



# Annual Report 2019

Royal Schiphol Group

  
Schiphol  
Group

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## Message from the CEO

Our ambition is to create the world's most sustainable, high-quality airports. Ultimately, we want to create energy-positive and circular airports. We will succeed if we find the best possible combination of innovation, investment and policy.



# Connecting your world

The year 2020 will be a crucial year. It will set the tone for a new decade and it will shape that decade. The key word is 'connection'; connection with the sector, with the community and with society at large. These kinds of connections require a new way of working: transparent, collaborative, open to challenges, and especially focused on learning.

### Safety

The aviation sector is evolving, and safety is a major factor in the many changes taking place. The Integral Safety Management System (ISMS) places the highest priority on safety, while also compelling us to change our working methods by seeking structured collaboration with our partners. This is the best way for us to learn together from incidents. Our Safety Improvement Roadmap is on schedule: five measures were taken in 2019. There were no severe runway incursions last year, though two pushback incidents took place, along with other occurrences. We investigate every incident, constantly learning and improving. We believe that if today is incident-free, then tomorrow and the day after can be as well.

### Collaboration with the sector

We see greater collaboration within our sector in the area of capacity management. This is important in a new landscape where available capacity – both in the air and on the ground – is so crucial for operations. Our on-time performance in 2019 was 66.5%, which was lower than projected. While our performance on an average day is generally very good, last year brought too many deviations and abnormal situations, including runway maintenance and the fuel supply incident in July. We must improve our predictability and the use of available capacity, both through joint capacity management with sector partners, and at the airport itself through the new Airport Operations Centre (APOC).

### The cargo sector

The cargo sector requires additional attention. Cargo volumes are falling throughout Europe as a result of geopolitics; however, the trend is more pronounced at Schiphol Amsterdam where volumes are down by 8.5%, mainly due to a reduction in the number of full freighters landing. We have now reached the ceiling of 500,000 air transport movements (ATMs), and slots are no longer available in sufficient capacity for full freighters. This is a critical situation that must be addressed; cargo is a key component of our operations, after all. We are working closely with the government and the slot coordinator to ensure enough slots are reserved for full freighter aircraft.

### Political decision-making

2020 will be crucial as political decisions are made regarding the opening of Lelystad Airport, the continued development of Schiphol in the mid-term and the shape of aviation as we progress toward 2050. Work on Lelystad and Schiphol is close to completion and ready to be finished in the short term. The course chosen by the Cabinet is a good one: moderate and controlled growth offset by a reduction in the number of people suffering severe noise disturbance.

This approach offers prospects for both aviation and the surrounding area, and has societal support. Research commissioned by the government shows that 81% of Dutch people have a positive attitude about aviation. They are more divided on the prospect of growth in the aviation sector: one-third is in favour, one-third is neutral and one-third is against continued growth. A more precisely worded survey (controlled growth under specific conditions – as the Cabinet decided last July) shows that more than two-thirds of Dutch people are in favour of growth. The government can therefore count on this support. I am proud that the aviation sector has helped give shape to this approach by taking the need for growth seriously, refocusing it on its essence: ensuring network quality through

moderate and controlled growth. Growth that is possible thanks to a reduction in the number of people in our surroundings suffering severe noise disturbance. And an approach that hinges on sustainability and gives an impetus to high-speed rail as a viable alternative to air travel.

### The communities

Our connection to our communities is improving. We are listening closely to the concerns of local residents and officials and, working together with Air Traffic Control the Netherlands (LVNL) and the airlines, we have prepared important initiatives on noise reduction, environmental impact and ultra-fine particles (UFPs). We are ready to put these initiatives into action together with our neighbours. I am, of course, aware that many people need to 'see' it before they 'believe' it, and that trust is not immediately regained. I am equally convinced that a long-term programme of improvements can have a significant impact on the relationship with our neighbours.

### Sustainability

As we consider the world of 2050, sustainability will be a key mandate for the aviation sector. We have made no secret of our ambitions as expressed in our Climate Plan. It is our intention in the 2020s to achieve zero emissions at Schiphol, Eindhoven, Rotterdam The Hague and Lelystad airports. Many of the measures we are taking will reduce CO<sub>2</sub>, NO<sub>x</sub> and UFP emissions. We want to do our part to develop a net-zero aviation sector in line with the Paris agreements. This is a tough task; fortunately, our sector partners are also involved – at the climate roundtable for aviation.

In addition to reducing emissions at and around airports (we are switching to electric ground-handling vehicles), the most important task is fleet renewal and introducing and scaling up sustainable fuels. We are on our way: consider KLM's investment with SkyNRG in Europe's first sustainable aircraft fuel plant, in the Dutch port city of Delfzijl. We also need to increase R&D around hybrid and electric flying; TU Delft, NLR and GKN Fokker are ready. As long as there are emissions, compensation programmes will remain vital. Everyone has a responsibility here – look at the work

easyJet is doing, and at the initiatives being taken by travel organisations in the Netherlands.

We will only succeed if we find the best possible combination of innovation, investment and policy, which is not yet the case. Simply raising taxes and fees on the sector makes no sense; sustainability must be actively pursued, under the supervision of the level playing field for aviation. That is why the European Commission's Green Deal is so important. If a sensible European approach is adopted, with an international obligation to use a mix of sustainable fuels, then we will really be on our way to achieving our goals.

Air transport brings so many benefits, that simply asking people not to fly is not the answer. Clearly, consumers have to make responsible choices, including compensating for carbon emissions. What we really need, however, is a system transition. More of the same is not the answer for the aviation sector, but less of the same should not be the ambition for the environmental movement. What we need is to fly in a different, sustainable way.

### Projects and innovation

We are working on various projects and initiatives at Schiphol. Last year, we completed several new lounges. 2020 will be an important year for Schiphol's quality: the first part of the renovation of Terminal 1 will be completed – the mezzanine in Departure Hall 1 – and the work on the new pier is progressing. Less visible, but just as important, is the completion of the next phase of the Uniform apron, more aircraft stands. It will be an important year for the further design of Seamless Flow – an entirely new passenger experience. The new self-service units are a success, and this year we want to be able to support our passengers in more than 100 languages. Important new investments are coming up, including a new terminal as well as redevelopments on landside. I am also delighted that the MIRT project for the railway station, Schiphol Plaza and the new bus station is a done deal, with thanks to the Ministry, the Transportation Region, NS and ProRail.

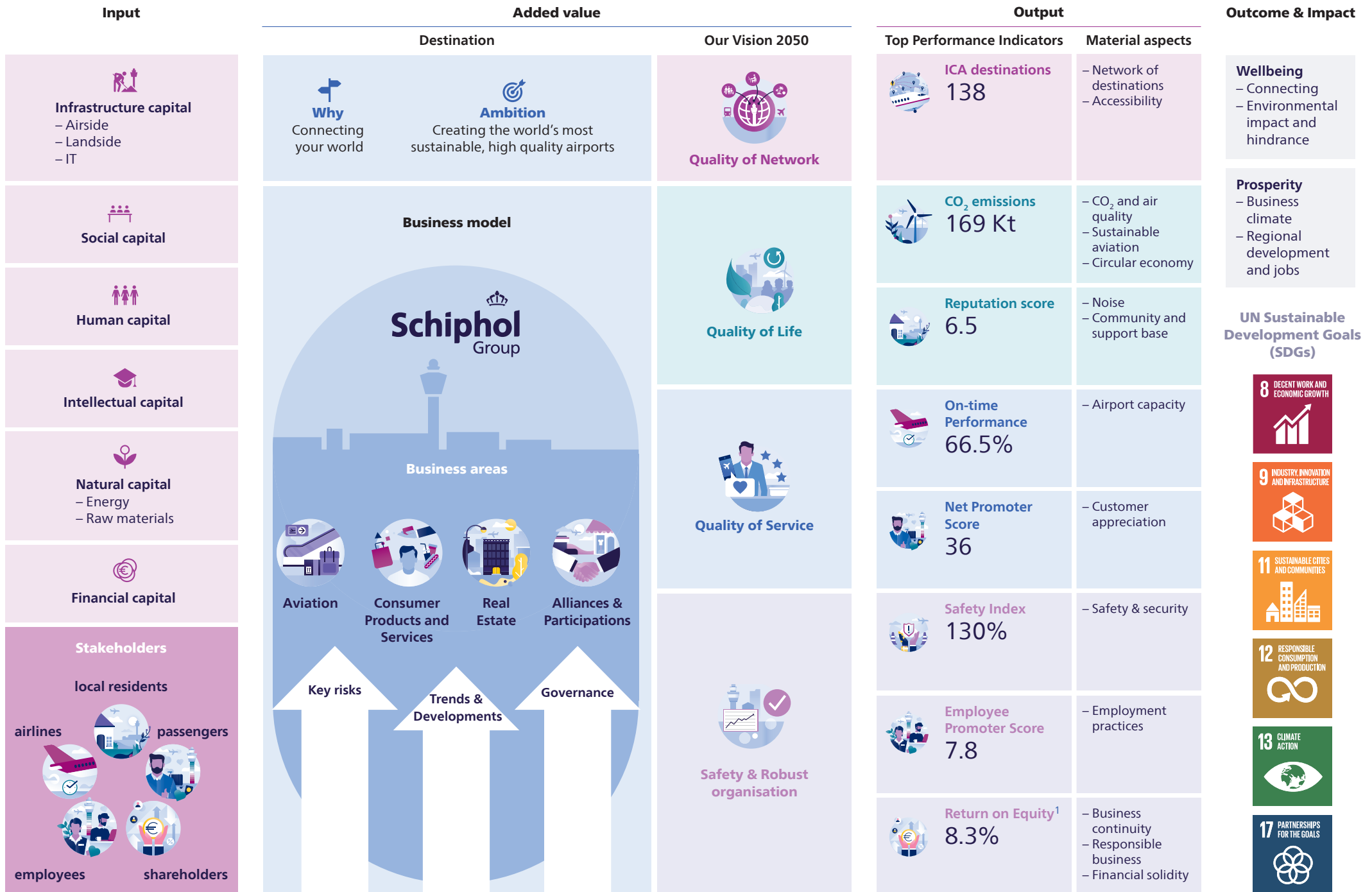
We understand that these investments have to be paid for. Our promise to the airlines is to work on the projects as efficiently as possible – we want to offer value for money.

### Connecting your world

We have been able to expand our number of direct destinations to 332. New destinations you can fly to from Schiphol include Las Vegas, Wrocław, Liberia in Costa Rica and Lusaka in Zambia, not to mention Tampa, Natal, Brest, Moscow Zhukovsky and Medan. In 2019, there were 71.7 million passenger movements at Schiphol, an increase of approximately 1%. The increase in passenger appreciation is also very encouraging to see, with our Net Promoter Score having risen by four points after years of decline. We are proud of that.

Schiphol is all about forging connections. *Connecting your world* – that's what we do. I do not mean simply transporting people from point A to point B. Connection is about far more than just transportation; connection brings different cultures closer together; it brings us closer together as individuals. That is why we, people, love aviation.

Dick Benschop  
President & CEO of Royal Schiphol Group



<sup>1</sup> Normalised ROE: 5.5%

# Key events in 2019

## First quarter

### 18 February

Launch of biometric boarding trial for Cathay Pacific passengers at Schiphol using facial recognition.

### 24 February

Maintenance of the Kaagbaan runway until 4 March.

### 7 March

Festive opening of the renovated Aspire business class lounge and all-new Star Alliance business class lounge in Departure Lounge 1.

### 10 March

The Zwanenburgbaan runway is closed for major maintenance until 21 April. On 6-7 April residents are invited to visit the runway.

### 14 March

For the sixth consecutive year, Schiphol is awarded Level 3+ status in the Airport Carbon Accreditation (ACA) benchmark provided by the Airport Council International for its CO<sub>2</sub>-neutral operation. Eindhoven Airport is awarded ACA 3+ status, also for the sixth consecutive year, on 20 June.



### 18 March

Completion of the expansion of the P3 long-stay car park, with 5,400 solar panels on its roof.

## Second quarter

### 1 April

Start of Schiphol's strategic collaboration with BAM, Heijmans and VolkerWessels for maintenance and capital projects related to existing infrastructure for a period of nine years.

### 3 April

Completion of construction and interior work on the new terminal at Lelystad Airport.

### 4 April

Schiphol signs the Buckingham Palace Declaration to demonstrate its commitment to zero tolerance for illegal trade in protected fauna and flora.

### 1 May

Eindhoven Airport launches a new app providing neighbouring communities with up-to-date information on local flight traffic. The app is expanded on 1 December with the addition of a predictive traffic tool.

### 17 May

Schiphol is the first WeChat Flagship Smart airport in Europe offering services as WeChat mini-app and WeChat Pay. The WeChat app has more than 1 billion active users in China.

### 24 May

Royal Schiphol Group approves investment to enable preparations for the construction of Europe's first sustainable kerosene plant.

Rotterdam The Hague Airport signs a collaboration agreement with a European consortium to study the production of sustainable synthetic kerosene.

### 28 May

Trade unions call for a national 24-hour public transport strike. The strike announcement causes Schiphol to go to court. The court rules that a limited train shuttle service must continue to operate in order to bring passengers to and from the airport. Thanks to an extensive communication campaign, the day of the strike proceeds in a smooth and orderly fashion.

### 6 June

Schiphol and the Delft University of Technology launch a partnership to enhance the airport's innovative potential. The partnership will focus on shaping the passenger experience and improving operational processes.

### 1 April

All new self-service passenger information desks in the Schiphol terminal are in use, featuring online channels and chat facilities.



**25 June**

Royal Schiphol Group increases its share in Brisbane Airport by 0.89% to 19.61%.

**26 June**

Co-initiated by Royal Schiphol Group, the European airports affiliated with Airport Council International adopt a resolution to call on the industry to work towards emissions-free aviation. The airports pledge to be emissions-free by 2050.

**29 June**

A major disturbance in the luggage system at Schiphol results in many bags being left at the airport.



**Third quarter**

**2 July**

The Dutch government states that the opening of Lelystad Airport will not take place in April 2020 due to the Traffic Distribution Rule not yet being approved the European Commission, as well as the ruling of the Council of State on nitrogen deposition.

**5 July**

The government decides on the post-2020 development of Schiphol. The Cabinet opts for a plan that will allow for moderate growth and simultaneously reduce noise disturbance.

**12 July**

Eindhoven Airport supports noise reduction as a condition for sustainable and moderate development, as advised in the Van Geel advisory memorandum.

**2 September**

Key handover of The Base D building to Heineken International. The building offers 6,000 m<sup>2</sup> of office space, smart building technology and bears the BREEAM excellence certificate for sustainability.

**24 July**

A fault in the power system of Aircraft Fuel Supply, Schiphol's fuel supplier, causes major disruption of flight operations. Many flights are cancelled, stranding passengers. An independent research agency is asked to investigate the incident.

**1 September**

In September and October, the Kaagbaan, Aalsmeerbaan and Polderbaan runways are closed for maintenance work. Maintenance on these major runways had been postponed until after the summer to limit the inconvenience for the surrounding communities.

**24 September**

The new traffic distribution rule (Verkeersverdelingsregeling) is approved by the European Commission, allowing the transfer of leisure flights from Schiphol to Lelystad Airport.

**30 September**

Eindhoven Airport announces its intention to end the landing of scheduled flights after 23.00, effective from the 2020 winter season. This is confirmed by a government ruling in December.



**24 September**

Schiphol begins trialling the world's first fully automatic dual passenger bridge. The bridge connects aircraft to the pier automatically in under a minute, which reduces waiting time for passengers and speeds up the airline's operations.

## Fourth quarter

### 25 September

Local Community Contact Centre (BAS) notifies all persons who made use of its website about a possible security risk on its website that there are no signs personal data has been misused. The Dutch Data Protection Authority is notified.

### 31 October

Royal Schiphol Group acquires a 35% stake in Hobart International Airport in Australia.

### 22 November

Announcement of a 237 million euro joint investment to create more capacity at Schiphol for public transport. Ultimately, the train and bus station will be optimised by 2025 in a partnership consisting of the Ministry of Infrastructure and Water Management (I&W), the municipality of Haarlemmermeer, Transport Authority Amsterdam (Vervoerregio Amsterdam), Dutch Railways (NS), ProRail and Schiphol Group.



### 1 October

Eindhoven Airport opens the multi-functional parking building P1, which has been rebuilt following its collapse in 2017.



### 28 November

Official opening of the new KLM Crown Lounge for business class passengers to non-Schengen destinations on Holland Boulevard, a major construction project being carried out jointly by KLM and Schiphol Real Estate.

### 2 December

Swissport opens its brand-new Aspire business lounge at Eindhoven Airport.

### 13 December

Schiphol publishes its roadmap Most sustainable airports.

### 14-15 December

Greenpeace holds peaceful demonstrations in Schiphol Plaza as part of a series of organised protests against the growth of aviation in the Netherlands. The 'Protestival' is attended by several hundred demonstrators and sympathisers.

### 7 November

Air traffic control is set up at Lelystad Airport. With its own fire brigade already installed in September, Lelystad Airport has taken the next step in the process of opening for commercial traffic.

### 16 December

Opening of the renovated VIP centre, with an interior combining Dutch heritage and design with international luxury.

### 18 December

The national regulation for the implementation of air traffic distribution rules for Lelystad Airport is referred to the Council of State, which will further advise.





# About us and our Why

Rostilov (49), based in Rotterdam,  
the Netherlands  
Destination Moscow, Russia,  
for work and to catch up with family

# Facts and figures



**332**  
direct  
destinations  
from Schiphol



**496,826**  
air transport movements at  
Schiphol



**80.5**  
million passengers



**71.7**  
million passengers at  
Schiphol



**36.1%**  
transfer passengers at  
Schiphol



**1.57**  
million tonnes of cargo at  
Schiphol



**47.1%**  
public transport  
passengers at Schiphol



**0.23**  
kg CO<sub>2</sub> per passenger at  
Schiphol



**44.5%**  
waste separated at  
Schiphol



**7.04%**  
energy efficiency at  
Schiphol



**270**  
outlets at Schiphol



**17.79**  
€ spend per passenger on  
airside at Schiphol



**1.8**  
billion € real estate



**91.5%**  
average real estate  
occupancy rate



**8.3%**  
ROE



**7.8**  
billion € total assets



**42.7%**  
EBITDA



**1.2**  
Lost Time  
Injury  
Frequency  
(LTIF) at  
Schiphol



**31.0%**  
female employees



**4.7%**  
absenteeism

# Key figures

EUR million unless stated otherwise	2019	2018	%
<b>Results</b>			
Revenue	1,615	1,509	7.0
Other results from investment property	113	107	5.5
Operating expenses (excluding depreciation, amortisation and impairment)	1,039	981	5.9
<b>EBITDA<sup>1</sup></b>	<b>689</b>	<b>635</b>	<b>8.5</b>
Depreciation, amortisation and impairment	294	267	10.1
<b>Operating result</b>	<b>395</b>	<b>368</b>	<b>7.3</b>
Financial income and expenses	-84	-90	6.5
Share in results of associates	127	98	29.2
<b>Profit before tax</b>	<b>438</b>	<b>376</b>	<b>16.4</b>
Corporate income tax	-76	-90	15.7
<b>Profit for the year</b>	<b>362</b>	<b>286</b>	<b>26.4</b>
<b>Profit for the year attributable to shareholders</b>	<b>355</b>	<b>279</b>	<b>27.1</b>
Total equity	4,372	4,136	5.7
Investments in intangible assets and property, plant & equipment	860	581	48.1
Cash flow from operating activities	523	526	-0.7
Proposed dividend	151	117	29.0

EUR million unless stated otherwise	2019	2018	%
<b>Business areas</b>			
Aviation	-7	-39	81.9
Consumer Products & Services	206	209	-1.8
Real Estate	183	172	6.2
Alliances & Participations	13	26	-47.2
<b>Operating result</b>	<b>395</b>	<b>368</b>	<b>7.3</b>
<b>Ratios</b>			
Return on equity (ROE) <sup>2</sup>	8.3%	7.0%	
Leverage <sup>3</sup>	38.9%	38.9%	
FFO / total debt <sup>4</sup>	19.2%	18.7%	
FFO interest coverage ratio <sup>5</sup>	7.5	6.6	
Earnings per share (in EUR 1) <sup>6</sup>	1,908	1,501	
Dividend per share (in EUR 1)	813	631	
<b>Business volume (in numbers)</b>			
Air transport movements <sup>7</sup>	554,947	553,735	0.2
Passenger movements (x 1,000) <sup>7</sup>	80,521	79,181	1.7
Cargo (x 1,000 tonnes) <sup>8</sup>	1,570	1,716	-8.5
Workforce in full-time equivalents <sup>9</sup>	2,519	2,324	8.4

1 EBITDA: Operating result plus depreciation, amortisation and impairment

2 Net result attributable to shareholders / average total equity

3 Leverage: interest-bearing debt / (total equity + interest-bearing debt)

4 Funds from operations (cash flow from operating activities before changes in working capital) / interest-bearing debt

5 Funds from operations plus gross interest expense / gross interest expense

6 Based on net result attributable to shareholders

7 Schiphol Group: Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport

8 Schiphol Group: Amsterdam Airport Schiphol

9 Schiphol Group: Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport

## Our company

Royal Schiphol Group is an airport company with an important socio-economic function. Airports in the Group create value for society and for the economy, with safety as a key enabler. Together with our international activities, Schiphol Group's Dutch airports are part of our 'Why' of *Connecting your world*.



# We create value for society and the economy

Amsterdam Airport Schiphol is the main gateway connecting the Netherlands to the rest of the world. Over the years, Amsterdam Airport Schiphol has become one of the best connected hub airports in Europe, with 332 direct destinations. As a result, Schiphol now operates Europe's second best network of direct destinations and frequencies, and ranks third worldwide for hub connectivity. In 2019, the number of passengers served by the airport grew by 0.9% to 71.7 million, though cargo volumes decreased by 8.5% to 1.57 million tonnes. Schiphol is also an important marketplace: the airport site accommodates more

than 900 organisations with a combined employee base of about 68,000 people.

While the operation of this hub airport is one of our principal activities, our regional and international airports play an important role in extending our reach and impact. Schiphol Group is the owner and operator of Rotterdam The Hague Airport and Lelystad Airport, and holds a majority share in Eindhoven Airport. We also work closely with selected airports overseas. These international relationships strengthen our position, with international activities accounting for a large share of the Group's

### Schiphol Group



financial results. As well as the airports of Groupe ADP, in which we have an 8% cross-participation, Schiphol has an interest in the airports of Brisbane and Hobart and manages terminal and retail operations in Terminal 4 at JFK International Airport in New York.

We are investing in infrastructure and facilities across our airports to connect the world for our stakeholders and fulfil our ambition of creating the world's most sustainable, high-quality airports. Our robust financial policy is aimed at safeguarding the independent financing of our business, both today and in the future.

Schiphol Group has four shareholders: the Dutch state (69.8%), the municipality of Amsterdam (20.0%), Groupe ADP (8.0%) and the municipality of Rotterdam (2.2%).

### Our activities

Royal Schiphol Group's main activities are concentrated within four business areas: Aviation, Consumer Products & Services, Real Estate and Alliances & Participations. Our business model allows us to carry out our activities in the most efficient way. The activities of our four business areas all contribute to the quality of our airports. While Aviation represents the backbone of our business, it is closely integrated with Consumer Products &

Services and Real Estate in forming the AirportCity: a development concept for all activities taking place at Amsterdam Airport Schiphol, offering passengers, businesses and other users a full spectrum of services and facilities. The focus of our Alliances & Participations division, meanwhile, is on the regional airports within our Group and our international activities.

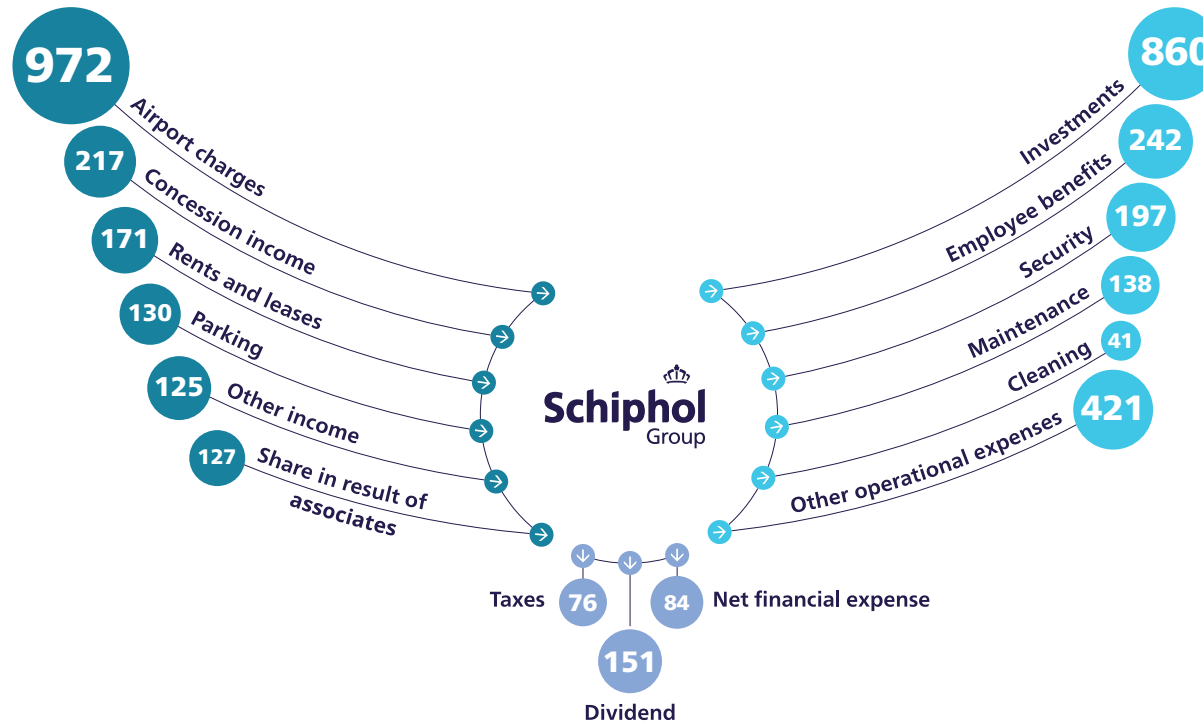
### Sustainable Development Goals

We examined our activities in light of the UN Sustainable Development Goals (SDGs). Of the 17 SDGs, six are highly relevant to our activities and our role in the value chain. We are working to increase our positive impact and reduce our negative impact with regard to each of these six SDGs as part of our ongoing contribution to a future-proof aviation industry. For the underlying Top Performance Indicators (TPIs) and our activities supporting these goals, please refer to [Quality of Life](#) in Our results.

-  SDG 8 Decent work and economic growth
-  SDG 9 Industry innovation and infrastructure
-  SDG 11 Sustainable cities and communities
-  SDG 12 Responsible consumption and production
-  SDG 13 Climate action
-  SDG 17 Partnerships for the goals

### Business model

(x EUR million)





## Our Why, ambition and strategy

We exist to *connect your world*, orchestrating inspiring journeys and building connections for passengers and other stakeholders around the world. As part of this ambition, we also want to lead the way as a front-runner in sustainable airport practices.



# Our Why: Connecting your world

*Connecting your world* embodies the 'Why' of Royal Schiphol Group. By creating the world's most sustainable, high quality airports our company allows international trade, tourism and knowledge exchange to flourish by providing top-quality aviation infrastructure and air transport facilities for passengers and cargo.

By ensuring optimal air connectivity for the Netherlands, we are supporting the economy while also helping to promote the traditional Dutch values of openness, tolerance and international-mindedness for which we are known around the world. We do this with the support of our many partners across the aviation sector and beyond, including airlines, Royal Netherlands Marechaussee, Customs, national and local government, business partners, landside infrastructure providers, air traffic control and other key stakeholders.

At the same time, Schiphol is aware that our activities impact different groups in different ways. We therefore strive to balance the contribution we make in providing optimal links to connect the Netherlands to the wider world against the negative effects of aviation on the quality of life of local residents as well as the wider environmental impact of air travel. We do this through careful monitoring of noise pollution, local air quality and carbon emissions, as well as other key sustainability concerns.

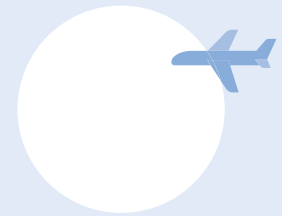
## Our ambition: Creating the world's most sustainable, high-quality airports

Our ambition is to operate the world's most sustainable, high-quality airports. We want our airports to be zero-emission and zero-waste by 2030 on route to becoming energy-positive and circular in the long run. All the while, we will continue to play a leadership role in driving sustainability across the aviation sector, as it aims for net-zero-emission aviation by 2050.

As we work towards our ambition, we will continue doing what we do best: orchestrating inspiring journeys for our passengers and other customers by putting safety first and working closely with our partners and stakeholders to ensure high levels of quality at all times. Meanwhile, we must continue working hard to address the challenges presented by growing passenger numbers as well as the limits on Schiphol's air transport movements (ATMs). Here, our Top Performance Indicators (TPIs) take centre stage, helping us to accurately monitor our performance and stay on track to realising our goals.

Our values and our purpose are embodied by Schiphol Group's 'Destination', which anchors who we are as well as the attributes and behaviour we expect from our leadership and staff. Developed through extensive consultations with Schiphol employees across all departments and at all levels, our Destination provides clear guidance for our future activities and decision-making, contributing to our robustness as an organisation.

# Destination



**Why we exist**

**Connecting your world**

**Who we are**

We are innovators

**Ambition our goal**

Creating the world's most sustainable and high quality airports

**What we do**

We orchestrate inspiring journeys

**How we do it**

- Safety comes first
- With the best people, proudly working together with our customers & stakeholders

Customer experience

I feel welcome	I am at ease	I feel valued	I am inspired
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Optimal interaction/behaviour

Connect	Care	Go the extra mile	Sparkle
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Stimulating working environment

Collaborating	Developing	Taking ownership	Having fun
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Optimal leadership

Include	Stimulate learning	Empower	Engage
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## Trends and developments

In setting out Schiphol Group's Vision 2050, we have undertaken extensive analysis of the current and future aviation environment. Through this process, we have identified the major trends and developments that we expect to shape the airport industry of the future, and therefore the next steps for the airports in our Group.

# Trends shaping the airport industry of the future

Many of the trends we analyse relate specifically to airports and airlines, while others relate to broader society, such as the development and distribution of economic growth and society's stance towards the environmental effects of aviation. Below, we have focused on the trends most relevant to our business.

### Economic growth and distribution

Economic expansion is a core driver of aviation, with anticipated global GDP growth potentially leading global demand for air travel to double over the next two decades. Indeed, the healthy growth of the European and wider global economy has directly benefited the aviation industry in recent years: the number of passengers flying from European airports rose again in 2019. Closer to home, the Dutch economy expanded by 1.7% in 2019.

Going forward, it seems likely that economic growth in Europe will be lower than in recent years. We anticipate the focus of aviation growth to shift increasingly towards emerging economies, with a fast-expanding Chinese and Indian middle class as a particular driver of air travel demand. Facilitated by ongoing urbanisation, economic growth will continue to be concentrated in a limited number of global city regions throughout the world, the 'command and control centres' of the global economy.

### An evolving airport hub model

While hub airports are essential to global air connectivity, various trends indicate the potential for a very gradual increase in the share of point-to-point travel, at the expense of the share of indirect travel via hubs. Today, about 6% of the world's city pairs have enough origin-destination (OD) passengers demand to be connected with a direct flight and we expect that this percentage will increase only slowly towards 2050. In this respect, far from

becoming obsolete, the traditional hub-and-spoke model will continue playing an essential role in connecting the vast majority of markets. Likewise, local markets will continue to profit from the 'connectivity premium' these hubs generate, meaning the local OD market of a hub airport has significantly more direct connections at its disposal than would have been feasible in the absence of a hub operation.

Hub airports may be here to stay, but the traditional hub-and-spoke model is evolving. The rise of new mega hubs – in the Middle East and Turkey, for example – combined with the emergence of niche hubs such as Dublin and Helsinki provide robust competition to traditional major European hubs such as Schiphol. Added to this, the trend of passengers 'bypassing' the traditional hubs may be further driven by growing capacity constraints at Europe's major airports. Meanwhile, we note the emergence of new hub concepts such as self-connect, otherwise known as self-hubbing, supported by the quasi-hubbing activities of increasingly influential low-cost carriers (LCCs). LCCs provide almost half of the scheduled seats in Europe and are slowly making their way into the long-haul and business segment. While providing opportunities for airports across Europe, this development is putting pressure on the profitability of the hub operations of other major carriers.



## A stronger, more cohesive aviation climate approach

Globally, the aviation sector recognises its collective responsibility to better manage and reduce its impact on climate change. At the same time, society - in particular in Northern and Western Europe - is growing more conscious of the environmental effects of air travel, with passengers choosing to fly less and sometimes opt for 'greener' transport modes for environmental reasons. Various policies are now in place to offset aviation emissions, including EU ETS (European CO<sub>2</sub> Emissions Trading Scheme) for aviation and CORSIA (Carbon Offsetting and Reduction Scheme International Aviation). Major European airports have called on the industry to increase its efforts to achieve the goals of the Paris Agreement, and European Airport operators have also agreed to set the goal of achieving net-zero emissions for all airports by 2050. Meanwhile, we note growing interest, and investment, in

sustainable aviation solutions and technology, including biofuels, synthetic fuels and hybrid and electric aircraft.

## Society's shifting stance on noise and particle emissions

Today's public is also more informed about the potential health effects of particulate emissions and ultra-fine particles (UFPs) from aircraft and other vehicles. With regard to noise, calculations of the amount of aircraft noise do not always correspond to measured noise levels and the perceptions of local residents. This has created friction between the aviation sector, the government and local residents, and has sparked debate around the reliability of data and models.

In recent decades, large-scale aircraft development programmes focused on technology, engines and airframes have not only led to substantial improvements in flight performance and fuel

efficiency, but also in the reduction of aircraft noise emissions. In the years ahead, continued technological innovation and operational measures for aircraft and engine technology should enable further decreases in noise emissions and air pollution.

## Digitalisation of air travel

Innovative technologies and data approaches are influencing the development of modern aviation, presenting advantages for passengers and airports alike. Through the use and sharing of data, airports are finding new ways to diversify and customise their service offerings to passengers and generate new opportunities for revenue growth. Meanwhile, digital solutions, such as seamless travel, artificial intelligence and biometrics are driving the enhancement – and personalisation – of the traditional customer experience, by enabling smoother door-to-door journeys as well as reductions in waiting time at mandatory (security) touchpoints.

## A new plan for Schiphol's controlled growth

Following several weeks of discussions, by January 2019 it was clear an agreement would not be reached through the Schiphol Local Community Council (ORS) regarding the controlled development of the number of air transport movements (ATMs) at Schiphol Airport. At this point, the Dutch Minister of Infrastructure and Water Management (I&W) Cora van Nieuwenhuizen stepped in to provide further direction on Schiphol's future growth. On 5 July, the Minister set out her ambitions for Schiphol's controlled growth in a letter to the Dutch Cabinet. The proposals largely reflect our Group position regarding the future development of our airport.

The letter explores plans for Schiphol to expand beyond its current limits, albeit at a moderate pace, up to a maximum of 540,000 ATMs per year. The proposed ceiling is based on research by the Netherlands Aerospace Centre (NLR) which states that Schiphol's current operational system is equipped to safely handle the proposed increase in annual movements. The letter also advises a reduction in the number of night-time flights to and from Schiphol. Under the proposed solution, additional capacity at Schiphol has to be 'earned' before it can be introduced, meaning the yearly increase in ATMs will depend on a year-on-year decline in the number of local residents experiencing severe noise disturbance.

Schiphol has drafted three plans to support the new agreement. The plans, which will be launched in early 2020, include: 1) a noise-reduction implementation plan, 2) an action plan for the reduction of ultra-fine particles (UFPs) around the Schiphol site, and 3) a regional investment fund. Further details of these plans and their current stage of development are presented in the Results chapter of this report; in Noise, CO<sub>2</sub> and air quality, and Community and support base.

## Responsible and more sustainable business travel

Schiphol Group is a member of the Anders Reizen coalition, a consortium of more than 50 large Dutch employers working together to halve the total CO<sub>2</sub> emissions generated by business travel in the Netherlands by 2030 compared with 2016. In November 2019, 24 companies within the coalition each agreed to follow best practices to mitigate the environmental impact of their business air travel, ranging from purchasing CO<sub>2</sub> compensation certificates to ensuring employees travel via direct flights wherever possible. 15 concrete actions were put forward in total, with the members agreeing to implement at least seven of the measures before 2022. Among these best practices it has agreed upon, Schiphol already compensates for business air travel related emissions, as well is investing in sustainable aviation fuels.

While in their infancy, autonomous technologies and robotics offer great long-term potential. As they begin to leverage these solutions, we expect airports to greatly improve the efficiency of their processes in the years ahead, and to further reduce safety and security risks. Physical assets, including real estate, airport terminals, cars or equipment (e.g. check-in desks), will become smarter and more flexible, and therefore easier to deploy and share, increasing their productivity and reducing their environmental footprint. Schiphol Group is working to develop new digital solutions aimed at driving passenger satisfaction.

### Addressing changing customer needs

Technology brings both opportunities and new challenges for airports. Driven by broader societal trends, the needs of airport (retail) customers are changing, as digital advancements in other areas of life raise expectation levels. With the emergence of the modern 'experience-based economy', today's passengers are looking for personalised services; amid decrease in spend per

passenger from their traditional retail portfolios, airports are responding by experimenting with enhanced, customised airport experiences that go beyond traditional service offerings.

### New entrants to the travel market

The past decade has also brought a wave of new digital disruptors to the air travel market, with innovative air travel concepts such as self-hubbing and online travel platforms offering passengers unprecedented levels of choice, affordability and convenience. In particular, Mobility as a Service (Maas) concepts, where different modes of transportation are offered through one service provider, are an area of interest to both start-ups and existing players. As the importance of global travel platforms will further increase, being fully connected to these platforms will be key for traditional players in the travel market, such as airports.

Taking a longer-term view, while aviation will remain the dominant mode of transport for medium- and long-haul

distances, there are promising alternatives for short-haul flights, such as high-speed rail and self-driving cars. Moreover, new technologies already impact the way people travel from the city centre to the airport, with mobility platforms such as Uber, Lyft and SHARE NOW offering notable examples of the increased flexibility for passengers on this 'first mile' of their journey.

## The Aviation White Paper

The Dutch Ministry of Infrastructure and Water Management (I&W) is working on its Aviation White Paper 2020-2050 (the 'Luchtvaartnota'), setting out the government's perspective on the development of the Dutch aviation industry over the coming decades. The Paper seeks to address a key challenge: how to balance society's desire for aviation and a robust economy with the growing need for sustainability and a safe and healthy living environment.

As background to the White Paper, the Ministry of I&W has led an extensive consultation process to gather insight from Royal Schiphol Group as well as other key aviation stakeholders. Schiphol has shared knowledge and information specifically for the strategic environmental assessment (SEA) and, more broadly, on topics requiring further exploration or clarification. On 5 July 2019, the Ministry sent a letter to parliament proposing a framework for short- and long-term decision-making on the future growth of aviation activities at Schiphol. The starting point of the strategy is a 'smart and sustainable' policy, underpinned by safety as a fundamental requirement. The framework also emphasises Schiphol's switch from quantitative to qualitative growth, while highlighting the continued importance of international connectivity to the Netherlands. Royal Schiphol Group has developed its Vision 2050 in parallel to the White Paper, further detailing the Vision in the second quarter of 2020.

The Ministry has postponed publishing the draft Aviation White Paper, which will now be published during the first half of 2020 together with, together with the strategic environmental assessment and an Uitvoeringsagenda ('action agenda').

## The UK Market and Brexit

The United Kingdom is Schiphol's largest passenger market. Amsterdam Airport Schiphol is directly connected to 26 destinations in the UK on a daily basis: London (City, Gatwick, Heathrow, Luton, Southend and Stansted), Manchester, Birmingham, Edinburgh, Bristol, Glasgow, Newcastle, Aberdeen, Leeds Bradford, Southampton, Liverpool, Norwich, Cardiff, Belfast (City and Intl Airport), Humberside, Durham Tees Valley, Inverness, Doncaster Sheffield, Exeter, and East Midlands. On average 256 flights run between the UK and Schiphol each day. In total, 10.7 million passengers travelled on these routes in 2019, a growth of 2.5% compared with 2018, of whom over 26% transfer at Schiphol. Negotiations over the execution of Brexit, and consequently the impact on the UK's trade and travel relationships with the European Union, will take place during the course of 2020.

Royal Schiphol Group's Vision 2050 is to create the world's most sustainable, high-quality airports, setting a new and aspirational goal for our organisation and the wider Dutch aviation industry. Our Vision is based on strengthening the fundamental 'qualities' we offer as a group: Quality of Network, Quality of Life and Quality of Service.

# Our Vision 2050

Royal Schiphol Group plays an important social and economic role. Amsterdam Airport Schiphol is one of the world's best-connected airports, offering direct links to 332 international destinations. This global reach is strengthened by our regional airports and international alliances and participations.

Our Group Vision outlines how we plan to maintain and build on this role in the years ahead, by delivering value to our customers, partners and communities, and society as a whole. The value we bring begins with the quality of our network: the connectivity offered by our passenger and cargo networks, and how they support the competitiveness of the Randstad region and the Netherlands. The economic contribution of aviation in the Netherlands is estimated to be 10.4 billion euros yearly to GDP and 114,000 jobs. Furthermore, recent societal cost-benefit analyses again highlight the positive contribution of connectivity development to the wellbeing of Dutch society.

## Focused on our customers

As we continue to invest in our network, we must also maintain our focus on the customer, by ensuring high levels of quality and service for passengers and all those who visit and use our airports. Doing so means identifying and introducing new concepts and digital trends to deliver smooth-running operations and outstanding customer experiences. It will also mean strengthening our collaborations and international partnerships to share knowledge and best practice across our Group.

## Balancing benefits and costs

As well as the opportunities, our Vision also outlines the challenges and dilemmas we face as a Group, and those facing the wider aviation sector. Addressing the drawbacks of aviation, namely its impact on neighbouring communities and the environment, is at the core of our Vision. Balancing the benefits and costs of our activities will be crucial in ensuring quality of life of our neighbours and future generations. Furthermore, as the number of international air passengers continues to grow, airport capacity will become scarce and it will be more important than ever to make optimal use of this scarce capacity.

## Leading by example

By addressing these challenges and opportunities, Vision 2050 will lay the foundation for our upcoming business strategies and the new Master Plan, serving as the point of reference for discussions with our partners and stakeholders. To create our Vision, we have analysed our own performance and our future external environment, and conducted an extensive external and internal engagement process. The cornerstones of our Vision, the three Qualities, rest on a foundation of two key enablers; Safety and a Robust organisation. Together, these fundamental pillars will guide our Group through the exciting, challenging period ahead. A period that will see us push our limits and be a frontrunner in the sustainable development of the aviation industry worldwide. All this so that we can continue doing what we do best: *Connecting your world.*

Royal Schiphol Group wants to create the world's most sustainable, high quality airports. We're looking for a balance between the further strengthening of the Quality of our Network, improving the Quality of Life - both locally and globally - and enhancing the Quality of Service.

## Connecting your world

Creating the world's **most sustainable, high quality** airports



Quality of  
**Network**



Quality of  
**Life**



Quality of  
**Service**



### Enablers

Safety first

Robust organisation

## Quality of Network

The quality of our network is an essential pillar of Schiphol Group's Vision 2050. In a globalised world, connectivity by air is key to a country's economic and broader societal wellbeing. Indeed, the role of Schiphol in the Dutch economy has evolved from a 'mainport' driving the growth of jobs, GDP and logistics, to an essential enabler for the Netherlands to compete as a Global City Region (the 'Holland Metropole'). In this way, the connectivity offered by Schiphol, and in particular through our world-class network of destinations, is an integral component of our 'Why' of *Connecting your world*.

Global demand for aviation will continue to grow at a steady pace in the Netherlands and elsewhere through 2020-2050, with airport capacity struggling to keep pace due to physical limitations and environmental boundaries. With regard to Schiphol, even with limited growth in air transport movements (ATMs), our passenger numbers will further increase, mainly driven by the use of larger aircraft.

Meanwhile, major European hubs such as Schiphol face growing competition from the rise of new mega hubs in the Middle East and other regions, as well as a new wave of European 'niche' hubs. Emerging aviation trends such as self-connect, low-cost hubbing and long-haul low-cost are also likely to increase competitive pressure in the transfer and OD markets. For Schiphol to remain competitive, we must continue to prioritise our connectivity and the quality of our network, supporting this through intelligent capacity expansion and investments.

A moderate and controlled growth path is needed for Schiphol to continue directly connecting the Netherlands to about 50% of global GDP and to rank among the best-connected European airports. While major capacity expansion projects are already planned or underway at Schiphol and our other airports, additional investment will be needed to accommodate the future passenger numbers.

## Quality of Life

As we maintain our strong position in connectivity, we focus on improving the quality of the living environment, both locally and globally. Our Vision 2050 outlines our core strategies to help tackle aviation's contribution to climate change and the sustainable development goals, becoming energy-positive, advocating sustainable aviation, implementing circular economy principles and securing a healthy living environment around our airports. We also have an action plan to achieve zero emissions and zero waste at our own locations by 2030, which is outlined in our Roadmap Most sustainable airports.

The Roadmap also charts Schiphol's role in driving the decarbonisation of the aviation industry. We have committed to the Netherlands' 'Smart & Sustainable' action plan and have been involved in drafting the Dutch 'Sustainable Aviation' agreement. While there is no silver bullet for hard-to-abate sectors such as aviation, we hope that with the support of new technologies and our fellow aviation partners, we can help achieve a net-zero carbon emissions aviation industry by the mid-point of this century.

