legal standards in these countries, in particular in relation to respect for human rights (see page 5) and anti-corruption and bribery matters (see page 6), the first level of Fraport AG's supply chain is not deemed critical. Although orders with business partners and suppliers based outside the aforementioned countries seem insignificant in relation to the total order volume, of which they make up less than one percent, business relationships with suppliers from risk countries, known as the "Primary Impact Countries" (in accordance with the FTSE4Good Index), in particular require particular care. For this reason, an examination of the first level of the supply chain by contractors' country of origin is an essential part of regular monthly reporting for the "Central Purchasing, Construction Contracts" central unit.

If contracts for product groups that include suppliers or service providers from risk countries are to be put out to tender and awarded, the potential contractors will be reviewed depending on the order value. This also applies to orders for work clothes, for example. Fraport periodically checks in which countries production sites are located. If a business relationship is started with a supplier from one of these countries, sanction lists are extensively checked in advance. Sanction lists are official lists of people, groups or organizations subject to economic or legal restrictions. If there are irregularities, further checks are planned which may result in the withdrawal of an order.

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

A separate procurement process via the Group company Fraport Ausbau Süd was defined for the Expansion South project, in particular Terminal 3 in Frankfurt, due to the size and complexity of the project. By submitting an offer in this procurement process, building companies are obliged to comply with all requirements in the Posted Workers Act (Arbeitnehmer-Entsendegesetz, AEntG) and the Minimum Wage Act (Mindestlohngesetz, MiLoG), to make contributions to the collective bargaining parties' joint facilities, and also to only engage subcontractors or other third parties that meet these requirements. The Fraport Supplier Code of Conduct also forms part of any agreement.

A due diligence review process was defined for purchases made for the construction of Terminal 3, which has since been carried out depending on the order value. In addition to mandatory checking of sanction lists and company information, this includes extensive research online on potential business partners before business relationships are started.

The five largest suppliers to Fraport AG according to order volume are the companies FraSec, FraGround, Total Mineralöl, FraCareS, and Lüftungsanlagen- und Gebäudetechnik LAG. Fraport AG wholly owns the Group companies FraSec, FraGround, and FraCareS. These mainly involve ground services and security services. As fully consolidated Group companies, they must adopt the Code of Conduct for employees and are also obliged to comply with the Group Compliance Management System (CMS) policy. These guidelines include instructions to make the Supplier Code of Conduct part of the General Terms and Conditions and to use it insofar as this is possible for the Group companies pursuant to national law. If such inclusion in the General Terms and Conditions is not possible, or is only possible if the Supplier Code of Conduct is modified, the local management shall inform the department dealing with compliance at Fraport AG. The company Total Mineralöl supplies the Frankfurt site with fuel and is subject to the aforementioned conditions, as is the case for Lüftungsanlagen- und Gebäudetechnik LAG.

The international Group companies must also comply with all components of the Group CMS policy. This applies in particular to large construction projects such as the new terminal at Lima Airport. In Lima, compliance with the Fraport Supplier Code of Conduct is an integral part of the contract with the general contractor and its subcontractors. Fraport Greece also obliges its business partners and suppliers to comply with the Fraport Supplier Code of Conduct, which is an integral part of the contract with the general contractor for the expansion and modernization of the Greek regional airports. The Brazilian Group companies Fortaleza and Porto Alegre also include the Fraport Supplier Code of Conduct as part of the contract with the general contractor.

Correlations with the financial statements

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

Voluntary external audit

The combined separate non-financial report has been economically audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft according to ISAE 3000 (revised) with limited assurance. An unqualified auditor's opinion can be found on page 26.

Respect for Human Rights and Anti-Corruption and Bribery Matters

Respect for Human Rights

The Fraport Group has undertaken to comply with the most important internationally recognized codes of conduct – the principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises, and the Core Labor Standards of the International Labor Organization (ILO). In accordance with the values in the Fraport Code of Conduct, Fraport intends to operate with integrity and in an economically and ecologically sustainable manner. This responsibility is defined in the Code of Conduct for all employees. The same expectations can be found in the Fraport Supplier Code of Conduct. Fraport expects its suppliers and service providers to comply with the same standards regarding their handling of employees and their integrity in business activities. The Supplier Code of Conduct ensures the respect for human rights in assignments and also includes subcontractors.

Fraport rejects any form of forced or child labor. Among other things, the minimum age permitting full-time employment in compliance with the relevant national regulations is observed within the Fraport Group. The Code of Conduct and the Compliance Guidelines in place at each respective Fraport Group company are available to all employees on the internal information portals.

Fraport has established the appropriate reporting channels for any human rights violations. In the course of semi-annual compliance reporting, the Executive Board is notified about the activities of the department dealing with compliance at the Fraport AG and the status of measures.

The certified electronic whistleblower system (BKMS® System), which is available within the Fraport Group, is an important tool for preventing or uncovering violations of human rights. Fraport AG has also engaged an external lawyer to act as ombudswoman for all employees at the Group's German companies as well as customers, suppliers, and other business partners. Her job is to receive, legally review and forward information about unlawful conduct that damages the company. An internal representative is also available to employees in Germany.

Regulations on working hours and complaints mechanisms, for example, are implemented in large financing projects, some of which are also demanded by external lenders. The Environmental and Social Action Plan (ESAP), which requires the implementation of a human resource policy as well as a management and a monitoring system, is, for example, a prerequisite for the financing of Fraport Greece. The plan applies not only to Fraport's employees, but also to suppliers and subcontractors. The ESAP also regulates the conditions for employees along the supply chain in order to prevent, for example, suppliers from employing refugees under inappropriate working conditions.

In its "Environmental Impact Study for the Expansion Program of the AIJCH" updated for fiscal year 2018, the Group company Lima has laid out the requirements for the contractual implementation of the airport expansion in line with social and ecological guidelines. In addition, the Group company recognizes the "Equator Principles", a set of rules by banks to comply with environmental and social standards in the area of project financing.

In addition to an electronic whistleblower system introduced in 2018, the Group companies Fortaleza and Porto Alegre have set up monthly meetings which, among other things, focus on the protection of employees. For the implementation of the expansion program, the Group company Porto Alegre is committed to initiate the relocation of over 900 families within the framework of the concession contract. The relocation is being conducted in a structured manner already practiced in Brazil. Thanks to the close cooperation with the competent authorities of the municipal administration and the regional government, the local legislation is strictly adhered to. The affected families will be compensated by the Group company Porto Alegre.

The aforementioned organizational concepts for identifying and reporting irregularities ensures that the Executive Board gains direct knowledge of any known cases of human rights violations or any other relevant information they receive. During the reporting period, there were no complaints related to human rights submitted to Fraport by way of the formal organizational complaint mechanisms.

Anti-Corruption and Bribery Matters

Ensuring legal and compliant behavior in the Fraport Group is part of the corporate culture as it has been laid out, in particular, in the code of conduct for employees. The Code of Conduct applicable to all employees worldwide takes into account the United Nations' anti-corruption conventions and is based on the ten Global Compact principles, the OECD guidelines, and the ILO Core Labor Standards. It covers corruption prevention and antitrust and competition law, among other things. The Executive Board is expressly committed to these principles as well as the zero tolerance principle, in particular in respect to corruption and violations of antitrust and competition law. The Code of Conduct is a key part of the Compliance Management Systems (CMS) of the Group companies and of Fraport AG's CMS. The comprehensive analysis of compliance risks, which is focused on the areas of anti-corruption, bribery, and antitrust and competition law, forms another important part of the CMS.

The objective of the Compliance Management Systems in the Fraport Group is to ensure corporate management based on values and with integrity which goes beyond the mere fulfillment of standards. The value-based corporate culture is the basis of the stable further development of the Compliance Management Systems. They are designed to be preventive and should enable Fraport employees to become aware of compliance risks and violations at an early stage and respond to them appropriately. For Fraport AG, the Executive Board has expressly committed to this value-based compliance. With the Group-wide Code of Conduct as well as various communication measures, the Executive Board supports the Managing Directors of the Group companies as well as Fraport AG employees and their managers to meet their responsibility to continuously implement the compliance targets.