Alongside our wider sustainability goals, we acknowledge our immediate responsibilities to our neighbours and all those involved in or affected by our operations, now and in the future. In this sense, our effort regarding quality of life will in turn reinforce the quality of our network: not only is this essential for our licence to grow and to operate, it also contributes to an attractive international business and living climate. For this reason, as part of our ambition to create the world's most

sustainable, high-quality airports, we are pursuing a controlled and moderated path of growth in alignment with improvements in aircraft technology and new air traffic control procedures. These efforts will generate reductions in noise hindrance, thereby contributing to a healthy living environment. We are also working on solutions to reduce local emissions including nitrogen oxide (NOx) and fine and ultra-fine particles (UFPs).

To further enhance quality of life for neighbouring residents, we aim to broaden the scope and scale of our community investments; for example, by buying and/or redeveloping houses in heavily noise-affected areas. Our overall aim is to ensure aviation benefits local people socially as well as economically.

## Quality of Service

As our Group grows in size as well as scope, we continue to prioritise quality over quantity in terms of the different services we provide. Schiphol and the other airports in our Group face increasing competition from other air travel options and transport modes. To remain first choice for our customers, we need to go above and beyond by offering a consistently outstanding quality of service. This means not only safe and hassle-free journeys, but also unique, memorable travel experiences.

On the one hand, we deliver quality by orchestrating inspiring journeys for our passengers, supported by efficient and affordable airport processes. By adopting early-stage technologies, we are introducing innovations such as seamless passenger flows and automated ground support equipment movements that are attractive to passengers and airlines alike. However, on the other hand, being known as a globally leading airport involves more than simply 'hassle-free' journeys'; we want our passengers to enjoy spending time at our airports, where they will be met with a pleasant atmosphere and enriching experiences customised for their individual needs.

These developments are helping us to reshape our retail and food and beverage service offering. Amid increasing pressure on retail spending at airports, we are working hard to ensure our airports remain attractive platforms for retailers and brands, using data and insights to understand our customers and develop ways to meet their fast-evolving needs and expectations. Our approach includes introducing innovative new retail and dining concepts, as well as exploring new areas of service provision in the space where physical airport infrastructure and digital travel solutions intersect.

More widely, we are adapting our retail and food and beverage strategy to create more flexibility in terms of how we develop our retail spaces and partnerships. Working in close collaboration with current and future business partners, we aim to gain greater control over the customer journey and over our own platforms, as we look to steer the long-term direction of our retail and food and beverage business. As always, we will continue investing in high-quality people, who add a human touch to the increasingly technology-driven airport experience.

At Schiphol, quality of service extends beyond the immediate travelling experience. To truly connect the world and its citizens, our airports must be a place where people from all walks of life – travellers, businesses, students and research institutions – can come together. Enabled by our smart and 'connected' real estate and quality business services, we help to boost the local business climate and knowledge economy by helping to forge new value-added connections and see potential for exploring further development and new concepts.



## Safety

The first enabler of our three Vision 2050 cornerstones is safety. Ensuring the safe running of our airport operations for everyone who works on our site, as well as safe surroundings for passengers and local residents, is not only essential to our day-to-day operations, it is our licence to operate.

As passenger numbers increase, upholding the highest airport safety standards has never been more important, or indeed challenging. To ensure safety remains top of mind throughout Schiphol Group, we must continue to promote an open culture in which all safety deviations are reported, where improvements are made in a timely fashion and where everyone working in the sector is committed to following the highest standards. Working in close collaboration with our partners and following the advice of the Dutch Safety Board (OVV), we continue to prioritise, and enhance, our safety management processes, both at Schiphol and our regional airports, as we strive for a proactive health and safety culture.

As part of our shared commitment to improving overall industry safety standards, Schiphol Airport, Air Traffic Control, airlines, ground handlers and refuelling services have joined forces to create a joint sector Integral Safety Management System (ISMS). The group's shared goals are to control current safety risks, reduce future risks, and create opportunities for continuous safety improvements within the industry. With this integrated approach to collaboration on safety, the Netherlands is a global frontrunner in aviation safety. Our overall wish is for air travel to remain the safest means of transport and we will do our part by making sure safety remains our highest priority at Schiphol Group.



## Robust organisation

The airport industry is changing faster than ever. To remain a globally leading airport group, we must be a robust and adaptive organisation and an attractive employer with a working environment that facilitates collaboration, development, ownership and, last but not least, fun. Our people are innovators that orchestrate safe and inspiring journeys for our customers, while we see diversity, inclusion and vitality as important preconditions for success for our managers and employees.

Non-aeronautical revenues contribute directly to our financial results, and therefore to the autonomy of the organisation. However, like most airport companies, we are confronted with challenging market conditions and therefore we must be creative and listen carefully to the needs and expectations of our customers. We will actively explore new business models: in particular, we see opportunities in the intersection between physical airport infrastructure and digital airport and travel solutions. Since happy passengers are more likely to spend money at an airport, we see a clear link to our quality of service ambitions. Improving our service proposition while continuing to offer value for money to our airlines, passengers and other businesses is key.

Beyond the Netherlands, Schiphol's international alliances and participations contribute directly to the robustness of the Group. From a financial perspective, our overseas operations provide opportunities to enhance our profitability potential, creating new revenue streams that enhance diversification, reduce risk and generate finance for future investments. At the same time, these activities strengthen Schiphol as an airport operator, allowing us to provide better products and services and develop the quality of our staff. Our growing global footprint also offers valuable learning opportunities: we see increasing opportunities for cross-pollination and knowledge-sharing across our different settings.

# SWOT analysis

## Strengths

- Network of destinations
- Strong hub position of Schiphol in Europe
- Sustainability at our premises
- Price-quality ratio
- Economic strength of the Randstad region
- Attractiveness of the Netherlands as a destination
- AirportCity and growing real estate portfolio

## Opportunities

- Single European Sky and Dutch airspace redesign
- Digitalisation, automation and big data
- International activities and partnerships
- Sustainable aviation and innovation initiatives
- Opening of Lelystad Airport

## Weaknesses

- Relatively small catchment area
- Capacity shortage: terminal, stands and railway station
- Dependency on key airline customers
- No direct metro connection with Amsterdam
- Limit on air transport movements

## Threats

- Diminishing public support base for aviation
- Implications of air transport movement restraints on quality of network
- Terrorism and cyber threats
- Growing competition in transfer market from other hub airports and hub-bypassing
- Impact of ultra-fine particles and NOx
- Construction activities affecting perception of quality
- Pressure on cargo volumes due to new slot allocation system





## Material aspects for stakeholders

The unique socio-economic role of Royal Schiphol Group creates a diverse stakeholder landscape, which includes passengers, local residents, sector partners and government authorities. We maintain a regular dialogue with our stakeholders, to understand their needs and interests.

# Understanding the needs and interests of our stakeholders

To successfully carry out our socio-economic function, we first need to understand the priorities and opinions of our stakeholder base. In this sense, our responsibilities extend far beyond the Schiphol site. Our regional airports, for example, each play an important socio-economic role in their respective regions, and in fulfilling our Group's 'Why' of *connecting your world*.

Schiphol maintains close contact with its stakeholders at all levels, addressing a wide range of matters and topics. The nature and frequency of these communications are diverse: for example, we consult with our sector partners on a daily basis regarding operational and tactical matters and we maintain a fixed schedule of consultations aimed at ensuring safe, efficient operations in line with relevant laws and regulations. We also invite our stakeholders to visit our premises and share information about strategic matters and long-term developments. Royal Schiphol Group's Management Board is actively involved in these exchanges.

## Materiality analysis 2019

Every three years, Schiphol Group conducts a thorough materiality analysis to identify the most important aspects for our stakeholders. An aspect is considered material when it influences the decision-making of our stakeholders or reflects a significant economic, social or environmental impact of our organisation. The importance of these aspects to our stakeholders and Schiphol's impact on these material aspects are demonstrated by the materiality matrix included in this chapter. The matrix is an

important cornerstone of the annual report and serves as input for Schiphol's strategy and risk-setting activities. As part of a scheduled extensive update, in 2019 we made a number of revisions to the materiality analysis based on a three-step process: 1) gathering input internally, 2) executing an online stakeholder survey, and 3) hosting a stakeholder dialogue.

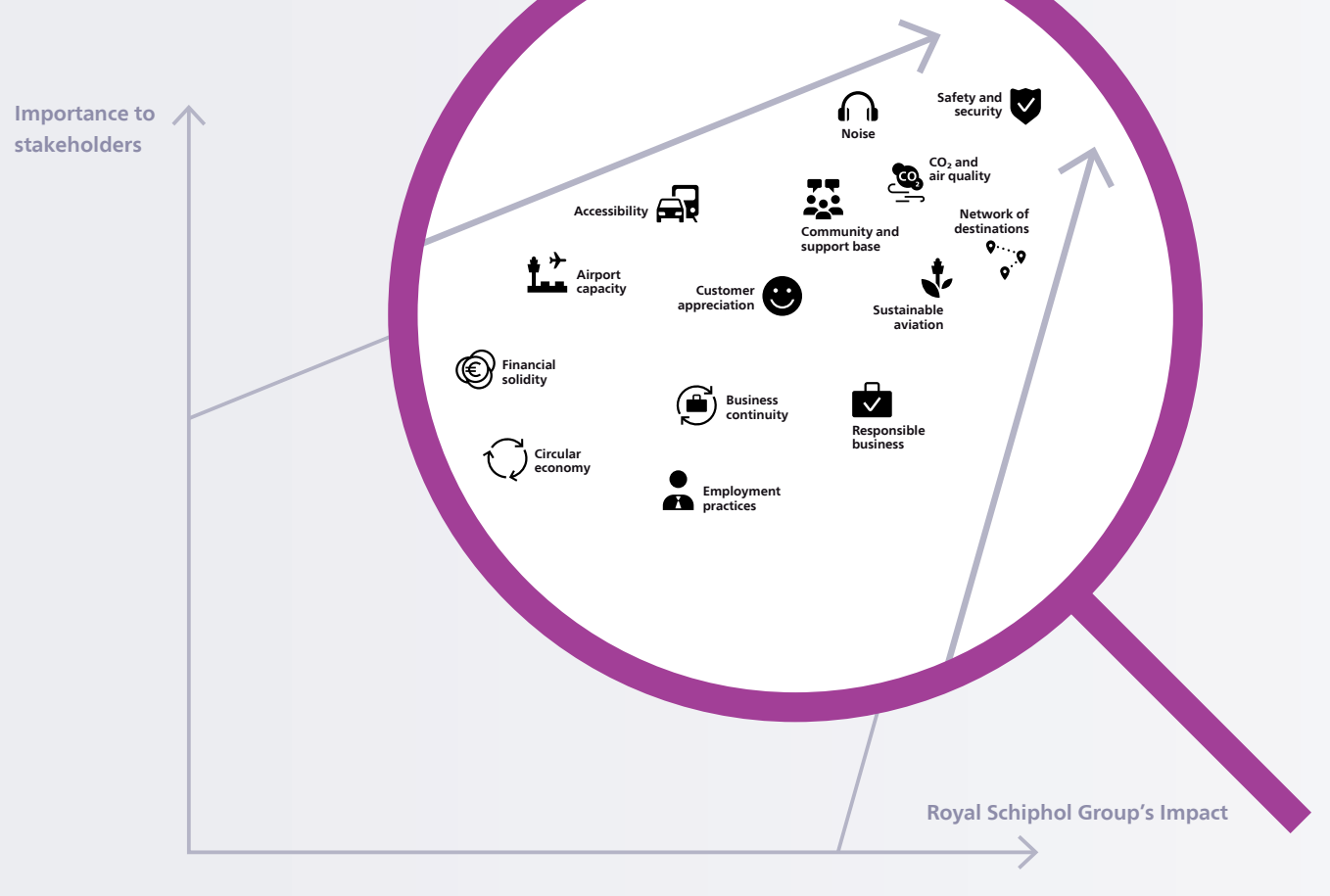
We began the process by collecting internal input on the aspects to include on the long list, and by assembling definitions and pre-testing survey questions. Using this input, we then circulated a digital survey to members of our stakeholder groups, resulting in 91 responses. The survey asked the respondents to rank the material aspects according to importance to them personally as well as their relevance to Schiphol's impact. Respondents were also given opportunities to suggest new aspects. To validate the findings, we organised a dialogue with 21 representatives of our various stakeholder groups during which attendees were asked to discuss the most important topics in the context of Schiphol. The quantitative and qualitative results from the survey and follow-up discussions have been combined to update the matrix. Schiphol's Management Board subsequently acknowledged that the material aspects provide a proper account of the developments in 2019 and approved their inclusion in the materiality matrix for 2019.







**Definition of material aspects**

-  **Accessibility**  
Ensuring sufficient landside accessibility
-  **Airport capacity**  
Availability and quality of (infrastructural) capacity
-  **Business continuity**  
Reliable and resilient operations
-  **Circular economy**  
Sustainable resources and ensuring next-life applications
-  **CO<sub>2</sub> and air quality**  
Emissions from airport operations and ground transport
-  **Community and support base**  
Dialogue and direct community engagement
-  **Customer appreciation**  
Meeting the needs of airport users
-  **Employment practices**  
Development and training of employees, vitality and inclusiveness
-  **Financial solidity**  
Financial robustness and shareholder value
-  **Network of destinations**  
Quality and frequency of destinations

**Materiality matrix 2019**



-  **Noise**  
Impact of aircraft and ground noise on surrounding communities
-  **Safety and security**  
Safe and secure airport operations and environment
-  **Responsible business**  
Transparent and fair business practices
-  **Sustainable aviation**  
Driving sector-wide sustainable initiatives and international advocacy

## Results and updates

As in previous years, Safety and security remains the most important aspect for our stakeholders. This steady aspect is still seen as the most important prerequisite for an airport to operate. Noise is another example of an aspect that remains highly important to stakeholders and has a consistent position in the matrix. CO<sub>2</sub> and air quality have been combined into a single aspect, as many of their supporting initiatives and activities serve the same goal. CO<sub>2</sub> and air quality have a higher position compared with last year, pushing Network of destinations and Airport capacity slightly lower. CO<sub>2</sub> and air quality are receiving increased attention from the public and are viewed by stakeholders as extremely important. Given Schiphol Group already has a strong network, Network of destinations does not feature as prominently as an issue. Due to temporary capacity measures, such as the temporary departure hall, airport capacity features less prominently as an issue in the eyes of stakeholders compared with previous years. In contrast, Financial solidity moved slightly higher in the matrix as stakeholders acknowledged that financial solidity is necessary in ensuring smooth, safe and sustainable operational processes.

Sustainable aviation was mentioned numerous times by our stakeholders and is a key focus area within our updated sustainability strategy. Schiphol Group therefore welcomed this topic as a new aspect within the materiality matrix. Sustainable aviation refers to activities and developments aimed at accelerating the transition towards sustainable aviation. In previous years, sustainable aviation initiatives were included within the Supply chain responsibility chapter. Business continuity is another new aspect that regularly surfaced during our consultations with stakeholders and is one of our top 10 risk factors. Schiphol Group faced several challenges in 2019 with regard to business continuity, which makes this aspect even more relevant.

In line with the above, Integrity, Contracting practices and parts of Supply chain responsibility have been combined into one aspect, called Responsible business, due to the interconnectedness of these aspects. The Raw materials and residuals aspect has been renamed as Circular economy, and Community engagement as Community and support base. While the content remains the same, the new names better reflect the definition of these aspects as well as the corresponding activities and initiatives.

Digital has been removed as a material aspect. While innovation and digitalisation were mentioned as topics by stakeholders, it became clear that these topics are highly intertwined within our operations and touch upon many different material aspects. We have therefore chosen to report examples of digitalisation and innovation within the individual material aspects sections where relevant. Furthermore, Regional significance is no longer considered a separate material aspect. Our socio-economic impact is reflected by all our activities, and examples can be found throughout the report.

## Context

The materiality matrix in this chapter depicts a zoomed-in version of a larger materiality matrix. As such, the aspects covered in the materiality matrix are all situated in the top-right corner of the matrix and are considered material aspects. A further noteworthy change with respect to previous years is the change in definition of the X-axis of the materiality matrix. In line with the latest GRI guidelines, the X-axis now represents the economic, social and/or environmental impact of Schiphol, as opposed to the importance of the aspect to Schiphol. Impact in this context should be interpreted as Schiphol's contribution or footprint.

## Scope

The aspects covered in the materiality matrix relate to Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport. Given the lack of commercial passenger operations at Lelystad Airport in 2019, we do not report on all material topics in relation to the airport in the 2019 Annual Report, as some topics were not applicable.

The material aspects form an integral part of our annual report. We report on our performance on these aspects in the Results chapter, which is structured according to our Vision 2050. The links between our material aspects, strategy and risks are reflected in our value creation model.

## Stakeholders

This table lists contact moments for consultations with our stakeholders. These consultations are centred on the stakeholders themselves, many of whom are involved in multiple material aspects, and vary significantly in terms of frequency. Consultations focusing on operational matters often take place several times a day, for example, while those involving special situations might take place only once a year. This overview is not exhaustive. The results achieved for each material aspect are included in [the Results](#) chapter of the report.

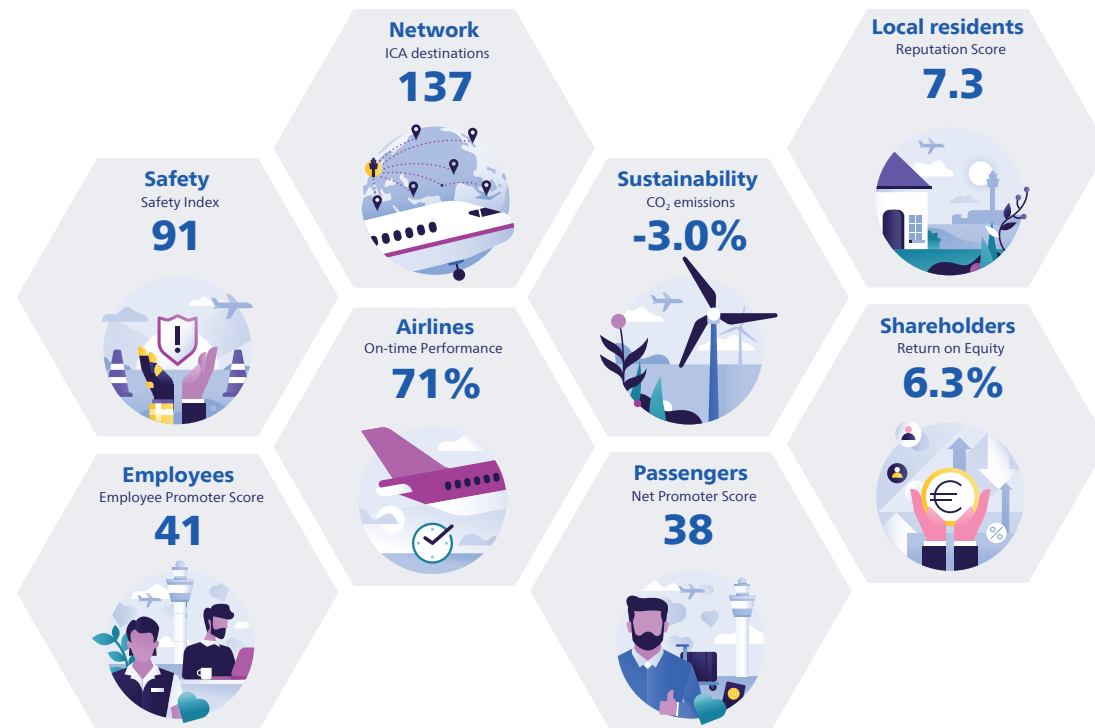


# Targets 2020

We translate our long-term strategy into a business plan, which also incorporates the budget for the following year. The business plan sets out, in clear terms, how we plan to achieve all of Schiphol Group's strategic milestones.

An important condition of the business plan is that it meets the requirements of a sound financial policy. Royal Schiphol Group aims to meet or exceed the return required by the Dutch government. Schiphol must also maintain its creditworthiness (our current S&P rating is A+) and be robust enough to weather potential financial setbacks. The business plan also results in a management agenda, which sets out concrete actions and targets for management for the year ahead.

For the first time, the target setting of 2019 consisted of Top Performance Indicators (TPIs) and major deliverables, enabling the introduction of a consistent language across Schiphol Group, the alignment of all Group activities and a focus on the most value-adding activities. The same TPIs will be used in relation to the target setting of 2020, with some minor amendments. The calculation method for safety, sustainability, reputation and employees has been changed based on the learnings of 2019. By changing the calculation method of these indicators, Schiphol Group expects to be able to show a more accurate outcome at the end of the year.



The 2020 major deliverables are again grouped in five clusters, though these clusters are now based on the cornerstones and enablers of Vision 2050: (1) Quality of Life; (2) Quality of Service; (3) Quality of Network; (4) Safety; and (5) Robust organisation. The regional airports of the Group are also included in these major deliverables. The 2020 TPIs aim for improved performance on all TPI targets compared with 2019.

## Targets TPIs 2020

### Priorities

#### Safety

*Index Safety Incidents target 2020: 91*

This index takes into account the percentage of days without serious<sup>1</sup> incidents minus the percentage of days with serious incidents<sup>2,3</sup>.

#### Sustainability

*CO<sub>2</sub> emissions Royal Schiphol Group target 2020: -3%<sup>4</sup>*

Decrease in CO<sub>2</sub> emissions taking into account Scope 1 (natural gas and fuels used by own vehicle fleet), Scope 2 (electricity) and selected items of Scope 3 (diesel fuelled at airside, commuter traffic and business travel by own car or aircraft<sup>5,6</sup>).

#### Network

*Number of ICA destinations target 2020: 137, while maintaining 300+ destinations in total*

The number of direct intercontinental destinations for passengers and cargo<sup>7</sup>.

#### Passengers

*Net promoter score target 2020: 38*

The Net Promoter Score (NPS) measures how likely passengers are to recommend Schiphol as an airport. Customers are asked: "On a scale of 0 to 10, how likely would you be to recommend this airport to friends, family and colleagues?" Passengers who give a score under or equal to 6 are detractors; 9 or 10 are promoters. The score is determined by subtracting the percentage of customers who are detractors from the percentage who are promoters. The result is a score between -100 and 100.<sup>7</sup>

#### Airlines

*On-time performance target 2020: 71%*

The punctuality of outbound traffic is the percentage of commercial flights departing on time (based on the sector-wide standard D15)<sup>7</sup>.

#### Local residents

*Reputation score target 2020: 7.3*

This score is based on reputation and engagement surveys and the number of people who have filed one or more reports at Bewoners Aanspreekpunt Schiphol (BAS)<sup>7,8</sup>.

#### Employees

*Employee Promoter Score target 2020: +41*

The Employee Promoter Score (EPS) measures how likely employees are to recommend Schiphol as an employer. Employees are asked: "On a scale of 0 to 10, how likely would you be to recommend your employer to friends, family and colleagues?" Employees who give a score under or equal to 6 are detractors; 9 or 10 are promoters. The Employee Promoter Score is determined by subtracting the percentage of employees who are detractors from the percentage who are promoters to generate a score between -100 and 100, which is similar to the Net Promoter Score<sup>9,7</sup>.

#### Shareholders

*Return on equity (ROE) target 2020: 6.3%*

Financial return for shareholders based on net result adjusted for fair value gains and losses on investment property, divided by average equity<sup>10</sup>.

1 Serious incidents are defined as incidents that have led to death, permanent injury or hospitalisation and potential fatal incidents (near miss).

2 Please note that the definition of the safety index has changed for 2020 for simplification purposes, as it is more intuitive to have a higher score associated with a high level of performance and a lower score with a low level of performance.

3 The scope of this TPI is Amsterdam Airport Schiphol and contractors.

4 The target of -3% relates to a reduction compared to a location-based CO<sub>2</sub> emissions forecast of 188 kton CO<sub>2</sub>.

5 Please note that Schiphol Real Estate buildings with their own environmental permit are included within the scope as of 1-1-2020. These buildings were not included within the scope in 2019.

6 The scope of this TPI is the Dutch Airports of Schiphol Group.

7 The scope of this TPI is Amsterdam Airport Schiphol.

8 This definition has changed compared with 2019. The weight of the reputation and engagement aspect changed from 67% to 80%.

9 Please note that the definition of the employee promoter score has changed for 2020 to make it comparable to the Net Promoter Score.

10 The scope of this TPI is Royal Schiphol Group.



# Our results

Lim (34) and Ivy (28), from Malaysia  
Returning from a squash tournament in Birmingham, UK

# Our performance in 2019

Each year, the Supervisory Board approves the Management Agenda, which, since 2019, includes the management's priorities translated into Top Performance Indicators (TPIs) and major deliverables. The TPIs are divided into five key focus groups: local residents, passengers, airlines, employees and shareholders. Three of these indicators are overarching: safety, network and sustainability. The TPIs are set out on this page in detail.

Both the TPIs and the major deliverables set out the course for the entire Schiphol organisation. The evaluation is also used to determine the variable remuneration. More information can be found in the section on [Remuneration](#).

Concise background information on the results achieved for each priority is set out below.

2019 was the first year in which the target setting consisted of TPIs and major deliverables. This new way of target setting has been experienced positively overall. The target setting for 2020 therefore again includes TPIs and major deliverables, though with some changes in calculation methods.

## TPI performance 2019

### Priorities

#### Safety

*Index Safety Incidents: 130.0% (target: 88.3%)*

This index is based on the change in the number of lost-time injuries among Schiphol employees<sup>1</sup> compared with the previous year and the change in the number of runway incursions at Amsterdam Airport Schiphol compared with the previous year.

#### Sustainability

*CO<sub>2</sub> emissions Royal Schiphol Group: 169kt CO<sub>2</sub>*

CO<sub>2</sub> emissions taking into account Scope 1 (natural gas and fuels used by own vehicle fleet), Scope 2 (electricity) and selected items of Scope 3 (diesel fuelled at airside, commuter traffic and business travel by own car or aircraft)<sup>2</sup>.

#### Network

*Number of ICA destinations: 138 (target: 135 ICA, while maintaining 300+ destinations in total)*  
The number of direct intercontinental destinations for passengers and cargo<sup>3</sup>.

#### Passengers

*Net promoter score: 36 (target: 34)*

The Net Promoter Score (NPS) measures how likely passengers are to recommend Schiphol as an airport. Customers are asked: "On a scale of 0 to 10, how likely would you be to recommend this airport to friends, family and colleagues?" Passengers who give a score under or equal to 6 are detractors, 9 or 10 are promoters. The score is determined by subtracting the percentage of customers who are detractors from the percentage who are promoters. The result is a score between -100 and 100<sup>3,4</sup>.

### Priorities

#### Airlines

*On-time performance: 66.5% (target: 71%)*

The punctuality of outbound traffic is the percentage of commercial flights that depart on time<sup>3</sup> (this is based on the sector-wide standard D15).

#### Local residents

*Reputation score: 6.5 (Target: 7.3)*

This score is based on reputation and engagement surveys and the number of people that filed one or several reports with Bewoners Aanspreekpunt Schiphol (BAS)<sup>3,5</sup>.

#### Employees

*Employee Promoter Score: 7.8 (Target: 7.2)*

The Employee Promoter Score (EPS) measures employee engagement, employership and commitment. It is calculated on a 0-to-10 scale based on the average score of a set of Schiphol-specific value drivers generated by a survey conducted in April 2019<sup>6</sup>.

#### Shareholders

*Return on equity (ROE): 8.3% (Target: 6.0%).* Normalised for fair value changes and other one-offs ROE: 5.5% (Target: 6.4%)

Financial return for shareholders based on net result adjusted for fair value gains and losses on investment property, divided by average equity<sup>7</sup>.

- 1 Concerns Schiphol Nederland B.V. employees working at Amsterdam Airport Schiphol.
- 2 The scope of this TPI is the Dutch Airports of Schiphol Group.
- 3 The scope of this TPI is Amsterdam Airport Schiphol.
- 4 Please note that the methodology for determining NPS is the same as the previous year, though the definition has been clarified.
- 5 Compared with the annual report 2018, there is a slight change in definition. The number of people that filed one or several reports with BAS is used as the BAS metric rather than the number of complaints registered at BAS.
- 6 The scope of this TPI is Amsterdam Airport Schiphol, Rotterdam-The Hague Airport and Lelystad Airport.
- 7 The scope of this TPI is Royal Schiphol Group.



## Performance

Our performance, as well as the other topics discussed in these chapters, relates primarily to our operations at Amsterdam Airport Schiphol and the wider impact of the Schiphol hub, with the exceptions of Sustainability, the Employee Promoter Score (EPS) and the Return on Equity (ROE). The CO<sub>2</sub> emissions comprise the emissions of our Dutch airports and the EPS concerns Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Lelystad Airport. The ROE concerns Royal Schiphol Group.

We present our performance according to our major deliverables. In 2019, the major deliverables were grouped in five clusters: (1) safety, (2) organisation, (3) Quality of Network, (4) Quality of Life and (5) Quality of Service. The performance of our regional airports and our international activities are presented in two separate chapters: Our regional airports and Our international activities.

### Safety – Safety Index

The safety target of 88.3% was not met. The number of runway incursions was stable compared with 2018 (while we assumed a decrease in the number of runway incursions in the target). It should be noted that all runway incursions are qualified in the lowest category. The number of lost-time injuries increased compared year-on-year (while we assumed a decrease in the number of lost-time injuries in the target), resulting in a Safety index of 130%.

### Sustainability – CO<sub>2</sub> emissions

In hindsight the 2018 baseline turned out to be higher than anticipated because of portfolio changes, expanding the scope of the TPI. Besides this, 2019 was a transitional year in terms of CO<sub>2</sub> reporting as we shifted from yearly reporting to monthly reporting and from operational to calendar year. As a consequence it proved difficult to analyse the company's performance. The Management Board is positive on implementing this TPI and encourages further improvements in the reporting and performance.

### Network – ICA destinations

In the final months of 2019, a number of new ICA destinations were added to Amsterdam's network, which led to a higher realisation of this TPI than targeted. The new additions are Eilat (Israel), Medan (Indonesia), Natal (Brazil), Lusaka (Zambia), Liberia (Costa Rica) and Las Vegas (USA).

### Passengers – Net Promoter Score

The Net Promoter Score (NPS) is based on three passenger journeys: OD departure, transfer and arrival. The overall NPS of Schiphol Group was 36, which exceeded the target of 34. The increase was caused by a joint approach to improve the NPS, including a focus on security, reclaim, hygiene and digital initiatives.

### Airlines – On-time performance

Airlines – On-time performance: The realised on-time performance (OTP) was below target. The average outbound punctuality was 66.5% in 2019. During 2019, the OTP performance was mainly impacted by several projects and the maintenance of taxiway A08.

### Employees – Employee Promoter Score

The Employee Promoter Score is based on the employee survey of 2019. Employees at Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Lelystad Airport participated in the survey. The realisation was above target: a score of 7.8 versus the target of 7.2.

### Local residents – Reputation score

The Reputation score is based on two pillars:

- The score from the reputation survey conducted by Motivaction among a panel of Schiphol's local residents (6.9).
- The change in the number of people who filed one or more report(s) with the Local Community Contact Centre (BAS) in the 2019 operational year (November 2018 - October 2019) compared with the 2018 operational year (November 2017 - October 2018). The 7% increase is then converted into a score on a 0-to-10 scale (6).

The engagement score was not included in the 2019 results due to data unavailability.

The average score was 6.5, which means the target of 7.3 was not met.

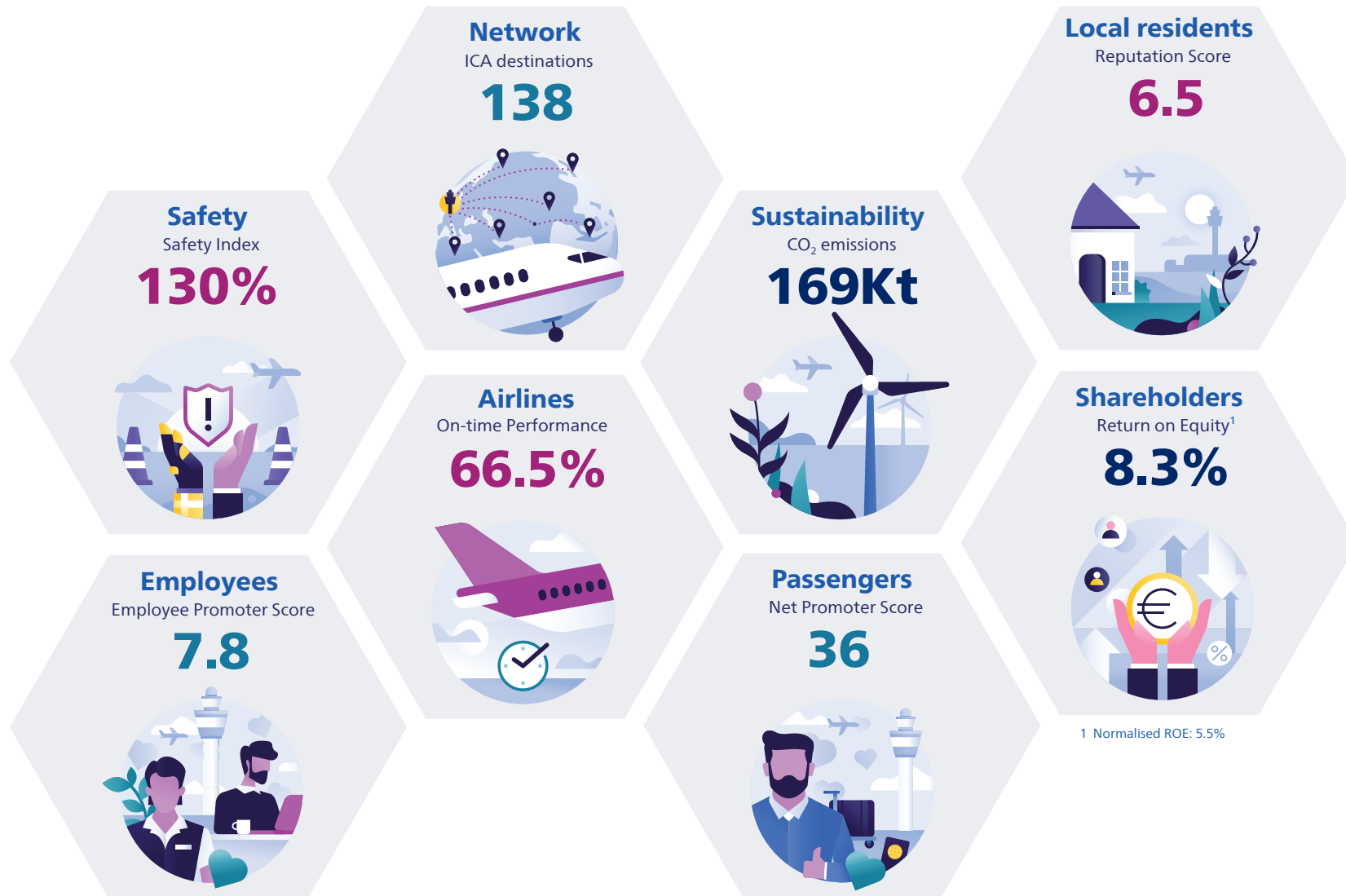
### Shareholders – Return on Equity

The Return on Equity (including fair value gains) is 8.3% compared with a target of 6.0% (excluding fair value gains). The normalised realised Return on Equity (excluding fair value gains) is below target (5.5% against a set target of 6.4%). Revenues went up, partly driven by higher charges, though ended below budget. Revenue increase on commercial activities is above budget. The operating expenses increased. To operate safely within the current scarce capacity, especially during peak hours, additional operational measures were taken, which led to a higher level of operating expenses. Furthermore, the target was not reached due to a lower number of passengers than expected and higher costs driven by the increased investment levels and higher costs for maintaining the assets. Development in net result is however positive, higher than budget (also due to fair value gains) as well as higher than last year.

### Major Deliverables

Seventeen major deliverables were set by the Management Board for 2019, categorised in safety, strategy, innovation, capital projects and organisation. In general, the results of these major deliverables are solid and there is focus on these projects. Positive results are shown, among others, in relation to implementation of the Roadmap Safety Improvement, the agreed plans for improving quality of life with the surrounding communities, the finalisation of the 'Vision 2050' document, development of a plan for abatement of ultra-fine particles, set up of an innovation hub, design of the new terminal, successful implementation of the new maintenance contracts and new international opportunities. Next steps in decision-making on development of Schiphol and opening of Lelystad airport, the progress of the A-pier and the balance between internal and external employees require further attention.

## TPI performance 2019



# Quality of Network

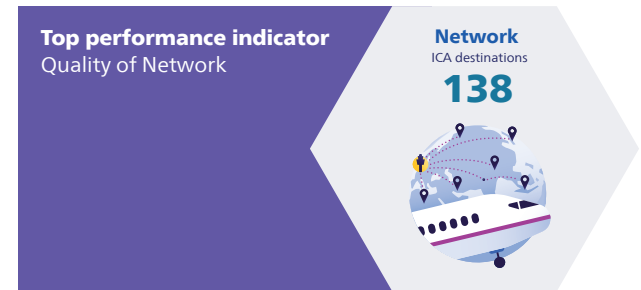
Strong international connections are especially important for an open and outwards-facing economy like the Netherlands. Aviation is a key facilitator of this connectivity by linking people, driving trade and supporting business growth.

A quality network and excellent connectivity support Schiphol's important socio-economic role while ensuring that, as our passenger numbers grow, we continue delivering safety and quality to our passengers and customers at all times.

In an increasingly globalised landscape, the strong international air connections Schiphol and our regional airports provide are more important than ever for a prosperous society and an open and high-performing Dutch economy. Over the years, the economic role of Amsterdam Airport Schiphol, in particular, has evolved from that of a 'mainport' driving growth in employment, GDP and logistics, to a central pillar in the Netherlands' efforts to compete as a Global City Region.

Following the rapid growth of our operations in recent years, capacity constraints are increasingly having a noticeable impact on the connectivity performance of Royal Schiphol Group. While our passenger volume rose again in 2019, the range of destinations offered by Schiphol remained relatively unchanged from recent years, in turn impacting our position within the global aviation market.

Meanwhile, congestion continues to emerge as a key challenge across different areas of our operations. With passenger numbers continuing to rise, expanding our physical capacity remains a key long-term objective that directly supports our 'Why' of *Connecting your world*. This growth is needed to enable the ongoing competitiveness and financial success of Schiphol as a major hub airport on the one hand, but more importantly, to maintain high levels of quality and safety for Schiphol's passengers, airlines and other customers. Above all, ensuring the safety and security of our passengers, visitors and employees will always be our top priority.



## Network of destinations

Schiphol connects the Netherlands to the rest of the world, and we aim to offer direct connections to more than 300 global destinations. Given the limited possibilities for growth at Amsterdam Airport Schiphol developing our connectivity remains a challenge. Airlines seeking to expand their network must do so by replacing smaller aircraft for larger types, or by giving priority to operate passenger flights instead of cargo flights. During 2020, Schiphol aims to strengthen its cargo operations and maintain its network of intercontinental destinations.

### Traffic and transport in 2019

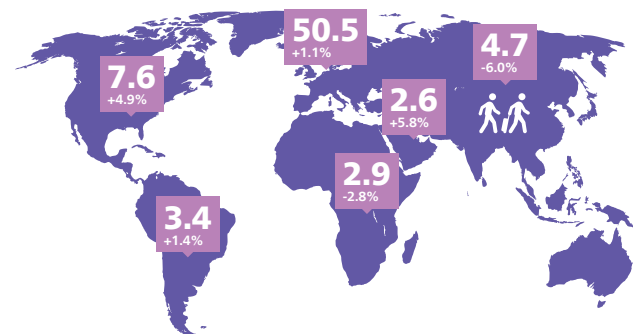
In 2019, Amsterdam Airport Schiphol welcomed 71.7 million passengers (up 0.9%). Air traffic within Europe increased slightly to 70.5% of the total passenger volume (2018: 70.4%). The United Kingdom, Austria and Poland accounted for the largest volume of passenger growth in absolute terms, while Iceland showed the largest decline. The top three European countries in terms of total passenger volume were the UK, Spain and Germany.

The total number of passengers to Schengen destinations grew by 0.6% (2018: +2.6%). Meanwhile, passenger volumes outside



### Passenger volumes and growth by continent in 2019

Passenger volume at Schiphol in millions (growth/decrease versus 2018; excluding transit direct)



Europe grew slightly, predominantly to and from North America (+4.9%) and the Middle East (+5.8%). This was enough to offset the decline in volumes to and from Africa (-2.8%) and Asia (-6.0%).

Transfer traffic also decreased, by 0.4% (2018: +2.6%), bringing the total number of transfer passengers to 25.8 million (2018: 26 million). The share of the total number of transfer passengers dropped from 36.6% to 36.1%.

The total number of air transport movements (ATMs) in 2019 was 496,826, a decrease of 0.5% compared with 2018.

### New network developments

In 2019, Schiphol was connected to 332 direct destinations worldwide (2018: 327) across 97 countries, which were serviced by 102 airlines. 138 of these destinations are intercontinental destinations, an increase from the previous year (2018: 135). Medan (Indonesia), Lusaka (Zambia), Tampa and Las Vegas (both USA), Liberia (Costa Rica), Eilat (Israel) and Natal (Brazil) were added as new intercontinental destinations in 2019, while Sharm el Sheikh (Egypt), Free Town (Sierra Leone), Monrovia (Liberia) and Karaganda (Kazakhstan, cargo only) were lost.

### Direct connectivity

Ranking of Top 10 European airports

Rank 2019	Airport	Rank 2018	Rank 2009
1	Frankfurt	1	3
2	Amsterdam Airport Schiphol	2	6
3	Paris CDG	4	1
4	London Heathrow	3	2
5	Istanbul	5	11
6	Munich	6	5
7	Madrid	7	4
8	Moscow SVO	10	30
9	Barcelona	8	8
10	Rome FCO	9	7

The new European destinations added to our network were Brest (France), the new Istanbul Airport (Turkey), Wroclaw (Poland) and an additional airport in the Moscow region (Russia), while services to Ajaccio (France) and Bern (Switzerland) ceased.

Schiphol has kept its position as runner-up in the Airports Council International (ACI) connectivity European benchmark for direct connectivity, though we were unable to close the gap with Frankfurt Airport despite our additional destinations. In terms of its hub connectivity, Schiphol fell one place to third. In general, major European hub airports experienced weaker growth in terms of hub connectivity during the year in comparison with 2018 (Madrid being a notable exception). Capacity constraints at Schiphol will make it difficult to maintain our position in the ACI connectivity ranking.

### Market developments

Several airlines ceased operations during 2019. The discontinuation of Jet Airways and WOW air resulted in reduced capacity on routes between Schiphol and both India and Iceland, explaining the aforementioned decline in passenger volume to these countries. KLM has revived Jet Airways' former route to Bengaluru and continues to connect the Indian market to Schiphol. Slovenian airline Adria Airways also went bankrupt. A

### Hub connectivity

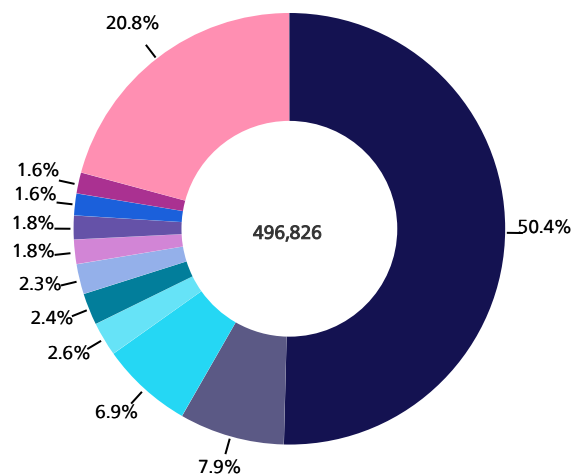
Ranking of Top 10 airports worldwide

Rank 2019	Airport	Rank 2018	Rank 2009
1	FRA	1	1
2	DFW	3	4
3	AMS	2	7
4	CDG	4	2
5	ATL	5	3
6	IST	7	21
7	DEN	10	8
8	MUC	8	12
9	ORD	6	5
10	LHR	9	9

further shock to the travel world was the bankruptcy of Thomas Cook, one of the world's oldest tour operators. While the impact on our Group operations was minimal (the company did not operate flights directly to and from Schiphol), Thomas Cook did sell package holiday deals executed by other airlines and travel agencies at our airport.

Airlines tend to use larger aircraft to respond to specific market demand to and from Schiphol since the airport has reached its ceiling of 500,000 ATMs per year. In 2019, the use of larger aircraft on routes resulted in an average growth of nearly three seats per aircraft movement, driving overall growth in passenger numbers up 0.9% compared with the previous year. Overall, 1.2 million seats were added to the market; however, the load factor did not keep up with this increase and dropped to 85.2% (2018: 85.8%). The presence of larger aircraft puts pressure on our available infrastructure, causing us to impose restrictions on wide-body aircraft at Schiphol.

### Air transport movements at Schiphol in 2019



KLM	250,450
Easyjet	39,163
Transavia	34,228
Delta Airlines	12,705
Flybe	11,799
British Airways	11,237
TUifly	9,094
Air France	8,881
Lufthansa	8,125
Vueling	7,876
Other	103,268

### Passenger volumes at Schiphol in 2019

Airline	Volumes per airline	Growth
KLM	35,177,507	2.4%
easyJet	6,092,458	1.8%
Transavia	5,350,993	1.0%
Delta Air Lines	3,023,852	3.5%
TUifly	1,834,585	-2.5%
British Airways	1,344,717	0.9%
Vueling	1,232,622	-25.7%
Lufthansa	964,256	12.2%
Air France	938,183	-18.3%
Flybe	823,107	1.6%
Other airlines	14,924,719	0.7%

### Development of market share

In 2019, Schiphol retained third position among the ten largest European airports in terms of passenger volume, behind London Heathrow (UK) and Paris Charles de Gaulle (France). However, Schiphol's market share among this peer group once again fell on a year-on-year basis, from 11.7% in 2018 to 11.4% in 2019. This decline reflects gains in market share by other airports; most notable is Moscow (Russia), which experienced a strong surge in its share due to the opening of a new airport. As in 2018, Moscow also experienced the highest growth of any airport in percentage terms. Barcelona and Madrid (Spain) also increased their respective market shares.