Semi-annual compliance reports inform the Executive Board about the activities of the department dealing with compliance of Fraport AG and the status of measures to combat corruption. Both the Code of Conduct and the Compliance Guidelines are available to all employees on the internal information portals.

The certified electronic whistleblower system (BKMS® System), which is available within the Fraport Group, is an important tool for preventing or uncovering violations and thus preventing corruption and bribery. The ombudswoman commissioned by Fraport AG receives reports from employees of the German group companies and Fraport AG as well as customers, suppliers, and other business partners which may be the subject of corruption and bribery. Employees in Germany can also contact their internal representative.

In the interests of strengthening integrity and corruption prevention, Fraport AG laid out guidelines for accepting gifts and invitations in a new policy in fiscal year 2018.

Compliance due diligence is a standard process in Fraport AG's strategic business unit "Global Investments and Management", meaning that significant compliance aspects, such as reviews of business partners on the topics of corruption, price fixing, and fraud, are taken into account for each capital expenditure project and for consulting services.

The internal audit department provides independent and objective audit and consulting services in all major business units of Fraport AG, its subsidiaries and joint ventures, and Group companies, and compliance audits. The focal points of the audits are developed on the basis of a standardized, risk-oriented, planned approach.

The Group companies implement the Fraport Standards for the CMS based on the policy on the Group CMS. The Compliance Management Systems of the Group companies also ensure that the corporate culture of Fraport AG is transferred to the entire Group. Similar to Fraport AG, the compliance risk analysis is the focus of the local Compliance Management Systems. Measures to prevent corruption are derived by the Group companies on the basis of this compliance risk analysis. These include, for example, training measures and the addition of compliance-related processes.

Within the scope of large financing projects, additional measures against corruption and bribery are implemented in the Group companies, in part as stipulated by external lenders. Within the context of the invitation to bid for the expansion of the airport, the Group company Lima has obliged all bidders to sign an anti-corruption agreement. In accordance with Brazilian law, the Group companies Fortaleza and Porto Alegre trained their employees in the topic of anti-corruption and held separate trainings for executives in fiscal year 2018.

The aforementioned organizational concepts for identifying and reporting irregularities ensures that the Executive Board gains direct knowledge of any known cases of corruption and bribery or any other relevant information. In fiscal year 2018, there was no agreement with any business partner terminated due to allegations of corruption.

Customer Satisfaction and Security

Customer satisfaction and product quality

The customer comes first for Fraport. This is also reflected by the mission statement, "Gute Reise! We make it happen." The aim of the strategy is to establish itself as Europe's best airport operator and also to set global standards. This ensures the development of the company's value and competitiveness in the long term. The target is to win over the main customers, i.e. passengers, airlines, the freight community, and retail concessionaires, with attractive offers and the best service. At the Frankfurt site, Fraport works closely among others with the Federal Police to ensure that security and passport control processes are efficient and that a high volume of passengers is handled in sufficient time.

Passenger satisfaction is important for international Group companies too. The fully consolidated Group airports that are operated through concession agreements (see also the "Situation of the Group" section of the Group Management Report, starting on page 54) are contractually obliged to carry out surveys on passenger satisfaction. This is measured at the different sites using various key figures (see also the "Non-financial performance indicators" section of the Group management report, starting on page 103). Where appropriate, this system of collecting data is to be harmonized in the medium term.

Passenger satisfaction at Lima Airport was 94% in 2018 (2017: 82%). Travelers reacted positively to various improvements to the quality of services. For example, customs clearances, the look and feel of the public areas of the terminal, and retail offers were improved. At the airports in Varna and Burgas, the satisfaction level was nearly 74%. Here the system of collecting data used by Fraport AG was applied for the first time in fiscal year 2018. In the new system, the previous year's level of 97% resulted in a satisfaction rate of 82%, a decrease of 8 percentage points. While satisfaction at Varna Airport increased, it deteriorated in Burgas due to the high use of the terminal in the summer.

Despite significant passenger volume growth, the number of complaints in Ljubljana rose only slightly to 81 (previous year: 64). In March 2018, Fraport Greece launched an expanded market research program at all 14 airports. Based on these survey results in summer 2018, all airports received overall grades, despite on-going construction, of better than 3.00 (on a scale of 1 to 5, where 1 is very poor and 5 is excellent). The three top ranked airports were Rhodes (4.06), Aktion (3.94), and Kefalonia (3.86). At the two Brazilian airports Fortaleza and Porto Alegre, passenger satisfaction will be measured within the scope of the concessions guidelines in the future. The initial results are expected for the second quarter of 2019.

In order to guarantee service quality while traffic volume increases, and to meet passengers' and airlines' increasing requirements, Fraport is conducting extensive expansion and modernization measures at the Group airports. For example, a new terminal and a second runway will be built at Lima Airport.

Frankfurt Airport, the site with the most passengers, is a particular focus in the Group portfolio. The following will therefore discuss the service quality management implemented at that site.

Passenger satisfaction is considered the most important criterion for service quality. Global satisfaction describes passengers' satisfaction with the services offered and the overall service at Frankfurt Airport. Fraport is committed to the target of maintaining and increasing customer satisfaction continuously. Despite the expected temporary overload of terminal infrastructure due to traffic growth in the next few years, Fraport AG aims for a target of at least 80% global satisfaction at Frankfurt Airport. With the inauguration of Pier G of Terminal 3, passenger satisfaction should be at least 82.5% from 2021. From 2025, Fraport AG's target is at least 85% based on the complete capacity increase from Terminal 3. In Frankfurt, passenger satisfaction is mainly recorded using surveys. The global satisfaction of passengers at the Frankfurt site in 2018 was 86%, one percentage point above the level of the previous year (previous year: 85%).

With 69.5 million passengers in 2018, Frankfurt Airport recorded strong growth of 7.8% compared to the previous year. This resulted in increased waiting times at security checkpoints during peaks in traffic (particularly during school vacations and public holidays). This was reflected, among other things, in an increase in the number of complaints about the security inspection process. Passenger satisfaction with waiting times at security checkpoints was 80% in 2018 (previous year: 81%) and satisfaction with personnel at security check was 82% in 2018 (previous year: 82%). Despite the excellent results for most key figures in passenger satisfaction in the fiscal year 2018, the focus is on improving performance particularly at security checkpoints. Fraport is co-operating closely with the authorities of the German Federal Ministry of the Interior, Building and Community (BMI), the German Federal Police, and security companies in an effort to avoid long waiting times for passengers at the security checkpoints in the future.

The service program "Great to have you here!" launched in 2010 has increased global passenger satisfaction at Frankfurt Airport significantly. As part of five sub-initiatives, directions and signposting, ambiance and comfort, and the range of relaxation, work and entertainment options on offer in the terminals were all significantly improved. Most of the measures were successfully completed in 2018. Individual measures, such as the renovation of the sanitary facilities, will continue in fiscal year 2019. At the same time, in 2018, approximately 1,100 employees completed training within the scope of the "Service Excellence" program, in order to further improve hospitality and service orientation at Frankfurt Airport. In 2018, passenger satisfaction regarding the hospitality of airport staff was 91%, which represented a significant increase (previous year: 85%).

Fraport has also directly exchanged ideas with Deutsche Lufthansa, the security companies working at the Frankfurt site, retail concessionaires and other service providers, and Deutsche Bahn regarding service, hospitality, and customer satisfaction in the Service Quality Committee since 2016. The first important milestone was the definition and approval of the Service Guidelines for FRA. In these guidelines, the partners reiterate their desire and their joint responsibility to strengthen the Frankfurt site and to further develop service quality and trusting cooperation. The target is to ensure that common passengers, customers, and guests keep a good impression of Frankfurt Airport in addition to improving global satisfaction of the passengers, the willingness to recommend Frankfurt Airport, satisfaction with the hospitality, and improving the sense of security.

Fraport AG's Executive Board is informed in quarterly reports about the most important key figure passenger satisfaction indicators and involved in decision-making processes. The Executive Board also adopts annual target levels for the most important passenger satisfaction criteria. These levels are authoritative for all relevant business units and in some cases for service providers. Improvement measures are primarily set out in the service program, employee training, and other infrastructure projects. Also, the strategic relevance of global satisfaction of the passengers is made clear by considering it as part of Executive Board remuneration (see also the chapter "Remuneration report" starting on page 76 of the Group Management Report and of the Management Report of Fraport AG starting on page 16).

The reliable loading of luggage for departing flights and the fast delivery of luggage to the baggage claim for arriving flights have a major impact on customer satisfaction. The baggage connectivity figure provides information about the percentage of baggage at Frankfurt Airport that is loaded on time in relation to the total departing baggage. A high level of connectivity proves the good quality of baggage processes, which is one of the main responsibilities of Ground Services. This is particularly important because Frankfurt has a high proportion of transfer baggage with a transfer share of more than 55%. The objective is to achieve a long-term baggage connectivity of more than 98.5%. In the past fiscal year, baggage connectivity amounted to 98.4% and was therefore 0.1 percentage point below the previous year's and the target figure. In particular, delayed flights and poor weather conditions had a negative impact on the loading of baggage on time. In order to maintain connectivity at its current high level in the future coupled with increasing number of baggage items, Fraport is constantly working on optimization measures that are closely coordinated and implemented with airlines within the scope of regular performance discussions. In order to maintain baggage handling at a high level given the strong traffic growth in fiscal year 2018, recruitment of personnel was significantly expanded. On the other hand, IT processes were optimized to ensure the stability of the IT infrastructure of the baggage conveyor system, even when processing high volumes.

The Executive Board is informed about the development of baggage connectivity on a monthly basis. The division managers receive daily reports, so that countermeasures can be taken to restore the quality in the event of a decline in performance. The values are regularly discussed with the airlines, and measures are implemented for improvements wherever necessary. For example, Deutsche Lufthansa frequently receives a detailed monitoring report, and improvement measures are managed jointly.

Other parameters for measuring customer satisfaction and service quality at Frankfurt Airport include the annual ranking of the top 100 airports by the consultancy Skytrax. Frankfurt Airport was ranked tenth in 2018 worldwide, based on online passenger surveys (2017: tenth place).

IT security and airport safety and security

Security is the essential prerequisite for air transport; this applies equally to both passenger and freight transport. Accordingly, security management has always been the top priority at Fraport.

All 192 Member States (including all countries in which Fraport is active) of the International Civil Aviation Organization (ICAO) have contractually committed to comply with the safety standards and recommended practices for airports. The same applies for the 44 Member States of the European organization of European Civil Aviation Conference (ECAC). National legislation ensures the responsibilities within this framework. In contrast to most EU, ECAC, and ICAO Member States, German law allocates, for example, passenger and baggage checks to government authorities, whereas in foreign countries this is usually the responsibility of the airports. The application of stricter measures based on a local risk evaluation in individual EU Member States is also possible.

Within the Fraport Group, each company is subject to the security regulations in place in its respective country. Management must present proof of the fulfillment of the conditions to the supervisory authority in the respective country. Nonetheless, the security officers of the Group companies exchange information on certain projects or topics.

IT security

All important business and operating processes of Fraport are supported by IT systems and IT components. Due to the ongoing development of new technologies and the ever-increasing global threat of cyberattacks, there is an underlying risk potential for IT systems. Fraport takes account of this situation with active and preventative IT security management. This particularly focuses on safeguarding the security of IT systems that are critical to the company. The requirements for IT security are specified in the IT security policy and security guidelines that must be followed throughout the Group. Compliance with these requirements is checked regularly by the Internal Audit department, by IT security management, or external advisors (see also Risk and Opportunities Report from page 113).

As a rule, the IT systems of the Group companies at the Frankfurt site as well as the SAP systems of Fraport Greece are integrated into the technology of Fraport AG and managed from Frankfurt. Exceptions in this regard are only possible with the approval of the Executive Board. The Group companies outside of Frankfurt use their own IT infrastructure, which provides protection according to the Group's IT security policy.

A serious system failure or material loss of data could lead to serious business disruptions and security risks. In addition to this, attacks by viruses and hackers could lead to system failure and ultimately to the loss of business-critical or confidential data. To counter these risks, all of the IT systems of critical importance to the company are configured redundantly and are housed at separate sites. The risks in the area of IT security are included in the risk management system.

A separate section is responsible for IT security at Fraport AG. Its tasks are, among other things, the ongoing identification and implementation of measures to meet high safety standards.

Within the scope of a working group in the German Aviation Association, Fraport AG along with other airport operators, Deutsche Lufthansa and the German Air Traffic Control has developed the security standards of the industry. These are based on the new requirements laid out by the IT Security in Critical Infrastructures (KRITIS) research program. The goal is to establish a high standard of security within the aviation industry through the selection of security measures, the assignment of measures according to predefined confidence levels, and mutual assessment. The work should be completed in 2019, and the industry standard should be released by the German Federal Office for Information Security. The standard ensures that the statutory provisions will be implemented at Fraport AG by mid-2019.

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

The risk management and safety management systems as well as selected measures are subjected to regular organizational and technical audits and checks by the internal audit department. In 2018, Fraport AG once again implemented a variety of projects to adequately respond to the growing risks arising from information technology. Among other things, Fraport AG updated its awareness-raising campaign originally launched in 2012. In addition, new requirements from the German IT Security Act, such as the reporting of incidents and an independent audit of security levels, have been fulfilled.

Airport safety and security

This area encompasses both security and safety: Safety refers to the operational safety of the overall airport operations as well as the safety within the airport grounds. Security is understood in terms of defending against terrorist threats and protecting civil aviation. The relevant measures include passenger, baggage, and cargo inspections and reviewing the access control points for airport employees and suppliers.

Safety

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

Fraport AG is obliged to operate a SMS at Frankfurt Airport. It was established based on EU Regulation 2018/1139, 139/2014, and the relevant guidance materials. With the SMS, security incidents are recorded and evaluated, and potential vulnerabilities are identified. It is meant for all organizations and individuals with access to the airside areas at Frankfurt Airport. All factors that may affect the safety of airport operations are taken into account in the SMS, whether they are of a technical, organizational, or human nature. To this end, internal and external employees can send safety notices or messages. They are treated as confidential upon request, and they can also be placed anonymously.

The SMS in place for all people and organizations participating in the operation of the airport documents the responsibilities, methods, and operating procedures that are relevant to ongoing occupational safety. For example, the SMS contains specifications for identifying hazards as well as instructions for process and risk evaluations. Proactive recommendations are therefore possible with this system. The SMS was last updated on December 11, 2017. The EASA Safety Manager follows the guidelines of the European Aviation Safety Agency (EASA) and enjoys a direct reporting right to the Executive Board.

As a central reporting and alarm point for security matters, Fraport AG operates a Safety and Security Control Center at Frankfurt Airport which carries out the emergency and crisis management if necessary. The airport fire department, the medical services, the ambulance service, and the security services then coordinate operations in the field. A crisis unit is also commencing operations in the "Emergency Response and Information Center" (ERIC). It coordinates and executes all measures that require a concerted approach at the site beyond any routine damage and risk prevention. If necessary, the "care team" is activated, and this team interacts with passengers, greeters, and relatives on site or acts as an "emergency information center" to handle telephone inquiries. The care team consists of volunteer employees of Fraport AG and the Group companies at the Frankfurt site who are trained for the respective tasks.

The contingency plan for the Frankfurt Airport "FRA Not" documents which preparations have been made for various emergency scenarios and defines procedures to minimize the impact. These include, in particular, the rescue of humans and animals, the preservation of natural resources and material assets, as well as maintaining the airport's operations. The FRA Not plan includes procedures to coordinate all internal and external bodies to deal with emergencies.