In terms of cargo market share, Schiphol fell from third position in 2018 to fourth, behind Frankfurt (Germany), Paris Charles de Gaulle and London Heathrow. This was due to a sharp decrease in Schiphol's cargo volumes. Strong movers for this category in 2019 were Istanbul (Turkey) and Madrid.

### Top ten passenger volume and market share in 2019

(in millions of passengers, excluding transit direct)

Airline	Passenger Volume (millions)	Growth	Market share
London LHR	80.9	1.0%	12.9%
Paris CDG	76.1	5.5%	12.2%
Amsterdam AMS	71.7	1.0%	11.4%
Frankfurt FRA	70.5	1.5%	11.3%
Istanbul IST	68.2	-0.2%	10.9%
Madrid MAD	61.6	6.6%	9.8%
Barcelona BCN	52.6	5.1%	8.4%
Moscow SVO	49.9	8.9%	8.0%
Munich MUC	47.9	3.6%	7.7%
London LGW	46.6	1.1%	7.4%

### Fleet modernisation

We note a growing number of modern aircraft (which are generally quieter and cleaner than their predecessors) flying in and out of Schiphol. The fleet renewal practices of the airlines typically peak once concentrations of older aircraft in their fleets reach a high level, when lease contracts end or the economic environment changes. In 2019, aircraft of the Airbus A350 'family' visited Schiphol more frequently (+50% compared with 2018) while the Boeing B787 (+18%) also operated in larger numbers. The delayed re-entry into service of the Boeing 737 MAX due to safety concerns has caused operators to use older types of aircraft, which impacts overall modernisation of the fleet. On the other hand, a growing number of newer aircraft has come at the cost of types such as the Boeing B747-400 (-17%). Airlines are also making increased use of the Airbus A320NEO family (+185%). These developments reflect an ongoing trend, given the retirement of the McDonnell Douglas MD-11 and the Fokker 70 and Fokker 100 in recent years, as well as the probable discontinuation of the Boeing 747-400 in the near future.

### Worldwide Airport Slot Guidelines

The Worldwide Slot Guidelines (WSG) are internationally recognised standards for the allocation of slots and serve as a so-called 'living document' that can be regularly updated in response to global aviation developments. Until recently, the



### Slot allocation

The independent slot coordinator, Airport Coordination Netherlands (ACNL), allocates available capacity at our airports in the form of slots. The coordinator allocates the slots twice a year, a few months before the start of the winter and summer seasons. The system works according to the 'use it or lose it' principle.

An airline accrues a historical entitlement when it uses 80% of its allocated slots; it will then automatically be able to use those slots during the following season. In accordance with the rules, any airline not meeting the minimum 80% target loses its historical right to operate those slots the following year.

WSG have been managed by the International Air Transport Association (IATA) and the Worldwide Airport Coordinators Group (WWACG). However, in June 2019 it was announced that ACI will also be involved in determining the governance structure of the Guidelines from 2020. The name of the document will be changed accordingly, to Worldwide Airport Slot Guidelines (WASG), while the interests of airports will be reflected more

prominently in the guidelines. As an ACI member, Schiphol will contribute to the amending of the WASG going forward.

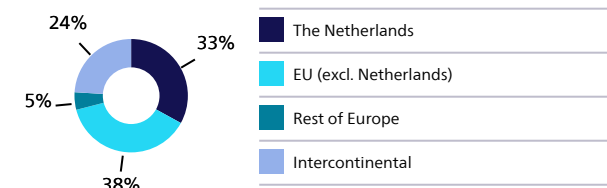
### Capacity declaration

The capacity declaration, which is issued for each upcoming winter and summer season, specifies the capacity limits that the independent slot coordinator, Airport Coordination Netherlands (ACNL), observes when allocating slots to the airlines. The current capacity limits are based on legal environmental limits, the hourly capacity of the runway system as established by Air Traffic Control the Netherlands (LVNL), and the number of positions for so-called 'wide body' aircraft.

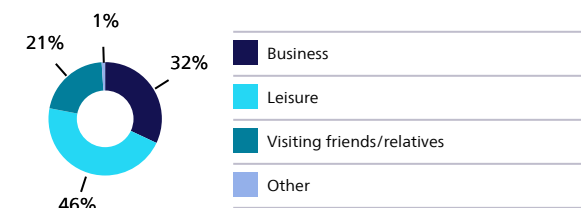
In 2019, capacity declarations were adopted and submitted to ACNL for the 2019/2020 winter and 2020 summer seasons. The available number of daytime and night-time slots are unchanged in these capacity declarations with regard to the preceding winter and summer seasons. These figures are in keeping with the annual limits for day- and night-time ATMs at Schiphol, which have been set at 500,000 and 32,000, respectively. An addendum to the capacity declaration for the 2019 summer season was also published, enabling unused capacity (in terms of aircraft movements) from the 2018/2019 winter season to be allocated to the 2019 summer season.

In a further development, the Ministry of Infrastructure and Water Management (I&W) revised the Dutch Slot Allocation Decree. One important alteration to the Decree awards the airport operator ultimate responsibility for determining Schiphol's capacity declaration instead of the various aviation parties. Consultation with the airlines takes place through the Coordination Committee Netherlands (CCN), which advises on, among other points, bottlenecks, slots and capacity issues. This revision is expected to be implemented in the forthcoming capacity declarations for the 2020/2021 winter season and the 2021 summer season.

### Country of residence



### Reason for travelling



### Top-5 European destinations

Airport	Number of passengers
1. London Heathrow	1,747,788
2. Barcelona	1,382,607
3. Paris Charles de Gaulle	1,239,837
4. Dublin	1,212,587
5. Madrid	1,139,999

### Top-5 intercontinental destinations

Airport	Number of passengers
1. New York JFK	1,020,699
2. Dubai International	1,013,503
3. Atlanta	808,734
4. Detroit	629,375
5. Tel Aviv	605,224

## Cargo

Schiphol's cargo operation remains an important contributor to the quality of our network as well as to the real estate revenues of Schiphol Group. The cargo hub also generates more than 1.54 billion euros annually for the Dutch economy and supports more than 13,000 jobs. Schiphol's excellent ground-handling operations, efficient airport processes and robust long-haul network make it an attractive marketplace for freight forwarders, with about 50% of total cargo volumes aggregated from locations outside Schiphol's (relatively limited) catchment area.

Cargo is transported to and from Schiphol by full freighter aircraft or carried on passenger flights in the belly of the aircraft (belly freight). For passenger airlines, these additional revenues are important for the economic viability of certain long-haul routes, helping to sustain Schiphol's broad network of direct destinations.

### Top ten cargo volume and market share in 2019

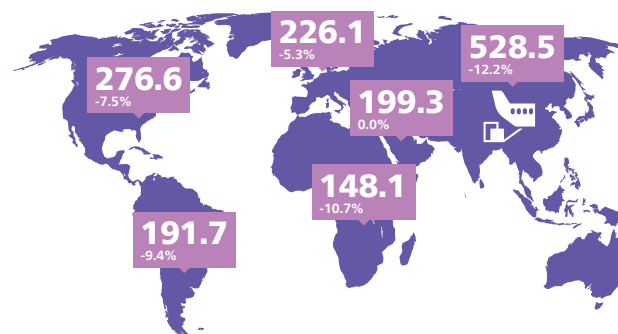
x 1,000 kgs of cargo

		Growth	Market share
Frankfurt FRA	2,004.7	-3.9%	15.8%
Paris CDG	1,903.0	-3.7%	15.0%
London LHR	1,587.5	-5.8%	12.5%
Amsterdam AMS	1,570.3	-8.5%	12.4%
Istanbul ISL+IST	1,289.4	4.2%	10.2%
Leipzig LEI	1,227.7	1.4%	9.7%
Liege LGG	902.0	3.5%	7.1%
Luxembourg LUX	853.4	-4.6%	6.7%
Cologne CGN	799.2	-5.4%	6.3%
Madrid MAD	558.6	7.7%	4.4%

In 2019, the total cargo volume at Schiphol Airport amounted to 1.57 million tonnes (-8.5% compared with 2018), maintaining our position as one of Europe's top-five cargo hubs. In 2019, 54% of the airport's total cargo volume was transported in full freighters. Tonnage moved by full freighter operations declined by 13%, influenced by the slot allocation process and unfavourable market conditions. Total belly freight volumes followed the downward trend in cargo volume at Schiphol, though the decline was less severe (-2.3%).

### Cargo volumes and growth by continent

Schiphol cargo x 1,000 tonnes (growth/decrease versus 2018)



### 'Smart' thinking on cargo

The future aims of Schiphol's cargo operations are threefold. Our top priority is to consolidate the position held by full freighters at Schiphol and the important role played by air cargo. Further to this, we want to maintain and grow our cargo volumes, and thirdly, to remain Europe's smartest cargo hub. With growing competition for slots at Schiphol, and supporting our efforts to grow and maintain our cargo volume, we are helping airlines maximise their capacity by ensuring the bellies of aircraft are as full as possible on departure. This strategy is also resulting in a more sustainable approach to our cargo operations, and we support this with environmentally friendly innovations where possible. In June 2019, six electric charging points were installed at Truckparking 2 to enable the cooling of trucks using electricity rather than diesel generators. Eventually, hybrid trucks will also be able to be charged.



## Full freighters and slots

In 2019, full freighter operations at Schiphol suffered a significant loss in terms of their historical slot rights. This resulted in an 11.2% decline in full freighter movements. In response, the Coordination Committee Netherlands (CCN) has proposed a so-called 'local rule' giving full freighter operations certain priority when it comes to distributing slots that are returned in-season.

The rule was given formal approval by the Ministry of Infrastructure and Water Management (I&W) and implemented for the 2019/2020 winter season. However, this local rule does not guarantee a feasible volume of full freighter operations will be maintained at Schiphol, as it leaves full freighter operations dependent on the allocation of ad-hoc slots. To mitigate the loss of full freighter movements, Schiphol proposes the inclusion of a 'cargo pool' for full freighter aircraft within the capacity declaration for the 2020/2021 winter season, in consultation with the Coordination Committee.

Our efforts to remain competitive align with our ambition to remain the smartest cargo hub. To this end, we have introduced the Smart Cargo Mainport Programme (SCMP), which uses a combination of digitalisation, sustainability, collaboration and data sharing to drive the future success of our hub. Current SCMP projects include the Landside Pickup and Delivery programme to reduce throughput time in the cargo chain, as well as our Automated Nomination initiative, which uses smart software algorithms to identify and deliver goods more quickly and is a tool to speed up the Customs process for imported goods. We have also introduced the Compliance Checker to assist in export processes.

Our partnerships and investments support the development of our cargo operation. Schiphol Cargo has joined forces with KLM Cargo and Royal FloraHolland to form the Holland Flower Alliance, to tackle bottlenecks in the floral supply chain. An innovation originating from the alliance is the Ideal Flowerbox concept, which aims to reduce waste and optimise capacity within the flower supply chain through the use of a standardised box and pallet. This improved the aircraft pallet load factor by 15%.

In 2019, a due diligence of Cargonaut was conducted as a first step towards potentially increasing Schiphol Group's ownership from its current 38.84% stake to a controlling interest or more. Cargonaut provides a cargo data exchange platform, and is an essential element of cargo operations at Schiphol.



## Accessibility

Dutch airports rely on a sophisticated network of domestic and international multimodal connections for their strong competitive position: passengers choose an airport based, in part, on its transport connections and ease of access, while businesses also factor in accessibility when selecting a location for their operations.

At Amsterdam Airport Schiphol, however, accessibility is under growing pressure as rising visitor numbers means increased use of the airport's roads, railway station and parking facilities. Meanwhile, security measures put additional strain on Schiphol's landside infrastructure, while construction work for the new pier and terminal has required us to reroute the roads around the Schiphol-Centre. With Schiphol's train station having almost reached full capacity, and more and more people travelling by bus, we are pleased to have reached an agreement with our partners to expand these essential hubs.

Alongside investments in physical assets, we are exploring innovative solutions to improve traffic flows, prevent congestion at peak hours and generally keep Schiphol accessible. Mobility platforms such as Uber and SHARE NOW already alter our



Electric Snetert bus

passengers' first and last miles, and we see autonomous vehicles playing a growing role in the coming years, in combination with the emerging car-sharing trend. We will continue to monitor wider trends around more robust and sustainable mobility systems, and assess their viability to help enhance airport accessibility.

Underpinning our long-term mobility strategy is the need for collective, clean transport. To support our wider sustainability goals, we are re-examining the layout of the airport's access and drop-off roads and exploring ways to improve accessibility by motorcycle, scooter and bicycle, while discouraging pick-ups and drop-offs by car. We are following the developments in the field of Mobility as a Service (MaaS). The Landside Central Programme (LCP) has been put in place to integrate and coordinate all landside development projects at the Schiphol site so that they do not significantly impact accessibility. As part of this programme, we are also exploring ways to reorganise our accessibility over the coming years and determine which locations are best suited to specific transport modes.

### Getting to Schiphol by bus

More and more passengers are using public buses, with routes to and from central Amsterdam especially popular. To meet growing demand, we are creating a new express bus connection supported by High-Quality Public Transport Hubs (HOVs) at Schiphol-North and Schiphol-South, together with the Amsterdam Transport Region and the province of North Holland. Connexxion, the transportation company serving Schiphol, has been using electric buses on its routes since April 2018. Schiphol is in contact with the other transport companies that connect Schiphol to its surrounding locations, to discuss the phased transition towards zero-emissions transport within the coming years.

### Reaching the airport by road

In 2019, we had to reroute access routes to the terminal due to the construction of the new pier and terminal. In 2019, we took measures to keep traffic flowing at the 'kiss and ride' zone, which also minimised congestion on the A4 motorway. Increasingly, we

are using data-driven processes to monitor congestion on landside roads, enabling us to make more accurate traffic forecasts and customise the measures we use to improve traffic flow. We have also created additional pedestrian crossings to improve safety at junctions.

Improving motorway access is also a priority for Schiphol and its partners, as well as the Dutch government. One of the recommendations of the Dutch Multi-Year Programme for Infrastructure, Spatial Planning and Transport (MIRT; explained in detail on page 43), involves building a new parallel road structure with a direct exit to P3 from the south to reduce congestion on the A4 and at the Schiphol Centre.

### Exploring new accessibility solutions with the Dutch Drone Delta coalition

In December 2019, Royal Schiphol Group took part in Amsterdam Drone Week to discuss the role of drones in the future of Dutch air travel. Together, the attendees established Dutch Drone Delta, an alliance working to develop smart, sustainable drone-based innovations in the field of air travel.

Schiphol will be working alongside its aviation, transportation and technology partners to realise Urban Air Mobility, a passenger transport initiative that involves using air taxis with vertical take-off and landing capability to improve airport accessibility. A key challenge involves finding solutions to integrate this proposed new mobility solution into air space and ground transport infrastructure, with a study scheduled for the first year of the alliance to assess relevant requirements and potential infrastructure locations. An assessment will also be conducted to determine how Urban Air Mobility will impact the living environment.

In 2019, we also finished improvements to the road tunnels on the Schiphol site: all escape routes have been modified to improve safety in compliance with the Dutch Tunnel Act, and smart technical systems fitted.

### Commuting by bike

Cycling is central to Dutch culture and a highly sustainable transport mode. Our target is to increase the number of bicycle commuters to and from Schiphol from about 2,500 presently to 10,000 by 2025. To achieve this, we are working with public and private partners on a new programme to help improve the airport's accessibility by bike. The programme involves developing new infrastructure and bicycle facilities, with Schiphol Group and the ministry of I&W each investing 1.3 million euros to develop a cycle 'highway' between the airport and the Amsterdam Metropolitan Area. We also plan to extend the employee bike sheds currently in place across the Schiphol site and make shared bikes available for use around the airport.

Last but not least, we have joined the goinGDutch partnership to help improve the image and appeal of biking to work and by promoting its physical and mental health benefits. Ideas under discussion include digital innovations for communication between bike, infrastructure and facilities, such as a green wave.



We are working to make commuting by bike more accessible.

### Parking

While we encourage those visiting Schiphol to use public transport whenever possible, ensuring good parking facilities and capacity remains essential to Schiphol's accessibility, particularly for people living and working in the Netherlands. Parking is also important for sustainability: passengers who drive themselves to and from the airport use only two car movements, rather than the four movements required when someone is dropped off and collected by a third party.

In 2019, we completed the expansion of the P3 long-stay car park, bringing the total capacity of the facility to 5,150 spaces. As part of the expansion, 5,400 solar panels were also installed on the building's roof in January 2020 (further information can be found in Quality of Life). As in previous years, we also introduced new parking concepts, including a new digital parking reservation service via the Schiphol App, and an environmentally friendly car-washing service that is water-free and uses entirely biodegradable materials.

As part of our sustainability focus, Schiphol also promotes the use of electric-vehicle car-sharing platforms such as SHARE NOW (formerly car2go). Local users of the service can drive a smart car to Schiphol and park in the World Trade Centre (WTC) parking garage, while business travellers and tourists going in the opposite direction can take a shared car from Schiphol to our nation's capital. A pilot programme has started with car-sharing platform Amber for employees of WTC- and CBD-based companies.

### Taxis

The airport taxi fleet includes more than 1,250 registered and authorised taxis, of which around 700 are electric. In 2019, just over a million taxi rides took place from the official taxi stands at Schiphol Centre. Of these, about 70% were carried out by emissions-free vehicles, a fall of 2% compared with 2018. This slight decrease, the first since 2009, can be explained by a growing number of passengers using pre-ordered taxi services (up by about 15%), most of which are unfortunately executed by traditional fossil fuel-powered vehicles. To address this trend,

## Travelling to Schiphol by train is more and more popular

In 2019, more passengers once again took the train to Schiphol than in the preceding year; this group now accounts for 43% of the total. Of the total share of passengers who use public transport (47.1%), 4.1% take the regular bus service (2018: 4.2%).

### Passengers' choice of transport to Schiphol

in %	2019	2018	2017	2014	2010
Public transport	47.1	46.3	42.9	39.1	41.0
Dropped off by car	19.8	19.8	22.7	26.2	28.5
Parked car at airport	9.8	10.3	11.2	13.7	10.6
Taxi	13.0	12.7	13.5	9.3	9.2
Group transport	6.7	7.4	6.3	8.4	7.4
Other	3.6	3.5	3.4	3.3	3.3

from 1 June 2020, Euro5 Sedans will no longer be welcome, and we will give priority to zero-emissions vans.

### Improving Schiphol's landside accessibility

Landside accessibility is one of the main challenges we face at Schiphol with growing passenger numbers. In 2019, the airport's accessibility score in the Schiphol Perception Monitor has remained stable at 74 over the past year. Our position in the European Airport Service Quality (ASQ) benchmark also remained stable for this metric, at third.

### Short-term measures

Schiphol Airport railway station is fast approaching maximum capacity. The platforms are extremely busy at peak times, and we are taking measures to avoid compromising safety. In 2019, we created an area exclusively for public transport in collaboration with partners such as NS (Dutch Railways) and ProRail, which is less congested and easier to navigate. The station meeting point was also relocated to further improve passenger flows.

In the third quarter of the year, we carried out several successful pilots to test 'smart mobility', which will be expanded in 2020. Our ultimate aim is to introduce a user-friendly digital travel platform where users can find and reserve their transport with the touch of a button. Having also introduced the new timetable for electric buses in late 2018, we are exploring ways to manage the schedule more flexibly, in order to better match the frequency of buses to actual demand.

### The growing (sustainable) role of rail travel

Schiphol's catchment area is built in large part on excellent train connections to prime locations such as Amsterdam and surrounding areas, as well as major economic centres across the Netherlands and other parts of Europe. Substituting air travel with trains is also an important supporting factor in realising our sustainability targets, and connecting Schiphol Airport to high-speed networks can help reduce demand for air travel over medium distances in particular. While Schiphol links directly to Antwerp, Brussels and Paris via the high-speed Thalys train, the Eurostar to London does not yet stop at the airport, and we lack a high-speed connection with Germany.

### Go-ahead for the MIRT

Since September 2016, Schiphol Group, together with the Amsterdam Transport Region, ProRail and Dutch Railways contributed to draw up the MIRT of the ministry of Infrastructure and Water Management. The MIRT is an exploratory study to develop the Schiphol Multimodal Hub as a means of resolving the issue of bottlenecks at Schiphol's railway and bus station. The study outlines plans for expanding the capacity of the station

while guaranteeing passenger safety and maintaining a high level of customer service.

In November 2019, these plans were approved in the Administrative Consultation of the MIRT and are now awaiting finalisation and implementation. Two project managers have been appointed to oversee the initial design phase, one from Schiphol and one from ProRail. The MIRT will increase the capacity of the Schiphol Multimodal Hub, which combines many functions in a relatively small area. The station layout will be improved to create more logical walking routes for passengers. The platforms at Schiphol Airport station will have more entrances, resulting in the better use of the station, more space and improved ease of travel for passengers. There will also be a new bus station in the form of a bus island with direct access to the station, more logical walking routes and more space at Schiphol Plaza, as well as new access gates to the train station. In 2023, Royal Dutch Railways (NS) will also introduce the 'Airport Sprinter' between Amsterdam Central Station and Schiphol/Hoofddorp.

### Long term: Extending the North/South metro line

While the revamped train and bus station will significantly improve public transport access to Schiphol, more capacity will be needed in the longer term as passenger numbers continue to grow and the population of the Amsterdam Metropolitan Area and surrounding region rises. One solution under discussion is the extension of the North/South metro line to Schiphol and Hoofddorp, with several supporting studies on the subject soon to be finalised. As well as the airport itself, we believe the extension would improve long-term accessibility for Amsterdam and the rest of the Netherlands, by allowing national rail lines to be used over longer(er) distances. With many short-stop trains (sprinters) obsolete, capacity would be freed up for intercities and international trains, relieving pressure on the (inter)national rail network. We also believe in the project's potential to support the economic and spatial development of Schiphol's surrounding communities.

Last but not least, the extended North/South line would create a much-needed alternative route to the Schiphol tunnel in the event of emergencies. Currently, the impact of incidents taking place inside the tunnel is immediately felt across the entire rail network. Schiphol is investigating ways to engineer and finance the new connection in collaboration with key stakeholders, including the municipalities of Haarlemmermeer and Amsterdam, NS, KLM, ProRail and Regional Transport Authority (VRA).

Alongside our involvement in the North/South line concept, we are exploring other long-term local public transportation initiatives though our participation in the Groot Schiphol Bereikbaar zalliance. This partnership, which includes Amsterdam's transport authority as well as other public partners, aims to improve accessibility of the greater Schiphol area by alleviating rush hour traffic. Another aim is reducing CO<sub>2</sub> emissions.

# Quality of Life

Ensuring the best possible Quality of Life for local and global communities is the central pillar of our Vision 2050. Over the coming years, we must work alongside our customers and partners to decarbonise our operations, and to minimise the environmental impact of aviation in the Netherlands and beyond.



While demand for air travel continues to rise around the globe, also we note changing societal attitudes towards aviation and its impact. With the 2015 Paris Agreement and the subsequent landmark report issued by the UN Intergovernmental Panel on Climate Change (IPCC) urging drastic action to prevent global temperatures from rising beyond irreparable levels, people are now more informed, and conscientious, about their travel choices than ever before. As a central link in the aviation value chain, we must adopt a similarly responsible mindset.

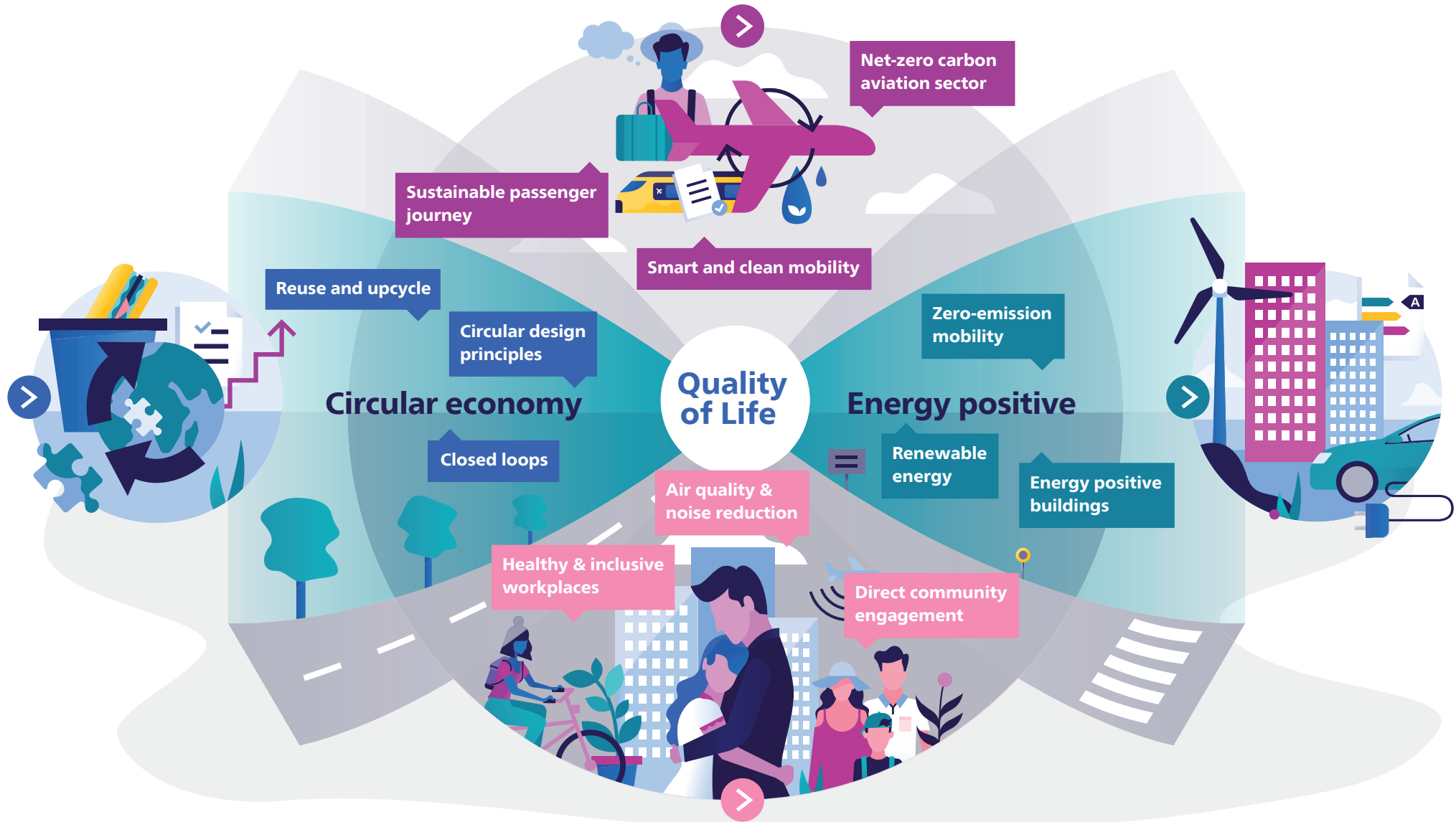
Royal Schiphol Group has put a core sustainability strategy in place, centred around becoming energy positive, advocating sustainable aviation, implementing circular economy principles and securing a healthy living and working environment for communities in and around our airports. One of our Major Deliverables for 2019 was the delivery of the 'Most sustainable airports' roadmap, which outlines a series of measures to support our sustainability strategy through to 2030. The roadmap, which includes all Royal Schiphol Group airports, covers three core themes: Circular Economy, Energy Positive, and Sustainable Aviation. The fourth theme, Communities, has a separate action plan. We believe implementing the roadmap will have a positive impact on carbon emissions (CO<sub>2</sub>), but equally on local air quality by tackling the release of ultra-fine particles (UFPs) and nitrogen oxide (NO<sub>x</sub>). Longer-term initiatives (such as zero emissions on airside) will be implemented as a priority. In the meantime, we

are working towards our Top Performance Indicator (TPI) for 2020: a reduction of 3% annually of our Group-wide CO<sub>2</sub> emissions on route to reaching zero emissions in 2030.

The Quality of Life pillar also acknowledges Schiphol's responsibility to support the wellbeing of our neighbours and all those involved in or affected by our operations, by enabling an attractive international business climate and a healthy living environment. Alongside our efforts to ensure good air quality, we are taking a variety of steps to reduce aviation-related noise disturbance in local neighbourhoods. In particular, we are pursuing a controlled and moderated path of growth for Schiphol and our regional airports, while simultaneously making use of advancements in aircraft technology and new air traffic control procedures. Our sustainability efforts to improve Quality of Life at a local, national and global level are discussed in detail in this chapter.



# Sustainable aviation



# Communities

## 'Most sustainable airports' roadmap

Royal Schiphol Group aims to operate the world's most sustainable airports. Building on our current sustainability performance, we have created a roadmap which sets out the actions required to achieve our 2030 objectives, as a next step towards realising Vision 2050.

### Zero-waste airports 2030 towards circular in 2050

- For infrastructure, we focus on circular design and the reuse of materials. Training of staff, materials hubs and material passports are key enablers.
- For operational processes, we minimise, separate and upcycle everyday catering, office and aircraft residuals. We focus on better separation, while phasing out selected single-use products in the meantime.

### Zero emissions airports 2030 towards energy positive in 2050

- All new vehicles are zero emissions, including ground support equipment on airside.
- 'Older' buildings will be renovated and new buildings are energy neutral.
- For energy use, we increase efficiency, produce more solar power and strengthen our grid.

### Facilitate the sustainable passenger journey towards net-zero carbon aviation in 2050

- Contribute to 14% sustainable aviation fuel in 2030 and optimize airside procedures.
- Increase smart and clean mobility to and from the airport by investing in public transport, bike infrastructure and electric car sharing.
- Actively inform passengers about sustainability and offer sustainable travel options and combat human and wildlife trafficking.

We will work closely together with our business and sector partners to implement each of the actions listed above. Activities for Circular economy and Energy positive are in our direct influence sphere; Schiphol Group has therefore set ambitious 2030 targets. Sustainable aviation is in our indirect influence sphere, though the social and environmental impact is high. Our aim is to close the loop within our roadmap: Circular economy and Energy positive could be part of the solution for Sustainable aviation, for example. Besides the intended impact on climate change, the roadmap also has the potential to have a positive influence on local air quality. For more information, please refer to [www.Schiphol.nl/sustainability](http://www.Schiphol.nl/sustainability).

## The UN Sustainable Development Goals

Introduced in 2015 by the United Nations, the UN Sustainable Development Goals (SDGs) relate to the 17 most important challenges facing the world towards 2030. In 2016, Schiphol identified six goals to actively support and contribute to over the following two decades. Behind the 17 goals are also 169 key performance indicators (KPIs). To make our SDG approach clearer and more transparent, we publish the relevant KPIs in this year's Annual Report. Please refer to initiatives and the material aspects described in the Sustainable Development Goal table for details of how we are working to contribute to the goals and to continuously improve as an organisation.

**UN Sustainable Development Goals**

SDG	Contribution Schiphol	initiatives	Material aspect
SDG 8	<p><b>Decent work and economic growth</b></p> <p><b>8.5</b> By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.</p> <ul style="list-style-type: none"> <li>Number of persons employed at Schiphol site 68.000</li> <li>Gender pay gap: -0.3%</li> <li>New employees with difficulties accessing employment: 5</li> </ul> <p><b>8.8</b> Protect labour rights and promote safe and secure working environments for all workers</p> <ul style="list-style-type: none"> <li>LTIF 1.2</li> </ul>	<ul style="list-style-type: none"> <li>(International) Alliances and participations</li> <li>Aviation Community Schiphol</li> <li>Women On Air Community Schiphol</li> <li>LGBTQ+ Community Schiphol</li> <li>The Safety Leadership principles</li> </ul>	<p>Our international activities Employment practices</p> <p>Safety</p>
SDG 9	<p><b>Industrial innovation and infrastructure</b></p> <p><b>9.1</b> Develop quality, reliable, sustainable and resilient infrastructure, including regional and trans-border infrastructure, to support economic development and human wellbeing, with a focus on affordable and equitable access for all.</p> <ul style="list-style-type: none"> <li>Passenger and cargo volumes by mode of transport: 71.7 million passengers - 1.57 million tonnes of cargo</li> </ul> <p><b>9.4</b> By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes.</p> <ul style="list-style-type: none"> <li>CO<sub>2</sub> emission per unit of value added: 0.23 kg CO<sub>2</sub>/passenger</li> </ul>	<ul style="list-style-type: none"> <li>Base D building meets the BREEAM Excellent sustainability standards</li> <li>Pier A is on track for LEED Gold and Terminal A will be an energy-neutral building and is aiming for LEED Platinum</li> <li>Sustainability key in contracts with main contractors in 2019</li> <li>Solar panels installed on roof of P3 car park</li> </ul>	<p>Network of destinations Accessibility CO<sub>2</sub> and air quality</p>
SDG 11	<p><b>Sustainable cities and communities</b></p> <p><b>11.6</b> By 2030, reduce the adverse per-capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.</p> <ul style="list-style-type: none"> <li>Annual mean levels of fine particulate matter (PM10): The Schiphol site met all governmental requirements, which are based on the EU directive 2008/50/EG, for this category during the 2019 operating year (well below the European annual mean limit of 40µg/m<sup>3</sup>).</li> </ul>	<ul style="list-style-type: none"> <li>Action plan UFP delivered in 2019</li> <li>Electrification of vehicles towards zero emissions</li> <li>Schiphol Quality of Life Foundation</li> <li>Schiphol Multimodal Hub</li> </ul>	<p>CO<sub>2</sub> and air quality Noise Community engagement</p>
SDG 12	<p><b>Responsible consumption and production</b></p> <p><b>12.2</b> By 2030, achieve sustainable management and efficient use of natural resources.</p> <ul style="list-style-type: none"> <li>Material footprint: 4-11% of used resources was high-value recovered according to circular principles</li> </ul> <p><b>12.B</b> Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products.</p> <ul style="list-style-type: none"> <li>Circular economy strategy</li> </ul>	<ul style="list-style-type: none"> <li>Circular decommissioning of Cargo building 18</li> <li>Growing range of healthy &amp; conscious lifestyle catering outlets e.g. 'De Verspillingsfabriek' (The Surplus Food Factory) and the Healthy Food Wall</li> <li>Signed Buckingham Palace agreement to prevent wildlife trafficking</li> </ul>	<p>Circular economy Sustainable aviation</p>
SDG 13	<p><b>Climate Action</b></p> <p><b>13.2</b> Integrate climate change measures into national policies, strategies and planning.</p> <ul style="list-style-type: none"> <li>Energy-positive strategy</li> <li>Schiphol operates on 100% renewable wind energy</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability is integrated within airport charges</li> <li>Invest in and research into Sustainable Aviation Fuels, e.g. Biokerosene factory in Delfzijl and Synthetic Kerosene research at Rotterdam The Hague Airport</li> </ul>	<p>Sustainable aviation</p>
SDG 17	<p><b>Partnerships for the goals</b></p> <p><b>17.16</b> Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries.</p> <ul style="list-style-type: none"> <li>Work closely with partners to achieve net-zero carbon aviation in 2050</li> </ul>	<ul style="list-style-type: none"> <li>Co-initiator of net-zero carbon 2050 resolution ACI Europe</li> <li>Draft agreement Dutch Sustainable Aviation</li> <li>Founding partner of Mission Possible platform of World Economic Forum</li> <li>Knowledge sharing with airports via ACI Africa</li> </ul>	<p>Sustainable aviation Material aspects for stakeholders</p>

## CO<sub>2</sub> and air quality

Schiphol Groups medium-term goal is to become a zero-emission airport by 2030, meaning the complete elimination of emissions from our own airport activities as well as from ground operations on airside. We have introduced this science-based target based on the reductions required to limit eventual global temperature increases to below 2 degrees Celsius above pre-industrial temperatures, and plan to achieve it by phasing out natural gas across our operations and by increasing the energy efficiency of our electricity usage. Further to this we introduced a sustainability TPI, please refer to the [TPI performance 2019](#) section for more information. Looking beyond our zero-emissions target, we aim to operate energy-positive airports as Schiphol Group by 2050. Schiphol airports per-passenger emission levels improved during 2019, falling to 0.23 kg CO<sub>2</sub>.

### Renewable energy transition gathers speed

Renewable energy, in particular wind and solar energy, is a key part of our carbon-reduction programmes. Following a series of recent investments, all of the electricity purchased by Schiphol Group now comes from newly developed wind farms in the Netherlands. Meanwhile, new solar panel infrastructure is being introduced in and around the Schiphol site, including a project to fit 5,400 solar panels on the roof of the new P3 car park, which was completed in January 2020. The panels will generate more than 20% of the total energy consumed by the airport's parking facilities (equivalent to about 600 homes); for example, by providing power for electric charging points and LED lighting.

Schiphol's gas supply contract with Eneco also came into effect in 2019. This means that green gas now accounts for 16.7% of our total Group gas purchases and 100% of Eindhoven Airports gas usage. Our aquifer thermal energy storage (ATES) strategy and

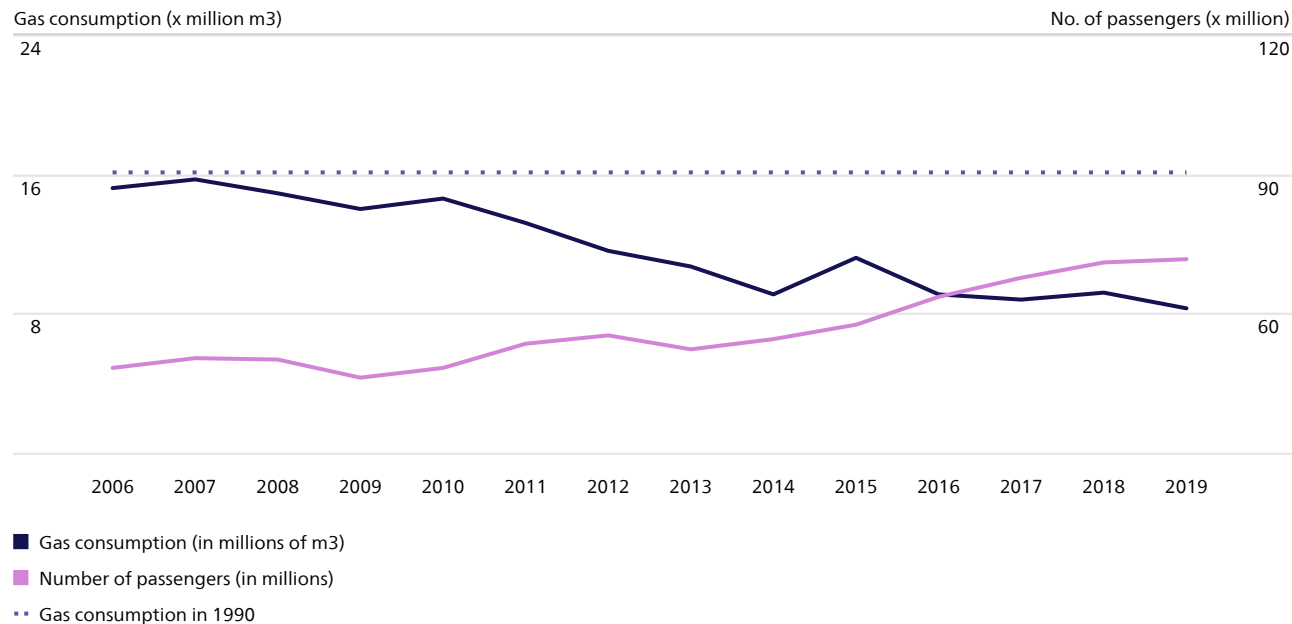
the increase in use of green gas support our wider efforts. We aim to eliminate our use of natural gas by 2030.

### CO<sub>2</sub> management

In 2009, the Airports Council International (ACI) introduced a CO<sub>2</sub> benchmark for airports, which Schiphol helped to develop. In 2019, Schiphol applied for the renewal of its carbon neutral certification (level 3+) within the Airport Carbon Accreditation (ACA) programme for the year 2018, which was granted in February 2020. A key component of this status is that the airport's own activities are CO<sub>2</sub> neutral. A Golden Standard solar energy project in India has been selected to support the carbon offsetting of Schiphol Group's remaining emissions (natural gas and other fuels).



### Development of natural gas consumption and passenger numbers



### Energy efficiency

In addition to our efforts to increase renewable energy, it is also very important to ensure we use energy in the most efficient way possible. In 2019, we reached an energy efficiency level of 7.04%, versus our 5.7% target. This positive outcome was the result of more than 150 individual steps taken to improve energy efficiency, including the continuation of LED lighting, replacing old telecom and IT equipment, optimising climate systems, replacing heating, ventilation, and air conditioning (HVAC) systems, adjusting the new ATES systems for Terminal 3 and the G-pier, and the preservation of our real estate buildings. Our 2020 energy-efficiency target is 6.3%. Schiphol's total energy use fell again in 2019, dropping from 1901 TJ to 1853 TJ, which is below 2005 levels.



## CO<sub>2</sub> emissions at Amsterdam Airport Schiphol

(in tonnes)

	2019 <sup>1</sup>		2018 <sup>1</sup>	
	Location-based	Market-based	Location-based	Market-based
Scope 1 <sup>2</sup>	19,037 <sup>3</sup>	16,456 <sup>4</sup>	20,339 <sup>5</sup>	20,339 <sup>5</sup>
Scope 2 <sup>6</sup>	101,239 <sup>7</sup>	0	96,022 <sup>6</sup>	0
<b>Total Scope 1 and 2 CO<sub>2</sub> emissions</b>	<b>120,276</b>	<b>16,456</b>	<b>116,362</b>	<b>20,339</b>
Passengers	71,707,144	71,707,144	71,053,147	71,053,147
CO <sub>2</sub> kg/passengers	1.68	0.23	1.64	0.29
Scope 3 - diesel fuelled at airside by third parties, own staff commuter traffic & business trips by air/ own car	35,417	35,417	36,933	36,933
<b>Total CO<sub>2</sub> TPI for Amsterdam Airport Schiphol<sup>8</sup></b>	<b>155,692</b>	<b>N/A</b>	<b>153,295</b>	<b>N/A</b>
Scope 3 - other items <sup>9</sup>	Not available yet	Not available yet	1,251,209	1,251,209
<b>Total Scope 3</b>	<b>Not available yet</b>	<b>Not available yet</b>	<b>1,288,142</b>	<b>1,288,142</b>
<b>Kerosene sold in the Netherlands</b>				
CO <sub>2</sub> emissions from total kerosene sold in the Netherlands (x1.000 kg) <sup>10</sup>	Not available yet		12,313,350	

- 1 These figures comprise calendar year figures. Please note that the figures for 2018 have been recalculated to calendar year. In previous annual reports, the figures were based on operational year.
- 2 Consists of the categories: gas under the Schiphol Nederland BV licence, fuels used by own vehicle fleet, fire brigade, emergency power and own staff business trips by lease cars. CO<sub>2</sub> emissions from gas includes a correction for standard weather conditions (graaddagencorrectie) without this correction, 2019 location-based CO<sub>2</sub> emissions in Scope 1 would have been 18.337t.
- 3 Grey gas emission factors have been applied for location-based purposes.
- 4 Since 2019, Amsterdam Airport Schiphol has been purchasing green gas for part of its consumption.
- 5 This number has slightly changed compared with the reported figure in 2019 due to two factors. An updated set of categories have been included in Scope 1 to align with the definition of our Sustainability Top Performance Indicator and we switched from operational year to calendar year.
- 6 Consists of electricity consumption by Amsterdam Airport Schiphol.
- 7 Grey electricity factors have been applied for location-based purposes.
- 8 Consists of Scope 1, Scope 2 and selected items from Scope 3 (diesel fuelled at airside by third parties, own staff commuter traffic and business trips by air/own car). The Top Performance Indicator is calculated on basis of the location-based approach. The Group TPI result is 169kt in 2019, including Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport.
- 9 Other Scope 3 items are not part of the Sustainability Top Performance Indicator definition and include, among others: electricity and gas consumption by third parties, all road traffic to and from the airport and fuels related to aircraft handling and landing and take-off cycle. 2019 data will be reported with one year delay.
- 10 Data from CBS and the industry wide emission factor of 3.15 for kerosene have been applied. 2019 data will be reported with a one year delay.

Despite several new developments and expansions taking place at the Schiphol site, namely the forthcoming test-run of the new A-pier, we expect to maintain a stable overall level of energy use in 2020. We will continue to monitor and limit energy use in our existing buildings and installations. Meanwhile, we are taking further steps to reduce our energy footprint and expand the role of self-produced renewable sources within Schiphol's energy mix; for example, by pursuing electrification (phasing out of diesel), introducing heat pumps (phasing out of natural gas) and installing solar panels on the roof of the new pier.

### Emissions in our value chain

For all our success in driving sustainability across our own operations, most CO<sub>2</sub> emissions at Schiphol continue to be caused by external organisations outside of our immediate sphere of influence (Scope 3). The majority of these emissions are caused by the landing and take-off cycle, followed by road traffic and fuels related to aircraft handling. Given that Scope 3 includes data provided by third parties, figures relating to 2019 will be made available during the course of 2020. The CO<sub>2</sub> emissions resulting from kerosene used by aircraft landing at or taking off from Amsterdam Airport Schiphol are included within the Scope 3 emissions figures in the CO<sub>2</sub> table in this chapter.

### Advancing alternative aviation fuels

Schiphol is working closely with partners across the value chain to reduce aircraft emissions by encouraging the transition to sustainable aviation fuels. Our long-term efforts to promote the transition to the use of sustainable aircraft fuels, including bio-kerosene, are detailed in the Sustainable aviation chapter.