In order to train for the handling of emergencies and other security-related scenarios, regular exercises at the international airports are prescribed by ICAO and EASA. They are prerequisites for obtaining an operating license. Each respective operating company is responsible for carrying out the procedures.

In November 2018, Fraport AG together with Deutsche Lufthansa, the Regional Health Department in Frankfurt, the Frankfurt Fire Department, the Special Isolation Ward of Frankfurt University Hospital, and ambulance services and authorities at Frankfurt Airport rehearsed procedures in a medical emergency. In this case, the exercise is not only required by ICAO and EASA but also fulfilled international health regulations. Such exercises have no impact on flight operations.

The scenario of the exercise was based on the event that two passengers exhibit symptoms of a contagious infection while on a flight to Frankfurt. After a fictional landing scenario, the doctors of the Regional Health Department and Fraport AG practiced the procedures on board the aircraft. The additional medical treatment of all passengers as well as the transfer of the infectious passengers with special vehicles of the Fire Department to the Special Isolation Ward of Frankfurt University Hospital were part of the exercise. The results will be used for further education and training.

Security

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

In Germany, passenger and baggage checks are part of the central functions of security according to Section 5 of the German Aviation Security Act (LuftSiG). They lie within the jurisdiction of the German Federal Ministry of the Interior, Building and Community and are carried out by the German Federal Police and any third parties it commissions. At Frankfurt Airport, Fraport employees as well as employees of the Group company FraSec and other private security providers currently carry out airport security checks on behalf of the German Federal Police.

According to Section 8 of the LuftSiG, all buildings and the site must be designed in such a way that the operation of the airport can be protected against attacks on the security of air transport and the proper implementation of all security measures is ensured. This applies, in particular, to the access controls to the airside areas as well as controlling persons, all carried objects, and vehicles before entering the security area. In addition, fencing, identification cards, training of personnel, as well as the safe transport of controlled luggage which protects it from unauthorized access are all part of these requirements. These security measures are the direct responsibility of the airport operator. They are presented in an air safety program approved by Hessian Ministry of Economics, Energy, Transport and Housing as the supervisory authority.

The education and training of all security personnel occurs in accordance with Group-wide regulatory and internal requirements. At the Frankfurt site, the training requirements apply to security personnel of Fraport AG as well as of the Group company FraSec. The Group company FraSec carries out access checks for vehicles and people as well as goods at access points to the security area on behalf Fraport AG.

Fraport AG does not limit its activities at Frankfurt Airport to the implementation of legal requirements, but rather also develops measures in agreement with the competent authorities responsible for maintaining the high safety standards. For example, the fence surrounding Runway West was upgraded with electronic sensors in 2018 that automatically report every touch. In addition, Fraport AG tested a vehicle for autonomous fence controls in cooperation with the Fraunhofer Institute. As an additional measure, a security-awareness campaign using various media was set up to raise awareness among employees at the airport regarding security and encourage them to report any incidents to the Safety and Security Control Center. While the focus in 2018 was on security measures at terminals, in 2019 safety will be given a greater priority.

As the operator of Frankfurt Airport, Fraport AG assumes responsibility for the task of exchanging all information relevant to security and for ensuring the continuous communication and close cooperation with the organizations responsible for security. In terms of work processes, regular weekly or monthly meetings are held with airlines, security service providers, and authorities for this purpose. Several times a year, Fraport AG invites managers of these companies as well as authorities to a meeting to exchange information.

Data protection

Protecting personal data is a priority for any company. As a responsible partner, Fraport always requires the highest standard in this area, regardless of whether it is the data of passengers, customers, employees, or contractors.

Data protection laws have always been a high priority in Germany, and data protection has been clearly regulated since 1980 by the Federal Data Protection Act (BDSG). While the BDSG only applies to Germany, the EU General Data Protection Regulation (GDPR), which came into effect in May 2018, has harmonized data protection in all EU Member States. However, there may be deviations from this law when transferred to national legislation.

Within the Fraport Group, the GDPR affects the Group companies within the EU. The Executive Board works towards ensuring the Group companies in other parts of Europe comply with the regulation as in Germany. The individual Group companies are independently responsible for the implementation. And the EU Group companies have fulfilled this responsibility. This compliance is monitored by Fraport AG. For the Group companies outside the EU, the laws on data protection are implemented in accordance with the national regulations. The objective is to ensure the handling of personal data in compliance with the data protection laws and to safeguard the rights of the data subjects.

The Data Protection Officer at Fraport AG monitors compliance with these regulations within the company. He reports directly to the Executive Board and is independent in exercising his tasks in the area of data protection. Violations of the GDPR or other related complaints can be sent directly to him, anonymously if necessary. In 2018, Fraport AG did not record any violations of data protection that were reportable according to the GDPR.

Fraport AG has a registration process for data protection and data security incidents in place. Complaints and access requests by data subjects are processed promptly and completely. To consolidate the processes and rules at Fraport AG, it implements existing processes in a data protection management system and is planning the implementation of a data protection policy. Existing training concepts have been revised and implemented with e-learning methods. For employees who handle sensitive data to a particular extent, classroom training sessions were also held, and the content of these sessions is available as video training.

Within the framework of the Association of German Commercial Airports (ADV), which includes many more airports in addition to Munich Airport, Fraport AG is part of a task force on the subject of GDPR. Participating in this task force allows Fraport to continuously evaluate its own measures against a benchmark.

To ensure compliance with the new regulation, Fraport AG has implemented a project to implement the requirements of the GDPR since 2017. The existing framework conditions have been checked and new processes established where necessary. They are also part of the quality management system according to ISO 9001. The processing directory in accordance with the requirements of the GDPR has been created and is constantly being updated. In addition, a guideline for deleting personal data was developed. The steering committee of the project receives regular reports on the progress. The Executive Board is informed regularly by a member of the steering committee.

In the course of examining the conditions, the Fraport website was assessed regarding, among other things, personal data to ensure compliance with GDPR. The data protection statements for all so-called data subject categories such as employees, visitors, applicants, passengers, or customers are available at privacy-statement.fraport.com.

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

Fraport AG has established a working group at the Frankfurt site, which is responsible for all issues relating to the use of video technology and consists of employees responsible for data protection, product management video, and requirements management of the relevant sections, and corporate safety, along with the involvement of the Works Council. It is developing a concept that lays out clear rules for users of all video data regarding the respective purpose and data protection requirements. The concept contains the roles and authorizations for the use of video technology throughout the entire airport grounds. Regulations on the use of Fraport video technology by authorities is also included.

In addition, a standardized approval process was established that is mainly based on the naming of video officers (VO) by the areas using the technology. The VO of the strategic business unit Airside and Terminal Management, Corporate Safety and Security has been appointed by the Executive Board to head the working group of all video officers. He is also a point of contact for the authorities. These measures ensure that the requirements for video surveillance are compatible with the privacy rights of passengers, visitors, and employees.

To ensure safety at airports, personal access rights must be managed and controlled. In Frankfurt, this is carried out by way of an identification management system as well as new access control systems for gates and all other access points to operational and security areas. Fraport AG has implemented both technical and organizational measures to protect data against misuse. The requirements of the GDPR are also fully complied with in this respect. Access to this system is allowed to only a limited group of people for a specifically defined task, so that misuse can also be identified and tracked as much as possible.

Non-financial key performance indicators

Issue	Target	Key figure	Target level	Term	Scope	Status at the end of 2018
Customer satisfaction and product quality	We want to maintain and improve our customer satisfaction.	Global satisfaction of passengers	≥80 % ¹⁾	2021	Fraport AG	86 %
		Baggage connectivity	>98.5 %	2019	Fraport AG	98.4 %

¹⁾ Target from 2021 forward: ≥82.5%, from 2025: ≥85%.

Employee-related Matters

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

The Fraport Policy forms the overarching structure for all commitments and topic-specific codes of the Group. Pursuant to responsible corporate governance, Fraport has made a commitment to comply with internationally recognized standards of conduct, such as those defined in the principles of the UN Global Compact, the OECD guidelines, and the ILO Core Labor Standards. In 2013, Fraport published its own Code of Conduct to anchor these principles even more firmly within the company. This code commits employees to compliance with these fundamental principles.