### Air quality

We are committed to ensuring clean air in and around our airports, and we aim to lead the sector in the reduction of potentially harmful emissions such as NOx and SOx, and (ultra-)fine particles (PM10 and PM2.5). These efforts are important given our commitment to safeguarding biodiversity as well as the health of the people working at Schiphol and local residents. Air quality is continually monitored by the government. The province of North-Holland has three air quality meters



## Transitioning to E-GPUs

Schiphol Group is investing in electric ground power units (E-GPUs) as part of our efforts to meet our carbon-emission reduction targets for Dutch airports. Whereas ground power units traditionally run on diesel, E-GPUs enable the supply of zero-emission, electric power to aircraft on the ground.

Five E-GPUs are in use at Schiphol Airport to supply power to aircraft docking at remote aircraft stands. These units supplement the fixed electrical power system in place at 72 of Schiphol's connected aircraft stands. Over time, we plan to replace all of Schiphol's diesel generators with this new, cleaner technology.

Eindhoven, Rotterdam The Hague and Brisbane airports have also introduced their first E-GPUs. We have designed and tested the equipment in collaboration with ITW GSE and Nissan. While our first wave of E-GPUs contains brand-new batteries, eventually we plan to use repurposed batteries from other vehicles.

around the airport and the measurements can be viewed online. The Schiphol site met all governmental requirements, which are based on the EU directive 2008/50/EG, for this category during the 2019 operating year.

To help maintain high levels of air quality, we apply performance indicators based on input measurements, including the installation of fixed electrical ground power at aircraft stands and the electrification of the airport's vehicle fleet. Performance indicators involving output are not currently measured, as it is not always possible to distinguish clear causal links between other parties' activities that affect air quality – i.e. emissions resulting from motorways or industrial activities, or (urban) background concentrations – and our own activities.

## Clean mobility

Schiphol promotes the use of clean mobility solutions by maintaining close control of our vehicle fleet as well as those belonging to companies operating on the airport site. We have a dual objective: replacing vehicles run on fossil fuels with zero-emission transport, and reducing fuel consumption.

### Buses

In 2015, 35 electric BYD buses began operating on the airport apron at Schiphol. This number is now growing steadily: an additional 16 electric apron buses were delivered at the end of 2019 in preparation for their introduction in early 2020, with a third batch of electric apron buses due to come online during the next few years. In late 2019, the decision was also taken to introduce electric buses as replacements for the diesel buses connecting the P3 long-stay parking area to the terminal by 2022. Beyond the Schiphol site, electric buses are also used on public transport networks that service the airport. In spring 2018, 100 VDL electric buses were brought into service as part of the Amstelland-Meerland concession; 150 Ebusco electric buses will also be added to the public transportation fleet by end-2020, bringing the total number of electric buses operating in the Schiphol region above 250.

### Taxis

Many of the taxis operating at Schiphol are now electric. Schiphol's official taxi concession holders, the BIOS Group and BBF, have been bringing passengers to Amsterdam and other destinations in the Netherlands in Tesla taxis since 2014. Together, they operate a sustainable fleet of 170 electric Tesla taxi cabs as well as 30 biogas-powered taxi vans. Other taxi companies operating from the stand are required to join the Taxi Control Foundation and to meet certain quality requirements. This additional taxi fleet includes a further 553 zero-emissions vehicles, bringing the total number to 723.

### Ground Support Equipment

Known as Ground Support Equipment (GSE), special vehicles including cleaning vehicles, catering trucks and aircraft tractors operate on and around the airport aprons to prepare aircraft for departure and handle them on arrival. While GSEs are traditionally powered by diesel, manufacturers now offer a growing range of electrically powered models. Since 2015, Schiphol has been promoting the use of electric GSEs at our airports by ground-handling companies, by investing in electric charging stations. Approximately 80 new charging stations were commissioned in 2019, bringing the total number to about 660, with a further 24 due to be delivered in 2020.

Growing interest in electric GSE technology is a clear sign of progress, though the use of traditional vehicles will remain unavoidable for the foreseeable future as certain equipment is not yet available in electric form.

Airlines operating at Schiphol must comply with various requirements related to air quality: aircraft must use only one engine during taxiing where possible, for example, and use fixed electrical ground power.

Schiphol has 243 aircraft stands for passenger aircraft, cargo aircraft and buffer positions. These include 128 fixed aircraft stands and 115 stands without a direct connection to the terminal. Due to interdependencies not all aircraft stands can be put into operation at the same time. In 2019, 72 of Schiphol's fixed aircraft

## NOx reduction plan

At the end of 2019, the Council of State ruled on the Integrated Approach to Nitrogen. In its first advice in October, the Advisory Committee on the Integrated Approach to Nitrogen, chaired by former Dutch government minister Johann Remkes, stated that 'All economic sectors responsible for nitrogen emissions must make an equitably balanced contribution, while acknowledging cost effectiveness.' At the request of the government, and in light of the principle agreements made on the future development of Schiphol and Lelystad Airport, the Committee gave priority to the investigation of the effects of aviation on nitrogen oxide (NOx).

In its advice of January 2020, the Committee stated that, at 1.1%, aviation's contribution to NOx levels in the Netherlands is relatively modest. Nevertheless, Schiphol is required to decrease its contribution across three areas: 1) nitrogen emissions relating to transport to and from the airport, 2) emissions relating to airport activities on the ground, and 3) emissions attributable to the aircraft landing and take-off cycle. Based on the examples of other industries, the Committee highlighted internal and external offsetting as potential solutions that could be used as an additional mitigation measure.

Schiphol is aware of its responsibilities, and together with the wider Dutch aviation sector, is committed to implementing the measures presented through this clear and feasible advice, with the majority of the measures also included in Schiphol's 'most sustainable airports' roadmap. In addition to NOx, the measures will have a mitigating effect on CO<sub>2</sub> and ultra-fine particles, both of which are also prerequisite conditions for Schiphol's moderate growth.

stands were connected to fixed electrical ground power. With fixed electrical ground power, aircraft do not need to use a generator or the auxiliary engine in their tails during ground handling procedures, thereby reducing NOx and CO<sub>2</sub> emissions.

### Cleaner fuels

In June 2019, KLM Equipment Service (KES) switched from diesel to gas to liquid (GTL) fuel. Since then nearly all ground support equipment and other airside vehicles, which comprise about 4000 vehicles, have run on 100% GTL. The use of GTL, a synthetic fuel made from natural gas, emits hardly any sulphur oxides and enables significant reduction in UFPs as well as nitrogen emissions. Extensive testing also demonstrates clear operational benefits to GTL: vehicles are easier to start when using the fuel rather than diesel, and soot filters do not need to be replaced as often. The conversion to GTL has led to an improvement in air quality around the airport site, and Schiphol views it as an important transition fuel on route to achieving our 2030 zero emission goal.

### Ultra-fine particles

While scientists recognise the potentially serious health effects of UFPs, little is known about their specific impact. Furthermore, there is a lack of clarity around how to accurately measure UFP levels, or what constitutes a safe level of exposure for humans. The Dutch National Institute for Public Health and the Environment (RIVM) is investigating the health risks to residents in the communities around Schiphol more closely. This follows an earlier exploratory study by the RIVM into risks associated with UFPs around Schiphol, which gave no indication that the mortality rates of local residents are any different from similar areas of the Netherlands.

A further study of RIVM, which was conducted in 2019, examined the potential effects on blood pressure of inhaling UFPs over short periods, as well as on the lungs and heart. The research found that although exposure to elevated concentrations of UFPs can reduce lung and heart function in the short term, it does not necessarily cause immediate health problems. Moreover, there was no evidence to suggest that the UFPs from aircraft have a different

effect than those produced by vehicles. The forthcoming study, which runs until mid-2021, will identify the UFP exposure of local inhabitants and any associated short-term or long-term health risks. Also refer to <https://www.rivm.nl/fijn-stof/ultrafijn-stof>.

### UFP Action Plan

In anticipation of the RIVM's research results in 2021, Schiphol is already taking measures to reduce the emission of UFPs. Many of these measures also reduce CO<sub>2</sub> and NO<sub>x</sub> emissions, so they contribute to our broader sustainability targets. In line with these targets, Royal Schiphol Group has published a joint action plan for ultra-fine particles. The plan outlines our activities to conduct measurements at Schiphol and Lelystad Airport in 2020 to learn more about the concentrations of UFPs at the airport. In 2020, the aim of the measurements is to develop a better understanding of the UFP concentrations at Schiphol and Lelystad Airport. The findings can then be compared with concentrations monitored elsewhere. The measurements will also tell us more about how weather conditions – such as wind, rain and fog – and temperature affect UFP concentrations, providing a solid foundation for further research and enabling us to prioritise sustainability projects better for decision-making.

In particular, to increase its knowledge of aviation-related UFPs, Royal Schiphol Group has joined the advisory board of RAPTOR ('Research of Aviation PM Technologies, mOdelling and Regulation'), a European Commission research project on UFPs. The project, which launched in 2019 and runs until late 2021, aims to provide insight into the composition of different kinds of UFPs and their impact on health. These findings will help us improve our calculation models for determining levels of UFPs from aircraft engines. RAPTOR also plans to pool the findings of research on UFPs that have already been conducted by European industry, science and research institutes.

## Sustainable aviation

As part of our 'Most sustainable airports' roadmap, Schiphol Group takes a leadership role in developing a more sustainable and responsible aviation industry. Our efforts begin at our airports, where we team up with a wide range of partners to reduce Scope 3 emissions (emissions outside our direct sphere of influence). Meanwhile, we work with multiple stakeholders across the industry, helping to spearhead innovations such as sustainable aviation fuels and advocating worldwide to bring about more responsible practices.

Our ultimate vision is to help the sector reach net-zero-carbon emissions worldwide by mid-century, which would bring aviation into line with the Intergovernmental Panel on Climate Change (IPCC) report recommendations set out in October 2018. We have identified two key milestones on route to our core 2050 objective: by 2030, we want the Dutch aviation industry to have reduced its carbon emissions to 2005 levels, and for sustainable aviation fuels to contribute 14% (or 573,000 tonnes) of the industry's total annual fuel consumption. Both objectives are aligned with the Netherlands' aviation sustainability targets, including the 'Smart and Sustainable' action plan and the draft climate agreement for sustainable aviation.

With aviation's relative contribution to total CO<sub>2</sub> emissions set to increase in the short term (from 2-3% globally and 7-8% in the Netherlands), meeting these targets will require collaboration and commitment from all corners of the sector. As an industry, we also need to harness new technologies, innovations and approaches. Schiphol Group's role in advancing these solutions is outlined below.

### Supporting Single European Sky

Schiphol Group and our European partners actively support the Single European Sky (SES) initiative, which aims to meet Europe's long-term aviation capacity via the creation of a single, borderless European airspace. Optimising the region's airspace will improve safety, increase capacity, shorten flight paths, and reduce costs

and fuel consumption as well as aviation emissions. Meanwhile, the associated Single European Sky ATM Research (SESAR) programme is exploring ways to modernise Europe's air traffic control system and drive efficiency across ground processes, aircraft handling and airport use. If implemented in their entirety, the various activities outlined by the SESAR could reduce CO<sub>2</sub> emissions by as much as 10%.

Schiphol's operational processes are becoming more complex, creating challenges for our staff as well as our different airport partners. High growth and tight capacity combined with strict safety and environmental rules call for smart, innovative solutions that can support and maintain high levels of performance. Designed by the SESAR programme, Total Airport Management is a concept aimed at providing smart solutions to the challenges ahead, starting with improving cooperation between stakeholders across the aviation value chain.

The first building block towards achieving this goal is the Airport Collaborative Decision Making (A-CDM) programme. Schiphol achieved A-CDM status in May 2018, meaning that procedures are carried out consistently with those of other major European airports. As a next step, we are preparing to introduce the Airport Operations Plan (AOP), a real-time airport planning system that will enable operational managers at Schiphol to plan for the day ahead by receiving the most up-to-date information. Moreover, the Plan will help different parties, including airport staff, air traffic control, airlines and ground-handling teams, to work together more closely within a common operational picture. The introduction of the AOP will be supported by Schiphol's newly introduced Airport Operations Centre (APOC). Further information on the the APOC is provided in Business continuity.

### Sustainable aviation policy and partnerships

A supportive policy landscape is the cornerstone of a sustainable aviation industry. We welcome the growing focus of environmental legislation at European level, such as the inclusion of aviation in the European CO<sub>2</sub> Emissions Trading Scheme (EU ETS) since 2012, as well as the SES initiative.

Schiphol is also one of the founding members of the Mission Possible Platform, a coalition initiative organised by the World Economic Forum in partnership with the Energy Transitions Commission to support the decarbonisation of global aviation and other hard-to-abate sectors through public-private collaboration, innovation partnerships and industry alliances. Schiphol takes an active role in the Platform's aviation-focused initiative, Clean Skies for Tomorrow, which aims to align the aviation value chain in its transition to using sustainable aviation fuels. Given the global character of the aviation sector, ensuring a level playing field for all industry players worldwide is key. We see sustainable aviation fuels as the short-term solution to decarbonise aviation and, together with Heathrow Airport, we are advocating for a sustainable aviation fuel mandate in Europe. In 2019, Schiphol CEO Dick Benschop discussed this matter with Diederik Samsom, Chief of Cabinet for the European Commissioner Frans Timmermans, responsible for the European Commission's work on climate policy.

At a national level, Schiphol has contributed to the sustainable aviation draft agreement of the so-called 'Mobility climate table': one of five roundtable sessions set up by the Dutch government to explore potential routes to a 49% reduction in domestic CO<sub>2</sub> emissions by 2030. Each roundtable will concentrate on a different sector of the economy, with the outcomes helping to form the new 'Klimaatwet' (climate law). Participants in the roundtable on sustainable aviation were allocated to one of six focus areas, ranging from fleet renewal to sustainable aviation fuel.

In addition, in October 2018, Schiphol, along with other Dutch aviation parties, contributed to the 'Smart and Sustainable' action plan, a multi-year strategy to reduce carbon emissions from international aviation activities in the Netherlands to 2005 levels by 2030. This effective reduction will form an important milestone in reaching the wider International Air Transport Association (IATA) target: a 50% reduction in global aviation emissions by 2050. Schiphol is already taking steps towards these ambitions; for example, by accelerating the transition towards green gas and the usage of electric ground power units (E-GPUs). Our partners

## Sustainable aviation fuels

Sustainable aviation fuel is a necessary short-term option for reducing CO<sub>2</sub> emissions. However, not enough sustainable kerosene is being produced worldwide and the price gap is significant. With the belowmentioned concrete actions, we contribute to the scale-up of sustainable aviation fuel in the Netherlands and research worldwide.

### Bio-kerosene plant

In 2019, we approved an investment of 2 million euros to enable preparations for a new bio-kerosene plant in Delfzijl in collaboration with SkyNRG in the province of Groningen, the first of its kind in Europe. The factory will convert certified waste and residue streams (such as used cooking oil, coming predominantly from regional industries, into kerosene as well as organic naphtha and propane, and will run on sustainable hydrogen. The preparatory phase of the project, which has also received funding from KLM, SHV Energy, Innovatiefonds Noord-Nederland and GROElfonds, is now fully underway. The plant's eventual annual production capacity will be 100,000 tonnes (approximately 2.5% of total aviation-linked kerosene consumption in the Netherlands), which will help to reduce CO<sub>2</sub> emissions by about 270,000 tonnes each year.

### Research on synthetic kerosene

Meanwhile, Schiphol Group has commissioned a study to explore the possibilities of another future sustainable fuel: synthetic kerosene. A consortium of Dutch, Swiss and German companies has performed preliminary work on the design of a pilot facility at Rotterdam The Hague Airport, which may one day be able to produce synthetic kerosene using carbon dioxide captured from the atmosphere. The pilot plant is expected to have a daily production capacity of about 1,000 litres. The consortium has submitted its plans to Schiphol, with several of the next steps, which include evaluating financing options, final engineering and obtaining approvals, scheduled for 2020.

making great progress, and the early signs are encouraging: KLM launched its 'fly responsibly' campaign in 2019, and in November, easyJet signed a three-year contract for wholesale offsetting of its jet fuel emissions, worth 30 million euros per year. In a further effort to reduce aviation emissions, travel operator TUI will stop offering 'short-haul' flights between the Netherlands and Paris from autumn 2020.

### Sustainable aviation fuel

With kerosene responsible for more than 95% of aviation-related CO<sub>2</sub> emissions, Schiphol Group is investing in sustainable aviation fuels with the potential to greatly alleviate the environmental impact of air travel, and improve the air quality around our airports. For 2030, we aim for the 14% sustainable fuel target as set out in the 'Smart and Sustainable' action plan. While total

kerosene consumption at Schiphol stabilised in 2018, this widely used aircraft fuel remains a major source of aviation emissions, and about 10% derives from take-offs and landings. The CO<sub>2</sub> emissions from kerosene for landing and take-off are also included within the Scope 3 emissions figures presented in the CO<sub>2</sub> and Air Quality chapter. More widely, Schiphol Group is collaborating with the Dutch government, as well as the fuel industry and aviation sector, on other ideas to scale up production and consumption of sustainable aviation fuels.

## Fleet renewal

The aircraft fleet at Schiphol is constantly evolving in line with advancements in aviation technology. We strongly support this transition: as well as helping airlines to reduce their operating costs, new-generation models also produce less noise and fewer emissions, improving the quality of life for communities around the airport. Schiphol stimulates both fleet renewal and retrofitting through its new airport charges structure, which runs from 1 April 2019 until 31 March 2022 and offers airlines financial incentives for using cleaner, quieter aircraft. At the same time, we note that many of the aircraft currently flying, despite not offering the latest technology, still meet high sustainability standards. These models, which are only a few years old, are a considerable improvement on the versions they replaced only a few years ago.

In 2019, we continued to see the Airbus 320NEO and other newer models being introduced onto intra-European flights. However, due to the unexpected grounding of the Boeing 737 MAX in 2019, the replacement schedule for the latest technology generation aircraft has been delayed. Many operators intending to replace their aircraft fleet with the latest version of the Boeing 737 have been forced to continue running their existing 'older' fleets, or even lease additional older-generation aircraft to fulfil their schedule commitments. Fleet renewal is also steadily taking place on long-range routes, with KLM having expanded its fleet of Boeing 787 aircraft and introducing the latest version, the Boeing 787-10. Meanwhile, the latest generation of Airbus long-range aircraft has found its way to Schiphol Airport: Cathay Pacific, China Airlines and Delta Airlines are among the airlines now using the Airbus 350.

Demand for newer aircraft has created a backlog of demand for Boeing and Airbus models on medium-range, intra-European flights, as well as intercontinental flights. Significant quantities have been ordered for delivery within the next five to ten years, though a significant part will be used to expand fleets to accommodate the forecasted growth in air travel rather than acting as replacements for older models.

## Carbon offsetting and capture

Schiphol Group supports the increased use of carbon offsetting methods by airlines, supported in large part by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSA) initiative, which began its registration phase on 1 January 2019. CORSA requires all International Civil Aviation Organization (ICAO) members to monitor and report their carbon emissions. We believe all aviation emissions should be offset until there is a structural sustainable alternative, though we welcome the significant progress made by first movers such as KLM and easyJet.

## Research & development

Technological innovation, and the investment needed to support this, will be a key driver of a sustainable future for aviation. Working closely, with airlines and other mobility partners, we promote the research and development of sustainable aviation technologies by promoting the trialling, and eventual use, of new innovations at our airports. In November 2019, Schiphol and its partners easyJet, KLM, TU Delft and NLR, hosted a visit by the Dutch Minister of Infrastructure and Water Management (I&W), Cora van Nieuwenhuizen, to Schiphol. The Minister was

introduced to a variety of sustainable innovations, including electric passenger buses and mobile E-GPUs.

### Advancing electric aviation

Schiphol Group has an active interest in the possibilities offered by electric aircraft. While commercial aviation's transition to fully electric flights remains some way off, there are clear signs of progress: for example, easyJet hopes to begin introducing hybrid/ electric carriers into its core fleet by 2027, and has short-term plans to trial a nine-seater electric aircraft. Taking a longer-term view, we share the industry's growing interest in hybrid as well as fully electric aircraft technology, with easyJet again announcing plans to introduce hybrid planes on routes between Schiphol and London before 2030. We have been advocating the approval of an electric aircraft in Dutch airspace, in recent years, and are involved in discussions led by the General Aviation e-platform, a collaboration aimed at raising the business and public profile of electric aircraft, hybrid fuel systems and other sustainable energy sources in the Netherlands.

Electric taxiing is another potential short-term option for reducing aircraft emissions. A proof of concept is planned for 2020 to test electric taxiing at Schiphol, through which we hope to gain further insight into its environmental impact (with regard to noise and local air quality, and carbon footprint), as well as the capacity and operational capabilities of the technology. We plan to discuss our findings with our sector partners to support mutual learning to drive technology to the next stage.

## Combating trafficking in protected species

Many of the world's wildlife trafficking routes begin in the departure halls of hub airports such as Schiphol. Our goal is therefore to prevent smugglers from entering our airports and to detect illicit movements of flora and fauna at the earliest possible stage. Robust measures are in place at Schiphol to ensure this, including initiatives to exchange data with other airports and aviation partners. Awareness and vigilance are also key weapons, and it is our responsibility to alert airport staff to this terrible practice. Together with the Luchtvaart Community Schiphol (LCS: Aviation Community Schiphol), we are exploring new ways to train airport workers in all fields to recognise potential smuggling situations. We coordinate our efforts with Schiphol's Customs teams, which carry out thorough checks on suspected illegal activities.

More widely, as a member of the Airports Council International (ACI) Wildlife Trafficking Taskforce, we work alongside a range of partners to tackle the illegal trade of protected flora and fauna. The United Kingdom is a frontrunner in this important battlefield; on 4 April 2019, we signed the Buckingham Palace Declaration, a landmark agreement to shut down the trade routes used by wildlife traffickers, and we also support the United for Wildlife Task Force led by The Duke of Cambridge and The Royal Foundation.

## Circular economy

Our planet cannot endlessly supply raw materials. As a society, we need to shift from a linear to a circular economy to preserve and increase the value of existing resources and materials for future generations. Besides the clear environmental benefits, circular thinking and acting offer significant advantages for Schiphol Group and its stakeholders, and our long-term ambition is to operate fully circular airports by 2050. On route to this overall objective, we are committed to maintaining zero-waste airports by 2030, meaning all of our raw materials, components and products will be reused or recycled to the maximum extent possible, either on site or as close to our airports as possible. Our 2020 target is to achieve a 50% recycle rate of operational residual flows at Schiphol.

Because our assets have long lifecycles, Schiphol has been working towards this target for several years, and we have identified the key 'front end' and 'back end' activities that will drive the next stage of our circular economy transition. Schiphol's front-end activities include reducing our use of virgin materials, selecting the correct, sustainable materials, and following 'design for disassembly' construction practices. A further important task is to review our processes to eliminate single-use products wherever possible. Back-end activities involve recycling and upcycling residuals; we follow the 'Lansink's ladder' waste hierarchy and the '9Rs' guidelines to support this approach. As part of our circular economy vision, we use the term 'residuals', rather than 'waste', since every residual material contains value.

Through the 'Most sustainable airports' roadmap, we have identified two types of process through which we use resources and generate residuals: infrastructural streams and operational streams. With regard to infrastructure, we plan to embed circular design principles and increase the reuse of construction materials. Within our operational streams, our focus is on minimising, separating and upcycling everyday catering, office and aircraft residuals. Going forward, all our circular processes and activities will be underpinned by our 'zero-waste focus', which is based on

the following three principles: 1) Circular design principles, 2) Closed loop, and 3) Reuse and upcycle.

### Circular design principles

Our zero-waste principles apply to the design and construction of new buildings, the renovation of existing assets, and the procurement of products and services. Our aim is to achieve the maximum output from the resources used in these processes by ensuring they remain in circulation for as long as possible.

### Embedding sustainability as a requirement

Schiphol's Asset Management division has inventoried and structured sustainability requirements and has introduced these as part of the project requirements database. We are now implementing the top requirements set in the pre-projects phase, in order to embed sustainability within the entire project lifecycle and make it an integral part of compliance. The next step is to test these requirements based on their technical feasibility and durability. Step by step, we are making circular building principles and resources the new normal.

### The Building Circularity Index

In 2019, Schiphol conducted a study to explore the potential application of the Building Circularity Index (BCI), a new method for determining the circularity of a specific building or asset. The index takes into account the circularity of the used materials, as well as their recyclability and detachability after use. The study ranked three construction projects based on the following levels of circularity – standard, medium and high – while taking into account the technical possibilities and cost implications of introducing the study within the Schiphol environment. Schiphol learnt that, based on our current building methods, we would achieve a BCI score of 22%. By taking additional steps, this could be increased to 38%, though serious changes would be required to access higher BCI scores. Due to the current lack of circular building materials and techniques worldwide, the maximum BCI score attainable by any company is estimated to be 70%.



### The circular disassembly of Cargo building 18

Schiphol prioritises circularity during demolitions as well as construction projects, as witnessed during the recent 'disassembly' of Cargo building 18 at Schiphol Airport. Rather than reselling the different parts of the building, the goal of Schiphol Real Estate (SRE) was to repurpose as much of the building as possible for use elsewhere on site: concrete used in the building's floors as well as the foundation of the property will soon be used to build new taxiways and aprons for the airport. All other building elements (including its walls and roofs, as well as the internal offices and equipment) will be re-assembled in a new cargo building being built four kilometres away. The contractor for the project, Lek Sloopwerken, was selected by SRE based on its circularity principles.

### Closed loops

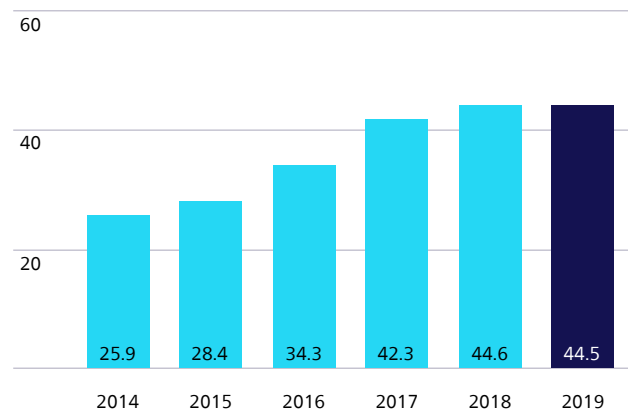
Our aim is to reuse or recycle our infrastructural streams, with the help of our suppliers and contractors. We also want to engage communities and other third parties around our airports in this process by establishing a marketplace through which materials can be exchanged and kept in circulation. To support this process, we use material passports to track the materials in our buildings, as well as the construction methods used.

### Community of practice

Our engagement with local construction communities extends to our surrounding regions. Schiphol Group is a founding partner of C-creators, an alliance between local municipalities, knowledge institutions and contractors aimed at advancing circular construction in the Amsterdam Metropolitan Area (MRA). Specifically, Schiphol is a member of the Bouwprogramma ('construction programme'), the recent focus of which has been on the use of building materials such as asphalt and concrete as well as material passports. In 2019, Schiphol explored the use of logistic hubs and reuse of materials in infrastructure projects.

### Percentage of separated operational residual flows<sup>1</sup>

(per year at Amsterdam Airport Schiphol)



<sup>1</sup> 2018 and 2019 figures exclude CAT1 aircraft waste.

### Reuse and upcycling

Before residuals can be reused or recycled, these 'streams' must be separated from each other. We are working with our strategic partner, Suez, to ensure our residual flows are reused or recycled to the maximum extent possible. By 2020, we aim to recycle at least 50% of the operational residual flows at Schiphol, up from 44.5% in 2019 and 44.6% in 2018. Neither construction and demolition waste, nor CAT1 which concerns waste from aircraft, are included in this target, as they are separated and processed by our business partners at our location. Overall, our separation rate for offices is 32%, we see potential as our head office achieved a separation rate of 71%.

To address recent stagnation in the separation numbers, in 2019 we analysed a residual waste sample to identify potential opportunities. Through our research, we established that 58% of our residuals comprise of paper, cups and plastic, which all offer good separation potential. Furthermore, we discovered that parts of already separated streams are contaminated with dirty napkins and plastic packaging, which could indicate a lack of understanding by the general public around what can and cannot be recycled. Our short-term focus is on improving communication and ensuring proper collection of mono-streams at strategic points. We see an opportunity for post-separation by 2025, once this market is more mature.

### Circular clothing

At the end of 2020 Schiphol Group employees will receive new uniforms and workwear from the specially designed 'Take off and landing' collection. By maximising the durability and reuse of employee workwear we hope to reduce our impact across the clothing value chain. Recognisable, modern and comfortable, the new clothing package is highly durable and designed for long-term use, contributing to our 2030 zero-waste target.



### Providing information 'circularly', with display as-a-service

Schiphol is partnering with audiovisual service provider, BIS|Econocom, for the use of more than 3,000 digital information screens in the airport terminal for the purpose of conveying departure and arrival times, announcements and commercial communications to passengers. The innovative agreement, which is new to the digital display market, is based on the 'as-a-service' model, meaning Schiphol will pay for the use of the screen while BIS|Econocom retains ownership of the product. In this way, Schiphol is encouraging the supplier to lengthen the lifecycle of its product and to use materials in a circular fashion. When the lifecycle of a screen ends, as many components as possible will be reused and given a second or third life. Parts that are not suitable for reuse will be recycled in an environmentally friendly way.



### **Sustainable food and beverage**

Schiphol is working on sustainable initiatives to turn waste streams into value streams. In 2019, we introduced the Verspillingsfabriek ('The Surplus Food Factory'), an innovative food and beverage concept based on selling soup made from left-over vegetables (see the Quality of Service chapter for more information). Other initiatives include strategies to reduce the use of PET bottles in the airport terminal and ensure better recycling after use. We are also working with Excess Material Exchange to research the potential benefits of improved upcycling of used coffee grounds and orange peel.

### **Global Impact Nudge Challenge**

The Global Impact Nudge Challenge brings 90 young professionals from around the world together to learn about leadership, sustainability and impact. Having joined the scheme in 2019, a team from Schiphol challenged the use of bottled water on sale at our airports given the excellent quality of drinking water in the Netherlands. In 2020, we plan to build on this idea by introducing a reusable bottle concept for passengers while entering into wider discussions with our retail partners surrounding the transition from single-use to reusable bottles. We will also upgrade the drinking fountains in place around the airport and improve communication with passengers on this important issue.

## Noise

In 2019, noise disturbance caused by aircraft was once again a key point in Schiphol's discussions with the local community. In recent years, a number of agreements have been made to protect the local community, to which Schiphol is adhering. An agreement was made on a maximum number of annual air transport movements (ATMs), namely 500,000 during the daytime and 32,000 during the night-time (23.00 – 07.00). In 2019, 497,303 ATMs were recorded during the operational year (496,826 in the 2019 calendar year), 30,112 of which took place at night. Any further growth in air transport movements beyond the current 500,000 ATM ceiling will be contingent on Schiphol meeting certain noise-reduction objectives.

In addition, the Dutch government is working towards the introduction of the New Environmental Standards and Enforcement System (NNHS), which establishes guidelines regarding preferential runway use at Schiphol to minimise the effects of noise disturbance on the local community. Specifically, Runway 18R-36L (the Polderbaan) and Runway 06-24 (the Kaagbaan) are recognised as preferred options for take-offs and landings by virtue of being at a greater distance from the residential areas around Schiphol. Schiphol monitors compliance with the NNHS rules.

### Reduction of ground noise

The 2008 agreement made within the Alders Platform set a target to reduce ground noise levels by 10 dB in the neighbouring community of Hoofddorp Noord. So far, Schiphol has realised a reduction of 7 dB by installing sound-absorbing ribs and is consulting with the municipality of Haarlemmermeer and the residents delegation Vrijschot Noord about potential measures for realising the remaining reduction of 3 dB. In 2019, The Netherlands Organisation for Applied Scientific Research (TNO) studied the possibility of reducing the remaining 3 dB by using sound insulation in the houses of local residents. The findings of this study in late 2019 revealed that this is feasible; Schiphol plans

to discuss the next steps with the municipality of Haarlemmermeer and residents over the coming period.

### Noise Reduction Implementation Plan

In a letter to the Dutch Cabinet on July 2019, the Dutch Minister of Infrastructure and Water Management (I&W) set out a series of requirements that Schiphol must meet to be able to expand beyond the airport's current annual ATM limit, up to a maximum of 540,000 ATMs per year (for further information, see Trends and developments). Based on the letter, Schiphol has developed an initial draft containing a series of measures in cooperation with the relevant parties. The current draft of the plan sets out different measures to reduce the level of disturbance people experience across the entire target area, taking into account the recommendations from the ORS chair's report of 30 January 2019, the top-20 complaints from the Local Community Contact Centre (BAS) and the results of Schiphol's discussions with local communities over recent months.

Local and regional administrators and residents will be involved in the implementation plan in the first half of 2020. They will be given an indication of the plan's feasibility and scheduling, as well as the anticipated impact on safety, the quality of the network and the quality of life, after which it can be submitted to the minister.

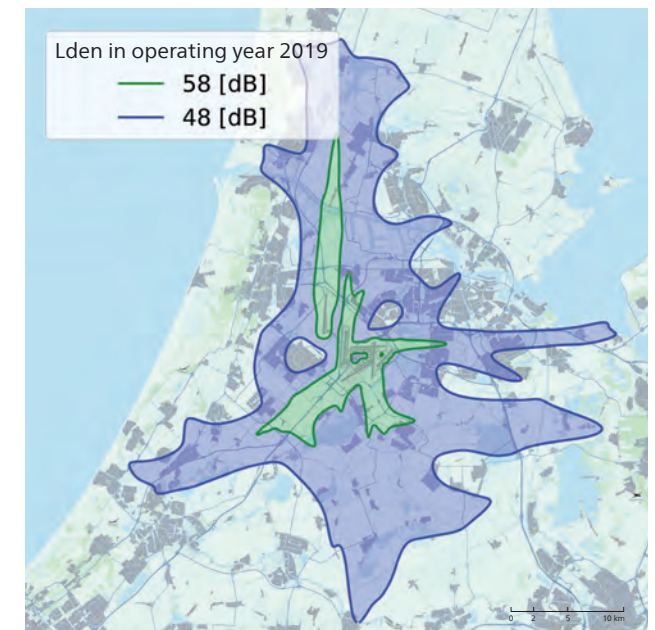
### Noise disturbance

Besides determining the rules regarding preferential runway use, the NNHS also sets boundaries regarding the number of people exposed to severe noise disturbance in communities surrounding the airport, with a view to containing them within specific noise contours. The NNHS prescribes the 48 dB(A) and 58 dB(A) Lden noise contours. Figure 1 depicts the contours for 2019 (from 1 November 2018 to 31 October 2019) as blue and green lines. The contours highlight the areas where the average sound exposure due to aircraft is higher than 48 and 58 dB(a), respectively.

Within the 48 dB(a) contour, the total number of severely affected people is calculated, with the current limit set at 180,000. In 2019, the number of neighbours considered to have experienced severe noise disturbance totalled 142,000. This corresponded to the forecast that was set prior to that year in cooperation with the sector.

Traditionally, two factors in particular have an influence on Schiphol's severe noise disturbance figures: changes in runway use as a result of weather and due to runway maintenance. Changes in regular, preferential runway use, cause different noise patterns. Also in 2019, maintenance work was carried out on runways and taxiways, for example on the Zwanenburg runway and the Alpha taxiway. Figure 2 depicts the overall number of people affected by noise disturbance since 2000.

Figure 1: Lden noise contours



## Reports by local residents

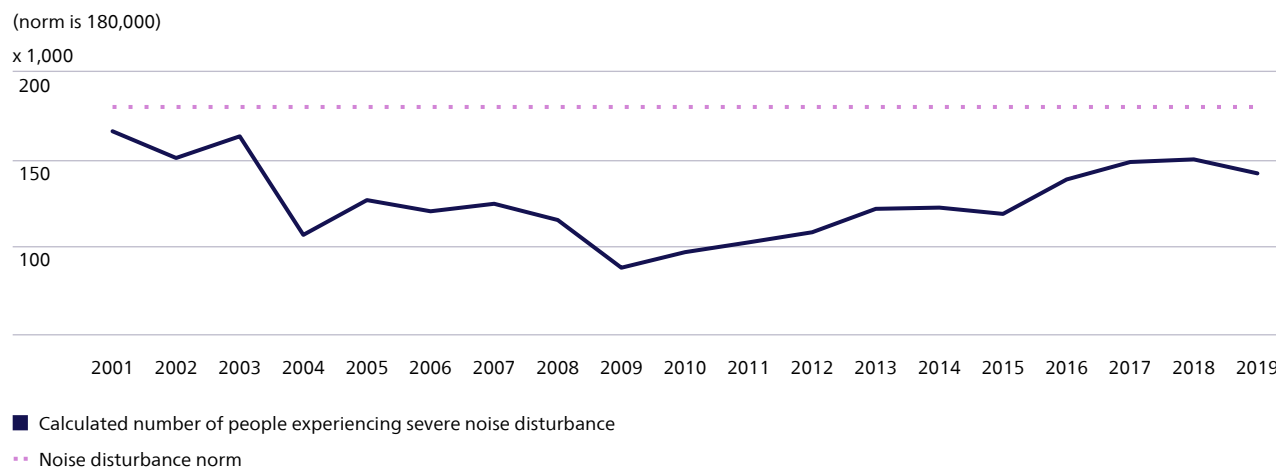
The Local Community Contact Centre Schiphol (BAS), a foundation established by Air Traffic Control the Netherlands (LVNL) and Amsterdam Airport Schiphol, provides individuals with details on daily air traffic, runway usage and flight paths, as well as general information about living near the airport. In addition to answering queries, BAS registers complaints from local residents, holds presentations at community meetings and makes home visits to those experiencing severe noise disturbance.

Complaints may concern a single aircraft movement or movements over a specific time period, while others may be of a more general nature. The focus group, on which BAS bases its reports, is formed of individuals who submit 500 complaints or fewer during a single year, with 99.5% of complainants falling within this category. 2019 figures provided by BAS reveal an increase in both the number of focus group complainants as well as the total volume of complaints submitted by focus group members during the year. The proportion of habitual complainants (individuals submitting more than 500 reports) in relation to the focus group also increased, rising from 0.4% in 2018 to 0.5% in 2019.

Additionally, 2019 saw a further rise in the number of complainants and also resulted in the highest number of focus group reports filed since BAS's formation in 2007. The increase reflects the limited availability of the Kaagbaan during a few months of the year due to work taking place on the taxiway system, as well as the introduction of Electronic Flight Strips (EFS) by LVNL at Schiphol. This meant runway use was adjusted over a longer time period, with more flights taking place over urban areas as a consequence.

Further analysis will be available from the second quarter of 2020 in the BAS annual report, available at [www.bezoekbas.nl](http://www.bezoekbas.nl). In December, the BAS website was upgraded and made more user-friendly.

**Figure 2: Calculated number of people experiencing severe noise disturbance**



## Number and nature of reports to BAS

	Focus group		Habitual complainants	
	2019 <sup>1</sup>	2018	2019 <sup>1</sup>	2018
<b>Number of complainants</b>	<b>12,199</b>	11,365	<b>56</b>	44
<b>Number of complaints</b>				
Specific reports	<b>64,134</b>	52,795	<b>126,521</b>	131,799
Period reports	<b>85,310</b>	66,685	<b>19,287</b>	16,710
General reports	<b>1,667</b>	1,579	<b>1,519</b>	2,951
<b>Total number of reports</b>	<b>151,111</b>	<b>121,059</b>	<b>147,327</b>	<b>151,460</b>

<sup>1</sup> Due to the fact that the BAS website went offline on 22 October 2019, reporters were no longer able to submit reports via that website. Via a temporary website reporters could submit reports by email or telephone. This will have influenced the number of reports submitted during the last eight days of the operational year.

For more details, please visit the following websites:

- [Local Community Contact Centre Schiphol \(BAS\)](#)
- [NOMOS](#)
- [Schiphol Local Community Council](#)
- [Schiphol Quality of Life Foundation](#)
- [Samen op de Hoogte](#)

## Community and support base

Schiphol Group strives to be a good neighbour to its surrounding communities and our other stakeholders. This means always having an open ear, and ensuring people know they can get in touch and rely on us whenever they need. This close level of attention and engagement underpins the Quality of Life pillar of our Vision 2050, and is a key theme of our Communities action plan in particular. Given that Schiphol relies on a strong local and national support base for our activities, our 'good neighbour' approach is also essential in giving us our licence to operate and to grow. Indeed, during 2019, our approach has guided our efforts to engage openly and proactively with our local communities and other stakeholders, including in the recent discussions regarding the potential expansion of Schiphol's air transport movements ceiling.

### Consultations with the Schiphol Local Community Council

In the final quarter of 2018 and the first month of 2019, regular consultations were held with local administrators and residents from the Schiphol area. The talks were led by the (now former) Chair of the Schiphol Local Community Council (ORS) Hans Alders and centred on delivering advice to the minister about the development of Schiphol after 2020. However, after close consultation with all local parties, it became clear in January that no consensus could be reached among the various parties. As such, the Dutch government is now playing a central role in the decision-making regarding Schiphol's future development; one of the outcomes is the proposed development of a new local community fund, details of which are presented in this chapter. Further information on the discussions regarding Schiphol's growth is also provided in the Trends and developments chapter of this report.

### New approaches to communication

With the activities of the ORS coming to an end in January 2019, Schiphol has taken a proactive stance by intensifying its communications with its stakeholders and by engaging directly with local individuals and groups with the support of our newly

appointed community manager. These direct interactions are an opportunity for our neighbours to voice their views, ask questions and air grievances. Schiphol listens to every idea and enquiry it receives and acts on them accordingly. More than 50 direct interactions with local groups and individuals took place over the year.

Meanwhile, Schiphol maintained a busy programme of public discussions, events and other initiatives. As in previous years, we invited representatives from town councils around Schiphol as well as regional authorities to take part in dialogues. A new community engagement initiative was also introduced: Schiphol's huiskamergesprekken ('living room conversations') saw CEO Dick Benschop pay visits to the homes of local residents, who were given the opportunity ask questions and share their ideas about Schiphol and its future development in an informal setting.

Throughout the year, we continued to use a range of channels to have regular contact with our neighbours and stakeholders about important events and developments. We sent letters to the homes of 600,000 local residents about planned and potential runway diversions resulting from maintenance work on the Zwanenburgbaan runway. More widely, we have been working with Air Traffic Control the Netherlands (LVNL) and the Local Community Contact Centre (BAS) to update the common guidelines on communications regarding runway maintenance.

### Enhancing our digital channels

In 2019, Schiphol and LVNL undertook a major project to upgrade the BAS website and complaint register, following a 'responsible disclosure announcement' received from an ethical hacker. Schiphol was able to reach over 50,000 contacts of BAS within 48 hours. A redesigned version of the website went live on 19 December, with the new site offering better compatibility with mobile and tablet users, as well as improved accessibility for visually impaired users. Continuous improvements will be made to the BAS platform throughout 2020, including efforts to make the site more secure and future-proof. To satisfy the continued high levels of online demand for information about our airport,

we have also updated the 'You and Schiphol' section of the Schiphol.nl website and accepted several interview requests from high school and university students. We also launched our dedicated monthly e-newsletter for local residents, generating more than 1,800 subscribers by the end of 2019.

Social media is another important tool for our engagement with people around Schiphol and beyond. To make up for the longer-



### Neighbours' day

During 6-7 April 2019, about 2,000 of our neighbours visited Schiphol Airport for 'Neighbours' day', which took place on the Zwanenburgbaan runway. Local residents had the chance to get up close with critical day-to-day airport teams, including Customs, air traffic control and bird control, as well as the airport's medical services and snow fleet.

In the lead-up to the event, we hosted a special charity run on 6 April, organised by the Schiphol Fund foundation. 200 local residents laced up their running shoes and set off in 5- and 10-kilometre runs along the Zwanenburgbaan to celebrate the 25th anniversary of the foundation.

than-expected closure of the Panorama Terrace in the Schiphol terminal for refurbishment during the summer months, we ran a special social media campaign to give away tickets to a special airside tour. On 17 August, 50 lucky winners got a rare behind-the-scenes glimpse of Schiphol's snow fleet and fire department and were treated to a special 'airside' bus tour of the airport site. The event was enjoyed by those taking part and generated significant interest from followers of our social media channels.

### Aviation Community Schiphol

Schiphol stimulates regional employment through initiatives such as the Luchtvaart Community Schiphol (LCS: Aviation Community Schiphol), a partnership between KLM, the Regional Training Centres (ROCs) of Amsterdam and Flevoland, and Royal Schiphol Group, aimed at developing and organising working and learning programmes for the aviation industry. The Community, which consists of 44 employers operating at the Schiphol site, connects companies with each other, as well as educational and government organisations, to strengthen the labour market at Schiphol. Our participation in LCS supports our core aim of being an attractive regional employer by working as part of an open community in collaboration with other parties.

Since 2019, the core focus of LCS has been on employability, development and education, and inflow and inclusivity. The Community also plays a coordinating role in the Aviation Inclusive programme: an initiative providing support to people experiencing difficulty accessing employment. The programme, which launched in 2016, has helped many local people find work, including more than 90 individuals in 2019 alone.

### Projects for young people

As a future-looking organisation, we make a special effort to engage with children, students and other young people, putting particular focus on issues such as safety, sustainability and other key aviation topics.

#### Primary education teaching package

Schiphol has developed a teaching package aimed at introducing school children aged 11 to 12 to our airport in a fun way. The

module consists of teaching materials for the students and a manual for teachers. In 2019, we distributed 1,675 packages to 50 schools. We plan to update the teaching package and distribute the new version in 2020.