Fraport Group has over 21,900 employees. Given the growing challenges, such as increasing international competition in the aviation industry and passengers' and airlines' increasing demands, and the continuous focus of the Group on earnings, the aim is to organize the personnel structure in such a way that this competitive pressure can be withstood. Employees' personal and professional skills are boosted Group-wide by training measures. This allows Fraport to ensure a high service quality.

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

Attractive and responsible employer

As an attractive and responsible employer, Fraport aims to provide good working conditions and high levels of employee satisfaction. This key figure is calculated annually by surveying employees of Fraport AG and the Group companies. All labor-intensive Group companies in Frankfurt as well as the Group companies Lima, Fraport Slovenija, and Twin Star took part in the 2018 survey. In future, the survey will be expanded to all other key Group companies. The cultural conditions must be taken into account, and a common standard for assessment must be agreed.

At Fraport AG, the results are used to identify potential for improvement and derive appropriate measures. They are documented by the central unit Human Resources; the implementation is controlled and prepared for the respective units or German Group companies. In individual cases, the measures and the intended improvements can be included in the target agreements with executives. The strategic relevance of Group employee satisfaction is also clear, given that it is taken into account in the Executive Board's remuneration (see also the "Remuneration report" section of the Group management report beginning on page 76).

The key figure is calculated from nine aspects of satisfaction and the detailed analyses show potential areas of improvement. Fraport aims to maintain employee satisfaction at a stable level Group-wide and continually improve the rating in the long term to exceed 3.0 (index value in line with German school grading system). The average grade for satisfaction by the employees of the Fraport Group was at 2.76 in fiscal year 2018, and therefore above the adjusted value for the previous year of 2.85 (reported in the previous year: 2.87, the previous year's figure was adjusted for the Group company FCS). At Fraport AG, the figure should be better than in the previous year. The average grade for satisfaction by the employees of Fraport AG in the past fiscal year was 2.86 and thus slightly improved year on year (previous year: 2.88). Fraport has stepped up its recruitment and training activities in these areas to meet challenges such as the tangible impact of demographic change at the many airport sites and the increased burden on operational employees in particular due to the growth in traffic.

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

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

Fraport places particular focus on promoting women in management positions at the two levels directly below the Executive Board as well as at the respective management levels at the German Group companies. For reporting purposes, executives who report directly to the Executive Board are categorized as level 1. Executives who report to this first level of leadership are categorized as level 2. Regarding the Group companies in Germany, the levels of management are categorized based on comparable positions at Fraport AG. This corresponds to the objectives in the "Act on Equal Participation of Women and Men in Management Positions in the Private and Public Sector". The company maintains its objective to increase the proportion of women in management positions in Germany across both levels to 30% by 2021. Fraport respects national laws and does not want to impose any quotas based on German law at the foreign Group companies.

In fiscal year 2018, the proportion of women in management positions in Germany was 26.0% (previous year: 28.0%). The proportion of women in management positions in Fraport AG in 2018 was 25.0% (previous year: 27.1%). The slight decline in the rate at both Fraport AG and the German Group companies is due to organizational and personnel changes. Fraport has worked to increase the proportion of women in management positions for many years. Particular focus is placed on all staff development processes that have an influence on increasing the proportion. This includes strategic succession planning across all levels of management as well as talent management and the Potential Assessment Center. The long-term measures that are already proving to be successful include the Cross Mentoring Program, the internal mentoring, and coaching within the context of the continued development of female executives. There are also offers, such as the option of holding an executive position on a part-time basis within the scope of an 80% or 90% workload. In the future, it will also be possible to work within the framework of an

interim management. This allows for the management experience to be extended on a temporary basis. For job vacancies, suitable female candidates are also actively approached and systematic development and career paths are presented.

Occupational health and safety

Occupational health management in the Fraport Group has always focused on preserving the health, performance and therefore productivity of employees in the long term. With its preventive nature, Fraport contributes to maintaining employee performance and prevents work-related health risks. Employees are regularly informed about health-maintaining measures and their workplaces are ergonomically designed in the operational and administrative areas.

Fraport AG's multi-award-winning occupational health management initiates a wide range of health-promoting activities and measures with various focal points. For example, cooperation with gyms made it possible for employees to exercise close to their place of residence. Those who exercise regularly are rewarded with a contribution to membership fees. In 2018, the premiums for the collective operational supplementary health insurance were expanded to include greater reimbursements for dental prostheses. In total, around 2,000 contracts were concluded with employees and their relatives. All employees in Germany were given a "Fitbox" with suggestions for improving their own health. This also includes a calendar with suggestions for preventive measures. Each month, a new topic is presented and accompanied with corresponding information and activities. If possible given the state of operations and with approval by management, employees of Fraport AG can visit the health lectures during working hours. From an organizational perspective, responsibility for health management is assigned to the Executive Director Labor Relations with corresponding resources.

The effects of demographic change in the Group and the increase of the average age of employees contribute, among other things, to a continuous increase in the number of long-term illnesses. However, high levels of absenteeism, especially in the operational units and Group companies in Germany, cannot be attributed only to health issues, workload and age-related effects. It can be seen that absenteeism in the operational areas decreases significantly on public holidays, which leads to the conclusion that there are motivation-related absences, as these working days are compensated by special bonuses. In 2017, new evaluation options for sick leave and training for managers were developed and implemented. Since 2018, each employee can obtain his or her personal sickness rate as well as that of his or her unit on the Intranet.

The only possibility to adjust to increased volume of traffic at Frankfurt airport was through additional shifts. Fraport AG provided an attractive financial incentive for acquiring additional services under the motto "Growth in 2018 – Working Together". Food and drinks were provided to employees in highly stressful work areas such as in aircraft handling. Workers at the security checkpoints were also given massage vouchers.

Fraport evaluates the effectiveness of the measures by continuously analyzing the sickness rate, among other things. The calculation excluding absences beyond sick pay (extended sick leave) primarily reflects the development of short- and medium-term illnesses.

Fraport focuses on limiting or reversing the sickness rate, which is increasing due to seasonal and age-related absences, among other things. The target is to have a maximum rate of 7.2% in both the Group and at Fraport AG by 2025.

In 2018, the sickness rate in the Group was 7.4% (previous year: 7.5%). This development is primarily attributable to the improvement of the sickness rate at Fraport AG and the Group company FraSec, which both have a large number of employees. At Fraport AG, the sickness rate improved from 7.6% to 7.4%. In the Ground Services Strategic Business Unit, which has a large number of staff, as well as Airport Safety and Security, the sickness rate decreased noticeably.

A strong prevention culture means that, in addition to health management, occupational safety is systematically integrated into the company's processes and structures as well. Accident prevention not only serves personal safety but is also of great importance from an economic point of view, for example if work equipment, vehicles, or facilities are damaged or if employees are unable to work due to illness. Strengthening the personal responsibility of all employees and, in particular, the management is a top priority. Comprehensive measures to guarantee high occupational safety standards are required, for example, when handling dangerous goods, in Ground Services' operations, in maintenance, in internal transport and traffic, and during infrastructure construction activities.

Driver safety training is offered to employees whose work involves driving. There are special occupational safety seminars for managers, for example on transferring obligations of the business operator. Targeted and temporary measures and projects are intended above all to raise employees' awareness of safe conduct in operational areas. In the project "Mindful through '18" in 2018, the focus was placed on reducing accident-related lost working days and the cost of damage to vehicles and equipment. As an additional measure, these project will be followed by the project "Zero" as part of the agenda for Ground Services for 2019. Behavioral health and safety will be strengthened in this section, which is responsible for the loading and unloading of aircraft as well as the internal transport.

In accordance with the Occupational Safety and Health Act, Fraport has implemented an occupational safety unit under the Executive Director Labor Relations, which advises and supports business units in the further development of occupational safety. The key principles for the Group companies can be found in the occupational safety management manual. They are to be implemented independently by the managing directors and supplemented by company-specific rules in internal regulations. This rule is valid effective immediately for Fraport AG and Group companies that are allocated to the area of Occupational Safety and Health Act. Taking into account the national laws, the scheme is an option for action for the international Group companies. The procedures for recognizing the occupational safety management manual are nearly completed for the Group companies within the scope of the German Occupational Safety and Health Act. The Group companies of Lima, Fraport Slovenija, Twin Star, and Fraport USA have already provided confirmations. In addition, a self-assessment conducted in 2017 at the international Group companies revealed that key aspects of occupational safety and health according to German legislation have been applied and implemented.

Fraport measures the effectiveness of occupational safety measures by the number of accidents at work, among other things. The target is to continually reduce the total number of accidents at work per year and to achieve a "rate per 1,000 employees" (number of reportable accidents at work per 1,000 employees) of less than 25 within the Group by 2020. For all Group employees (permanent staff, temporary staff, apprentices, and leased laborer) the rate per 1,000 employees was 26.1 (previous year: 25.8). Fraport AG's target for the rate per 1,000 employees is a figure under 20. It was 19.3 in 2018 (previous year: 24.1; as a result of late submissions, there may be changes to the figures reported for the previous year). The most significant reduction of accidents was recorded in the Ground Services Strategic Business Unit.

Non-financial key performance indicators

Issue	Target	Key figure	Target level	Term	Scope	Status at the end of 2018
Attractive and responsible employer	We want to create good working conditions and increase employee satisfaction.	Employee satisfaction	Better than or equal to 3.0	2019	Group	2.76 ¹⁾
			Better than the previous year's figure	2019	Fraport AG	2.86
	We want to increase the number of women in management positions.	Women in management positions (first and second level below the Executive Board)	30 %	2021	Group	26% ²⁾
			30 %	2021	Fraport AG	25.0%
Occupational health and safety	We want to stabilize the sickness rate in the medium term and reduce it in the long term.	Sickness rate	≤7,2%	2025	Group	7.4% ³⁾
			≤7,2%	2025	Fraport AG	7.4%

¹⁾ This includes Fraport AG and eleven Group companies at the Frankfurt site as well as the Group companies Lima, Twin Star, and Fraport Slovenija.

²⁾ This includes Fraport AG as well as all Group companies in Germany.

³⁾ Value without Group companies Fortaleza and Porto Alegre.

Social Matters

Airports are important business locations and contribute directly and indirectly to economic and social value creation. For example, Frankfurt Airport is the largest local workplace in Germany with almost 81,000 direct employees (as at December 31, 2015). The survey provides an insight into the sectors in which employees at the site work. Accordingly, two thirds of employees surveyed work for an airline, in airport operations, or in freight forwarding and transport operations. Other sectors are authorities and institutions, catering, security services, personnel services, consulting, hotels and restaurants, freight handling, cleaning, and retail. There is predominantly potential for growth in companies that offer security services and at authorities. The people who live in the metropolitan region around the airport also benefit from this. They not only benefit from the short journey to the airport; many of them also work at a company that benefits from being close to the airport.

Noise abatement

Airports located in the vicinity of metropolitan areas are a burden for many local residents. At the Group airports, noise abatement measures are implemented according to the national requirements on noise protection and, where appropriate, based on advanced specific local regulations. The airports comply with the relevant national laws and have correspondingly implemented their own monitoring systems where required. Frankfurt Airport is the site in the Group with the largest traffic volume by far. This also pertains the noise pollution felt by residents near the airport. The local management approach is therefore described below.

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

The key task of the Airport and Regional Forum (FFR), which is assigned to the Hessian State Chancellery, is to foster dialog between the region and the aviation industry and to facilitate discussion of the impacts of air traffic, with a particular focus on Frankfurt Airport and the Rhine-Main region. The FFR includes the "Active Noise Abatement" expert group, which advises on measures that may help to reduce aircraft noise and the impact on the area around the airport.

Fraport wants to grow further at its main site and ensure this growth generates as little noise as possible. For Fraport AG, this means that, in addition to the legal requirements, it is constantly working towards measures that reduce aircraft noise exposure. The development of aircraft noise exposure in the area around the airport is subject to continuous monitoring. Measurement analyses and the results of comprehensive simulations are regularly reported to the supervisory authority and the FLK, and are also publicly disclosed on the company's website. Municipalities where there are Fraport aircraft noise measurement stations receive additional detailed analyses on request.

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

As regards measures to reduce noise exposure, a distinction needs to be made between active and passive noise abatement. In active noise abatement, noise is reduced directly at the source or by implementing noise-reducing operating concepts and takeoff or landing procedures. These measures include the “Ground Based Augmentation System” (GBAS) navigation system, which enables a steeper angle of approach of 3.2 degrees for all runways. Thus far, the GBAS could not be used for parallel approaches and the aircraft had to alternate landing on the two runways. Parallel flights have now been possible since December 2018. With the so-called noise abatement model, individual takeoff and landing runways are alternatively not used, which extends the local nighttime quiet period by one hour. Furthermore, the current structure of the noise-related charges as part of airport charges is an incentive to use low-noise aircraft.

During the summer months of 2018, there was a slight increase in landings after 11:00 p.m. This was due, among other things, to poor weather conditions or the flight schedules of the airlines. As an improvement measure, airlines added, for example, additional buffers in the flight plans at Frankfurt Airport. Moreover, takeoffs are no longer scheduled after 10:40 p.m. Late landings are examined and approved, if necessary, by the aircraft noise protection officer of the Hessian Ministry of Economics, Energy, Transport and Housing (HMWEVW). For landings and takeoffs close to the edge of the night time window, Fraport AG charges a noise surcharge of 50%, and of 200% after 11:00 p.m., in an effort to make delayed aircraft movements particularly unattractive. Such charges are used to finance the passive noise protection program and wake turbulence prevention.

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

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

The state government promised affected residents additional, more extensive efforts than those previously made in the vicinity of the airport in announcing the “Together for the Region – Alliance for Noise Abatement 2012” program in February 2012. That same year, a regional fund was set up to this end with €265-270 million. The funds are predominantly provided by the State of Hesse and Fraport AG and can be used for both private households and public facilities qualifying for protection, such as schools, kindergartens, or hospitals. Some 17,300 households in the airport region may receive additional support for passive noise abatement from the regional fund. The application deadline for financing from the fund was December 31, 2017. In its place, the Equalization of Burdens Act, with which the State of Hesse has made an additional €22.6 million available to local authorities particularly by aircraft noise by the year 2021, has been in effect since January 1, 2018.

In the area of passive noise abatement, the Fraport Group held provisions in the amount of €47.9 million as at the balance sheet date December 31, 2018 (see Group Notes, note 39, and Fraport AG’s Notes, note 30).

Wake turbulences

Damage has repeatedly occurred on roofs in the direct vicinity of Frankfurt Airport in the past and wake turbulences from landing aircraft could not be ruled out as a cause. The HMWEVW subsequently issued supplemental planning zoning decisions on May 10, 2013 and May 26, 2014. These regulate the requirements for protecting roof coverings on buildings against wind gusts caused by wake turbulences and clarify the relevant prerequisites.

The HMWEVW defined an area with around 6,000 buildings as an eligible area in the decisions. Including fiscal year 2018, some 3,380 applications for roof protection (wake turbulence prevention) have been submitted and work on some 2,850 properties has been completed so far.

The Executive Director Controlling and Finance is regularly informed about the programs of measures regarding noise abatement and roof protection. The Executive Director Operations is also directly informed of individual issues where required.

In the area of wake turbulence prevention, Fraport Group held provisions in the amount of €29.6 million as at the balance sheet date December 31, 2018 (see also Group notes, note 39 and Fraport AG's Notes, note 30).

In order to support local residents in the determination of their rights and to assist their applications, Fraport provides an extensive range of information and services on the company website.

Engagement in the regions

Frankfurt Airport is the site in the Group with the largest traffic volume by far and is also the location of the company headquarters. For Fraport, social responsibility has been a corporate principle for many years. Fraport AG has therefore long supported numerous clubs and institutions in the Rhine-Main region in particular.