### Local environmental quality projects

#### Schiphol Quality of Life Foundation

Working closely with the province of North Holland, Schiphol has established the Stichting Leefomgeving Schiphol ('Schiphol Quality of Life Foundation'), based on the medium-term agreements outlined in the Covenant on local environmental quality. Led by an independent management board, the Foundation oversees two initiatives: an improvement programme focused on area-specific projects, and a programme focused on individual measures, including those aimed at reducing noise-related distress.

The Quality of Life Foundation receives its funding from the province of North-Holland, as well as the Ministry of Infrastructure and Water Management (I&W) and Royal Schiphol Group. Schiphol made 10 million euros available for the first phase of the programme and another 10 million for the second phase. This funding tranche will mainly be allocated to the individual measures programme, the second phase of which began in 2017.

The second phase of the area-specific programme was launched in early 2018, for which in total 20 million euros is available in principle. This programme encompasses 27 projects in the municipalities of Aalsmeer, Uithoorn, Haarlemmermeer and Haarlemmerliede, and has been developed in collaboration with the respective municipalities and their residents. Both the area-specific and individual measures programmes must be implemented no later than 2020. In 2019, several large projects have begun (some of which have since been completed), with approximately 25 personal situations resolved so far through the programme. Further details can be found at [www.stichtingleefomgeving.nl](http://www.stichtingleefomgeving.nl).



### The Children's Council

The Raad van Kinderen, Schiphol's 'Children's Council', is run in cooperation with the Missing Chapter Foundation, an organisation promoting the inclusion of children in topical political and societal discussions to enable a balanced dialogue between different generations.

In 2019, the Council was represented by pupils from the 1e Montessorischool in Hoofddorp. Over eight weeks, groups of children between the ages of 10 and 12 worked with the local community to answer the following question: 'How can Schiphol be a good neighbour in a sustainable way?' During the dialogue session, which was led by Princess Laurentien van Oranje, the Council presented its ideas to Schiphol's CEO Dick Benschop and other senior employees.

## Runway maintenance

In 2019, major maintenance work took place on several of Schiphol's runways. Work took place on the Kaagbaan runway between 24 February and 4 March, while the Zwanenburgbaan runway was closed for maintenance work from 10 March until 21 April. Maintenance work requires the use of less preferential runways, impacting on-time performance and causing increased inconvenience to local residents. On 6-7 April, neighbouring residents were invited to visit the Zwanenburgbaan runway during the maintenance of the runway.



### Omgevingsfonds (Regional investment fund)

As part of the conditions laid out by the Ministry of I&W, Schiphol has been asked to develop a new regional investment fund, or 'Omgevingsfonds', as a channel to invest in strengthening Schiphol's surrounding regions alongside our government partners. In particular, it has been agreed that the Fund should address difficulties experienced by local residents due to air traffic, improve and maintain insulation for houses in the vicinity of the airport, and introduce building restrictions in Schiphol's environs based on the Schiphol Airport Planning Decree.

The proposed fund takes into account the input from the various talks conducted in recent months with residents and administrators from the Schiphol area, while also taking inspiration from the Stichting Leefomgeving Schiphol. This proposal will be further developed in close consultation with the ministry and local and regional authorities, particularly in terms of scope, synergy, financing and governance. The package will subsequently be submitted simultaneously with the Noise Reduction Implementation plan to stakeholders for consultation.

## Stakeholder engagement

### Overview of 2019 stakeholder dialogues

Royal Schiphol Group prospers when its stakeholders prosper, so it is essential that we maintain regular dialogue with a wide variety of stakeholders on the topics they deem most important. Our stakeholders represent a wide range of priorities and interests and the frequency and type of contact we maintain with them is equally as diverse. Each day, we consult with our sector partners to ensure safe and efficient operations while, remaining within the sector, we also conduct joint training sessions and assessments to effectively deal with disruptions or emergencies. Furthermore, we regularly invite our stakeholders to visit our premises and share information on our day-to-day activities, laws and regulations, as well as large-scale investments, renovation projects and other important developments. The Royal Schiphol Group Management Board is actively involved in these exchanges.

### Dialogue on materiality matrix

In light of SDG 17, we organised a dialogue in October 2019 on the material aspects that support our annual reporting processes, to cross-check and validate our materiality matrix (see page 26). Stakeholders expressed their appreciation that Schiphol had included all stakeholder target groups for this dialogue, with a view to accommodating all of their varying interests. During the discussions, stakeholders supported the view that Schiphol Group must continue to fulfil its role as a driver of sustainability, though not at the expense of its primary functions. Attention was then

drawn to the quality and continuity of the Group's operations. Cooperation remains an important issue for stakeholders, who would like Schiphol to be more aligned in its policies with sector partners and regarding the Group's regional airports. Other subjects addressed included potential opportunities around digitalisation, innovation and cooperation, as well as the financial solidity of the Group.

### Public appearances

Members of the Schiphol Board regularly participate in presentations and panel discussions. These events provide a platform to inform and engage with a broad audience, including school and university students of all levels. In 2019, our board participated in 22 key speeches, presentations and discussions. A key example includes the annual Airneth Conference for aviation professionals and policymakers, where CEO Dick Benschop presented his view that international aviation must align with the recommendations of the Paris agreements to realise net-zero emissions by 2050. Mr Benschop also attended the World Economic Forum in Davos, where he led and took part in various panel discussions on ways to reduce the negative impact of aviation. Schiphol CFO Jabine van der Meijs participated in a discussion on the purpose of today's organisations as part of the Netherlands' national CFO Day. The discussion centred on the shift from material to immaterial thinking, and from short- to long-term value creation, which is embedded in our Vision 2050. Ms van der Meijs also gave the key note speech at the Global World Airport Development conference in Dublin on building sustainability within the airport business model.

### Collaboration and dialogue in the chain

The 'Smart and Sustainable' action plan is an example of collaboration and innovation in the aviation value chain and has provided key input for the Sustainable Aviation Roundtable (See Sustainable aviation). In 2018, the consultancy CE Delft validated the calculations and starting points of the Plan, assessing it as ambitious and concrete, and concluding that the stated objectives are achievable. In 2019, an update was delivered and shared with Parliament.



## The Schiphol Fund

2019 marked the 25-year anniversary of Stichting het Schipholfonds (the Schiphol Fund), an initiative which exemplifies Schiphol's close social involvement with nearby communities. Four times a year, the Fund's management board donates to non-profit public benefit organisations focused on sport and exercise in the local region. The coverage area of the Fund has recently been extended to cover any area falling within the 'noise contours' introduced as part of the agreed limits on Schiphol's air transport movements.

A communications campaign organised to raise awareness of the Fund among potential donors resulted in 529,786 euros being donated over the course of 2019, directly benefitting 84 separate initiatives. Examples include funds for a new starting hill at the De Bataaf BMX track, as well as new equipment donated to Algemene Amsterdamse Roeivereniging Skøll, a local student rowing club.

### Energy transition masterclass

In May 2019, Schiphol, together with its partners Eneco and the Hellemans consultancy, set up a masterclass on energy transition involving various partners from the retail and construction industries to share knowledge and experiences and provide inspiration for tackling the challenges of the transition. In relation to SDG 9, a number of innovative energy-efficient solutions were discussed, including strategies for self-generating power, as well as electric transport, sustainable building management and electrification of heating.

### SHARE Haarlemmermeer

Schiphol is one of the founding partners of SHARE Haarlemmermeer, a joint initiative formed of businesses and municipalities to build a sustainable and healthy society. The partners meet quarterly to share knowledge and inspiration and drive innovations with the potential to benefit the Haarlemmermeer region.

### Making aviation more sustainable

In September 2019, on the occasion of the 100th anniversary of KLM, KLM and Schiphol Group organised the symposium 'Verduurzaming van de luchtvaart: van dilemma's naar doen' (Making aviation more sustainable, from dilemmas to acting). The approximately 150 stakeholders attending discussed four themes: the future of mobility, solutions for travelling short distances, sustainable aviation fuels and sustainable travel (in line with SDG 13). During the symposium, an agreement was reached to explore ways to introduce air-rail products at Schiphol.

### What do our stakeholders think of us?

In 2019, we carried out two surveys involving the general public and local residents to gauge how they feel about the future of Schiphol Group. The results of these studies closely reflected those returned from our 2018 surveys, with the majority of Dutch people generally positive about aviation in the Netherlands. Significantly, residents living close to airports were just as positive about the role of aviation as the general public, though were more likely to support policies for reducing noise pollution, with priority in their own region.

As in previous years, safety, sustainability and the environment were seen as important topics to be considered during any future development of our airports, with efforts to make aircraft, and aviation in general, more sustainable widely supported by respondents. In particular, seven out of ten people surveyed view the introduction of short-haul electric and hybrid aircraft as a positive development.

### Greenpeace call for action

Greenpeace launched the Emergency Landing for Climate programme in 2019, which draws attention to a wide range of environmental effects of aviation. Schiphol Airport is a key focus of the action programme, and Greenpeace was offered the use of the Jan Dellaertplein in front of the terminal as the stage for their 'Protestival' in December. Schiphol continues to hold productive discussions with Greenpeace and other NGOs about the effects of aviation and ways to reduce its environmental impact.

# Quality of Service

Our ambition to create the world's most sustainable, high-quality airports is leading to exciting new innovations. Engaging with passengers, airlines, tenants and other customers, we are constantly exploring new ways to deliver inspiring passenger journeys and experiences, and build a collaborative community.



Providing a high quality of service means listening to and addressing the needs of the many different customers who use our airports day to day. This begins with having sufficient capacity; by planning ahead and keeping a close eye on future demand, we can continue ensuring the smooth, safe and hassle-free journeys people have come to expect from Schiphol. At the same time, we recognise our customers' perception of what constitutes high-quality service is constantly changing. With a growing range of affordable transport options to choose from, today's passengers are looking to companies such as Schiphol to deliver fully rounded, personalised 'experiences' that incorporate a wide range of value-added concepts and services.

We are finding new ways to remain relevant and drive engagement and interaction with our customers. 2019 saw the introduction of new innovations along the different touchpoints of the passenger journey as part of the ongoing digitalisation of the airport environment. Predicted waiting times, mapping applications and facial recognition technology are just some of the exciting concepts now available in the Schiphol terminal, not to mention easy-to-use payment options, and the unstaffed AKO News and Books shop on the G Pier. We use clear metrics to track our customer service levels: our Net Promoter Score (NPS) is included among Royal Schiphol Group's Top Performance Indicators (TPIs), for example. All the while, we are continually exploring, and introducing, flexible and sustainable food and

beverage options for our passengers, catering to a wide range of tastes.

Beyond the airport terminal, we have expanded our high-quality real estate offering with new office and logistics properties that prioritise innovation, health and sustainability, and with value-added services that help people to come together as part of a thriving community. Excellent tenant feedback, combined with the high occupancy rates witnessed across our real estate portfolio, speak to the success of this approach.

## Services for passengers

Schiphol offers a broad and ever-evolving range of retail and food and beverage services. Schiphol's Consumer Products & Services (CPS) helps to orchestrate inspiring and personalised journeys (and experiences) for passengers and other customers. We believe airport terminals can still be highly attractive locations for retailers and brands.

However, like other traditional retail outlets, airports face growing competition from online retailers and other newer platforms; a trend illustrated by a decline in airport retail spending worldwide. Working closely with our partners, the CPS business area is finding new ways to address this global industry challenge. Our new commercial strategy aims to ensure Schiphol stays ahead of changing consumer tastes while keeping our







### A new home for 'lost' vegetables

Early 2019 brought an exciting new concept to Schiphol Plaza: Soup & Bakery by De Verspillingsfabriek ('The Surplus Food Factory'). This award-winning new outlet, which is a joint initiative involving HMSHost International, Amsterdam Airport Schiphol and De Verspillingsfabriek, allows visitors to enjoy delicious soups made from leftover vegetables, as well as cookies, which are made and sold by people with difficulties accessing employment.

service offering relevant and appealing to passengers from all walks of life.

### A fresh look at the customer experience

Our approach involves looking at the customer experience as a whole and using our commercial spaces and partnerships in a flexible way to provide the best possible service. Understanding, acknowledging and responding to the ever-changing demands of travellers and adding value along the entire passenger journey is absolutely essential.

In 2019, we continued to develop our quality of service with the addition of new innovative food and beverage concepts to Schiphol Plaza and departure lounges. De Verspillingsfabriek

('The Surplus Food Factory'), which uses circular thinking to reduce food waste, has proved especially popular with customers while providing strong return on investment. The project also ties into a number of emerging food and beverage trends and growing demand for plant-based products with a positive health and sustainability impact.

Other notable food and beverage outlets introduced during the year included Eggs & Co, Yoghurt Barn, and Joe & The Juice, adding to more than 30 new retail concepts, stores and brands throughout the Schiphol terminal, including several temporary retail units and pop-up stores. As part of our growing focus on personalised services, we extended the trial of our food-delivery partnership with Thuisbezorgd.nl for airport-based businesses and launched a food pre-ordering pilot with Foodsy.

Our focus on the customer experience links to our efforts to enhance the physical spaces enjoyed by passengers in the Schiphol terminal. One such project is the redevelopment of Departure Lounge 1 which, once complete, will provide more than 2,000 square metres of additional retail and food and beverage space, and will offer scope to explore further partnerships with retail brands and other partners. Meanwhile, we continued to optimise our services and facilities for passengers on the piers.

New infrastructure projects taking place across the airport site support Schiphol's efforts to improve quality of service going forward. In particular, the development of Schiphol's new pier and terminal will enable us to expand the range of outlets, while the VIP Centre has been renovated. In 2019, we also continued to upgrade our parking facilities, most notably through the expansion of the P3 car park, which has added more than 5,000 new spaces to Schiphol's long-stay parking capacity (see Accessibility for further information).

### Driving passenger engagement and interaction

To continue delivering an excellent level of service, we must find new ways to engage and interact with our customers across the different touchpoints of their journey. In doing so, we are also

addressing a wider trend: the digitalisation of the air passenger experience. Nowadays, the customer journey begins at home rather than at the airport. To remain relevant, we must support our passengers with retail, food and beverage and mobility services throughout their entire journey, from the moment they book their flight to the minute they arrive home.

With passengers more and more using online services as part of their journey, we are increasingly building external digital platforms into the 'Schiphol experience' in combination with our owned platforms such as the Schiphol App. In 2019, Schiphol became the first European airport to offer access to the WeChat platform, providing the more than 500,000 Chinese passengers who departed from the airport during the year with a range of customised travel and shopping options, as well as up-to-date flight information and 24/7 customer service. Building on the success of WeChat, we are actively exploring new online concepts with the potential to enhance the customer experience.

Despite their long-term added benefits, Schiphol's larger infrastructure projects, including the redevelopment of Departure Hall 1, impede our retail and food and beverage operations in the short term by restricting the amount of space available for shops and restaurants in the airport terminal. Here we have taken action in the form of temporary retail and pop-up stores to help mitigate the effects of these disruptions.

### High appreciation for Privium and VIP service

Privium, Schiphol's service programme for frequent business passengers, continued to grow over 2019, with the total membership base rising beyond 70,000. The programme is highly appreciated, with its Net Promoter Score (NPS) rising from +22 to +35. A Privium renewal plan has been prepared, which will see the opening of two new Privium lounges in 2020 in order to safeguard the high quality level of the service. The renovation and enlargement of the Privium security and border passage gates with new dual iris/face cameras will be completed in the first half of 2020. This will ensure Privium card holders will be able to travel with increased speed and comfort through Schiphol in the coming years.



### The Base D: Open for business

Since undergoing extensive renovation in 2014, The Base office complex has become the beating heart of the Schiphol Central Business District. Given the building's high occupancy levels, Schiphol Real Estate (SRE) decided to expand the complex with The Base D: an eye-catching, innovative and sustainable office building in a modern steel-and-glass structure.

The Base D meets BREEAM Excellent sustainability standards and offers a pleasant, efficient working environment. In September 2019, SRE proudly handed over the keys to its new tenant, Heineken International. The company selected the building as its new office due to Schiphol's excellent connectivity, as well as its ample facilities and strong sustainability principles.

The Schiphol VIP service, an important service proposition aimed primarily at protocol passengers and premium business passengers, is also proving popular, with more than 20,000 VIP passengers arriving and departing throughout 2019. The VIP centre, originally opened in 2008, underwent a significant renovation and renewal at the end of the year to accommodate increasing demand for the service, with Schiphol working with

renowned designer Marcel Wanders to double the number of private suites available. The interior of the VIP centre has also been redesigned, with a strong focus on combining Dutch heritage and design with international luxury. The centre's technical systems and installations have also been upgraded.

#### Schiphol Media

At Schiphol, passengers can take their time to see, touch, smell and experience products within a relatively enclosed environment. We know dwell time is one of the main drivers of turnover and that in our ever-changing and fast-paced online world, airports are one of the few places where this is still the case. The ability to create time for an experience is extremely valuable to brands. Having our own media firm with Schiphol Media, allows us to maximise commercial opportunities by building strong connections with brands and gaining valuable insight into their needs and wishes. Each year, more than 150 advertisers are displayed across a wide range of platforms, including digital screens, lightboxes and banners, as well as promotional locations located around the airport site.

#### Services for tenants

High-quality commercial real estate space is an important and growing part of Schiphol's wider service offering. With growing regional demand for office rental properties, we expanded our office rental space during the year with the addition of several exciting new development projects. In September, Schiphol's Real Estate (SRE) business area completed the construction of The Base D and parking garage P22. Meanwhile, the new KLM Business Lounge for non-Schengen passengers opened its doors once more following an extensive renovation and expansion project undertaken in collaboration with KLM. At more than 6,800m<sup>2</sup>, the lounge is now the biggest at Schiphol. Several other major projects are in the pipeline for 2020 and beyond. As part of the Terminal 1 redevelopment, SRE will oversee construction of new offices, business class lounges and other business premises in the Schiphol Terminal. We are also developing a new office building in the Central Business District.



The interior of the VIP centre has been redesigned.

Meanwhile, we are continuing to expand our logistics real estate offering. 2019 saw work begin on a new first-tier cargo building at Schiphol-Southeast. The building will eventually offer 54,000m<sup>2</sup> of warehouse space and 10,000m<sup>2</sup> of office space as well as a parking area for heavy goods vehicles, complete with a waiting area and eating and washing facilities for drivers. An innovative call system will alert drivers when it is time to load or unload goods, minimising wait times and increasing road safety.

This major new development will help offset the loss of logistics space following the demolition of several cargo buildings at Schiphol-South to make space for the Taxiway Quebec expansion project. One of the structures making way is Cargo building 18, which has been disassembled according to circular methodologies: the interior of the building has been preserved and will be reassembled at a nearby location on the airport site. The former concrete floors will also be reused for the construction of aprons and taxiways (see Circular economy for further information).



### Stopping off in style, at the renovated KLM ICA Lounge

In 2019, KLM Royal Dutch Airlines opened the doors to the newly renovated KLM ICA Crown Lounge for non-Schengen passengers travelling via Schiphol. The renovated lounge makes use of the latest technologies and innovations, combining these with top-quality service and catering provisions to offer passengers a first-rate customer experience. With different zones – for work, relaxation, food and drink, entertainment and fine dining – visitors can use the lounge however they choose, depending on their mood and requirements.

At 1,500 seats (compared with 800 before the renovation), the lounge's capacity has also been expanded to accommodate expected future growth in intercontinental passengers through Schiphol.

### 'Flex and connect'

Schiphol enhances the physical spaces that make up Schiphol's real estate product with a range of value-added services designed to meet the evolving needs of commercial tenants. SRE's commercial lease concept, 'Flex', allows customers the flexibility to adjust and scale up their leases as needed depending on business growth and other factors, while companies can also sublet rooms for meetings and workshops on a short-term basis through our online marketplace, Spacemaker.

Community and networking opportunities further support our efforts to drive tenant satisfaction and retention. The SPOT Schiphol Community, which is part of SRE's wider 'Connect' concept, is a collaborative environment where employees of the 900-plus companies located on the Schiphol site can meet online and offline to network, share ideas and take part in discussions and events, such as TEDTalks; one of them themed Planet Act. The SPOT community grew by 30% in 2019 to more than 4,500 individual members. In June, the community launched a new branding approach, which introduces four pillars: work, play, balance and benefits. With more than 150 events a year, SPOT community members can now easily find what they are looking for.

### Sustainable, healthy, smart

As we maintain and develop our real estate portfolio, we are conscious of our potential impact on the environment, as well as the health and wellbeing of people who work in these spaces day to day. This is approach closely aligned with our wider health and sustainability objectives, and our ambition to become a zero-waste and zero-emissions organisation by 2030. We are also exploring ways to make our properties energy-positive in the near future. Our next development, Cargo building 17, will be energy-positive. It produces more solar energy than the building and its tenants consume and is Schiphol's leading example of applying circular building principles in future developments.

We will continue using the BREEAM assessment method to monitor the overall sustainability performance of our commercial buildings. Steadily, we are introducing state-of-the-art SMART infrastructure technologies that allow us to monitor and support our health and sustainability goals and to promote 'Flexibility, Connectivity and Efficiency' with regard to the use of our properties. Our Healthy Office pilot is already providing valuable insights with a view to improving the wellbeing of our tenants going forward.

Our long-term ambition is for all buildings on the Schiphol site to be sustainable by design and to be built using circular, environmentally friendly construction practices. Reaching this objective will be a collaborative process involving various partners across the value chain. In 2019, we found a circular solution for Cargo building 18, which has been disassembled and sold, and will be rebuilt in the local area. Further information on Schiphol's circular transition effort can be found in Circular economy, in the Quality of life chapter of Our results.

### Improving experiences through innovation

One of Schiphol Group's biggest challenges is finding ways to improve our Quality of Service when there is limited scope for expansion. In April 2019, we restructured the way we organise innovation, execution and governance. We centralised our innovation efforts with a newly formed Innovation Board, a centralised Innovation Hub and a connected ecosystem of Innovation Leads within each of the business areas within the Group. These measures are bringing all of our airports together and contribute to improve our Quality of Service and create the airport of the future.

### Thinking smarter, with the Internet of Things

Since restructuring our innovation efforts, Schiphol has joined forces with Delft University of Technology to reshape the passenger experience and improve operational processes throughout the airport through digitalisation. One of the first actions since restructuring was the roll-out of our LoRa- network in October 2019, a wireless Internet of Things (IoT) infrastructure connecting IoT applications across the airport site. The network, which covers all public and non-public areas in and around the airport terminal, has paved the way for a series of innovations; one of the first to be put into use is the 'Smart facilities' initiative, a proactive cleaning concept allowing passengers to easily share their immediate feedback on the airport's sanitary facilities. The new system provides real-time insight into how the toilets are used and assessed, and enables our cleaning contractors to take proactive steps to improve the quality of the service customers receive.

As well as improving customer experiences, our IoT implementation is also helping to enhance the safety and efficiency of our day-to-day airport processes. One such 'smart' initiative involves the use of so-called 'smart odd-size baggage elevators', which harness micro-movement sensors and deep learning technology to automate the security process for detecting unauthorised people and goods in Schiphol's system for handling odd-sized baggage. A trained computer model scans and identifies objects, animals and humans unaided, and has so far provided 100% accuracy.

A further newly introduced IoT innovation is the Smart aircraft stands initiative, which uses sensor technology and a brand-new 'data backbone' to monitor the status of the assets on our connected aircraft stands remotely on a 24/7 basis in (near) real-time. When a disturbance or failure occurs, a notification is sent to the contractor responsible for managing that particular asset, so far saving an average of 5.5 minutes on the time needed to handle disruptions. This new infrastructure will support future solutions that decrease the impact of disruptions at the aircraft stands.

### Making better use of our data

One of the many benefits of technology is that it enables us to keep track of changing customer trends and behaviours, to help us find new ways to engage and interact with our passengers, tenants and other visitors. At the same time, data and insights also provide the tools to better understand and control our (often complex) airport processes down to the smallest detail. We do this by using data captured through more than 70,000 sensors located throughout the airport. For Schiphol, the use of open data is the key to unlock all potential use for all our partners: we share our data via a set of 'application programming interfaces' (APIs) and disclose them via our developer centre. More than 1.5 billion requests for our data, known as API calls, were made during 2019. We have also introduced the Schiphol data protocol, which facilitates data exchange and provides a clear and transparent framework for data collaboration including GDPR and data governance.

An example of our open data approach is Schiphol's Boarding Pass Service, which provides airlines direct information on the number of passengers who successfully scanned their boarding pass at the security filter in order to manage their boarding process better and more efficiently. In 2019, we also introduced new API innovations to Schiphol such as Wayfinding API which allows passengers to navigate the airport using Google Maps or Apple Maps (see the box above for more information). We also implemented our Wait Times API programme, through which airlines can provide passengers with personalised information, including their expected wait time at security and their optimal arrival time at the airport.

More widely, our open data approach is helping us build an 'airport community' that brings together Schiphol and airport staff who are working towards the same goal: providing an excellent passenger experience. In April 2019, we launched the Airport Community App, a mobile-based information platform can be used by all Schiphol professionals and provides access to the most up-to-date information, real-time updates and notifications regarding working life at Schiphol. In 2020, we will begin expanding our community to include the staff of our most

important partners, such as airlines and handlers. We will also improve the app by enabling increased engagement and interaction by users.



### Wayfinding with Google Maps

Since January 2019, passengers have been able to find their way around Schiphol using the Google Maps app, adding to a growing range of digital wayfinding tools available in the airport terminal.

Offering smart applications not only through our own channels, but also on platforms that our passengers already use, increases passenger convenience. Passengers can use the app to see exactly where they are at the airport and can even request a walking route to a selected airport location. The detailed map includes gates and security controls, the desks for odd-size baggage and for example the NEMO Science Museum. For shops and restaurants, the app displays not only the walking route but also opening hours, customer reviews and photos.



### Albert Heijn digital store

In December 2019, Dutch supermarket chain Albert Heijn began the two-month trial of its new digital store concept on Jan Dellaert Plein in front of Schiphol Plaza. This innovative 'pop-up' supermarket allows shoppers to purchase items and pay for them automatically without needing to scan items or to use a till.

### Working well with Wilbur

To help us harness the full potential of our data, Schiphol has developed an application called Wilbur, a customised application developed in-house to provide our airport directors with a clear picture of day-to-day airport operations. Launched in 2018, Wilbur offers critical insights across the different terminal touchpoints, including passenger flows, not only in real-time, but also in the near future by way of predictive analytics. This insight allows us to respond quickly to emerging developments and prepare for what lies ahead. In 2019, we made further improvements to Wilbur and expanded the resulting data analysis and predictive processes. Key highlights from the year include the launch of our new Airside and Area Maps platforms, which provide end-to-end insights into aircraft and passenger movements, respectively. We also implemented a new traffic management system, MVP for Smart Roads, which uses sensor-generated data to report on and alleviate congestion around the airport site. A further highlight is the newly launched Security Filter Management programme offering Schiphol's Security Managers predictive advice to determine the optimal number of open Security lanes needed to process departing passengers.

## Passenger and airline journey

As an airport operator, we are responsible for the infrastructural capacity and processes that facilitate passengers, airlines, cargo and baggage. Many parties work together at Schiphol, and the tools and systems they use are the property of the airport or its sector partners. The transport processes are the basis of a complex chain.

### Passenger process

More and more passengers check in online or use the self-service kiosks in the departure halls. Passengers, and their friends and family, can check travel information at home via the Schiphol app and website. Passengers arrive by car, bus and train or are dropped off by a third party. The airport is responsible for wayfinding throughout the airport site and terminal, and for providing assistance to people with reduced mobility.

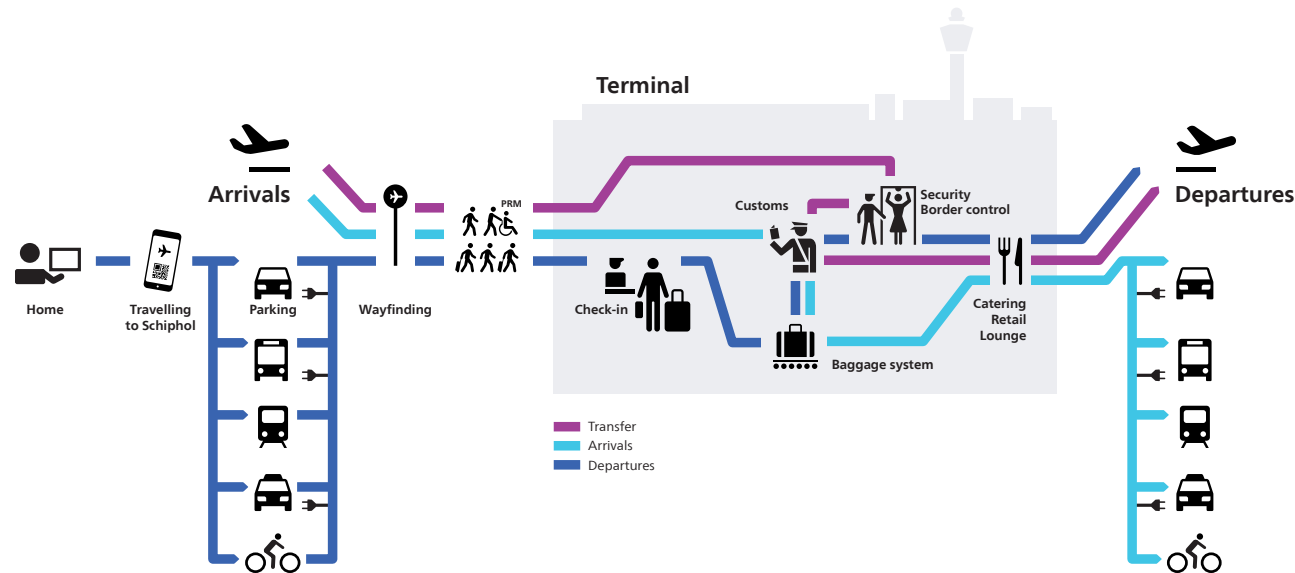
Passengers can check in their bags at self-service drop-off points or at the check-in desks. All passengers and baggage go through a security check; those travelling to non-Schengen destinations additionally have to clear border control.

Passengers wait to board their flights in the departure lounge, where an offering of retail and food and beverage outlets, as well as airline lounges, museums, wellness and other facilities, is developed and operated by Schiphol and its business partners. Once the aircraft has been serviced, passengers board from the terminal or are transported to the aircraft by bus.

Arriving passengers collect their baggage in the baggage reclaim hall, where a Customs check can take place. The arrival halls are connected with Schiphol Plaza, with a diverse selection of shops, food and beverage outlets, and other services. Passengers then take their car or a train, bus or taxi to continue their journey to their destination. Schiphol offers a range of parking facilities for passengers and meeters/greeters.

### Passenger journey

Passenger departs from, lands at or transfers at Schiphol



### Airline process

Schiphol Group is the owner of the airport site; it builds aprons and runways, and constructs and develops real estate, roads and parking facilities. Schiphol owns the terminal, roads and parking facilities; real estate is property of Schiphol itself or of the occupants. Security, cleaning, building maintenance and installation service companies are contracted by the airport. Airlines are responsible for the safe carriage of passengers, baggage and cargo. The airport is responsible for ensuring the availability and safety of runways, taxiways, aprons and the terminal building.

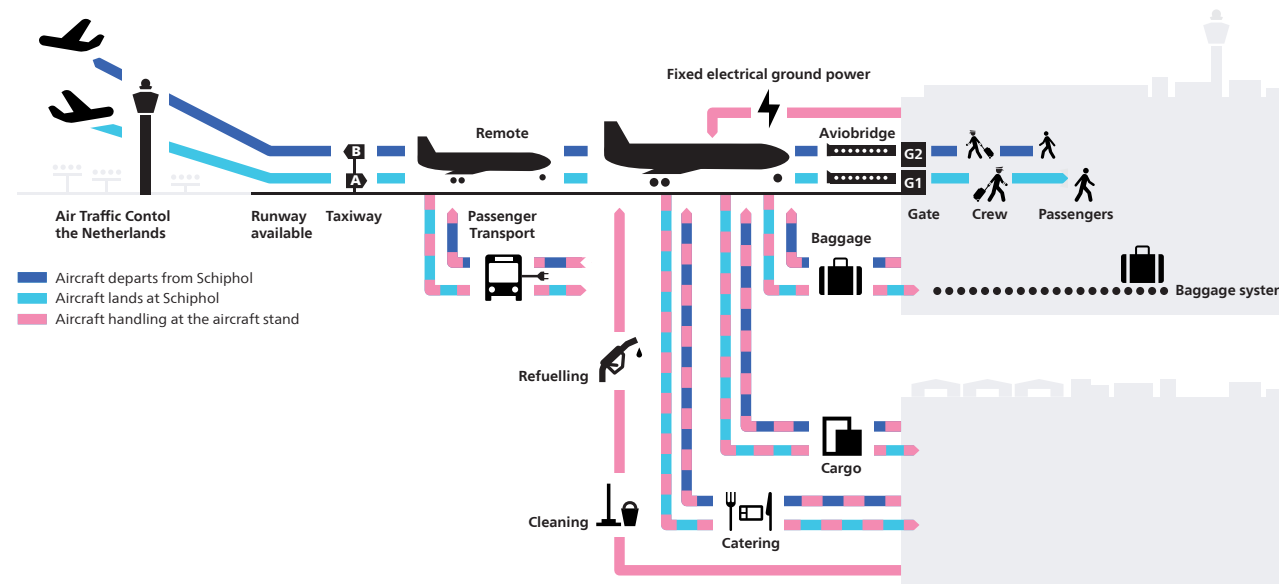
Air traffic controllers are responsible for safely guiding arriving and departing flights. While Schiphol owns the runways, it is air traffic control that assigns aircraft take-off and landing runways. From the taxiway, aircraft proceed to their gate or to the designated aircraft stand on the apron when arriving, or to the runway for take-off.

The passenger bridge and the gate are airport assets; the airline or handling agent is in charge of connecting the bridge and all activities associated with aircraft handling, including cleaning, refuelling, passenger boarding and deboarding, and the loading and unloading of baggage and cargo.

Airline crew, handling staff and cargo also undergo a security check. Cargo may also go through a Customs check, depending on its origin or destination. Most aircraft stands at Schiphol have fixed electrical ground power. The baggage system is an airport facility used by airline employees and their handling agents.

### Airline journey

Aircraft lands at and departs from Schiphol



## Airport capacity

As the demand for our services increases, managing capacity at Amsterdam Airport Schiphol is a growing challenge. We strive to offer our passengers and other visitors an efficient, enjoyable and safe user experience at all times. To meet these objectives, Schiphol Group is undertaking a series of measures to support our short- and long-term capacity needs. This includes several major investment projects, which comprise various capacity-related infrastructure projects involving Schiphol's landside roads and utilities, as well as the new pier. Work on these projects progressed throughout 2019, and we will be undertaking major expansion and redevelopment work over the months and years ahead as we look to add new physical capacity to the airport, improve quality and further optimise our processes.

### Master Plan

A number of major investments are underway at Schiphol, including our new pier and terminal, the revised landside road infrastructure and the renovation of Departure Hall 1. We are also working to convert the Quebec taxiway into a dual-taxiway system and to extend the airport's parking facilities.

Looking further ahead, we are exploring options for the smart and sustainable development of our airport, as well as several landside accessibility initiatives which will enable the further integration of Schiphol within regional development programmes. These spatial developments, which are outlined in Royal Schiphol Group's Vision 2050, will be incorporated into a new Master Plan for Schiphol being developed in collaboration with our key stakeholders. Our Master Plan defines Schiphol's vision of the airport of the future, taking into account advancements in aviation technology and the evolution of the airport concept and the wider passenger journey, while also responding to important societal issues such as climate change, emissions, and safety and security.

### The new pier and terminal

We have made progress in our development of a new pier and terminal at Schiphol. In 2019, the superstructure of the new pier was finalised and the highest point of the pier was reached in July, followed by the installation of the building's façade. Once complete, the façade will be wind- and waterproof, enabling internal work on the pier to continue. Work has also started on the foundation of a corridor between the existing pier B and the new pier, known as the AB link. The new pier will accommodate large and medium-sized aircraft, providing a much-needed boost to Schiphol's capacity and supporting increasing demand for new aircraft stands and gates in particular. There is a possibility of adding further stands for large aircraft to the pier at a later stage.

Schiphol's new terminal will be built above Baggage Hall South. 2019 introduced a new phase of the terminal's design, incorporating additional project requirements, site-specific circumstances and market conditions. Initial work to prepare the future terminal site also began: utilities have been moved from airside to landside, the Octaanplein has been redeveloped, and an alternative airside access point for Schiphol staff has been built. The new terminal building will feature a connection to the existing Schiphol terminal, maintaining the 'one terminal' concept appreciated by passengers.

### Sustainable by design

Reflecting Schiphol's ambition to become a zero-emissions airport by 2030, the new pier and terminal are designed to high sustainability and environmental standards. Solar panels on the roof of the pier will allow passengers to charge their phones on the move using renewable energy. The pier will receive Leadership in Energy and Environmental Design (LEED) Gold certification, and we are aiming for platinum certification for the terminal. With the use of LED lighting and a climate façade, the new terminal building will be energy-efficient by design and will be heated without the use of natural gas. Meanwhile, almost 40% of the materials used during its construction will be recycled or bio-based. Careful thought has also been given to the interior environment of the terminal and pier: passengers and employees using the terminal will be welcomed by a bright, green

environment with plenty of daylight. Sustainable materials will be incorporated wherever possible. In the new terminal an extensive grey- and rainwater reuse system will be applied, resulting in more than 50% potable water savings.

### Redevelopment of Departure Hall 1 and Departure Lounge 1

In 2019, we began the redevelopment of Departure Hall 1 to relieve congestion in the airport terminal and support growing passenger numbers to and from Schengen destinations, based on designs approved in 2018. 21 new Schengen security lanes, complete with CT hand-baggage scanners, will be accommodated in the hall by a 'mezzanine' floor, similar to the structure in place in Departures 2 and 3, taking the total number of Schengen lanes to 35. This important development will enable us to employ the Departure Hall 1 and 2 security lanes more flexibly depending on demand, adding speed and comfort to the passenger journey. A further innovation in the Hall is the use of a self-service baggage drop-off system for multiple airlines.

In 2019, we also expanded and upgraded Departure Lounge 1 with the addition of the Aspire business class lounge for Swissport passengers and the new Star lounge for Star Alliance customers. With the final designs for the project now submitted, Departure Lounge 1 will be further developed over the coming months.

### Additional aircraft stands

The trend towards larger aircraft models continues. While Schiphol has put regulations in place to cope with the industry's increased use of wide-body aircraft, solutions still need to be found to manage increasing capacity constraints surrounding the narrow-body operations of airlines. A short-term solution entails remote parking of wide-body aircraft, which involves handling activities taking place remotely and passengers being transported to and from the terminal by bus.

Schiphol has renovated and upgraded many of its remote-handling positions during recent months, but we are also taking a long-term view by investing in our connected aircraft handling infrastructure within the agreements set out in Schiphol's



capacity declaration. September 2019 saw the completion of six new cargo stands at Schiphol-Southeast, while Phase 2 of the Uniform platform expansion also began during the year. The second stage of the project will add three new wide-body buffering positions to the platform, taking the total number to ten.

### Expanding Taxiway Quebec

Schiphol is preparing to expand Taxiway Quebec into a dual-taxiway system as part of a wider project to convert the entire lane system around the Schiphol terminal into a dual-lane format. In 2019, we reached agreements on the relocation of 12 cargo tenants on the Schiphol site whose premises will be demolished to make room for the extended taxiway and accompanying infrastructure, with agreements also reached with key asset owners Rijkswaterstaat, Province North Holland and ProRail. A tender was also agreed with Heijmans in December to construct a viaduct that will enable the taxiway to cross the highway.

We have also produced a preliminary design of the Quebec taxiway, which has been validated by the project stakeholders. The different delivery stages of the project have now also been clarified. In 2020, we will continue to finalise the design alongside our main contractors and other stakeholders, and will assess how best to implement the supporting infrastructure. To obtain the necessary permissions to begin construction, the effects of nitrogen release during construction and use of the new infrastructure will be assessed.

As well as expanding and improving the flexibility of Schiphol's ground-handling capacity, the doubling of the Quebec lane will increase safety, forming part of the Roadmap Safety Improvement Schiphol put in place by the Integral Safety Management System (ISMS) collaboration. A two-way traffic flow makes the work of Air Traffic Control far clearer, reducing operational risks. The redeveloped taxiway will also have a direct environmental benefit, with improved traffic flows on airside helping to reduce the airport's carbon emissions.

### Mid-Term Plan

In 2019, a new Mid-Term Plan (MTP) for Schiphol was drawn up by a multi-disciplinary team following an in-depth data analysis project. The Plan, which spans a future horizon of approximately ten years, provides a capacity analysis for the various aviation processes at Amsterdam Airport Schiphol: landside, terminal, baggage and airside. Further, the Plan puts forward a series of solutions to solve the identified bottlenecks, which can be accelerated or decelerated depending on actual developments. The MTP focuses on integral capacity, as extra capacity for a specific process will not deliver extra peak capacity for the airport as a whole.

The assessed approaches include a range of physical, operational and digital solutions, which Schiphol will begin implementing in 2020 via a series of key actions. These include intensifying the use of the Schiphol Centre; for example, by improving the quality of remote handling facilities and further developing the B-apron. Schiphol also plans to accelerate delivery of new wide-body aircraft stands and to expand the airport's existing baggage-handling capacity. With regard to Schiphol's terminal and landside areas, the MTP will explore ways to optimise asset use through better steering of passenger flows, while the Landside Central Programme will also be implemented (see Accessibility for further information).

### Capital Lifecycle

As many major projects are executed at Amsterdam Airport Schiphol, Schiphol Group recognised the need to gain greater control over these capital expenditures and capabilities within its airport development planning. The Capital Lifecycle provides a model for developing programmes and delivering projects according to a uniform, standardised process with clear decision moments for all involved stakeholders.



### New Aspire Lounge and Star Alliance Lounge

In March 2019, the renovated Aspire Lounge and brand-new Star Alliance Lounge in Departure Lounge 1 at Amsterdam Airport Schiphol were officially opened. The remodelling of these lounges for Schengen passengers took place within the overall redevelopment of Departure Hall 1 and Lounge 1, and will offer our business travellers additional space and comfort.

The Aspire Lounge has moved as a result of the new mezzanine floor being built in Departure Hall 1, and has 300m<sup>2</sup> more space in its new location. The new Star Alliance lounge is located next to the Aspire Lounge, with a new shared entrance. Schiphol is the eighth location where Star Alliance has opened a lounge.

## Customer appreciation

Royal Schiphol Group aims to operate high-quality airports, and we can only ensure this by continuously improving quality, comfort and service for our customers. Using the Schiphol Passenger Experience Monitor, as well as individual customer experience studies at Eindhoven and Rotterdam The Hague airports, we monitor passenger experience at the most important touchpoints of our passenger journey over time. Schiphol also participates in the Airport Service Quality (ASQ) benchmark survey, which compares Schiphol's quality perception levels against other medium-to-large hub airports in Europe.

### Amsterdam Airport Schiphol

For 2019, we set ourselves a minimum Net Promoter Score (NPS) target of 34. We began 2019 with an NPS of 32 and were able to raise the overall score to 36 during the year. We divide the Schiphol experience into three journeys: OD departure, transfer, and arrivals. There was an improvement of the NPS on all three journeys.

We saw particular improvement with regard to the arrivals journey. Following a decrease in our NPS for this metric in 2018, we realised a clear turnaround in 2019 as the NPS rose from 28 to 35. We also managed to improve most of the focus points that came under pressure in 2018. For example, in 2018 appreciation for Schiphol's arrival processes was negatively influenced by adjustments to our parking product that followed the demolition of the P2 parking facility. In 2019, overall appreciation of parking exceeded the target, with customers noting increased ease of finding parking areas, higher appreciation for parking security and experiencing better value for money.

Several other influential aspects improved, such as the friendliness of passport control staff as well as Customs. The appreciation of cleanliness of the toilets in the reclaim areas, the waiting time at baggage reclaim and of wayfinding also went up. However, there is still a need for further improvement in these three aspects, as well as for queuing at Customs.

The appreciation of the transfer journey improved from an NPS of 36 in 2018 to 40 in 2019. Aspects that improved in the eyes of our transfer passengers included important influencers of the transfer process, such as waiting times at security, wayfinding, cleanliness of the toilets and ambience. Other aspects that improved include the appreciation of the Wi-Fi and walking distances. Waiting comfort at the gate improved, due to renewals at the gates (especially F and G pier), though further improvement at the gate areas is still needed.

Appreciation of the (OD) departure journey improved, with the NPS increasing from 31 in 2018 to 33 in 2019 despite major renovation work taking place in the Schengen departure area throughout the year. Specific aspects experiencing increased appreciation were wayfinding, walking distances, cleanliness (toilets as well as general aspects), ambience, Wi-Fi, retail airside and waiting comfort at the gate, with the same areas for improvement recognised as for the transfer journey. Among modes of transport to the airport, appreciation of Schiphol's train service improved, particularly with regard to punctuality and the number of connections.

## Awards

Royal Schiphol Group and Amsterdam Airport Schiphol received various distinctions in 2019.