Fraport AG's funding concept for its community, cultural and social engagement is "Active for the region". It primarily serves to boost clubs and support volunteer work in the region around Frankfurt Airport. All activities are combined into an independent department. In organizational terms, the competent central unit is assigned to the Chairman of the Executive Board.

The so-called "neighborhood framework" describes the geographical boundary for support activities. The area is based on district and state borders taking into account the most important approach and takeoff routes. If these change, the neighborhood framework will also be modified – as it was most recently when Runway Northwest was inaugurated. The expansion allowed other cities and municipalities to participate in the company's support activities.

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

Sports sponsorship in the Rhine-Main region includes both recreational and professional sports. Well-known names that have concluded long-term contracts with Fraport AG include the FRAPORT SKYLINERS and Eintracht Frankfurt. In the area of basketball, Fraport sponsors not only the German league team but also gives donations to support the project "Basketball goes to school". At Eintracht Frankfurt, the club is promoted and Eintracht AG is sponsored with the affiliated soccer school.

In the fields of culture and education, Fraport is involved in the Rheingau Music Festival, among other things. There are also long-term partnerships with the Frankfurt cultural institutions Städel Museum, Schirn Kunsthalle, and Liebieghaus sculpture collection. Overall, in 2018 Fraport supported more than 1,500 projects run by various clubs and institutions by making donations and providing sponsorships totaling around €6.0 million.

Fraport has financially supported youths' and young adults' integration into working life since 1999 with the ProRegion Foundation. The original objectives of the foundation were the provision of funding for the creation of additional apprentice positions or the securing of available apprentice capacities in the region. New priority areas have emerged in the past few years. In addition to projects for the vocational and social integration of young refugees, other projects on professional orientation and competence assessment in general education schools are receiving more and more funding.

The Foundation's committees have taken this social development as an opportunity to extend the purpose of the Foundation in addition to promoting vocational education in the field of "social integration". Since the Foundation only acts as a funding institution, it relies on close cooperation with proven providers of youth vocational education. These include Gesellschaft für Jugendbeschäftigung e. V., an association dedicated to youth employment in Frankfurt, Evangelische Verein für Jugendsozialarbeit, an association for youth social work, Verein für Kultur und Bildung e. V., an association for culture and education, and Berufsbildungswerk Südhessen in Karben, an institute whose goal is to prepare youth for careers and vocational training.

As one of the largest employers in Hesse, Fraport AG focuses on helping young people to integrate in the workplace with two career preparation programs. The programs "Startklar" (Ready to Roll) and "BIFF" (Berufliche Integration von Flüchtlingen in Frankfurt Rhein-Main or Professional Integration of Refugees in Frankfurt Rhine-Main) are aimed at young people without a apprentice position or young refugees.

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

Fraport is also involved in the Wirtschaftsinitiative FrankfurtRheinMain (FrankfurtRhineMain Business Initiative), which 150 companies participate in. One outcome of this cooperation is the House of Logistics and Mobility (HOLM) competence center at Frankfurt Airport.

Even at the individual sites of the international Group companies, regions close to the airport benefit from the economic performance and the donations made and sponsorship activities undertaken by each Group company independently. The companies and their value chains as well as employee consumption contribute directly and indirectly to the positive economic development of the respective regions (see also the Group management report in the section entitled "Community" starting on page 107).

Environmental Matters

The operation of an airport and air traffic have various effects on the environment. Fraport considers itself responsible for taking due consideration of the resulting environmental requirements and expects the same of its suppliers and service providers.

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

Environmental management systems serve to systematically organize, manage and monitor corporate environmental protection within the relevant company. In addition, they support those responsible for operational activities and the management with regard to the performance of their respective duties and improvements in environmental performance. The functionality and effectiveness of the environmental management systems is reviewed and certified by external certifiers (ISO 14001) or environmental verifiers (EMAS) on an ongoing basis. Fraport AG's employees' many years of experience in environmental management benefit all Group airports, for example in the form of technical support, including on site.

Lenders explicitly call for consideration of environmental concerns in the biggest construction project at Frankfurt Airport. The European Investment Bank requires a project progress report every two years that contains the description of all significant environmental aspects for the financing of the Terminal 3. This helps to reduce environmental risks and is one of the principles of transparency, which aims to increase the reliability of the EIB Group as seen by its shareholders and the citizens of the European Union in general.

In its "Environmental Impact Study for the Expansion Program of the AIJCH" updated for fiscal year 2018, the Group company Lima has laid out the requirements for the contractual implementation of the airport expansion in line with social and ecological guidelines. In addition, the Group company recognizes the "Equator Principles", a set of rules by banks to comply with environmental and social standards in the area of project financing.

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

The environmental management systems cover all environmental factors such as energy consumption, CO₂ emissions, air pollutant emissions, effects of business activities on nature and biodiversity, water consumption, and waste. The topics climate protection and the protection of environment and nature as well as air quality were determined to be important as a result of the materiality assessment according to GRI.

Climate protection

The management activities at Fraport AG mainly deal with the emissions the company is directly responsible for, but it also looks at emissions that it is only indirectly connected to and which it can therefore only indirectly influence. Based on the Federal Government's climate change agreement 2050, Fraport AG wishes to reduce the CO₂ emissions at Frankfurt Airport to 80,000 t by 2030. This corresponds to a reduction by 65% compared to the emissions in the base year of the international climate change agreement (1990). In the past fiscal year, Fraport AG's CO₂ emissions amounted to approximately 188,631 tons of CO₂, 0.8% less than in the previous year. The emission reductions from energy savings under ongoing programs to improve energy efficiency were nearly offset by the increased energy demand due to the unusually long and hot summer as well as strong passenger growth at Frankfurt Airport. For the Group as a whole (including Frankfurt), the Executive Board has set a climate protection target of a reduction of to 125,000 m. t. of CO₂ by 2030. If necessary, the objective will be adjusted to any changes in Fraport's airport portfolio. The Group target currently used corresponds to a reduction of around 50% compared to the base year of 2015. In 2018, Group emissions amounted to 244,029 m. t. of CO₂ (previous year: 209,668 m. t. of CO₂). The increase in emissions is due to the first-time inclusion of Fraport Greece as well as the Group companies Fortaleza and Porto Alegre. The contribution from these airports amounted to 36,445 m. t. of CO₂. Without these airports, the emissions would have fallen by 1.0%.

A way of successfully managing CO₂ is to participate in the Airport Carbon Accreditation program of the ACI (Airports Council International), which Fraport played a major role in developing. Since 2010, it has evolved into the world standard for CO₂ reporting and management at airports. Participation at level 2 ("reduction") or higher requires proof of both a CO₂ reduction target, a CO₂ management program in accordance with international requirements and of annual emission reductions verified by external auditors. Frankfurt Airport reached level 3 ("Optimisation") back in 2012. Ljubljana Airport achieved level 2 in 2015 and is aiming for level 3+ ("neutrality") in the medium term. Lima, Varna, and Burgas airports do not currently participate, nor do the airports of Fraport Greece and the Brazilian airports in Fortaleza and Porto Alegre. However, they are obligated to have their CO₂ footprint assessed by way of an external audit.

Fraport AG has used its own monitoring instrument, the CO₂ and energy consumption monitoring system, since 2013 to depict, analyze, and manage energy consumption at the Frankfurt site. It creates transparency about consumption and consumers, helps to improve energy efficiency and reduce energy costs. It also allows qualified statements to be made at any time about the current CO₂ emissions at Fraport AG and allows any undesirable developments with respect to the strategic CO₂ targets for Fraport AG to be detected at an early stage. The company's monthly energy consumption, which is recorded in a sophisticated manner by building, system or equipment, serves as the database. All energy sources, such as electricity, district cooling, district heating, gas, fuel for vehicles, and other fuels, are taken into account.