### Royal Schiphol Group

- Labour Foundation (Stichting van de Arbeid): Diversity in Business Award
- Air Transport Research Society (ATRS): Europe's most efficient airport group
- Treasury Management International: Best Sustainable Finance Solution - Highly Commended
- Ministry of Economic Affairs and Climate Policy and Royal Netherlands Institute of Chartered Accountants: Kristalprijs ('Crystal Prize'; winner of the Transparency Benchmark) for the 2018 annual report

### Amsterdam Airport Schiphol

- Moodie International: winner in Best Native Campaign category and highly commended in Best Brand Advertising category
- Business Traveller UK: Best European Airport (30<sup>th</sup> consecutive year)
- Global Traveler Award USA: Best airport in Europe
- Business Travel & Mobility Award for Schiphol Travel Taxi (joint shareholdership with Connexxion)
- TR Business Travel Retail Award: Best airport for Customer Service
- ABN AMRO: Best Newcomer Retail Award for Soup & Bakery by De Verspillingsfabriek
- Parenting book publisher 'Oei, ik groei!': Happy Service Award for the Baby Care Lounge
- DFNI Best New Store Award for Exquisite, Schiphol Airport Retail
- Mercur Award for unstaffed AKO shop (grab, scan and fly) on the G-Pier
- Canadian Travel Agents' Choice Awards: Favourite International Airport (15<sup>th</sup> consecutive year)
- ATRS: Top European Airport Efficiency Excellence Award (more than 40 million passengers category)
- World Routes Airport Marketing Award: Highly Commended (4<sup>th</sup> consecutive year, more than 50 million passengers category)
- Air Cargo Week: World Air Cargo Award for Airport of the year 2019

Despite the improvement seen in the Schiphol NPS, our competitive position in the European ASQ benchmark declined, from fifth to sixth. The benchmark compares Schiphol with six other European hub airports: Paris Charles de Gaulle, Copenhagen, London Heathrow, Madrid, Munich and Zurich. Frankfurt and Istanbul airports do not currently participate. Despite remaining in sixth position for 2019, Madrid realised a significant rise in passenger experience. Copenhagen Airport saw a similar rise, and it overtook London Heathrow and Munich as it rose from fifth place in 2018 to second, behind Zurich.

### **Airline customer satisfaction**

Schiphol Group aims to raise customer value to a higher level by improving service quality and communication to our airline customers. We measure airline customer satisfaction by surveying our partners twice annually to generate a Customer Satisfaction Score (CSAT). The CSAT allows us to benchmark our performance and identify ways to help improve customer experience for our airlines. This process is supported by different feedback channels, including account conversations, quarterly meetings and airline journey mapping.

For 2019-2020, our target is to maintain the indicated customer satisfaction levels between 'good' and 'very good'. Based on CSAT scores retrieved in May and October, we achieved this target in 2019. However, as the AFS fuel disruption incident in summer 2019 demonstrated, there are still areas for us to improve on. In particular, our communications with our airline customers must improve, during major disruptions as well as more generally. Introducing improvements to this important area of customer support will be a key theme in 2020. We have also worked on better sharing and connecting our roadmaps with our customers over the past year, and on entering into structural discussions to better identify their needs. We will continue this process in 2020.

### **Real estate tenant satisfaction**

Ensuring tenant satisfaction is crucial to ensure a high level of retention. According to the results of the 2019 Schiphol Real Estate Resident survey, 90% of current office occupiers rate their building as 'good', 'very good' or 'excellent', improving on the levels seen in 2018 (86%). Schiphol's consistently high tenant satisfaction levels are owed in large part to the efforts of Schiphol's Real Estate (SRE) business area to meet the evolving needs of residents with innovative products and solutions. These approaches are discussed in detail in Quality of Service.

# Safety

Safety is our top priority as an airport operator and one of two key enablers supporting the three qualities of Royal Schiphol Group's Vision 2050. Every year, we invest in strengthening our safety and security infrastructure processes, and culture, to make sure all Schiphol employees and partners are working towards the same goal.



Air travel is the safest means of transport, and it is our responsibility to keep it that way. The airports in our Group must contend with a wide range of operational risks, including runway incursions, bird strikes and fire safety. Meanwhile, construction and expansion projects taking place around the airport site present further hazards to customers and workers. As our activities expand, we are intensifying our safety approach and making sure the best processes and highest standards are in place across our different teams and locations. Our focus on security is a key part of this approach, as we work to protect our passengers and staff from potential threats. High-quality security processes are also essential in reducing waiting times and supporting safe and efficient passenger flows.

A safe and secure airport environment can only be ensured by different stakeholders working together, and this cooperative mindset is a key reason why the Dutch aviation sector continues to lead the way on safety worldwide. Schiphol embodies this approach, working side by side with our partners to maintain the highest safety levels across the board, from airlines and ground handlers to third-party building contractors, Royal Netherlands Marechaussee and Dutch Customs. We also collaborate with the Dutch Safety Board (OVV) and other external regulators, and we play a central role in industry-wide safety initiatives such as the [Integral Safety Management System \(ISMS\)](#). In this chapter, we discuss in detail the actions and decisions taken over the past year to further strengthen the safety and security of our operations.



## Safety

We keep close track of our safety levels and performance at our airports through the Safety Index. The index, one of the Top Performance Indicators (TPIs) defined by Royal Schiphol Group, monitors our ongoing Safety performance with regard to personal safety and process safety. Specifically, the number of lost-time injuries (LTIs) experienced by our own employees at Schiphol is an indicator of personal safety performance, while the number of runway incursions (RWIs) at Schiphol tracks our process safety levels. The integration of our LTI and RWI score creates an overall value for safety in the index and the index is defined such that fewer incidents results in a lower score of the index. Schiphol aims for zero safety incidents, not only per day but also per week, per month and over the entire year. Therefore, the Safety Index for 2020 has been adjusted to better align it with the other TPIs and general safety metrics. This resulted in the Net Safety Score: days without serious incidents minus days with serious incidents. A better safety performance results in a higher score.

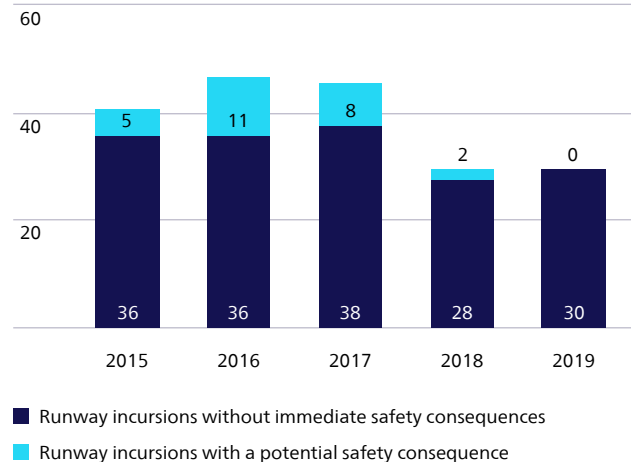
## Safety culture

Based on the overarching principle that 'Zero safety incidents is our ultimate goal', in 2019, Schiphol adopted the Safety Leadership Principles. Among other things, the Principles require leaders within our organisation to commit to leading by example in order to uphold and improve safety, and to promote an 'open and just' safety culture that allows employees to openly report issues and concerns. The Safety Leadership Principles demonstrate our ambition to further improve on our safety performance, as expressed in the following statement: 'We care about the people that work for us, work with us and visit us. It is our belief that injuries, illnesses and environmental impacts are foreseeable and preventable. Zero safety incidents is our ultimate goal.'

More generally, 2019 brought positive signs of Schiphol's safety culture becoming more deeply embedded within our organisation. Initiatives such as Safety Walks and the Safety Moments are more and more valued by staff, and are starting to be seen as normal elements of our work, including in

## Runway incursions at Schiphol <sup>1</sup>

(annual number)



<sup>1</sup> The 2018 figures are based on the third version of the European Action Plan for the Prevention of Runway Incursions (EAPPRI 3.0), published in 2018.

departments in which safety is not always a visible concern. Many teams begin their meetings with Safety Moments.

## Safety Walks

In 2019, the Management Board and other senior managers took part in 10 Safety Walks, with members of the Supervisory Board participating in three of these. The walks are an opportunity for managers to engage with employees on safety issues and dilemmas, understand the kinds of situations they face in their work, and review safety procedures and behaviours. Several management teams also held their own Safety Walks throughout the year; these include a proactive Safety & Security Walk organised by the various security companies operating at Schiphol.

## Integral Safety Management System

Our aviation safety processes are managed and coordinated by the Integral Safety Management System (ISMS), a collaboration between Schiphol Airport, Air Traffic Control the Netherlands (LVNL), airlines, ground handlers and refuelling services. The system was introduced in line with the recommendations of the Dutch Safety Board (OVV), which are outlined in its 2017 report on air traffic safety at Schiphol. In 2019, the ISMS partners implemented the following safety improvements:

- Raising the upper limit of the Schiphol Terminal Movement Area (TMA)
- Introducing digital electronic flight strips at the Control Tower
- Ground-handling adverse weather procedures
- Creating universal working positions in the tower (Tower 2.0)
- Reducing the risk of misaligned take-offs.

These measures have been developed by sector-wide taskforces, which report to the TOP Safety Action Group of the ISMS. The following taskforces were active during 2019:

## Runway Safety Team

The Runway Safety Team (RST) is a key component of the ISMS. The RST consists of a team of experts tasked with, among other things, identifying ways to prevent runway incursions at Schiphol.

A runway incursion is, according to the International Civil Aviation Organization (ICAO), any occurrence at an aerodrome involving the incorrect presence of an aircraft, vehicle or person on the protected area of a surface designated for the landing and take-off of aircraft. The team monitors trends to identify locations at the airport where there is a greater likelihood of runway incursions. This has resulted in a number of ongoing studies and implementation projects aimed at structurally reducing the occurrence of runway incursions and the associated risks. In 2019, no runway incursions or other incidents with a potential safety consequence occurred at Schiphol. To further mitigate the risk of runway incursions, the RST will target specific behavioural and infrastructural causes.

## Schiphol Bird Strike Committee

The Schiphol Bird Strike Committee (SBC) monitors and analyses bird strikes at Schiphol and all other Dutch airports, as well as the presence and movements of birds, to develop strategies to reduce the risk of strikes. During the most recent SBC meeting, the decision was taken to create a National Bird Strike Committee as well as a dedicated committee at every major airport in the Netherlands.

In 2019, Amsterdam Airport Schiphol experienced 8.2 bird strikes per 10,000 air transport movements (2018: 6.6), the majority involving birds of prey. Fortunately, none had serious consequences. As in 2018, the bird population in the vicinity of the airport continued to grow, reversing the downward trend of previous years. The four radar stations to Schiphol's bird detection system provided valuable insights into bird migration patterns and behaviour, as well as the effects of the 'grass for grain (wheat)' programme which began in 2018. Together with the Netherlands Control Group for Bird Strikes (NRV), Schiphol is exploring the creation of a special 'safety zone' beyond the airport site, which would contain special crop-protection measures to prevent the attraction of birds. In 2020, we also introduced a new strategy to reduce the mice in meadows surrounding the airport in collaboration with Dutch military airports.

### Ground Handling taskforce

The Ground Handling taskforce focuses on reducing risks involving the use of aircraft stands and service roads. The taskforce consists of representatives from the various sector-wide ground-handling teams active at Schiphol. In 2019, the taskforce worked on introducing an equipment pooling system at the airport to free up airside space and limit the number of vehicle movements to and from stands. This initiative has now been formalised as part of a separate project. The Ground Handling taskforce also addresses people-focused issues: for example, in 2019, a safety awareness campaign was rolled out, while stronger enforcement of airside safety rules was also put into effect in line with the Just Culture principles.

### Runway Combination Changes taskforce

The Runway Combination Changes taskforce has developed measures to reduce the number of last-minute runway combination changes and operational complexity involved with runway combination changes. This has resulted in ongoing and new measures to improve planning accuracy and stability of traffic flows. Definitions of late changes have been developed and subsequent data analysis showed a declining trend of late runway changes. The taskforce expects the measures to further reduce the number of late changes.

### South-West taskforce

The South-West taskforce addresses risks of combined developments in the southern part of Schiphol's manoeuvring area. In particular, solutions were developed to address the risk of potential incursions involving aircraft crossing runway 06/24 (the Kaagbaan runway) on route to and from the Sierra apron.

### Double Quebec taskforce

The Double Quebec taskforce has been working to mitigate the risk of potential issues resulting from the construction of a second Quebec taxiway which, once built, will cross the A4 highway. In particular, the design of the expanded taxiway has been adapted to reduce complexity for pilots when navigating taxi routes near point Zulu.

### Pushback Collision Risks taskforce

In 2019, a sector taskforce began developing and implementing the risk reduction measures identified through joint accident investigations into pushback collisions that occurred at Schiphol on 15 February and 9 July. As part of its mandate, the taskforce also evaluates additional safety measures aimed at resolving the identified safety issues.

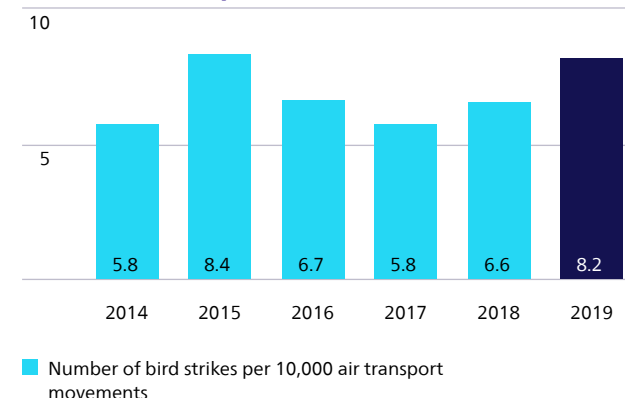
Through the work of the taskforces, as well as the support of other ongoing safety initiatives, the following safety measures progressed from a 'study' to an 'implementation' stage in 2019 and will be carried out over the coming months and years:

- Implementation of a stopbar at hotspot N2/E6
- Online publication of pushback procedures
- Reduction of deviations from regulations on platforms and service roads
- Reduction of the risks involved with runway combination changes
- Extension of the U platform from 9 to 12 aircraft stands
- Reduction of risks of crossings with marshalled tows
- Reduction of risks of runway incursions due to incorrect line-up
- Introduction of an alert system to prevent take-offs and landings from runways that are not in use
- Construction of a new crossing point (at S1) for runway 06/24.

The above safety improvement measures form part of the Roadmap Safety Improvement Schiphol, a working document aligning all parties on shared goals. For more information on the Roadmap, including the measures outlined above, please visit [www.integralsafetyschiphol.com](http://www.integralsafetyschiphol.com).

Finally, in 2019, the ISMS partners completed a number of safety analyses, which include the establishment of the top-five flight risks, the development of bow-ties for the top-five ground risks, and specific joint incident investigations relating to a runway incursion as well as a collision during pushback. Two further joint incident investigations have also been initiated and are in progress. These analyses have either resulted in studies into new

### Bird strikes at Schiphol <sup>1</sup>



<sup>1</sup> For Amsterdam Airport Schiphol, bird strikes are based on bird strikes registered by Schiphol Airport and KLM and flight movements of KLM.

safety measures or have helped to strengthen the assurance of existing safety levels.

In accordance with the Covenant Safety Improvement, the maturity of ISMS was assessed by the independent consultancy firm, Baines Simmons. Based on the scale of the European Aviation Safety Agency (EASA) Management System Assessment Tool, the ISMS scored the level 'operating'. Some aspects of the ISMS have already been classed as 'effective', which is industry-leading in terms of cooperation on safety and above standard in comparison with the safety management systems of other aviation companies worldwide.

### Risk-based safety management

Objectives, tasks, responsibilities, authorities and working agreements for managing environmental and safety risks at Schiphol are outlined in our company safety management systems. Furthermore, the Safety Review Board (SRB), on which the Chief Operating Officer and the Schiphol directors are represented, focuses on realising the Group's 'Safe performance' strategic objective. The core role of the SRB is to manage key risks relating to safety and the environment, monitor the safety

performance of Schiphol and maintain optimal functioning of the Group's safety management systems.

### Schiphol Incident Learning System

All (near) incidents and dangerous situations, large and small, taking place on the Schiphol site are registered and reported in the Schiphol Incident Learning System (SILS). Having this record allows us to analyse incidents and trends with a view to improving our safety processes, and to conduct in-depth investigations into more serious incidents.

### Safety risk profile

Schiphol's safety risks are identified through a process of hazard identification and risk assessments. For each risk, the accountable individual must ensure appropriate measures are being taken and demonstrate the desired effect is being achieved. The safety risks identified as risk drivers within our Enterprise Risk Management Framework are runway incursions, bird strikes, crowd-management issues, terminal fires and construction failures in the terminal.

### Fire Safety

Having been set up in 2018, Schiphol's Fire Safety Office (FSO) is now well established within the Schiphol organisation and is represented on all large development and construction projects via a single point of contact. Testing for fire safety has also become a standard feature in all maintenance work and modifications. In May 2019, Schiphol's management board signed a policy statement outlining the vision, responsibilities, strategy and main objectives with regard to fire safety in the terminal.

A key aspect of fire safety is ensuring the safe evacuation of travellers and staff from the terminal building in the event of emergencies. In 2019, the FSO and TNO Delft worked together on a study to evaluate human behaviour during emergencies. The outcomes form part of a new FSO programme, Safe Evacuation, which aligns with Schiphol's wider landside safety processes and crowd-management operations.

The FSO has also initiated a fire safety awareness training programme focused on dedicated terminal projects, with more than 100 Schiphol employees taking part. The programme will be further developed in 2020 through the addition of segments aimed at specific users of the terminal, including retail and cleaning staff, and extended to additional Schiphol departments.

### Updating the Integral Fire Safety Plan

Schiphol has updated the Integral Fire Safety Plan (IPB) set out in 2018, in collaboration with the competent authority, the municipality of Haarlemmermeer. In 2020, the updated version of the IPB will be signed by the municipality and Schiphol's Management Board.

### Safety of constructions

Ensuring safe buildings and building projects is the responsibility of the entire chain, from the design of an object to its end of life. The safety of workers and members of the public must be guaranteed during all phases of construction projects, extending to any future alterations made to the use of the structure or future renovations. Responsibility for ensuring safety depends on how a project is organised and what has been contractually agreed. In this respect, the internal safety culture of all contracted third parties is a determining factor. Following a series of recent incidents involving buildings and construction projects in the Netherlands, including the collapse of a multistorey parking garage at Eindhoven Airport in 2017, we have identified structural safety as a key risk for our organisation. Schiphol Group will tighten its policies around project execution in 2020.

### Compliance with safety legislation

Schiphol has public-private partnerships in place with four governmental bodies relating to inspections and supervisory duties in the field of safety and environmental legislation: the Human Environment and Transport Directorate (ILT) of the Ministry of Infrastructure and Water Management (I&W), Rijnland Water Board, the municipality of Haarlemmermeer and the Royal Netherlands Marechaussee. These agreements cover activities such as monitoring threats to aviation safety, inspecting the use of auxiliary power units (APUs), supervising ground-

handling activities and monitoring airside traffic safety. The mutual obligations of Schiphol and its partners are outlined through covenants; we score a compliance percentage of 92% on ground handling inspections, 99,7% on APU inspections and 99% on temporary obstacles inspections. All are above 90% and meet the target. Schiphol also monitors compliance with environmental legislation of the 350 companies that fall under the airport's environmental permit, based on working agreements in place with the province of North Holland and the environment agency for the North Sea Canal area. The agency audits these working agreements annually.



### Safety Day for staff

On 2 December 2019, we held the first Schiphol Safety Day, an initiative led by Schiphol's Health, Safety & Environment (HSE) department to increase the safety awareness of Schiphol staff. Employees participated in 14 different activities around the airport site, including a masterclass by a survival expert, first aid lessons, safety walks in the terminal and baggage-handling areas, training sessions on how to extinguish fires at the Sloten Fire Station, and a game in a safety escape room. In all, more than 500 employees taking part, and we plan to repeat this successful initiative in 2020.

### European aviation safety regulation

As a Group, we work hard to keep up to date with the requirements of EASA regulations through regularly undergoing internal and external audits. Internal audits are carried out by Schiphol's internal audit organisation, together with the Health, Safety and Environment Office and the Compliance Monitoring Group. External audits are performed by the ILT in accordance with the 48-months oversight programme as stipulated in EU Regulation 139/2014.

### Safety at Work

We work hard to safeguard the wellbeing of the people who work for us and with us, as well as all those who visit our facilities. To continue providing our employees with a safe and healthy work environment, Schiphol periodically carries out inventories of risks in the workplace. Work-related accidents resulting in absenteeism, registered as Lost-Time Injury Frequency (LTIF), are calculated based on the number of incidents per million hours worked, to enable comparison with other companies. While measuring lost time is essential, we believe any accident is one too many. In 2019, Schiphol Nederland B.V. (excluding the fire department) recorded an LTIF of 1.2 (2018: 0.3), while the LTIF score for the fire department was 15.8 (2018: 16.4). The LTIF for Schiphol Nederland B.V. is slightly above the previously set limit of 1 and the LTIF of the fire department is below the previously set limit of 22. Over the past five years, the absolute number of incidents leading to injury has fluctuated between 5 and 9, giving an average of 6.8 (2018: 7.3).

In 2019, 13 lost-time Injuries occurred as a result of construction and maintenance work taking place at the Schiphol site (2018: 15). Thankfully, there were no fatal incidents involving our own employees or contractors.

### HSE standard

As of 1 April 2019, the Health Safety & Environment Standard (HSE Standard 2019) applies to all construction and maintenance work at Schiphol. With the HSE Standard 2019, we aim to increase safety for all Schiphol Group employees and third-party workers involved in construction and maintenance work at Schiphol, as

well as for our passengers and visitors. The Standard also increases uniformity and clarity, ensuring the same (minimum) rules apply for all projects regardless of the location or authorising department. Included in the HSE Standard 2019 are rules relating to, among other things, procedures for working on site, personal protection equipment, working at height, working with electricity and storage of hazardous materials. The rules also cover noise control, traffic safety management, restrictions on access to construction sites for unauthorised persons, contingency plans, and reporting incidents.

### Safety of passengers and visitors

246 incidents involving injuries to passengers and visitors occurred in the Schiphol terminal in 2019 (2018: 246), which were attended by our in-house emergency response service where necessary. There were no fatal incidents involving passengers, travellers by train or visitors. Crowd management is an important control mechanism for preventing the risk of injuries due to large crowds forming within the airport terminal. Schiphol has put in place dedicated crowd-management teams to supervise people flows and deploys these to specific 'hotspots' that are prone to crowding. For example, we pay close attention to vertical and horizontal walkways, where there is an increased risk of people falling.

### Drones

Following the incident at Gatwick Airport in the UK in 2018, Schiphol has reviewed its preparations for countering drones in close consultation with our partners including LVNL, the Royal Marechaussee and relevant police authorities. Additional radar systems have been procured and installed. We are keeping an eye on developments and exploring new solutions and innovations as they become available.

### Enhancing safety training with virtual reality

At Schiphol, virtual and augmented reality (VR and AR) are used increasingly for emergency and operational training purposes. Being able to accurately simulate real-life environments offers significant advantages during essential operational processes; for example, when training the airport's fire brigade and snow fleet.

As well as being more sustainable and cost-effective than physical training exercises, VR and AR can be used to evaluate construction-related challenges, such as ventilation ducts in buildings, and to analyse potential safety hazards. In 2020, we will continue to expand our use of VR and AR as part of our ambition to make these technologies available 'Schiphol-wide' to support our different business areas and partners.



## Security

Reliable security is crucial for safe, smooth-running airport operations. Working closely with our partners, which include the Royal Netherlands Marechaussee, Dutch Customs and private security firms, our staff ensure the best possible arrangements are in place in and around the terminal, and we comply with relevant security laws and regulations in a customer-friendly, cost-efficient way. In 2019, our security investments and innovations enabled clear benefits for our customers: 92% of Schiphol's departing passengers experienced a waiting time of less than 10 minutes. Several new projects are underway to further facilitate security and improve passenger satisfaction.

### Landside safety

Guaranteeing the safety of Schiphol's landside areas is a key part of our short- and long-term decision-making. Following a series of terrorist attacks at other airports, we are working closely with different government parties to minimise the possibility and potential impact of any future attack.

We have put in place a dedicated, multi-year landside safety programme to oversee and implement the measures assigned to Schiphol, which is based on a thorough threat and risk assessment for public areas carried out under the direction of the public-private platform, BPVS. The main purpose of the programme is to protect the airport's publicly accessible areas and assets against a possible attack without greatly impacting our day-to-day operations or Schiphol's welcoming atmosphere. Since its launch in 2017, we have taken several visible and non-visible measures to improve security. These 'measures' refer to points of interest, areas of investigation and solutions, and include procedural and physical measures. One such measure implemented in 2019 was a campaign to raise awareness among travellers and employees about what to do in the event of an attack. Another example of a visible measure involves the improvement of the security exit doors in Schiphol Plaza.

Schiphol has been in close consultation with the Group's regional airports to develop and implement the landside security programme, as well as other international airports. A schedule of requirements has also been established to ensure any physical security developments meet aviation industry requirements for explosion resistance in line with national and international airport standards.

### Security-related construction continues

Our current security-related infrastructure projects support wider ongoing efforts at Schiphol to process passengers in a swift and pleasant manner. The largest of these projects is a complete overhaul of security at Departures 1 and includes the construction of a new mezzanine in the departure hall. To stabilise capacity during the construction, a temporary eight-lane security filter was opened in early October 2019, which involved the first use of innovative 3D scanning equipment for the Schengen area. Furthermore, Departures 4 was completely overhauled and enlarged with an additional security lane. Due to space restrictions, an entirely new, compact security lane was developed, complete with a new type of security scanner and 3D baggage-scanning equipment. Having begun in October 2019, the project is close to completion, with four of the six lanes already in place by the end of 2019.

Capacity at the border was also expanded. In summer 2019, the Schengen/non-Schengen border filter was expanded with the addition of three new border desks, with work taking place to add four desks to filters at Departures 2 and 3, and a further four at the Schengen/non-Schengen border. Meanwhile, we are making further improvements to the already operational automated passport control area. In 2019 approximately 13 million passengers used this option, compared with approximately 12 million in 2018, with the Royal Marechaussee expanding its workforce to cater to a growing number of passengers. Schiphol's border processes are also benefiting from the Seamless Flow pilot project, the first phase of an innovative public-private passenger-processing project.



### Introducing CT technology to Schiphol

Following a directive from the Dutch authorities, as of 1 January 2019, all passengers departing for non-Schengen locations from Schiphol or transferring from third countries are screened using sophisticated 3D Computer Tomography (CT) screening technology that enables passengers to leave laptops and liquids in their bags. We will continue rolling out this technology across the Schengen departure filters over the coming year. 2019 also saw the opening of a small security filter at the Schengen/non-Schengen border, and we began random controls using passenger-screening dogs. These innovative measures have enabled the abolition of the former government directive requiring security interviews to be conducted for some destinations.

In the airport's underground baggage area, a major project is in progress aimed at meeting new legislation surrounding the screening of hold baggage. Eight baggage-handling machines were replaced with the latest generation of screening technology during 2019, and a further five are due for replacement this year.

### US pre-clearance talks approaching conclusion

Following continued discussions throughout 2019, the Dutch government is close to negotiating a treaty to enable pre-clearance operations at Schiphol. US-bound carriers and Schiphol see pre-clearance as the next step in streamlining the passenger journey between our airport and US destinations. The development of an operational concept for pre-clearance at Schiphol is a joint effort involving Schiphol, airlines, governments and between other parties.

### Innovations in security

Technological innovations are taking place at Schiphol to improve our security processes along the axes of compliance, passenger friendliness and cost. Schiphol is working with external experts to develop innovative software solutions for use in its new fleet of 3D cabin-bag screening equipment. These solutions are geared towards lowering the number of false alarms (which trigger further time-consuming inspections) and supporting security staff in their primary functions. In 2019, we continued our research and development activities focused on automating repetitive security-based tasks, such as directing passengers to their security preparation positions. Achieving full self-service security for appropriate passenger groups is our ultimate aim.

As part of a continuous improvement process, pilots were carried out to further support a hassle-free security process and a smooth passenger experience. Examples include a so-called 'Security Genius', which is on hand to offer information and provide

assistance with the use of the dedicated family lanes during holiday periods. Schiphol also continued the use of 'small bags only' lanes during busy periods.

### New tenders launched

We are tendering the security contracts for the Schiphol hub beyond December 2020. A framework agreement was signed in December 2019 with six vendors for the provision of security services for the next four years.

### Preparing for Brexit

Schiphol and its partners are prepared for all possible scenarios regarding Brexit. An example is the construction of mobile border desks, which can be installed at short notice to enable passport checks for UK citizens arriving in the EU in event of a no-deal Brexit. We have also taken preparations to maintain smooth cargo operations in collaboration with our partners, with Customs again playing an important role.

### Building cyber resilience throughout our organisation and ecosystem

As highlighted in government threat reports, Schiphol is a vital cog in the national infrastructure of the Netherlands and therefore a prospective target for cyber criminals. To protect ourselves, we run a dedicated cyber security programme to strengthen our IT and cyber resilience, the focus of which has recently shifted from our generic IT infrastructure to protecting our key IT assets. In 2019, this enabled significant progress in

strengthening our IT systems, as demonstrated in simulated tests by leading ethical hacking teams as well as our yearly maturity assessment.

Our employees remain our strongest barrier against cyber threats, however, and we work hard to develop high levels of employee awareness and behaviour, alongside ongoing efforts to improve our security monitoring and response capabilities. In 2019, for example, we received several responsible disclosures, which allowed us to respond timely and effectively on IT vulnerabilities. The vulnerability in the website of Local Community Contact Center (BAS) caused us to notify all reporters and people who had contacted BAS over the years. The persons who filed a responsible disclosure are rewarded with a place in our hall of fame on the Schiphol website.

Given that any weak link in the chain can have major repercussions for cyber security across the wider airport ecosystem, we have taken the next step in our initiative Cyber Synergy Schiphol Ecosystem (CYSSEC), a public-private partnership to improve the cyber security and resilience of all organisations connected to Schiphol. During 2019, the CYSSEC ambassadors work group took on an active role in contributing to cyber security initiatives, and we developed our cooperation with the Digital Trust Centre (DTC) as well as various educational institutions.

### A seamless passenger experience

Since 2017, Schiphol has been working with aviation partners and the Dutch government on technology to improve passenger flows through the airport. Seamless Flow uses facial recognition software, known as biometrics, on a voluntary basis to identify passengers based on a scanned image of their face. This process allows passengers to move quickly through the various 'touch points' in the airport terminal without having to show their passport and boarding pass each time. The intended result is to create a smoother passenger experience and improve process efficiencies for all parties.

### Predicting wait times at security

During September and early October 2019, Schiphol passengers using Departure Hall 1 took part in a pilot programme to predict their wait time at Security Control via the Schiphol.nl website. As part of a personalised itinerary programme developed by Schiphol to improve passenger flows, travellers on selected flights were able to look up their expected wait time up to two hours in advance of their scheduled departure and were offered a recommended 'window' in which to pass through Security. Wait times at Schiphol's security filters are generated using a smart data model involving historical data and expected passenger numbers and then displayed on physical signs near Security Control. Evaluation of the pilot scheme will be used to improve the model and explore ways to extend its application to other parts of the airport.

In 2019, the Seamless Flow project partners ran a successful pilot project to board passengers based on biometrics. Cathay Pacific passengers taking part in the trial scanned their passport, boarding pass and face at one of the special registration kiosks after checking in. During boarding, the passenger's face was recognised once again and the passenger was able to board immediately. More than 3,000 passengers took part in the test. In mid-2019, the test was extended to include the border-crossing process, enabling participating passengers to undergo both border checks and boarding via facial recognition. This trial will continue through 2020, while preparations have begun on an additional pilot for arriving passengers. KLM, one of the project partners, is exploring opportunities for running a biometric boarding pilot with its passengers in 2020.

# Robust organisation

Schiphol Group strives to be a resilient and financially robust organisation that delivers value to shareholders. Our position as a leading airport group depends on several supporting factors: being a responsible and attractive employer, maintaining strong regional and international connections, and having the resilience and flexibility to withstand challenges and changing circumstances.

Our robustness as an organisation is a further key enabler as we work towards our Vision 2050. A high level of financial solidity is essential for Schiphol to remain a globally leading airport group and to continue *connecting your world*. This applies to our aviation-related activities as well as the other business areas that make up Schiphol Group. Together with our regional airports, our international activities contribute significantly to overall Group revenues. In 2019, we expanded our network of international alliances and participations with the addition of Hobart Airport in Australia, and we continue to look for new opportunities in other parts of the world.

However, financial solidity is the culmination of many different factors, one of which is business continuity. Being profitable means being able to support our customers with high-quality services day after day, whatever internal or external challenges come our way. As Schiphol's passenger numbers increase, this means continually investing in our airport infrastructure and processes.

Robustness also stems from the people who make up an organisation, and Schiphol Group's highly skilled international workforce is one of its strongest assets. As we grow, we must continue to attract high-quality employees to our company through excellent training and learning and development opportunities and by creating an inclusive and inspiring work

environment. The global expansion of Schiphol Group provides new opportunities to learn from each other, share knowledge and work together to find new approaches to challenges and opportunities. While Schiphol will always be the hub of our international operations, our regional and international airports are increasingly key drivers of innovation in fields such as digital services and sustainability.

In 2019, Royal Schiphol Group's net result increased by 27.1% to 355 million euros (2018: 279 million). As in previous years, market developments in the real estate sector were strongly positive, leading to positive other results from investment property of 113 million euros (compared with 107 million euros in 2018), mainly due to an increase in the value of our real estate portfolio. When adjusted for results from investment property (mainly fair value gains) and several other one-off results in both 2018 and 2019, the net result increased by 6.0%.

**Top performance indicator**  
Robust organisation

**Employees**  
Employee Promoter Score  
**7.8**



**Shareholders**  
Return on Equity<sup>1</sup>  
**8.3%**



<sup>1</sup> Normalised ROE: 5.5%



## Business continuity

Ensuring reliable and resilient airport operations is essential for airlines, businesses and passengers alike. Crisis and disaster management have always been top priorities at Schiphol and involve preventing and responding swiftly to fires or, in a worst-case scenario, managing critical incidents such as aircraft accidents. These types of incidents have become less frequent in recent years, thanks to the robust safety management processes now in place at most airports worldwide.

Nevertheless, following major disruptions at Schiphol Airport in the past two years, Business continuity has emerged as a key topic in our discussions with stakeholders, and was therefore introduced as a new material aspect in 2019. Meanwhile, Business Continuity Management (BCM) has been identified as a top-10 risk factor at Schiphol Airport. We are directly addressing this risk by developing a cohesive package of measures to enable the

continuity of airport processes and ensure reliable and resilient operations.

### Responding to new types of incident

Airports have been facing new incidents in the past decade, such as voltage drops, electrical failure or breakdowns in the baggage handling system. The growing number of passengers combined with increasingly complex processes means disruptions such as these can have major consequences. At Schiphol, the malfunction in the fuel system operated by Aircraft Fuel Supply on 24 July 2019, for example, stranded tens of thousands of passengers. Major disruptions can have a knock-on effect as well, as normal operations are not always immediately resumed. The complexity of the different processes in the chain means it can take days before operations are up and running according to schedule.

Moreover, these disruptions are not isolated incidents. The complexity of processes and the close involvement of other sector parties makes it impossible to predict and control everything. That is why an effective response and recovery plan has to be in place.

Schiphol has developed a number of foreseeability scenarios outlining the roles of the various chain partners and identifying effective joint communication channels. These scenarios cover the actions that need to be taken before, during and after a crisis: mitigation – response – and recovery, learn and review.

The foreseeability scenarios will be incorporated into a concept of operations (CONOPS); a description of the three primary processes of aircraft, passengers and baggage. In 2020, Schiphol will analyse all of the steps in these primary processes pertaining to critical systems and applications. These procedures have served as input for the design and implementation of the Airport Operations Centre (APOC).

### Schiphol's new operations centre comes online

In early 2020, Schiphol opened APOC on the sixth floor of the World Trade Center (WTC) building. APOC is an innovative control centre concept bringing together different operational managers, including Schiphol staff, air traffic control, airlines and ground-handling teams, under the same roof to jointly manage essential airport processes. These teams work side by side under the guidance of the Airport Operations Plan (AOP), a jointly agreed-upon decision-making process for planning the operations of the day. The APOC provides the data and tooling to achieve this.



The new Airport Operations Centre is an innovative concept.

## Findings from the 2018 power outage

Following a power outage on 29 April 2018 which led to the disruption of several critical operational processes, Schiphol commissioned the Netherlands Organisation for Applied Scientific Research (TNO) to investigate the cause and provide recommendations to prevent similar outages from occurring in the future, or to at least reduce their impact. TNO recommended that Schiphol apply the same standards for temporary systems, such as those used during renovations, as for permanent systems. The (temporary) systems should be tested under maximum operating conditions, and system dependencies and the settings of critical systems should be regularly analysed. TNO also provided a set of recommendations for strengthening the reporting, signalling and escalation processes in the event of disruptions in the data infrastructure, as well as setting up a multidisciplinary technical incident team.

Schiphol has carefully analysed the recommendations, translating them into dedicated actions that have since been implemented within relevant business areas of the Group on the basis of a risk-hierarchy (the greater the potential consequences of the risk, the greater priority was given to implementation). Multifunctional technical and crisis teams have been put in place and critical airport processes have been evaluated and validated within the Concept of Operations (CONOPS). Mitigation measures are in place for actions that are still in progress. An internal audit has been conducted, and our internal audit department will continue to follow compliance with the recommendations closely.

The APOC set its sights a week ahead of time by working to predict the consequences of potential disturbances in performance and capacity, not only for the day ahead but also the subsequent day and beyond, to enable a more proactive, forward-looking approach. With a clearer picture of the week at their disposal, Schiphol and its partners are able to shift their focus from short-term, reactive tasks to implementing longer-term efficiency improvements. The APOC is presently manned by employees of the airport operations and safety and security departments. Schiphol's IT and asset management teams are set to join the centre shortly, and sector and business partners will also be invited. While the APOC concept is not explicitly an EU directive, it is designed by Single European Sky ATM Research (SESAR), an EU-led programme which combines the expertise of various aviation fields to create a future-looking perspective.

With many European airports having similar centres in place, evidence shows having different aviation partners working closely together greatly benefits each of the different parties. Schiphol in particular sees the APOC as an essential step towards a total airport management approach: with our operating environment becoming ever more complex, close collaboration with our partners directly supports our ambition of creating the world's most sustainable and highest quality airports.

**PFOS contamination**

PFOS is a non-biodegradable toxic fluorine once frequently used in firefighting foam and other industrial products. While evaluations of soil at Amsterdam Airport Schiphol conclude there is no significant health risk, PFOS concentrations found in soil in some areas of the airport site exceed the remediation criteria set by the province of North Holland. In recent years, we have followed a consistent plan for dealing with the issue of PFOS at the Schiphol site. This involves assessing the environmental risks on a case-by-case basis: any uncovered soil found hygienically suitable is allocated for reuse elsewhere, while non-suitable soil is stored on the airport grounds. In 2019, we were able to reallocate approximately 61,000 cubic metres of soil, with about 160,000 cubic metres currently stored in depots for future reuse

or cleaning. We are also researching possible cleaning techniques to eliminate PFOS from the soil.

Schiphol's approach to PFOS aligns with regional policies around the reuse of the material, which take precedence to national policy on this matter. As such, we have not altered our approach in response to the 'Temporary framework for action for the reuse of PFOS-containing soil and dredged material' adopted by the Dutch government on 8 July 2019.

**Learning from 2019's fuel supply disruptions**

On 24 July, a major malfunction of Aircraft Fuel Supply (AFS)'s aircraft fuel system brought Schiphol's fuelling processes to a halt for more than eight hours, causing significant disruption to flight schedules and passenger journeys. A much smaller fuel system malfunction took place on 8 August.

AFS and Schiphol commissioned the Netherlands Organisation for Applied Scientific Research (TNO) to investigate the cause of the disruptions as well as their subsequent handling. The 24 July system failure was attributed to an electrical fault caused by a loose wire, which led to a power surge across several systems. This triggered emergency shut-down procedures, causing all fuel deliveries to be halted in accordance with strict safety protocols. Multiple systems had to be checked and repaired, contributing to the extended downtime. The smaller, 8 August incident, which is not thought to have been connected to July's disruption, was likely caused by a broken fire detector or faulty power supply.

While TNO concluded that AFS followed all applicable procedures, it also issued recommendations to either prevent similar failures from occurring in the future or limit the consequences of potential incidents. AFS is now implementing the recommendations, which include formulating basic principles to ensure security of supply and continuity, and extending the crisis plan and business continuity management plan in place to include complex technical failures. AFS is also isolating its systems from Schiphol's wider fuel supply processes, to enable fuel deliveries to continue when parts of the system are defective or disabled.



Fuel supply issues caused disruptions in July and August.

**Climate resilience**

Schiphol has high sustainability ambitions and is committed to helping maintain global temperature rises below 1.5 degrees Celsius in order to limit the effects of climate change to a manageable level. However, as this target is not entirely within our control, we also assess the impact of climate change on our business and take measures to minimise and prevent potential climate-related risks. In this, we address physical and transitional risks, in line with the Task Force on Climate-related Financial Disclosures (TCFD).

**Climate change impact**

Airports have to be resilient to future changes. Based on the current rate at which our climate is evolving, we expect extreme weather- and climate-related events intensify in the coming years. The frequency, intensity, spatial extent, duration and timing of these events are also expected to increase, making flight disruptions and cancellations more and more common.

Situated in a complex urban area and more than four metres below sea level, Schiphol is especially vulnerable to the impact of climate change. Structural measures are therefore needed to prevent potentially significant short- and long-term disruptions of our business continuity and operations. Short-term effects may include flight delays, disrupted ground operations and damage

to infrastructure and equipment. Given the unique challenge Schiphol faces, particular consideration is given to spatial design elements. A good example is our flood-resilient airport water-management system: green roofs delay water refuse in times of severe downpour and also mitigate heat stress in times during heatwaves and droughts.

### Flood resilience

Schiphol is taking steps to mitigate potential flooding by investing in stormwater drainage, water buffers and flood risk management. An independent study proves that Schiphol Airport is protected by primary and regional flood defences that both meet the Netherlands' most stringent flood safety criteria. However, in our latest stress test, researchers and experts warned that extreme rainfall may still result in the severe disruption of our operations. Making Schiphol less vulnerable to weather extremes and rain-related flood risks will require significant additional investment, though we also see opportunities for the sustainable use of rainwater.

### Adaptation strategy

Schiphol continuously monitors and participates in climate-related research and engages in initiatives and innovations to help counter the adverse effects of climate change. In 2012, we researched the weather-related effects of climate change in the Netherlands and what it means for Dutch airports. The 'Climate Proof Schiphol' project researched climate variables that are directly relevant to daily operations at Schiphol Airport: wind, visibility, precipitation, temperature and upper-air characteristics. We also performed a hotspot analysis in 2017 to identify the building blocks needed to develop an adaptation strategy.

Finally, we examine expected wind directions and speeds. Changes might impact the direction of aircraft take-offs and landings as well as preferred runway use.

### Rising temperatures

There are clear signs that climate change is already impacting our business. Extreme drought in summer 2019 meant we needed to cool down the taxi lanes at Schiphol to prevent them from being

damaged. Asphalt can absorb heat up to 50 degrees Celsius; however, extreme temperatures make it melt and vulnerable to impact. Many of our infrastructure projects now include proactive heat-stress mitigation measures such as green roofs and the use of lighter asphalt.

The Dutch weather institute Royal Netherlands Meteorological Institute (KNMI) predicts the number of days experiencing snow and ice will decrease by two-thirds by the year 2040. This means that, while de-icing equipment and snow fleet remains an absolute necessity for our operations, they may be used less frequently in future years. The potential impact on our operational costs is a relevant consideration in today's investment decisions.

## Responsible business

We insist that Royal Schiphol Group employees act with the utmost integrity and take responsibility for upholding the good reputation of Royal Schiphol Group. Our approach is supported by a robust, Group-wide compliance policy that emphasises close monitoring of staff behaviour and prevention of potential risks. Our high standards extend to our third-party relationships. As one of the largest semi-public commissioning authorities in the Netherlands, we play a coordinating role, working with a wide range of different parties on a daily basis. Our tendering policy reflects our ambitions with regard to integrity and compliance, and underpins our management decisions.

### Acting responsibly in the workplace

As outlined in Schiphol's code of conduct, our priority is ensuring all Group employees conduct business responsibly and behave ethically at all times. Workers must refrain from undesirable behaviour, including sexual harassment, discrimination and bullying as a minimum requirement, and must adhere to all applicable laws and regulations, including anti-discrimination, competition, public procurement, privacy, fraud, corruption and bribery laws. A new compulsory code of conduct training programme was developed in 2019 aimed at all staff, with 93% of employees participating. 2019 also saw the launch of the renewed employee onboarding programme, which introduces new hires to Schiphol's compliance and integrity policies. Integrity dilemmas are also discussed, and employees are encouraged to speak up when confronted with a potential workplace issue.

Although Schiphol's managers are expected to set the tone and lead by example, all workers play a role in monitoring compliance with the code of conduct and reporting inappropriate behaviour. Any issues are reported via the Integrity Committee, which is responsible for investigating reports and undertaking necessary actions. The Committee reports its anonymised findings to Schiphol's Corporate Compliance Officer on an ongoing basis, and reports to the Central Works Council once a year on the

number and nature of cases and the actions taken. The Committee also reports to the Supervisory Board's Audit Committee annually, and the Management Board and Schiphol's external auditor are updated between two and four times a year.

In 2019, 25 issues were reported to the Integrity Committee (2018: 23), none of which concerned bribery, corruption or material fraud. The reports have been investigated and followed up. Some involved minor incidents which the Integrity Committee is not required to investigate in depth. Where appropriate, necessary action has been taken or the employees involved have been called to account. Schiphol also began implementing InControl, a new digital tool to track integrity incidents. The tool will improve how we manage the reporting of integrity incidents, while helping us gain a better insight into trends as we look to prevent future incidents.

Compliance with data protection regulations is a key focus area, and our vision is that every passenger, visitor, stakeholder and employee can blindly trust Royal Schiphol Group when processing their data. Our policy is to be transparent and always apply our data protection policies and procedures when developing new services.

### Preventive behavioural programme

In 2019, we continued rolling out a behavioural programme established in 2017. The programme, a collaboration between Schiphol Group and social psychologists, aims to prevent future compliance and integrity incidents by providing teams inside individual departments with a set of actions designed to achieve desired behaviour. Six of the seven designated departments have completed the programme and refreshment sessions are being held for those departments.

### Employee survey

During our annual employee survey, for the first time, Schiphol performed research on where we stand on integrity within the company. The results of the survey enable us to improve our integrity programme by setting out specific actions where

needed and by providing us with a baseline/zero measurement to monitor our future standings on integrity within the company.

### Compliance & Ethics Officer

The role of the Compliance & Ethics Officer is part of Schiphol's continuing efforts to build a solid integrity culture. One of the newly appointed officer's main tasks is to shift the focus from simply creating awareness of issues regarding compliance and ethics, towards achieving tangible changes in employee behaviour. Liaising closely with HR, Audit, Risk and other relevant departments, the officer works to create a comprehensive, aligned approach to compliance and ethics.

### Working with different parties

In terms of our procurement practices, in 2019 we focused on improving quality, time to market, supplier innovation and cost efficiencies, and our Procurement Department has transformed into a more business-driven organisation. To ensure Royal Schiphol Group continuously increases its reliability towards its supply base and to maximise quality and value for money, longer-term strategic sourcing management is required. To achieve and structure this, category management was introduced in 2019, which focuses on the majority of organisational spend while sourcing strategies are developed with a three- to five-year outlook. This approach includes supply base risk and contingency planning, supplier classification, and SWOT analysis. In category management, we have identified seven procurement clusters and 70 different sourcing categories, such as security agents, security systems and cleaning services.

Accurate and reliable cost estimates are a fundamental part of successful projects, and the Cost Engineering Center (CEC) is responsible for this. The CEC is fully present in the whole project life cycle and strengthened its position in 2019. During 2019 it gave full attention to construction and civil works projects and extended its focus to IT.

### Contract management

The Contract Management Center of Excellence (CMEC) was established in 2019 to harmonise and improve contract



management skills across our organisation. This involved the creation of standard policies, templates and the roll-out of one standard contract management methodology (CATS CM) across the Group. Roll-out of the new strategy began in the first quarter of 2020.

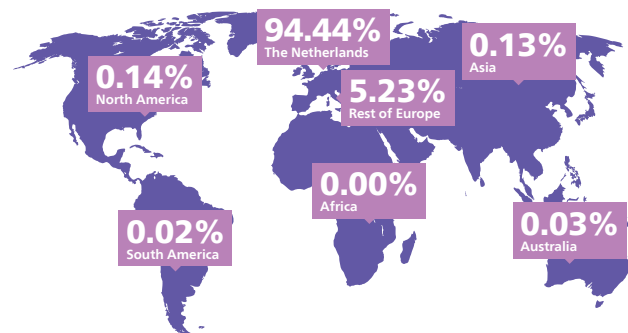
Further steps have been taken to improve synergies and collaboration in all of the Group's airports. To achieve this cross-collaboration and harmonisation, we have developed 'fit for purpose' contracts which are able to service all businesses including Capital Projects and the regional airports. The realisation of the new security filter at Rotterdam The Hague Airport is an example of our intensified collaboration. We are continuing to prioritise improved quality levels, innovations and buying power.

**Tender portfolio**

In 2019, Schiphol Group finalised many leading-edge tenders and signed contracts, which all took the eight Top Performance Indicators (TPIs) into account. In addition, the tenders are better designed to drive competition around innovation, quality improvement and value for money. Highlights included contracts with the main contractors, as well as for the fully automated Avio bridge, and to outsource the activities of Schiphol Telematics, but also the framework agreements for security services and the tender to construct double taxiway Q. Furthermore, the tender

**Supplier spend of Schiphol Airport in 2019**

(% by continent)



for the construction of a new terminal and its baggage handling systems has been published.

**Suppliers**

The majority of our business partners operate in the Netherlands, as our purchases relate primarily to infrastructural and construction works, personnel and facilities. As a commissioning organisation, we can only ensure our integrity if our suppliers also subscribe to ethical business principles. It is therefore essential that we take care when selecting our suppliers. In particular, we note that there is a risk of bribery and corruption in contracting practices related to large tenders and contracts. Furthermore, some countries are prone to human rights violations, which is a factor we must consider when purchasing goods or services from overseas.

Schiphol Group's Supplier Code clearly states what we expect from our suppliers in terms of integrity and Corporate Responsibility. Specifically, the Code outlines the requirements regarding working conditions, human rights, anti-corruption and anti-bribery, which are consistent with International Labour Organisation (ILO) and OECD guidelines. Under the terms of the Code, suppliers must report instances of negligent or unethical behaviour through their contact person or Schiphol's Integrity Committee, and agree to cooperate in any investigations into (suspected) violations of the Code. Schiphol performs audits in the event of a possible violation or in the case of vulnerable markets. Contractors who knowingly breach the law (for example, regarding discrimination or sub-standard working conditions) or violate Schiphol's rules of conduct have their contracts terminated immediately. This stipulation is made clear in our Corporate Purchasing Policy.

Meanwhile, we maintain ongoing dialogues with our suppliers with a view to introducing integrity into our collaborative relationships more effectively. Going forward, we aim to formalise our process for monitoring the activities of our suppliers and their compliance with our Supplier Code and Corporate Purchasing Policy. During the year, we took the first steps towards

implementing third-party due diligence, and we will conduct an audit of our suppliers in 2020.

**Emphasising sustainability within main contracts**

BAM, Heijmans and VolkerWessels have been selected as main contractors for major construction, renovation and infrastructure maintenance projects at the Schiphol site, establishing them as our strategic partners for the next nine years. The tendering process emphasised cost optimisation, improving business operations, sustainability, and the application of digital solutions and other innovations. Our engagement with the companies is based on a performance-led approach, which ultimately determines the share of the project portfolio awarded to each firm.

Our contractors share our focus on sustainability and are keen to play an important role as we work towards achieving zero-emissions and zero-waste status by 2030, and all have agreed to use state-of-the-art vehicles and equipment. Furthermore, one contractor has agreed to adopt a carbon-neutral approach in developing a maintenance lot on the Schiphol site, while another has presented a growth path towards the use of more sustainable fuels and electric equipment.

Schiphol's main contractor agreements also align closely with our circular economy principles. A minimum 95% waste-separation target has been set for the companies' infrastructure streams with a reusability rate of 80%. Moreover, one contractor offered to align all future projects with the building circularity index (BCI) and receive a materials passport. All parties agree to openly share information regarding volumes and materials types, to enable the reuse of materials by different parties within the Schiphol ecosystem.

## Employment practices

One of Schiphol Group's strongest assets is our diverse, motivated and loyal workforce. Schiphol supports a wide range of careers, from various transport and retail positions to roles at our head office, and with companies located nearby. Schiphol employs individuals of all ages and with varying years of service. Moreover, Royal Schiphol Group operates in an environment that is constantly changing, requiring us to be agile and respond quickly to trends and developments when needed. New roles are constantly being created, many of which involve specialist skillsets. Indeed, as we evolve as an organisation, we require greater flexibility on the part of our employees. Sustainable employability and vitality are therefore increasingly important for our organisation.

### Putting people first

Schiphol has always put its people first, and we intend to focus even more on the individual in the future. We believe this will help us remain an attractive employer and achieve our results more comfortably. In 2018, we introduced the concept of Inclusive Talent Management, which is based on the notion: 'Everyone has talent, and everyone has potential; the question is for what?' To answer this question, we began to hold in-depth talks with



We focus on talent, leadership and interaction .

colleagues in 2019 to gain a better understanding of their talents, qualities, ambitions and development paths. Building on the strong points that emerge from these talks, our next step is to develop new ideas about suitable individual roles and responsibilities.

Following a Europe-wide tender, we also hired a new provider of online and offline assessments. Together, we developed a portal that will enable all employees to conduct voluntary and anonymous assessments from 2020 onwards so they can gain a better understanding of their talent, their capacity to learn and change, opportunities on the job market, and work that suits their skills. This portal provides staff with continuous access to personal development and the chance to discuss growth opportunities.

### Employee Promoter Score

In 2019, Schiphol developed the Employee Promoter Score (EPS) as one of the Top Performance Indicators (TPIs), thereby giving its employees a prominent place in achieving the company's goals. The aim is to increase the satisfaction and involvement of employees judged against indicators such as leadership, quality of interaction, learning culture and employer attractiveness. We also developed an initiative in close collaboration with the Supervisory Board to promote the idea of devoting more 'attention for one another' within Schiphol Group. One of our goals in 2019 was to ensure that employees understand how much importance we attach to this idea. We also agreed with the Supervisory Board to liaise closely on three themes from the (HR) Business Plan: modernising Performance Management, refreshing the development curriculum for managers, and focusing on the EPS.

A further aim in 2019 was to learn from initiatives that are already underway in various departments. For example, we carried out an evaluation to define these initiatives' success factors and constraints. We met three times with those in charge and as a result the findings are now being shared online. We also introduced a pilot scheme to ensure due consideration is given to the theme 'attention for one another' in meetings with shift workers. 'Attention to one another' is now firmly embedded in

our strategy to improve EPS. Leadership and quality of interaction are our EPS-related priorities for the foreseeable future.

### Sustainable employability

Schiphol actively promotes internal mobility as a means of keeping our employees productive and engaged. In 2019, we again offered 'Redeem your talent' training sessions, which proved popular among employees wanting to set a clear course for their careers in the coming years. In addition to workshops for management on absenteeism and employability counselling, which are mainstays on the schedule throughout the year, we also organised inspiration sessions on how to create a 'brain-friendly workplace' for personnel. The aim is to create more awareness among employees and the people in their immediate vicinity on what stimulates the brain, but also how to unwind and recharge.

In 2019, we scheduled health checks in such a way that they were spread throughout the year. This gave employees the option of signing up for a health check during three periods and made it easier for them to schedule a health check. Work stress remains an important issue that merits attention. We offer individual coaching to improve physical and mental wellbeing as part of our vitality programme. In 2019, we also moved towards introducing a commuter traffic policy based on the MaaS concept (Mobility as a Service). Cycling plays a prominent role in this policy. Our aim is to use our Smart Way to Work programme and the Schiphol 'bike ambassadors' to get 10% of Schiphol's employees to cycle to work. Our mobility policy also encourages the use of public transport, and our car-leasing fleet will become fully electric in the near future.

Schiphol Group likes to work with employees who view our company as part of their career and personal development. They want to work at Schiphol both to add value and to learn. Our mobility policy suits this approach: we engage with employees to see whether it would be good for them to take on another role. Indeed, we firmly believe employees will be happier and more productive if afforded the opportunity to change jobs at the right time. Our goal is for 15% of our Schiphol employees to switch jobs per year, including internal personnel exchanges and

secondments, as well as moves to other organisations. In 2019 we achieved this with a mobility percentage of 22% (2018: 17%) for Schiphol. In 2019, 40 employees were seconded for the short or long term within Schiphol. Additionally, 12 people were seconded at one of our international airports, eight people at Lelystad and one person at Rotterdam The Hague Airport.

We rolled out a number of initiatives in 2019 aimed at increasing the mobility of Schiphol's personnel. Some of these have already been implemented, whereas others will take on more definite form in 2020. For example, we developed a framework for cooperation with the Luchtvaart Community Schiphol (LCS: Aviation Community Schiphol) and KLM's TalentBase. The partnership will allow employees to use part of their Sustainable Employability budget for training aimed at enhancing their mobility. One of the spin-offs from the partnership with LCS is that an already impressive network in the aviation sector has now expanded.

Close cooperation with the KLM Transition Centre and LCS was formalised to help redundant Schiphol employees find other work. KLM has been supporting redundant workers for several years now, using proven products and services. Schiphol employees have been using this service, and initial results are promising. As a result, this partnership will be continued to streamline the process of mobility and relocation.

### **Inclusive business practice**

At Royal Schiphol Group, we value people for who they are and their qualities and talents, while working hard to promote an inclusive environment for all employees regardless of their cultural or work background, gender, sexual orientation or physical disability. In 2019, we drafted a two-year plan to maintain our focus on the theme of inclusiveness. In September, we also organised an 'inspiration session' on this topic. It was well attended and we received extremely positive feedback. As a result, a group of Schiphol employees is going to establish a group in 2020 to draw even more attention to the notion of an inclusive Schiphol.

In 2019, a group of Muslim colleagues organised an Iftar gathering for all Schiphol personnel. Colleagues of all backgrounds were invited to this event to get to know each other better and achieve greater mutual understanding. This was an inspiring and successful event and will be repeated in 2020. It dovetails with Schiphol's aim to attract more employees from a variety of cultural backgrounds. Indeed, in 2020 we will take concrete steps to achieve this aim. In cooperation with a third party, we will attempt to fill vacancies at various levels, including the senior management level, with new colleagues with a bicultural background.

Our aim in 2019 was to fill 10% of new vacancies with applicants from non-Western backgrounds (as per the Statistics Netherlands definition). In the end, we achieved a rate of 15.0% for Schiphol Group. Under a new system introduced in 2017, employees can choose not to state their parents' country of birth on joining the company, which explains the relatively low figure. Our aim for 2020 is to reach 10% once again.

### **Work for young people**

We believe a steady influx of young people is essential for an inclusive and balanced workforce. In 2019, 121 interns started. We had set ourselves the goal of filling 20% of the vacancies in 2019 with people aged 27 and under and ultimately achieved a rate of 15.2% for Schiphol Group. We are setting ourselves the same goal for 2020. Schiphol participated for the fifth time in the Expertise Centre for Diversity Policy (ECHO) mentoring

programme aimed at helping Dutch students from non-Western backgrounds to take their first steps into the job market after completing higher education or university.

In 2018, Schiphol joined Emma at Work's Club of 1,000. Emma at Work is an organisation that helps young people with chronic illness or physical disability to find fulfilling work. Schiphol launched a pilot project with Emma at Work in 2018 linking 10 Schiphol employees to young mentees for six months. A number of meetings and monthly individual mentor talks were held with the mentees, which helped increase the odds of finding a job for these young people. This round of the pilot project was successfully completed in April 2019, and a month later a new round was launched with a group of 10 new mentors and mentees. The pilot project received such enthusiastic feedback from the young people and the Schiphol employees that Emma at Work is now using the concept at other companies, including ING, Unilever and Pfizer.

### **Gender split**

Schiphol Group has a healthy balance of male and female employees across its higher management layers. Specifically, Schiphol's Management Board meets the target set by the Management and Supervision Act, which requires a 30% female presence on the board: our Management Board has had a 50/50 gender split since 2014. The Supervisory Board also met this target up until 2018, though due to a current vacancy, the board currently consists of five male and two female board members

## **Robotic Process Automation takes over repetitive tasks**

Schiphol is gradually introducing a powerful new technology, Robotic Process Automation (RPA), into its day-to-day work processes. In 2019, Schiphol IT began working with the Finance & Control department to introduce RPA technology into day-to-day contract administration and invoicing processes, including matching Privium Member payments to outstanding invoices.

Managing repetitive tasks such as these through automation enables them to be carried out 24/7, removes the potential for human error, and allows employees more time for higher-level tasks such as quality control. Schiphol plans to extend its use of RPA to more processes in 2020.

(28.5%). Ensuring a balanced gender split at all levels and across all roles within the Group remains a key priority going forward.

### Digital developments for the labour market

Schiphol is a strong brand on the Dutch labour market and is perceived as an attractive employer. Nevertheless, we still have to make a great effort to hire the best candidates in the market. Schiphol's recruitment policy is based on enticing candidates by further reinforcing our employer brand, thus making it an interesting prospect to work for us. To achieve this aim, we launched the WorkingAtSchiphol site in 2019. The site contains statements and videos by colleagues about Schiphol as an employer. We also implemented a new applicant tracking system (ATS) to modernise the experience of applying for a job at Schiphol. We also intend to professionalise and automate Succession Planning for critical positions from the perspective of talent, as a step towards a transparent, internal labour market in the future that puts people first.

### Inspiring employees during Innovation Week

Innovation Week is an internal employee event focused on innovation, digitalisation and transformation. The aim of the week is to inspire our employees, provide them with practical tools and insights into digital and technological developments and thus enable an innovative mindset. Held in early October, this year's programme focused on the themes of sustainability, cyber security, data, customer-centricity, skills and mindset, and future airports. The event brought together nearly 800 Schiphol employees as well as more than 40 internal and external speakers through a series of talks, workshops, demonstrations and challenges. The week was hugely popular with attendees, who awarded it a Net Promoter Score (NPS) of 43.

### 2019 Employees in figures

In 2019, the number of full-time equivalents (FTEs) employed by Schiphol Group rose to 2,519 (2018: 2,324). We conclude individual agreements with employees who fall outside the scope of a collective labour agreement.

The absenteeism rate for Schiphol remained at 4.8% during the year, caused by a number of long-term absences through illness. The Verbaan standard for Schiphol Nederland B.V., which indicates a realistic level of absenteeism, is 3.3%. Absenteeism due to illness at Rotterdam The Hague Airport was 3.4% (2018: 4.3%). At Eindhoven Airport, the absenteeism figure for 2019 was 2.5% (2018: 5.4%). The 2019 absenteeism figure at Lelystad was 2.1% (2018: 7.5%).

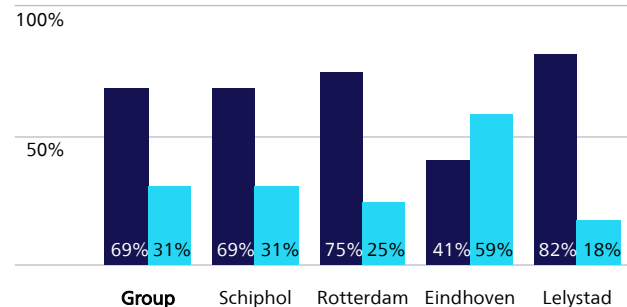
### Total workforce in 2019

(Per location, in % of total average FTEs)



### Gender split

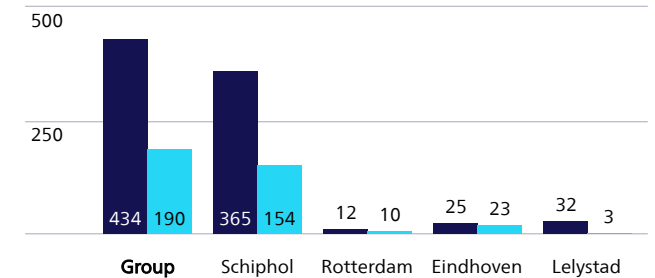
(Per location, in % of total no. of staff)



■ Male  
■ Female

### Employee turnover

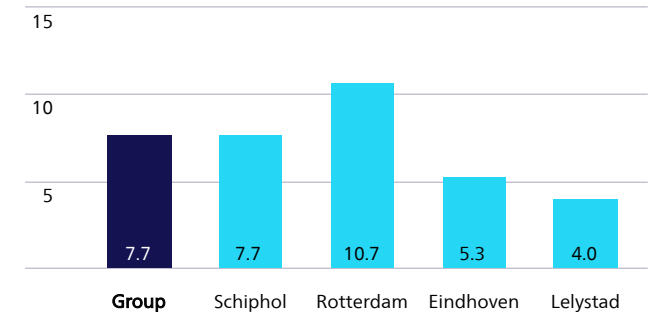
(Numbers per location)



■ Joined  
■ Left

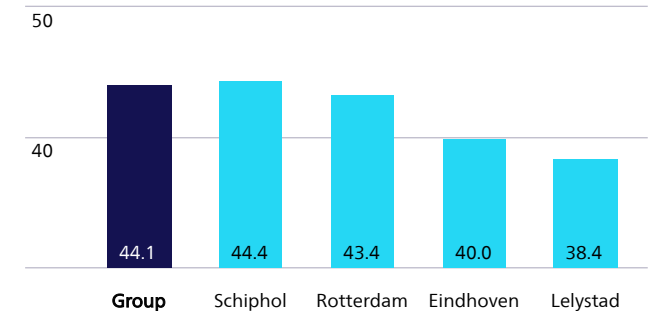
### Average length of service at Schiphol Group

(Years per location)



### Average employee age

(Years per location)



## Financial solidity

Royal Schiphol Group's financial policy seeks to ensure a solid financial position and good creditworthiness with at least an A rating from two reputable credit rating agencies. This is vital to our ability to finance the necessary large-scale investments. Profitability is an essential factor in maintaining a high credit rating. The return generated by Schiphol Group determines to what extent we create economic value for our shareholders. It equally determines the extent to which financial stakeholders believe that Schiphol Group is equipped to bear investment risks.

### Creditworthiness

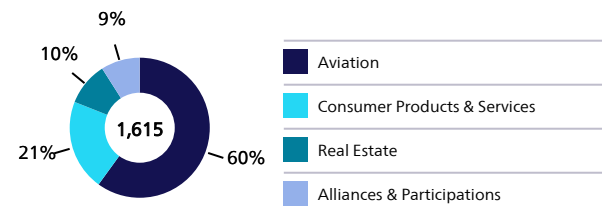
Schiphol Group independently raises financing through the capital markets and banks. Good creditworthiness is a prerequisite for safeguarding this ability and being able to make the necessary long-term investments in capacity and quality. The long-term credit rating issued by Standard & Poor's in 2019 remained unchanged at A+ with a stable outlook. Similarly, the long-term rating from Moody's remained unchanged at A1 with a stable outlook.

### Return

Generating a sufficient return is also important to maintain the ability to independently raise financing, as this will enable us to secure access to the capital markets with favourable conditions. The return requirement applied by the Dutch State consists of a return on equity of 5.6%. A return requirement serves as an added incentive to operate cost-effectively and to generate a higher result through non-aviation activities, such as real estate, parking and concessions. The new Aviation Act contains a mechanism permitting Schiphol Group to employ a portion of the return exceeding the standard return to lower the airport charges. With a return on equity of 8.3% in 2019, Schiphol Group satisfies the return requirement.

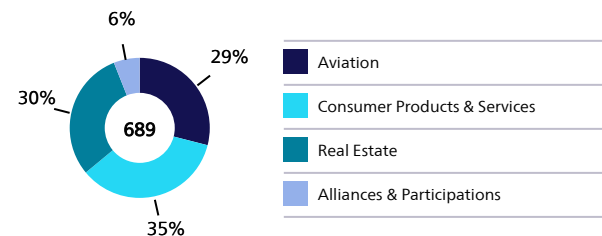
### Revenue 2019

(EUR million)



### EBITDA 2019

(EUR million)



# Financial performance

To operate safely within the current scarce capacity, especially during peak hours, additional operational measures have been taken, which led to higher operating expenses. We are investing in several major projects, including the redevelopment of Departure Hall 1 as well as the construction of a new pier and terminal, to create the additional capacity that has become necessary.



In 2019, Royal Schiphol Group's net result rose by 27.1% to 355 million euros (2018: 279 million euros). As in previous years, market developments in the real estate sector were highly positive, leading to positive other results from investment property of 113 million euros (compared with 107 million euros in 2018), mainly due to an increase in the value of our real estate portfolio. When adjusted for results from investment property (mainly fair value gains) and several other one-off results in both 2018 and 2019, the net result increased by 6.0%.

## Revenue

Revenue increased by 106 million euros (7.0%), from 1,509 million euros in 2018 to 1,615 million euros in 2019. Higher revenue was mainly driven by increased airport charges, parking fees and other revenue from passenger-related activities. Revenue from airport charges is generated by Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport. In 2019, revenue from airport charges at Amsterdam Airport Schiphol increased by 10.5% to 908 million euros. This is attributable to a 10.7% increase in airport charges as of 1 April 2019 and a 0.9% increase in passenger numbers compared with 2018. Pursuant to the Aviation Act, Schiphol Group must settle surplus income or deficits from specified income and expenses with the industry. For 2019, it is expected that the amount to be settled will be a deficit between 15 million and 19 million euros, which will be reflected proportionately within the airport charges set for the 2021-2023 period.

The number of air transport movements (ATMs) at Amsterdam Airport Schiphol decreased from 499,444 in 2018 to 496,826 in 2019, thereby remaining below the permitted maximum of 500,000. Cargo volumes fell by 8.5% compared with 2018 to 1.57 million tonnes. Passenger numbers at Eindhoven Airport continued to develop positively in 2019, with an increase of 8.7%

to 6.7 million. The number of ATMs at Eindhoven Airport in 2019 rose by 7.2% compared with 2018 to 41,438. Revenue from airport charges at Eindhoven Airport decreased by 15.8% to 34.8 million euros as a result of aircraft handling no longer being part of the charges as from 1 April. The number of passengers served by Rotterdam The Hague Airport rose by 7.8% to 2.1 million, while the number of ATMs increased by 6.6% to 16,683. These positive developments caused revenue from airport charges at Rotterdam The Hague Airport to increase by 7.4% to 28.8 million euros.

The total revenue generated by concessions increased by 2.3% in 2019 compared with 2018, reaching 217 million euros. This was mainly due to the growth in passenger numbers at Amsterdam Airport Schiphol and the regional airports. Average retail spending per departing passenger at Amsterdam Airport Schiphol fell by 1.8%, from 13.13 euros in 2018 to 12.90 euros in 2019. By contrast, average spending per departing passenger on food and beverage rose from 4.81 euros to 4.89 euros (an increase of 1.7% compared with 2018). Total revenue from rents and leases rose by 1.3% to 171 million euros. This increase is mainly attributable to a positive trend in the lease of office buildings at Schiphol-Centre. The commercial real estate occupancy rate in 2019 was 93.8% (2018: 91.7%). Total parking revenue increased by 4.5% to 130 million euros in 2019. The increase in parking revenue at Amsterdam Airport Schiphol by 4.6 million euros was attributable to the rise in the number of passengers combined with a different mix of parking products. The growth in passenger numbers at Eindhoven Airport and Rotterdam The Hague Airport led parking revenues outside Amsterdam Airport Schiphol to increase by 1.2 million euros compared with 2018. Other revenue increased by 9 million euros primarily driven by passenger related services for persons with reduced mobility.

## Revenue

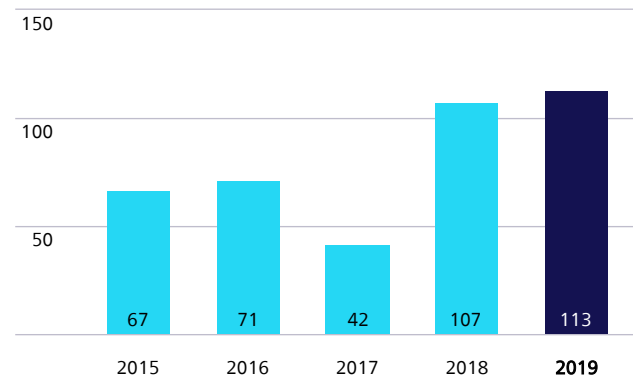
EUR million	2019	2018	%
Airport charges	972	890	9.2
Concessions	217	212	2.3
Rent and leases	171	168	1.3
Parking fees	130	125	4.5
Advertising	20	19	4.8
Services and activities on behalf of third parties (incl. ST)	24	23	6.5
Other	81	72	17.9
<b>Net Revenue</b>	<b>1,615</b>	<b>1,509</b>	<b>7.0</b>

## Other income and results from investment property

Other results from investment property amounted to 113 million euros in 2019 (2018: 107 million euros). The large increase in the value of our investment property from 2015 onwards can be attributed to ongoing favourable market developments, high-quality property developments (e.g. The Base D, P22), new leases and higher occupancy rates, especially for the offices at Schiphol-Centre.

## Fair value gains and losses on the real estate portfolio

(EUR million)



## Operating expenses

### Operating expenses

EUR million	2019	2018	%
Outsourcing and other external costs	605	546	10.8
Employee benefits	242	229	5.9
Security	197	205	-3.7
Other operating expenses	-6	1	>-100
<b>Operating expenses (excl. Depreciation, amortisation and impairment)</b>	<b>1,039</b>	<b>981</b>	<b>5.9</b>
Depreciation, amortisation and impairment	294	267	10.1
<b>Operating expenses</b>	<b>1,332</b>	<b>1,248</b>	<b>6.8</b>

Total operating expenses rose by 84 million euros (a 6.8% increase compared with 2018), from 1,248 million to 1,332 million euros in 2019. This increase in operating expenses was mainly due to the existing infrastructure operating at full capacity as well as to the measures implemented to facilitate the increase in investing activities, as a result of which the costs of workforce and outsourced activities rose. Higher costs were also incurred with regard to maintenance in order to ensure the optimum operational availability of intensively used assets and as a result of the transition to the new main contractors, for which one-off transition costs were incurred in 2019. Finally, further focus on digitalisation caused IT costs to increase as well.

Depreciation, amortisation and impairment increased by 27 million euros to 294 million euros in 2019. The major increase in capital expenditure continued in 2019. Most of the new, large assets that will provide additional capacity will come into operation during the next few years.

Employee benefits rose by 13 million euros in 2019 due to an 8.4% increase in the number of employees, an increase in pension

premiums (an increase compared with 2018 of 1.4 percentage point, to 17.4%) and the movement in negotiated wages (increase of 2.75% as per 1 April 2019) partly offset by lower termination charges.

Security costs decreased by 8 million euros compared with 2018 mainly due to the implementation of several efficiency measures, including the discontinuation of the High-Risk Flight process after implementing CT scanners.

## Operating result

### Operating result

EUR million	2019	2018	%
Aviation	-7	-39	81.9
Consumer Products & Services	206	209	-1.8
Real Estate	183	172	6.2
Alliances & Participations	13	26	-47.2
<b>Operating result</b>	<b>395</b>	<b>368</b>	<b>7.3</b>

The operating result from Aviation improved from an operating loss of 39 million euros in 2018 to an operating loss of 7 million euros in 2019. An increase in revenues of 96 million euros (mainly due to the increase in airport charges as of 1 April 2019 and the increase in passenger numbers) was offset by increased expenses. These were mainly attributable to operational measures taken to facilitate an increase in investing activities (cost of workforce and outsourced activities) and higher maintenance costs due to the transition to the new main contractors, but also to IT costs and depreciation. The operating result posted by Consumer Products & Services fell by 3 million euros in 2019, largely as a consequence of higher depreciation due to the commissioning of the new P3 parking facility. Revenue increased by 11 million euros to 349 million euros in 2019, driven by strong growth in revenue from parking fees, food & beverage concessions, car rental concessions, and advertising and Premium Services. The impact of redevelopment activities and (security-related) relocation

projects on the sales of the retail locations on airside was largely offset by the successful opening of temporary (pop-up) stores.

The operating result from Real Estate increased by 11 million euros to 183 million euros in 2019 (an increase of 6.2% compared with 2018). When adjusted for fair value gains on investment property and the one-off release due to the reversal of the provision for an onerous contract in 2019, the operating result from Real Estate decreased by 1 million euros in 2019, mainly due to higher depreciation of operational buildings. The operating result for Alliances & Participations decreased by 13 million euros. When adjusted for the other results from investment property, the operating result attributable to Alliances & Participations decreased by 9 million euros in 2019 driven by higher costs related to IT and preparations at Lelystad Airport for the opening of the airport to commercial flights.

## Financial income and expenses

The net financial income and expenses decreased by 6 million euros to 84 million euros in 2019. In 2018, a one-off loss of 9 million euros was recognised in connection with the early repayment and settlement of the financial lease obligation with respect to The Base office building in 2018.

## Share in results of associates

The share in the results of associates increased from 98 million euros in 2018 to 127 million euros in 2019. The increase in the share in the results of associates was mainly driven by an increase in Dutch associates to the amount of 18 million euros, largely due to the reversal of an impairment in previous years for Schiphol Trade Park as a result of changing market conditions. Results from international activities increased by 10 million euros largely driven by fair value gains on investment property.

### Share in results of associates

EUR million	2019	2018	%
Groupe ADP	61	60	3.5
Brisbane Airport Corporation Holdings	34	29	15.9
Other results of associates	33	9	>100
<b>Result of associates</b>	<b>127</b>	<b>98</b>	<b>30.6</b>

## Corporate income tax

Corporate income tax amounted to 76 million euros in 2019, compared with 90 million euros in 2018. The effective tax rate in 2019 was 17.3%, down 6.7 percentage points from 2018 (24.0%). At the end of 2018 the House of Representatives and the Senate approved the *Belastingplan 2019* including a phased reduction of the nominal income tax rate from 25.0% in 2019 to 20.5% in 2021. At the end of 2019, part of the reduction of the nominal income tax rate applicable from 2021 was reversed under the *Belastingplan 2020* with the income tax rate changed from 20.5% to 21.7%. The rate at which an important part of the deferred tax assets and liabilities will be settled differs from the current rate of 25%. The subsequent changes in the nominal income tax rate applicable as of 2021 caused revaluations of deferred tax assets and liabilities. The lower rate at which differences will be settled, and the changes in this rate, resulted in an increase in the income tax expense of 17 million euros in 2018 and a decrease in the income tax expense of 9 million euros in 2019. As was the case in prior years, the application of the participation exemption to the results of associates meant a reduction of the effective tax rate.

Of the 76 million euro tax burden, 74 million euros comprises Dutch corporate income tax (2018: 88 million euros) and 2 million euros US corporate income tax (2018: 2 million euros).

## Net result

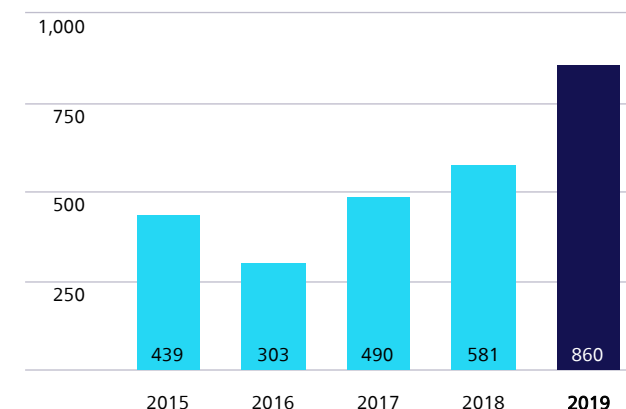
As a result of the developments mentioned above, the net result for 2019 increased by 76 million euros to 355 million euros (2018: 279 million euros). The return on equity (ROE) amounted to 8.3% in 2019 (2018: 7.0%).

## Investments

In 2019, Schiphol invested 860 million euros in property, plant and equipment, up 48.1% compared with 2018 (581 million euros). Of the total investment in 2019, 256 million euros related to the development of the new pier and terminal as well as the associated infrastructure, 72 million euros to terminal redevelopment and 46 million euros to Lelystad Airport.

### Schiphol Group investments

(EUR million)





## Movement in the consolidated statement of financial position

Schiphol Group's balance sheet total increased by 5.7% to 7,797 million euros (2018: 7,373 million euros). Total equity increased by 236 million euros to 4,372 million euros, largely due to the addition of the 2019 net result of 355 million euros, after payment of the 117 million euro dividend for 2018.

Non-current assets increased by 935 million euros compared with, mainly within assets used for operating activities (+266 million euros) and assets under construction or development (+279 million euros due to high capital expenditure), investment property (+116 million euros due to an increase in fair values) and associates (+194 million euros mainly due to investments in Brisbane and Hobart combined with the share in the results of associates less dividends received).

Current assets decreased by 511 million euros compared with 2018, largely as a result of a decrease in deposits of 455 million euros. As of 31 December 2019, Schiphol Group had no deposits outstanding.

## Cash flow developments

Cash flow from operating activities increased by 4 million euros to 523 million euros in 2019 as a result of a decrease in cash flow from operations of 13 million euros being largely offset by an increase in cash flow from interest and dividends.

Cash flow from investing activities amounted to an outflow of 782 million euros in 2019, compared with an outflow of 620 million euros in 2018. This increase of 162 million euros in 2019 was mainly caused by higher investments in fixed assets of 251 million euros combined with investments of 244 million euros in Brisbane and Hobart, and partly offset by lower net investments in deposits of 340 million euros. Net cash flow from operating and investing activities – free cash flow – amounted to an outflow of 259 million euros in 2019, compared with an outflow of 94 million

euros in 2018. There was a cash inflow from financing activities of 27 million euros (2018: 311 million euros inflow), mainly as a result of 188 million euros in net new financing (balance of repayments and borrowings) and a total dividend payment of 117 million euros. Net cash flow in 2019 amounted to an outflow of 232 million euros (2018: 217 million euros inflow). Consequently, the net amount of cash balances decreased from 387 million euros at the end of 2018 to 155 million euros at the end of 2019.

## Financing

The total amount of outstanding loans and lease liabilities rose by 163 million euros in 2019 to 2,785 million euros. The increase was mainly the result of 355 million in Australian dollar bonds launched by Schiphol Group in 2019 to invest in Brisbane Airport and Hobart International Airport. Schiphol Group has a Euro Medium Term Note (EMTN) programme, making it possible at present to raise funds of up to 3.0 billion euros, of which 1,936 million euros was outstanding as of 31 December 2019. In addition, Schiphol Group has a Euro Commercial Paper (ECP) programme with a current limit of 1 billion euros, of which 50 million euros was outstanding as of 31 December 2019. Schiphol Group also has committed undrawn facilities of 765 million euros. This solid financing position is an important asset in view of Schiphol's increased financing needs in the years ahead as a result of the current and envisaged high level of investments.

## Ratios

The most important financing ratios set out in our financing policy are the FFO/total debt and FFO/interest coverage ratios. Funds From Operations (FFO) is the cash flow from operating activities adjusted for operating working capital. In 2019, FFO increased from 491 million euros to 536 million euros. The FFO/total debt ratio increased to 19.2% at the end of 2019, compared with 18.7% at the end of 2018.

The FFO/interest coverage ratio in 2019 was 7.5x, an improvement relative to the 6.6x recorded in 2018. In addition to these two ratios, we apply the leverage ratio (ratio of interest-bearing debt to total equity plus interest-bearing debt). At the end of the financial year, Schiphol Group's leverage ratio stood at 38.9% (2018: 38.9%). Both FFO/interest coverage ratio and leverage satisfy the internal requirements of a value higher than 4.0x as well as between 30.0% and 50.0%, respectively.

## Economic regulation

Our income differentiates between regulated and non-regulated flows in what is known as a dual-till system. Rates for aviation activities at Amsterdam Airport Schiphol and Eindhoven Airport are regulated. The amounts Schiphol can charge are restricted to the costs associated with primary airport operations including security and related infrastructure.

In accordance with the new Aviation Act governing the operation of Amsterdam Airport Schiphol, which took effect on 1 July 2017, the charges are no longer set annually, but every three years. The first three-year charge period, which was determined in 2018, covers the years 2019-2021. This includes a mandatory contribution from non-aviation activities to aviation activities, the level of which is determined by Schiphol Group's shareholders.

The return on aviation assets, the regulatory asset base, has been capped at the regulated weighted average cost of capital (WACC) determined for the next three-year period, on which the 10-year interest rate on Dutch government bonds has a considerable impact. This means Schiphol Group's return on aviation

investments depends on the general development of the interest rate. For the 2019-2021 charges period, the regulated WACC is 2.71% (after tax).

Non-aviation activities at Schiphol are not subject to the economic regulation of Amsterdam Airport Schiphol. This includes all activities in the areas of retail, food and beverage, premium services, media, real estate development and leases, and parking charges.

The operation of our regional airports remains unregulated as long as they do not exceed 5 million passengers per annum. Eindhoven Airport reached this limit in 2017, meaning its airport charges are now being regulated. Some of our international activities are also subject to economic regulation.

The fees we charge airlines for the use of Amsterdam Airport Schiphol undergo a consultation with the airlines. The charges are subject to supervision by the Authority for Consumers and Markets (ACM) under the terms of the Dutch Aviation Act.

Schiphol is in direct competition with several of Europe's airports, and many of our passengers have the option of flying from or via neighbouring countries. Because of this, matters – such as the overall quality of our airports and the services we wish to provide to airlines, handling agents, passengers and other customers, as well as capacity – are of crucial importance. We note that Schiphol's price-quality ratio compares favourably with those of our main European competitors.

### Our airport charges: Another step forward for sustainability

On 31 October 2018, we updated the airport charges structure for Amsterdam Airport Schiphol, to help support and drive the use of newer, more environmentally friendly aircraft that produce less noise. Newer-generation aircraft typically generate considerably less emissions. The new structure, which took effect on 1 April 2019 and runs until 31 March 2022, effectively gave a bigger discount to sustainable aircraft, by differentiating rates between the noisiest and most silent categories. In 2020 and 2021, the differentiation in rates will be increased once again, to further encourage more silent and cleaner aircraft.

By 2021, airlines will pay 180% of the basic rate for take-off and landing fees for the noisiest, most polluting aircraft, while take-off and landing charges for the cleanest, quietest aircraft will be 45% of the basic rate. This policy will also apply to night flights.

As part of the new structure, Schiphol also brings its aircraft categorisation model into line with recent advancements in aircraft noise technology. We hope the incentives offered for fuel-efficient aircraft result in lower aviation-related CO<sub>2</sub> emissions from our airport.

### Airport charges structure 2019-2021

Following careful and extensive consultation with the airlines, on 31 October 2018, the charges for the first three-year period 2019-2021 were set according to the terms of the new Dutch Aviation Act, and came into effect on 1 April 2019. The new charges have resulted in an average annual rise in charges of 7.9% for this three-year period. This increase is a consequence of necessary investments and operational costs to accommodate current and envisaged passenger growth. The rise in charges for 2019 also incorporated non-operational factors related to a change in regulation including the treatment of airport charges settlements and the higher WACC (which together represent a 10% increase in airport charges in 2019).

The average increase of 7.9% annually for 2019-2021 includes an average 10.7% increase in 2019, an increase of 8.7% in 2020 and a 4.2% rise in 2021. The airport charges contain landing and take-off charges (including noise charges), passenger/cargo and infrastructural charges, security charges (both airport and governmental) and parking charges. On 31 October 2019 Schiphol set the charges for 2020-2021. A small adjustment was made in the 2020-2021 charges for the 2018 settlement.



### Future Dutch aviation tax

In 2018, the Dutch government's proposed reintroduction of a national aviation tax moved a step closer to reality. The government presented a draft act to the Council State in which it proposed introducing a 7-euro levy per departing passenger (excluding transfers) and a separate levy for full freighter cargo aircraft. Both levies will come into effect from 2021. However, the government has stated its willingness to withdraw its plans if Europe can agree on a pan-European tax scheme.

Schiphol indicated that it does not support any taxation system where the sole intention is to fill gaps in the national budget. Moreover, research has shown that taxing passengers will not generate a significant sustainability contribution. It is Schiphol's view that, if a tax is introduced, the revenue should be invested into sustainability developments in the aviation sector.



Serving passengers, airlines, handling agents and logistics service providers alike, the Aviation business area plays a pivotal role at Schiphol. Aviation supplies and manages the infrastructure and processes needed to ensure the enjoyable, reliable and efficient departure and arrival of passengers, baggage and cargo. It is also responsible for coordinating safety and security in the terminal, on aprons and roads, on airside and in buildings.

## Aviation

EUR million	2019	2018	%
Total revenue	969	873	11.0
Operating expenses	772	720	7.1
<b>EBITDA</b>	<b>197</b>	<b>153</b>	<b>29.0</b>
Depreciation	204	192	6.4
<b>Operating result</b>	<b>-7</b>	<b>-39</b>	<b>-81.9</b>
Average fixed assets	2,796	2,507	11.6

EUR million	Aviation			Security		
	2019	2018	%	2019	2018	%
Total revenue	618	549	12.5	352	324	8.4
Operating expenses	472	420	12.3	300	300	-0.2
<b>EBITDA</b>	<b>145</b>	<b>129</b>	<b>12.9</b>	<b>52</b>	<b>24</b>	<b>&gt;100</b>
Depreciation	163	149	9.5	41	43	-4.5
<b>Operating result</b>	<b>-18</b>	<b>-21</b>	<b>11.4</b>	<b>11</b>	<b>-19</b>	<b>&gt;100</b>

Direct destinations from Schiphol

**332**

2018: 327

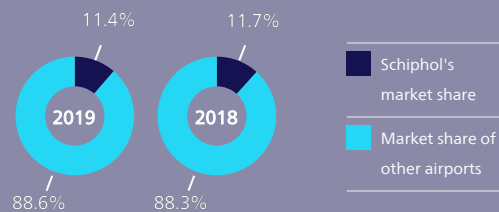
IR rate for baggage handling  
(% of baggage delayed)

**1.7**

2018: 1.7

Schiphol's market share in passenger volume

in Top-10 European airports



Punctuality of air transport movements

(%)



 **Aviation** (continued)

**Operating result**

The operating result from Aviation improved in 2019, with a loss of 7 million euros. Revenues increased by 96 million euros, mainly due to the 10.7% increase in airport charges introduced from 1 April 2019 for the 2019-2021 period, as well as higher passenger numbers - which grew by 0.9%. Given the limits on air transport movements (ATMs) at the airport, this growth was mainly the result of upgauging.

Expenses rose by 64 million euros due to a combination of factors, including measures taken to facilitate an increase in Schiphol's investment portfolio, higher maintenance costs, increased depreciation costs following recent investments, and IT costs and restructurings relating to digitalisation. Efficiency measures, including the discontinuation of the High Risk Flight process after implementing CT scanners, allowed for a reduction in security costs of 11 million euros.

With a regulatory WACC of 2.71% (after tax), the maximum allowed return on net assets is limited. Due to settlements from previous years and the allocation of the non-aviation contribution, Aviation did not show a positive result (see Economic regulation for further information).

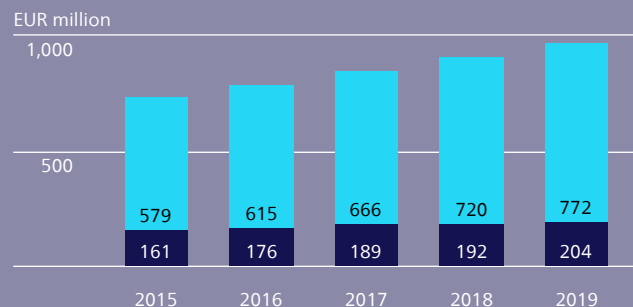
**Delivering value for money**

Controlled cost development enables Schiphol's Aviation business area to improve returns while maintaining competitive airport charges and providing financial flexibility and resilience. More than 50% of all Aviation costs are related to infrastructure and assets at Amsterdam Airport Schiphol, and to continue delivering value for money while ensuring continuing quality and performance involves careful consideration around future investments. 'Total cost of ownership' remains essential as a guiding management principle if we are to remain cost-effective in the long term.