Since 2014, all decisions relating to Fraport AG's energy management at Frankfurt Airport have been prepared in a separate body, known as the Energiezirkel, which is chaired by the Executive Director Controlling and Finance and reports to the Executive Board. Such decisions mainly concern improvements in building, system, and process energy efficiency. For the vehicle fleet and the aircraft handling equipment, the specialist departments assess the opportunities to use alternative forms of propulsion, in particular electric vehicles, as an alternative to vehicles with combustion engines.

Fraport AG has been involved in the Carbon Disclosure Project (CDP) since 2006, which analyzes climate risks, reduction goals and strategies of companies. The CDP manages the world's largest database on this topic, which is used by investors and also by political decision-makers. A score assesses a company's transparency and activities. Fraport AG achieved level C ("Awareness") in 2018. This is evidence of transparent reporting and the company's awareness of its influence on climate change.

Protection of environment and nature

As transport hubs, airports make intensive use of resources. The target is to equip all environmentally relevant, fully consolidated Group companies with a certified environmental management system. This serves to execute the Group's processes and activities in the most environmentally sound manner possible. At the end of the past fiscal year, 86.7% of the fully consolidated environmentally relevant Group companies were equipped with such a system.

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

Wildlife Hazard Management at the international Group airports is implemented according to international regulations as well as, where appropriate, based on more rigorous national and local targets. The airports comply with the relevant national laws and have correspondingly implemented their own monitoring systems.

Wherever possible, Fraport AG extends the green areas at the Frankfurt site. For example, the new buildings in CargoCity South are increasingly being planned with ecological green roofs. Fraport AG will upgrade some 2,300 hectares of land in the immediate and wider vicinity of the airport from a nature conservation perspective as a legal requirement under the zoning decision for the airport expansion. High-quality habitats such as deciduous forests, orchards, marshes, and nutrient-poor grassland are being developed. Measures to counterbalance the Expansion South, in particular Terminal 3, are already included in this extensive package of measures. The implementation and evaluation of the measures are subject to continuous monitoring. For ecological compensation measures, Fraport Group held provisions in the amount of €26.5 million as at the balance sheet date December 31, 2018 (see Group Notes, note 39, and Fraport AG's Notes, note 30).

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

Air quality

Fraport has already focused on the issue of air quality at the Frankfurt site for many years, also with the assessment of the airport's share in the local concentration of nitrogen oxide. The current discussion on diesel pollutants has once again brought the subject to the fore. There is no obligation to monitor air quality, yet Fraport has set the objective of gaining a deeper understanding of the emission of air pollutants (emissions) by the airport and their effect on people and the environment (immissions).

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

In Germany, Fraport AG cooperates with the German Aviation Association and the Airports Council International. In addition, there are collaborations with the Hessian Agency for Nature Conservation, Environment and Geology and the German Environment Agency to study so-called ultra-fine particulates.

At the Frankfurt site, with the largest share of traffic, Fraport has continually measured air pollutants since 2002 at its two to temporary five measuring stations. The results are regularly published on the website in the "Air quality annual report". In 2005, the area near the Runway Northwest was added to the network of air monitoring stations. In the approval procedure, the greatest impact on air quality by the airport was predicted for areas close to residential zones. The measurements show that the air quality on the airport grounds have remained unchanged at an urban level since the beginning of monitoring by Fraport.

At the local level, there is an overlap of air pollutant concentrations both related to the airport and those not attributed to the airport. The airport's impact on the air quality in the surrounding areas is limited to large extent to zones within a close proximity and to the nitrogen dioxide (NO₂) emissions component. Measurements and modeling suggest, however, that external influences, such as road traffic, also play a role in the air quality on airport grounds. In addition, the level of pollutant concentrations depends on the weather.

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

From an organizational standpoint, the "Environmental Impact, Noise and Air Quality" department of the strategic business unit Airside and Terminal Management, Corporate Safety and Security is responsible for this task. The CO₂ emissions are collected and monitored by the department of Environmental Management. The department is allocated to the central unit Corporate Development, Environment, and Sustainability. The Executive Board is directly involved as it receives an annual report on the matter.

Fraport is working on a model for creating a systematic inventory of air pollutant emissions. Thus will enable future potential for mitigation to be identified, mitigation activities to be controlled, and have their success mapped. It serves also as a basis for data to determine the proportion of the airport's operations on pollution in the surrounding area. The selection of the pollutants to be observed depends on their relevance. They are especially relevant if they are regulated by a threshold value and are emitted in a noticeable amount at the Frankfurt site.

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

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

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

Subsequent to the mediation on the expansion of Frankfurt Airport, Fraport established two service units in 2000: the Infonon hotline and a neighborhood dialog. In addition to complaints about aircraft noise and noise abatement, requests on air quality were also processed.

Non-financial key performance indicators

Issue	Target	Key figure	Target level	Term	Scope	Status at the end of 2018 ¹⁾
Climate protection	We want to reduce the CO ₂ emissions of the Fraport Group.	CO ₂ emissions (total of scope 1 and 2)	125.000 m. t. CO ₂	2030	Group	244.029 m. t. CO ₂ ²⁾
			80.000 m. t. CO ₂	2030	Fraport AG	188.631 m. t. CO ₂

¹⁾ As a result of subsequent verifications, there may be changes to the figures.

²⁾ Includes Fraport AG and Fraport Greece as well as the Group companies GCS, FraGround, Fraport Slovenija, Lima, Fortaleza, Porto Alegre and Twin Star.

Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting¹

To Fraport AG, Frankfurt am Main

We have performed a limited assurance engagement on the combined separate non-financial report pursuant to §§ (Articles) 289b Abs. (paragraph) 3 and 315b Abs. 3 HGBJ ("Handelsgesetzbuch": "German Commercial Code") of Fraport AG, Frankfurt am Main, (hereinafter the "Company") for the period from 1 January to 31 December 2018 (hereinafter the "Non-financial Report").

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Non-financial Report in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB.

This responsibility of Company’s executive directors includes the selection and application of appropriate methods of non-financial reporting as well as making assumptions and estimates related to individual non-financial disclosures which are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as they have considered necessary to enable the preparation of a Non-financial Report that is free from material mis-statement whether due to fraud or error.

Independence and Quality Control of the Audit

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner’s Responsibility

Our responsibility is to express a limited assurance conclusion on the Non-financial Report based on the assurance engagement we have performed.

Within the scope of our engagement, we did not perform an audit on external sources of information or expert opinions, referred to in the Non-financial Report.

We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to allow us to conclude with limited assurance that nothing has come to our attention that causes us to believe that the Company’s Non-financial Report for the period from 1 January to 31 December 2018 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB.

In a limited assurance engagement the assurance procedures are less in extent than for a reasonable assurance engagement, and therefore a substantially lower level of assurance is obtained. The assurance procedures selected depend on the practitioner’s judgment.

¹⁾ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial report and issued an independent assurance report in German language, which is authoritative. The following text is a translation of the independent assurance report.

Within the scope of our assurance engagement, we performed amongst others the following assurance procedures and further activities:

- > Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- > Inquiries of personnel involved in the preparation of the Non-financial Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Non-financial Report
- > Identification of the likely risks of material misstatement of the Non-financial Report
- > Analytical evaluation of selected disclosures in the Non-financial Report
- > Comparison of selected disclosures with corresponding data in the consolidated financial statements and in the group management report
- > Evaluation of the presentation of the non-financial information

Assurance Conclusion

Based on the assurance procedures performed and assurance evidence obtained, nothing has come to our attention that causes us to believe that the Company's Non-financial Report for the period from 1 January to 31 December 2018 has not been prepared, in all material aspects, in accordance with §§ 315b and 315c in conjunction with 289b to 289e HGB.

Intended Use of the Assurance Report

We issue this report on the basis of the engagement agreed with the Company. The assurance engagement has been performed for purposes of the Company and the report is solely intended to inform the Company about the results of the limited assurance engagement. The report is not intended for any third parties to base any (financial) decision thereon. Our responsibility lies only with the Company. We do not assume any responsibility towards third parties.

Frankfurt/Main, 26 February, 2019

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft



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Wirtschaftsprüfer
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