Furthermore, the enhancement of contract management procedures enables Schiphol to derive greater value from its supplier relationships; for instance, through open-market consultation prior to major tenders and by applying Best Value Procurement where relevant.

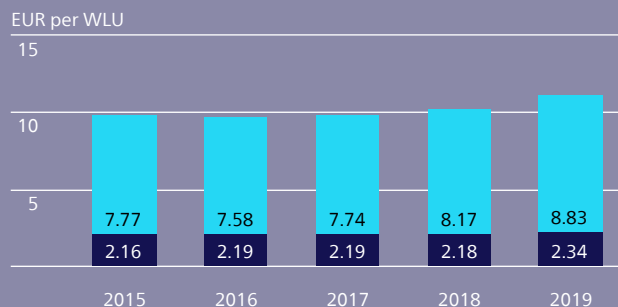
We monitor the development of our costs via the Work Load Unit indicator (WLU: one passenger or 100 kilogrammes of cargo). Recent years indicate a noticeable rise in costs per WLU at Amsterdam Airport Schiphol, as investments needed to facilitate Schiphol's growth have led to higher operational costs. Likewise, as passenger numbers have grown relative to capacity, costly operational measures are needed to ensure quality and safety. Given passenger growth is restricted by the current limit of 500,000 ATMs, this will lead to an increase in costs/WLU in the coming years, which is reflected in the recent increase in charges.

**Aviation business area costs**



■ Depreciation & amortisation  
■ Operating expenses (excl. D&A)

**Costs per WLU (Aviation)**



■ Depreciation & amortisation per WLU  
■ Operating expenses (excl. D&A) per WLU



The core activities of Schiphol's Consumer Products & Services business area include retail, food and beverage, commercial services, parking and mobility services, media and premium services. We work hard to meet the diverse needs of our customers, by developing attractive commercial propositions that make their time valuable and exceed the expectations of passengers, visitors and airport employees alike.

## Consumer Products & Services

EUR million	2019	2018	%
Total revenue	349	338	3.0
Operating expenses	108	98	10.8
<b>EBITDA</b>	<b>240</b>	<b>241</b>	<b>-0.1</b>
Depreciation	35	31	11.1
<b>Operating result</b>	<b>206</b>	<b>209</b>	<b>-1.8</b>
Average fixed assets	452	404	11.8

EUR million	2019	2018	%
Concessions	188	186	1.3
Parking fees	105	101	4.3
Rents and leases	19	18	5.6
Advertising	19	18	5.9
Other revenues	17	16	8.9
<b>Total revenue</b>	<b>349</b>	<b>338</b>	<b>3.0</b>

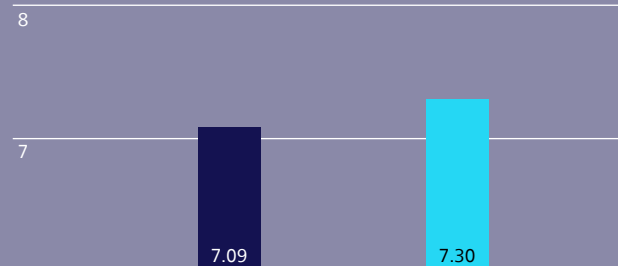
Spend per passenger on airside at Schiphol

€ 17.79

2018: € 17.94

Parking revenue

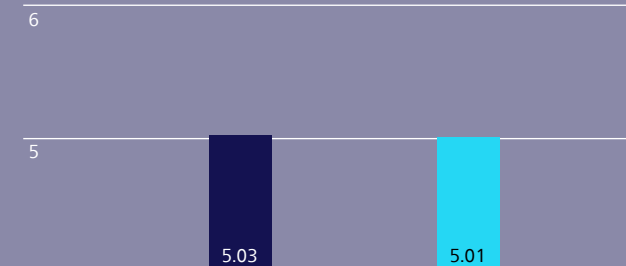
(EUR per arriving passenger OD/NL)



■ 2018  
■ 2019

Concession income

(EUR per departing passenger)



■ 2018  
■ 2019



## Consumer Products & Services (continued)

### Operating result

In 2019, the operating result from Consumer Products & Services decreased by 3.7 million euros, attributable to an increase in depreciation due to commercial operations starting at the newly constructed P3 Parking facilities. Revenues increased by 11 million euros fuelled by strong growth in parking income, caused by the growth of passengers as well as a positive development of parking spend per passenger. Concessions from food and beverage outlets, car rental concessions, media and Premium Services also increased. The successful opening of temporary retail stores mitigated the impact of significant refurbishment and safety-related relocation projects on sales generated at regular retail airside locations. The growth of revenue in Premium Services can be assigned to an increase in the number of Privium members and the number and size of delegations in the VIP centre.

Operating expenses excluding Depreciation and Amortisation increased by 10 million euros, mainly as the result of expanded landside safety measures, higher maintenance costs for parking facilities and increased personnel costs.

### Making time valuable

Our guests are the central focus of everything we do; we aim to make the time passengers spend with us valuable while we connect their world. The world is changing faster than ever. From online shopping to new forms of mobility and digital innovations, new developments are constantly emerging with the potential to shape and enhance the customer experience. In 2019, a range of initiatives were launched at Schiphol to add value along the different touchpoints of the passenger journey. These included the introduction of the WeChat platform, to enhance the travel and retail experience for our Chinese visitors, new health-focused (circular) food and beverage concepts, a simplified parking reservation system and a series of targeted marketing campaigns. A comprehensive renovation of the VIP centre was also completed, to make the stay of Schiphol's Premium guests even more comfortable.

#### Spend per departing passenger at Schiphol (in EUR)

	2019	2018	Growth
Retail airside	12.90	13.13	-1.8%
Food & beverage airside	4.89	4.81	1.7%
<b>Total</b>	<b>17.79</b>	<b>17.94</b>	<b>-0.8%</b>

#### Number of outlets at Schiphol

	Airside	Schiphol Plaza
Food & beverage	71	27
Retail	107	39
Services	19	7
<b>Total</b>	<b>197</b>	<b>73</b>



Schiphol Real Estate (SRE) is responsible for the commercial and operational real estate assets and activities of Royal Schiphol Group. This includes commercial offices, logistics properties (warehouses), all offices and lounges within the terminal, and land leases.

## Real Estate

EUR million	2019	2018	%
Total revenue	<b>188</b>	182	3.0
Other income and results from investment property	<b>113</b>	104	8.6
Operating expenses	<b>92</b>	96	-3.9
<b>EBITDA</b>	<b>209</b>	<b>191</b>	<b>9.4</b>
Depreciation	<b>23</b>	20	13.0
Impairment (incl. reversals)	<b>2</b>	-2	>-100
<b>Operating result</b>	<b>183</b>	<b>172</b>	<b>6.2</b>
Average fixed assets	<b>2,209</b>	2,015	9.6

EUR million	2019	2018	%
Investment property: buildings, including service charges	<b>91</b>	90	1.3
Investment property: land	<b>32</b>	32	-0.4
Operating property, including service costs	<b>51</b>	49	3.8
Other	<b>14</b>	11	23.5
<b>Total revenue</b>	<b>188</b>	<b>182</b>	<b>3.3</b>

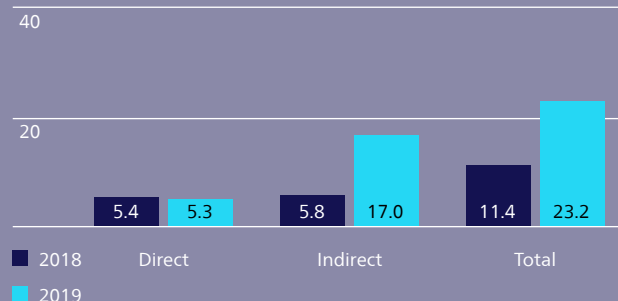
Average occupancy rate

**91.5%**

2018: 91.1%

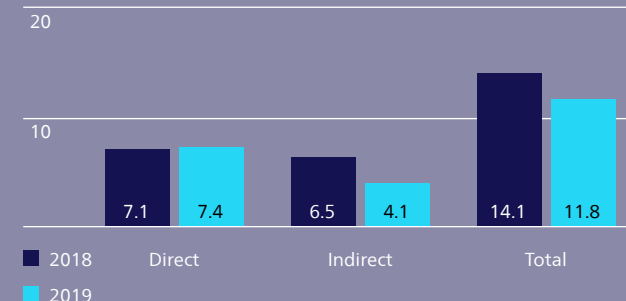
### Return on offices<sup>1</sup>

(%)



### Return on industrial property<sup>2</sup>

(%)



<sup>1</sup> Only standing investments. A standing investment is an object that was part of the portfolio throughout the year (i.e. from 1 January through 31 December) without being the subject of any partial transactions (partial purchase or sale) or development/redevelopment.

<sup>2</sup> This concerns the property index as included in the MSCI Real Estate benchmark. It does not include the activities of SRE International.





## Real Estate (continued)

### Operating result

The operating result from the SRE business area increased by 11 million euros in 2019, to 183 million euros. When adjusted for other income and results from investment property (113 million euros in 2019 compared with 104 million in 2018), the operating result grew by 2 million euros. After adjusting for one-off factors, such as the reversal of the provision on onerous contracts as well as impairments, the operating result decreased by 1 million euros, mainly driven by higher depreciation on our operational real estate (3 million euros).

Occupancy reached historic highs during 2019 with an average occupancy level of 91.5% achieved across Schiphol's total commercial and operational real estate portfolio. This is also reflected in our rental income, which rose by 2%. EBITDA for SRE also increased, growing by 18 million euros versus 2018, and EBITDA adjusted for one-offs and other income and results from investment property rose by 2 million euros. This is the result of new lease deals, high occupancy levels and good cost management.

### Commercial real estate

In 2019, SRE added a new office to its commercial portfolio with the completion of The Base D complex, which has since been fully rented to Heineken. Due to this increase of 5,800 square metres, the total average commercial portfolio rose to 219,000 square metres (2018: 215,000). With an average occupancy of 93.8%, the portfolio is close to frictional vacancy levels.

### Logistics real estate

Schiphol's logistics real estate portfolio consists of first- and second-tier warehouses. In 2019, the average occupancy rate across the logistics portfolio was 94.7%, due in part to new lease deals with Newrest and DHL, which led to the leasing of 5,700 and 8,700 square metres, respectively. Total rental income from cargo activities amounted to 33 million euros in 2019.

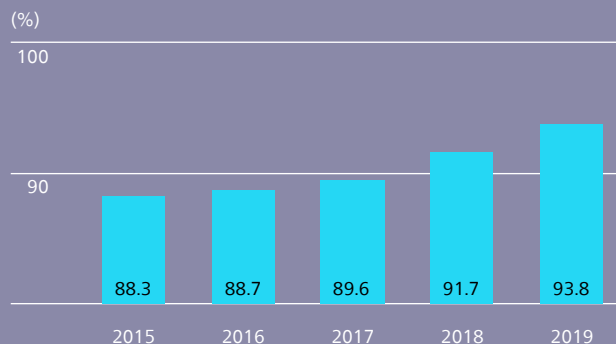
### Terminal

The offices and lounges in the terminal are managed as operational assets, meaning they are mostly rented to companies with direct relations to Schiphol's airport processes. In 2019, three new lounges were reopened: the renovated Aspire Lounge and Star Alliance Lounge, and the extended KLM Crown Lounge. With an occupancy of 86%, the terminal offices contributed 43 million euros to SRE's total rental income.

### Land

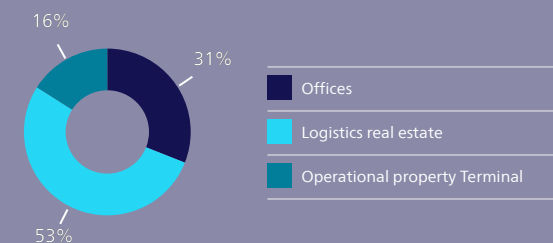
SRE also owns a significant portfolio of land which is not used for aeronautical purposes. This land is managed and leased to third parties, generating total revenues of 33 million euros on an annual basis.

Average occupancy rate of commercial real estate



Real estate portfolio per category

(% of total real estate portfolio of 673,066 m<sup>2</sup>)





The Alliances & Participations business area focuses on the operation of regional airports and the development of international business activities. Our regional airports connect their regions with the rest of the world. Our international activities focus on delivering operational knowledge and expertise to New York JFK, Brisbane, Hobart and Groupe ADP.

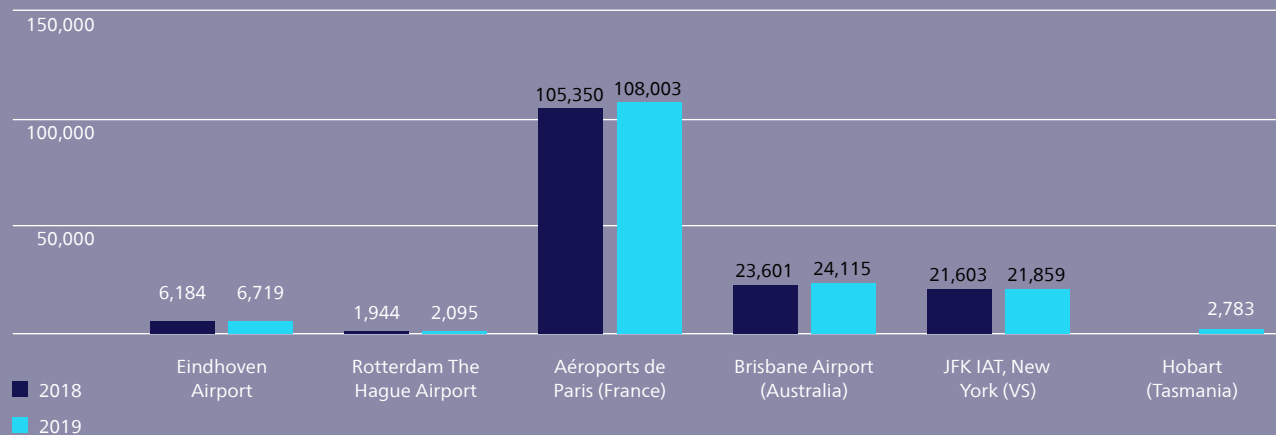
## Alliances & Participations

EUR million	2019	2018	%
Total revenue	206	204	1.2
Other income and results from investment property	-0	3	>-100
Operating expenses	165	156	5.5
<b>EBITDA</b>	<b>41</b>	<b>50</b>	<b>-18.4</b>
Depreciation	28	25	11.2
<b>Operating result</b>	<b>13</b>	<b>26</b>	<b>-47.2</b>
Share in result of associates, including interest income	102	96	6.4
Average fixed assets	1,435	1,233	16.4

EUR million	Regional airports		International airports		Other activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenue	108	111	12	12	86	81	206	204
Operating result	12	19	6	8	-4	-1	13	26
Share in result of associates	-	-	95	89	-	-	95	89
Interest income	-	-	7	7	-	-	7	7
<b>Total result</b>	<b>12</b>	<b>19</b>	<b>108</b>	<b>104</b>	<b>-4</b>	<b>-1</b>	<b>115</b>	<b>122</b>
Average asset base	284	250	1,073	922	78	61	1,435	1,233

### Number of passengers

(x 1,000)





## Alliances & Participations (continued)

The total result for Alliances & Participations amounted to 115 million euros in 2019. The decrease of 7 million euros compared with 2018 was mainly due to a decline in the operating result of Lelystad Airport and the higher allocation of overhead costs.

### Regional airports

In 2019, Eindhoven Airport's operating result remained unchanged at 19 million euros. The handover of aircraft and passenger handling operations to a third party meant incoming revenue and outgoing costs both ceased on 1 April, resulting in a substantial decrease in revenue and operating expenses during the year. Meanwhile, Rotterdam The Hague Airport's operating result fell by 1 million euros to 7 million euros. Revenue increased by 3 million euros amid a 7.8% rise in the number of departing passengers; however, the airport's operating expenses increased by 4 million euros, largely due to higher outsourcing costs.

Lelystad Airport's operating loss was 8 million euros, a decrease of 5 million euros compared with 2018. Operating expenses increased by 2 million euros in preparation for the opening of the airport to commercial flights. The fair value gains on property decreased by 2 million euros, due to lower revaluation of Hotel Lelystad Airport. Depreciation also increased by 1 million euros.

### International airports

Groupe ADP's contribution to Schiphol's financial results was 61 million euros in 2019 (2018: 60 million euros). When adjusted for fair value gains (equivalent to 11 million euros in 2018 and 14 million euros in 2019), the operating result decreased by 2 million euros. Brisbane Airport's contribution to Schiphol's financial results increased to 42 million euros in 2019 (2018: 38 million euros). A strong performance by the airport's real estate operation improved net income by 3 million euros, while the expansion of Schiphol's stake in Brisbane Airport Corporation (BAC) led to an increase in our share of the results of the company to the value of 1 million euros. JFK's contribution to Schiphol's financial results remained unchanged at 6 million euros.

### Other activities

The other participations segment consists primarily of Schiphol Telematics, which provides telecommunication services to the airport and neighbouring locations, and Utilities, which generates revenue by supplying electricity and gas as well as water. In 2019, Telematics' operating result fell from 2 million euros to 1 million euros due to an increase in operating expenses. The operating result for Schiphol Utilities remained constant overall, at 3 million euros, given a 4 million euro rise in both revenue and operating expenses during the year.

Overhead allocated to all the three segments increased from 13 million euros to 17 million euros, largely due to higher IT costs.

#### Total result of regional airports (EUR million)

	2019	2018
Eindhoven Airport	19	19
Rotterdam Airport	7	8
Lelystad Airport	-8	-3
Allocation of overhead	-7	-6
<b>Total result</b>	<b>12</b>	<b>19</b>

#### Total result of international airports (EUR million)

	2019	2018
Groupe ADP, Paris	61	60
Brisbane Airport	42	38
JFKIAT, New York	6	6
Hobart International Airport	1	-
Allocation of overhead	-2	-
Other	-1	-
<b>Total result</b>	<b>107</b>	<b>104</b>

#### Total result of other activities (EUR million)

	2019	2018
Schiphol Telematics	1	2
Utility services	3	3
Allocation of overhead	-8	-6
<b>Total result</b>	<b>-4</b>	<b>-1</b>

## Our regional airports

### Eindhoven Airport

Key figures	2019	2018	change
Number of passengers	<b>6.7 million</b>	6.2 million	+8.7%
Direct destinations	<b>89</b>	87	+2
Air transport movements	<b>41.438</b>	38,642	+7.2%
CO <sub>2</sub> TPI Score	<b>6 kt CO<sub>2</sub></b>	-	
LTIF	<b>0</b>	0	
Runway incursions	<b>8</b>	10	
Bird strikes per 10,000 air transport movements	<b>11.6</b>	9.6	
Percentage of operational waste separated <sup>1</sup>	<b>21.0%</b>	20.3%	

<sup>1</sup> Including CAT1 aircraft waste

2019 saw Eindhoven Airport strengthen its regional focus, building on its 'quantity to quality' strategy and more closely defining its connecting role: to make the expansive Brainport region even better. With this approach, the airport seeks a balance between improving the international accessibility of the Brainport region and managing its impact on local residents and the environment.

In 2019, the future development of Eindhoven Airport was the subject of extensive administrative and public debate. Upon completion of the Eindhoven Airport Test Case, in his advisory report the reviewer, Pieter van Geel, issued a recommendation to first examine noise disturbance caused by air traffic, and to use this as the starting point for determining the number of permitted air transport movements, when deciding on the future of the airport. A first step will be to ensure a reduction in the airport's noise impact, with the acceptable noise level set to be determined through consultations with the affected parties over the next two years. If the amount of noise falls below the agreed level, this could be rewarded in the form of development opportunities for the airport during the period up until 2030.

The report also addresses the short-term outlook. Prior to its publication, Eindhoven Airport had already indicated it would freeze the number of air transport movements (ATMs) to 41,500 in 2019, despite the extension of the 2019 licence to 43,000 ATMs (the number of ATMs ultimately amounted to 41,438 in 2019). Meanwhile, the civil co-use licence for Eindhoven Airport has been set at 41,500 annual movements for both 2020 and 2021. In line with the report, Eindhoven Airport has taken proactive measures to end the landing of scheduled flights after 23.00, starting from the 2020 winter season. The recent licence confirmed this initiative.

In consultation with relevant stakeholders, Eindhoven Airport aims to continue connecting the region responsibly with leading economic hubs and tourism centres across Europe and the world at large. To strengthen its contribution to the development of the internationally renowned Brainport region, the airport has assigned itself four roles.

#### We are a connector

With a network of 89 destinations, Eindhoven Airport brings a large part of the world within reach. New facilities at and around the airport support this connectivity, enabling convenience and comfort to remain the starting point for 6.7 million passengers in 2019. Among other developments during the year, the airport's security lanes received their first CT baggage scanners, the successful 'Silent Airport' pilot programme became standard protocol and a new business lounge opened its doors. Outside the terminal, the new multifunctional P1 building now offers parking and public transport as well as a McDonald's restaurant and other facilities.

#### We are a good neighbour

We do our utmost to ensure the Eindhoven region and surrounding areas derive maximum benefit from the airport (in the form of employment, for example) while experiencing as little inconvenience as possible. Information is an important tool: in 2019, Eindhoven Airport began hosting guided tours for local residents, and also introduced its new BurenApp ('Neighbours App') providing up-to-date information on local flight traffic

together with a dedicated monthly page about airport developments in local newspapers and magazines. Various CSR activities taking throughout the region, such as the Leefbaarheidsfond ('Liveability Fund'), further reflect the airport's intensified social impact.

#### We are a first-class gateway

Eindhoven Airport is an inviting calling card for the Brainport metropolitan region. This is reflected in the redevelopment of the terminal forecourt, where examples of the region's rich heritage and culture are showcased whenever an important regional event takes place on site. The airport's role as a regional gateway also goes hand in hand with good accessibility and strong transport connections to and from the airport site.

#### We are an inspiring testing ground

Working with Brainport Development, a regional economic development organisation, Eindhoven Airport wants to bring together the many innovators located across the region, with the airport serving as a testing ground for local knowledge-based companies and institutions.

People are another central focus for our organisation, with the safety of our employees and passengers paramount to our people- and performance-oriented approach. Sustainability also



Eindhoven Airport

plays an important role, and in 2019, Eindhoven Airport was awarded Airports Council International's (ACI) Airport Carbon Accreditation (ACA) 'Level 3+ Neutrality' certification for the sixth year in a row. Having already become CO<sub>2</sub>-neutral, the airport aims to bring CO<sub>2</sub> emissions and waste flows down to zero by 2030.

At a management level, Eindhoven Airport has been strengthened with the recent appointment of Mr Roel Hellemons as new CEO and General Director. A former director of Schiphol International, Mr Hellemons follows Mr Joost Meijs, who continues his career with Schiphol Group as CEO of the Queen Beatrix International Airport in Aruba.

### Lelystad Airport

Key figures	2019	2018	change
Air transport movements (general and business aviation)	<b>97,387</b>	103,355	-6%
CO <sub>2</sub> TPI Score	<b>0.4 kt CO<sub>2</sub></b>	-	

### Opening date postponed

The 2008 Alders agreement stipulates that Lelystad Airport will act as an overflow airport for Schiphol for non-mainport-related traffic, with a gradual, controlled growth of up to 45,000 ATMs. In March 2019, the Ministry of Infrastructure and Water Management (I&W) outlined air traffic distribution rules for Schiphol Airport and Lelystad Airport 2019. Following approval by the European Commission, Schiphol is now waiting on the advice of the Council of State regarding the rules.

On 21 February 2018, the Minister of I&W decided to postpone the opening of Lelystad Airport. The new launch date is contingent on approval being provided in the form of the amended Airport Decree, approval of the air traffic distribution rules and receiving the go-ahead to redesign the airspace. As a result of the Council of State's ruling on the Integrated Approach to Nitrogen (see CO<sub>2</sub> and air quality), the airport will no longer be able to open its doors on 1 April 2020 as planned. The airport and

ministry are doing their utmost to make this happen by the end of 2020.

Meanwhile, Lelystad is making significant progress to prepare for commercial aviation activity. All infrastructural work for the new airport was completed in 2018 and 2019 and, on 7 November 2019, air traffic control services were installed by Air Traffic Control the Netherlands (LVNL) and the Ministry of Defence's Air Force Command (CLSK). For general aviation pilots, Lelystad Airport together with LVNL and Airport Creators, has developed an app, Lelystad Airport Runway Scheduling App (LARSA). It allows them to plan or alter a flight one hour in advance, and enables them to keep informed of operational matters.

Preparation work is also being carried out to optimise accessibility by car and public transport. The A6 motorway is being expanded to accommodate a larger flow of traffic. In 2019, Arriva was awarded the concession for an express bus service from the airport to Lelystad Centrum railway station, and an e-bike route to the railway station has also been created.

### Sustainability developments

The new terminal at Lelystad Airport has been built using sustainable methods and received 'Gold' category LEED certification in 2019. The use of innovative construction techniques to widen and lengthen the runway resulted in a CO<sub>2</sub>-emissions saving of 500 tonnes. Meanwhile, the airport is working with Flevoland Province, the municipality of Lelystad, the Zuiderzeeland water authority and Lelystad Airport Business Park to sustainably transform wastewater into raw materials. The stakeholders are investigating whether there is a suitable location at Lelystad Airport Business Park for a raw materials plant to process wastewater from aircraft and other sources into renewable energy such as biogas or heat. In June 2019, Lelystad Airport also partnered with Flevoland Province, the municipality of Lelystad, Liander, the Lelystadse Boer (a collective of 70 local farmers) and Lelystad Airport Business Park to generate renewable energy and explore options for supplying it locally. The aim is to generate sufficient renewable energy in the area to make the region energy-neutral or even energy-positive.

### Regional engagement

Lelystad Airport, Flevoland Province and the municipality of Lelystad have established an airport fund to encourage sustainability, quality of life and economic development at the airport and the surrounding area, and have so far deposited 1.85 million euros. In 2019, the fund supported the Lelystadse Boer and will continue to do so in 2020. Lelystad Airport and the Lelystadse Boer have been working together to promote the local production of food. On 22 January 2019, they signed a letter of intent to further expand this partnership, for example by supplying the airport's eating establishments with local produce. Lelystad Airport is also a partner of the Lelystad Challenge, an initiative that aims to improve the quality of the environment and tackle social issues.

On 18 December 2019, Flevoland Province, the municipality of Lelystad and the airport signed the Cooperation Agreement for a Futureproof Airport Environment to create opportunities and address bottlenecks in the areas of renewable energy, climate, health, ecology and economy. Lelystad Airport (Business Park) is a particularly suitable location for pilot projects and studies that aim to sustainably improve the airport and its surroundings. The airport has also partnered with Stichting Campus Amsterdam Lelystad Airport (SCALA) and the regional training centre, ROC van Amsterdam, to jointly promote and provide training initiatives and work placements at the airport or one of the



Lelystad Airport

airport's companies. In collaboration with the Werkbedrijf Lelystad programme, Lelystad Airport has made a commitment to help people with limited opportunities find new jobs.

Promoting local sustainable employment is one of Lelystad Airport's core values. The airport aims to hire at least 30% of its workforce from within a 30-kilometre radius of the airport. The construction and operation of the airport involve the creation of approximately 163 additional local jobs.

### Rotterdam The Hague Airport

Key figures	2019	2018	change
Number of passengers	<b>2.1 million</b>	1.9 million	+7.8%
Direct destinations	<b>50</b>	43	+7
Air transport movements	<b>16,683</b>	15,649	+6.6%
CO <sub>2</sub> TPI Score	<b>5 kt CO<sub>2</sub></b>	-	
LTIF	<b>0</b>	0	
Runway incursions	<b>10</b>	10	
Bird strikes per 10,000 flight movements	<b>4.8</b>	1.7	
Percentage of operational waste separated <sup>1</sup>	<b>37.7%</b>	44.9%	

<sup>1</sup> Excluding CAT1 aircraft waste

### Connecting people

On 21 November 2019, Rotterdam The Hague Airport (RTHA) passed a significant milestone when it welcomed its two millionth passenger for the year, signifying that the number of annual passengers has more than doubled over the past ten years. In total, 2.1 million passengers used RTHA in 2019, a 7.8% increase compared with 2018 (1.9 million). As capacity parameters remained the same, this increase was mainly due to the use of larger aircraft and more efficient use of capacity by new and already operating airlines. In 2019, including general and medical aviation, a total number of 52,439 ATMs took place at RTHA; a 2% decrease over 2018.

RTHA used 2019 to further tighten its strategic goals as a 'connector'. The airport has four objectives: to achieve the ultimate passenger experience, to optimise and sustain performance, to connect with the region, and to develop itself as an innovation partner.

### The ultimate passenger experience

The airport is undergoing renovation in order to support its growing passenger numbers and improve customer appreciation. The renovation and expansion of the terminal began in 2018; however, construction was delayed due to unforeseen circumstances and the discovery of higher-than-expected levels of asbestos. The renovation is putting pressure on RTHA's Net Promoter Score (NPS), with a range of measures being taken to counter this, including hospitality initiatives, streamlining of passenger flows, new CT security equipment and valet parking.

The official reopening of the passenger terminal is now scheduled for the end of 2020. The width of the building will be expanded by more than ten metres to improve the flow of passengers, and the terminal's appearance will be enhanced to create a brighter and more welcoming atmosphere. The new design is sustainable: the roof will have a layer of moss sedum for better insulation, and solar panels on the airport grounds will reduce the building's carbon footprint. Construction of a new solar park at RTHA will also begin this year.

At the end of 2019, RTHA introduced new CT baggage-screening technology, and as a result passengers no longer have to present laptops or liquids separately during security checks. This important development will improve the customer experience, enabling the security process to run more smoothly but just as safely.

### Optimising and sustaining performance

In 2019, several new destinations were offered to RTHA's customers. Royal Air Maroc began operating at the airport with routes to Nador and Tangier (Morocco), and Pegasus expanded its service with flights to Istanbul (Turkey). New summer destinations include Akureyi (Iceland), Corfu, Kos, Zadar and

Zakynthos (Greece), and Nice (France), though Transavia stopped flying from RTHA to Budapest (Hungary) and Venice (Italy). Meanwhile, the airport served more passengers to London (UK) and Alicante (Spain) than ever before.

RTHA made an agreement with three Rotterdam taxi companies at the end of 2019 to help make the trip between the plane and the passenger's home or office more sustainable. The companies take care of taxi transport to and from the airport and make an important contribution to the airport's sustainability objectives by working to reach 100% electric transport within three years.

Construction of the new fire station also began at RTHA during the year. The new barracks will be more centrally located on the site than the old fire station and will come into use during autumn 2020. The airport fire brigade also received new specialist crash tenders, which will be used to fight aircraft fires.

### Connecting with the region

Investing in connecting with key partners in the region is an important focus for Rotterdam The Hague Airport. The new contract with three local taxi companies is one example of RTHA's efforts to consult and drive engagement with local residents and companies around the airport. The airport is also building partnerships with companies in the area and is in regular



Rotterdam The Hague Airport

discussions with city councils, administrators, local authorities and other stakeholders.

Developing relationships with educational institutions is a further goal, and construction of the Albeda vocational training institute began on the airport site at the end of 2019. From the 2020-2021 academic year onwards, the institute's 700 plus students will follow various airport-related courses such as aviation services, with opportunities to gain practical experience at the airport.

### **Developing as an innovation partner**

RTHA strives to become an energy-neutral airport. Its commitment to sustainability and innovation is channelled through the Rotterdam The Hague Innovation Airport (RHIA) foundation (originally the RHIA initiative), a collaboration with the municipality of Rotterdam to position RTHA as an international testing ground for sustainable innovations.

Specifically, the airport aims to be the departure point for the first emissions-free passenger aircraft, as well as a hub where governments, businesses and knowledge institutions can work side by side on sustainable aviation innovations. More widely, the foundation aims to create thousands of additional jobs at and around RTHA over the next few years, while a further goal is to reduce CO<sub>2</sub> emissions, with the goal of reducing emission levels by 50% by 2025 compared with 2017 levels. RHIA became an independent foundation in May 2019, making it easier to attract external finance and collaborate with other regional parties.

Furthermore, in 2019 RTHA signed a cooperation agreement with a European consortium led by EDL Anlagenbau Gesellschaft mbH for the launch of a feasibility study to enable the production of sustainable kerosene at the airport. With its potential to significantly reduce the emission of CO<sub>2</sub> and ultra-fine particles (UFPs), sustainable kerosene is a more environmentally friendly alternative to fossil kerosene and an important step towards CO<sub>2</sub>-neutral aviation.

## Our international activities

Our international activities add value to our core business operations, strengthening Schiphol’s hub position by way of two key pillars. The first pillar of our international business involves ensuring the financial robustness of Royal Schiphol Group. The second is to strengthen our role as a world-leading airport operator and, in turn, support the international trade agenda of the Netherlands. Our Dutch operations derive great value from our financial participations and management contracts around the world. Equally, all of the international airports in our Group benefit directly from the knowledge and expertise that Schiphol is able to provide. For this reason, we seek out partnerships with airports facing similar challenges to our own, and where we feel we can add value.

With various circumstances limiting the scope for our domestic expansion, our ‘Group of Airports’ concept will be an important driver of our future growth. Meanwhile, our global partnerships put us in a stronger position to tackle current and future challenges, and to capitalise on emerging opportunities in the aviation sector. In early 2019, we completed the restructuring of our international department and strategy, paving the way for further expansion of our global footprint. This was underlined by welcoming Australia’s Hobart International Airport into our Group. This exciting new financial participation will strengthen the contribution of our international activities to our Group result (these activities accounted for 32% of Royal Schiphol Group’s net result in 2019), while enabling the further diversification of our portfolio and reducing our financial risk profile.

From security to drones and from safety to sustainability, all the airports in our network face similar challenges; by pooling our knowledge, and exchanging the perspectives gained from operating in different settings, we can better prepare our people worldwide to tackle a wide range of aviation and environmental issues. In 2019, we took an important step forward in this approach with the launch of our ‘Knowledge networks’ programme. This exciting initiative brings together managers and employees from the different Group airports to develop their

understanding of critical airport issues, and to learn from each other. The first knowledge network focuses on border and security operations, and we plan to introduce several new networks on different topics in 2020.

Going forward, we will continue developing our international activities by pursuing partnership opportunities that are financially attractive and offer scope for reciprocal knowledge sharing. While our partnerships with global airport operators, such as Groupe ADP, offer significant value in this regard, we equally value our participations and relationships with smaller airports such as Hobart and Aruba Queen Beatrix International Airport. Other airport partners are often an excellent source of innovation and inspiration, and offer opportunities to test new technologies and concepts that can add value to our wider organisation. Ultimately, every partner offers something different; below we highlight Schiphol’s relationships with each of the airports in our Group.

### Participations of Royal Schiphol Group

Airport	Passenger numbers	Our role
Brisbane Airport, Australia	24.1 million	Shareholding of 19.61%
Groupe ADP, Paris, France	108.0 million	Cross-shareholding of 8%
- Charles de Gaulle	76.2 million	
- Orly	31.6 million	
JFK Terminal 4, New York, USA	21.9 million	Management contract
Hobart International Airport	2.8 million	Shareholding of 35%

### Brisbane Airport

Brisbane Airport (BNE) is the third-largest airport in Australia, offering an extensive network of 85 domestic and international destinations and serving more than 24 million passengers each year. In June, Royal Schiphol Group increased its share in Brisbane Airport Corporation (BAC) by 0.89% to 19.61%.

2019 saw the continuation of a major capital works programme at the airport as part of BAC’s commitment to growing BNE in line with projected passenger number growth while also driving efficiency and offering improved customer experiences. Key steps have included improving accessibility to the terminals, installing efficient passenger- and bag-screening services, making upgrades to visitor facilities and services, and introducing smart technologies.

A major milestone during the year was that the management of the entire Domestic Terminal was handed to BAC for the first time in the building’s 31-year history. An in-depth review of the existing infrastructure and assets was undertaken to identify which aspects could be optimised, upgraded and improved. A large part of the redevelopment of the Domestic Terminal (which is worth 40 million Australian dollars) was also completed during the year, delivering new tenancies, upgraded food halls, premium bars and restaurants, and upgraded restrooms.



Brisbane Airport



Throughout the year, BAC rolled out the final phase of its multi-year community engagement programme to inform the local community about the construction of the new runway, as well as the benefits it will bring and the new flight paths that will be introduced once the new runway comes online. In January, more than 11,000 people had visited the Mobile Information Centre so far, and more than 100,000 have logged on to the Flight Path Tool.

BAC also released its preliminary 2020 Brisbane Airport Master Plan, which outlines forecasted growth and development up to 2040 for public consultation, as well as the airport's commitment to reducing CO<sub>2</sub> emissions and decreasing landfill. Once the new runway opens in 2020, Brisbane Airport will have the highest capacity of any capital city airport in Australia.

**Groupe ADP (Aéroports de Paris)**

Groupe ADP is one of the world's largest airport operators, overseeing the three airports of the Paris region (which together served more than 100 million passengers in 2019) and 26 airports globally. Along with its subsidiaries, and its 46.12% stake in Turkish airport operator TAV Airport, the group serves more than 230 million passengers worldwide.

In 2008, Schiphol Group and Groupe ADP entered into an unprecedented cooperation in the aviation industry: an industrial cooperation ('HubLink'), supported by an 8% cross-shareholding.



Paris Charles de Gaulle

The first years of this cooperation have seen a strong focus placed on knowledge sharing and employee exchanges, supported by a centralised Programme Management Office. The cooperation has delivered significant financial and strategic value for Schiphol Group and Groupe ADP. Financially, through synergies and savings – for example, joint purchasing via our procurement departments – as well as via significant dividend payouts; strategically, through the transfer of knowledge, staff and best practices.

The French government is investigating options to further privatise Groupe ADP by selling part of, or its entire, majority stake in order to finance the national innovation fund announced by the Macron administration. Schiphol Group is following this process closely.

**JFKIAT (JFK Terminal 4, John F. Kennedy Airport, New York)**

JFK International Air Terminal LLC (JFKIAT), an affiliate of Royal Schiphol Group, has been the operator of Terminal 4 at New York's John F. Kennedy International Airport since 1997. The terminal welcomes almost 22 million passengers a year, equivalent to 59,187 each day.

The operator made significant investments in the terminal in 2019, including the installation of hardstand passenger boarding equipment, replacement of aircraft docking guidance systems, the installation of new passenger loading bridges and PC air installations, and the replacement of six baggage make-up units and three CDs. Given T4's growing passenger numbers, JFKIAT also worked with its partners to expand and upgrade the lounge assets in the terminal, while an additional premium lounge is set to open in early 2020. JFKIAT will continue to undertake enhancements within its A-concourse in the years ahead to accommodate even more passengers and provide them with the best travel experience possible.



JFKIAT Terminal 4

JFKIAT is committed to investing in innovation across the terminal. In 2019, T4 became the first airport terminal in New York to offer Aira Access, which provides blind or visually impaired customers with enhanced visual information and real-time service as they navigate the terminal. Later in the year, biometric passenger processing was introduced at all of T4's 27 international gates, with more enhancements set to come in the near future. T4 also became the first airport terminal in the world to feature Google Assistant's Interpreter Mode, to provide information agents at T4 with enhanced translation capabilities for customers.

Significant strides have also been made to foster an environmentally friendly culture and improve energy efficiency across all terminal operations. T4's waste processing target for 2019 was exceeded along with the expansion of a food-waste composting programme involving food and beverage outlets. The water fountains in the terminal were also retrofitted for bottle filling to help reduce plastic waste.

### Aruba Airport (Queen Beatrix International Airport)

Aruba Airport, managed and operated by Aruba Airport Authority N.V., has a Strategic Co-operation Agreement with Royal Schiphol Group. As part of this agreement, Schiphol Group nominates the airport's CEO, delivers technical support, shares knowledge and best practices, and allows the airport to operate under the Royal Schiphol Group brand.

Since the start of the partnership in 2004, Schiphol's International team has helped Aruba Airport to instate their CEOs and has delivered extensive support in various airport-related fields, including with infrastructure development, project management, improving terminal processes, expanding commercial opportunities, HR support, security, employee training and much more.

Aruba is embarking on 'Gateway 2030', a major expansion project worth 300 million US dollars, with Schiphol sharing its expertise in project management and project development to ensure its completion on time and within budget. The project will involve expanding essential terminal facilities, such as check-in areas, concession areas and hold room areas, together with the installation of a state-of-the-art baggage-handling system. The new system will cater to the requirements of the US CBP Pre-



Aruba Airport

clearance facility operated from Aruba Airport that services flights to the United States.

### Hobart International Airport

Hobart Airport is the largest airport on the island of Tasmania and the ninth-largest in Australia, currently handling 2.8 million passengers per year. Driven by Tasmania's increasing popularity as a tourism destination, passenger volumes have experienced strong recent growth. The airport serves six domestic routes, primarily operated by four Australian carriers.

In October 2019, Schiphol acquired a 35% stake in Hobart Airport. Joined by Australia-based asset manager and Brisbane Airport's largest shareholder, Queensland Investment Corporation (QIC), Schiphol successfully concluded the bidding process for a 70% equity stake in the airport. The Tasmanian superannuation fund, Tasplan, will hold the remaining 30%.

Supported by a terminal expansion project, the coming years offer significant opportunities for Hobart and its partners in terms of securing increased international traffic, and there is clear scope to develop the airport's commercial and real estate portfolios. Schiphol Group will be an active partner in the further



Hobart International Airport

development of the airport, contributing our knowledge and expertise on operations, innovation and commercial aspects where required.

## Awards International airports

### Brisbane Airport

- Skytrax: Best Airport in the Australia/Pacific Region
- World Routes Awards: Winner in the 20-50 million passenger category
- Air Transport Research Society: Top Efficiency Airport in Oceania
- World Travel Awards: Oceania's Leading Airport
- CAPA Centre for Aviation: Asia-Pacific Medium Airport of the Year
- National Australian Airports Association Awards: Capital City Airport of the Year as well as the Innovation and Excellence Award for Community Engagement
- Australian Competition and Consumer Association: Favourable rating for quality of service (15th consecutive year)

### JFK Terminal 4

- Moodie FAB Environmental Initiative of the Year: JFKIAT and SSP America highly commended

### **Other international activities**

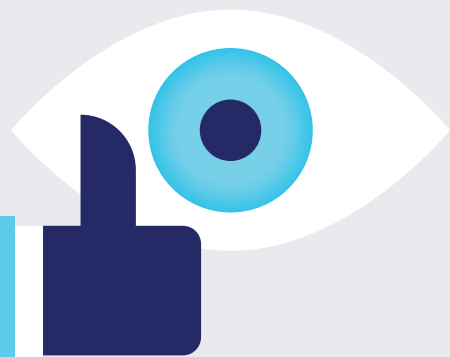
As of 2019, Schiphol supports St. Maarten Princess Juliana International Airport in the restoration of the airport in the aftermath of Hurricane Irma. Furthermore, Royal Schiphol Group has strategic partnerships with Incheon International Airport (Seoul) and Beijing Capital Airports Holding Company (CAH), focusing on knowledge exchange in areas such as innovation, capital investment programs and operational excellence. Schiphol also participates in real estate at Milan Malpensa Airport in Italy and the airport of Hong Kong.



# Governance

Anna (37) from Amsterdam, with Dominico (1)  
Jetting off to Naples, Italy, to visit family

The Supervisory Board supervises and advises the Management Board in setting and achieving the strategic objectives. In this report, the Supervisory Board explains the way it has fulfilled its role over the past year.



# Report of the Supervisory Board

## Annual Report

The Supervisory Board is pleased to present the annual report, which includes the financial statements for 2019. The annual report is prepared by the Schiphol Group Management Board; KPMG Accountants N.V. audits the financial statements and has issued an unqualified audit opinion. The Supervisory Board's Audit Committee has discussed the financial statements extensively with the Chief Financial Officer (CFO), her team and the external auditor. Subsequently, the Supervisory Board discussed the annual report with the Management Board in the presence of the external auditor. Partly based on these discussions, the Supervisory Board has concluded that this annual report meets all relevant regulations and fulfils all governance and transparency requirements, and that it provides a fair and comprehensive picture of the results, risks and events subject to the Supervisory Board's supervision.

The Supervisory Board approves the financial statements and concurs with the Management Board's proposal to distribute a dividend of 151.4 million euros on the issued share capital. The remaining portion of the net result of 203.7 million euros will be added to the retained earnings.

The financial statements will be submitted to the General Meeting of Shareholders for adoption by the shareholders on 14 April 2020. The Supervisory Board proposes that the Management Board be granted discharge in respect of the management carried out, that the Supervisory Board be granted discharge for the supervision exercised and that the financial statements be adopted.

## A. Supervision

The Supervisory Board supervises and advises the Management Board in setting and achieving the strategic objectives. In this report, the Supervisory Board explains the way it has fulfilled its role over the past year.

Looking back on 2019, the Supervisory Board regards it as a year in which the foundation was laid for a number of future developments and investments. Major steps have been taken in a number of large projects under construction, including the new pier, the doubling of taxiway Quebec and the redevelopment of Terminal 1. Schiphol Group also expanded its share in Brisbane Airport and acquired a stake in Hobart International Airport. Furthermore, the Vision 2050 has been finalised, based on the cornerstones Quality of Life, Quality of Network and Quality of Service, which are facilitated by the enablers of Safety and Robust organisation.

Some projects, however, turned out to be more expensive and will be completed later than expected. The Supervisory Board urged the Management Board to make significant improvements in this area. The Supervisory Board recognises the priority given by the Management Board to this subject, particularly with the presentation of a new capital lifecycle monitoring process, which the Supervisory Board trusts to contribute significantly to the governance of (major) projects.

Furthermore, business continuity has been at risk due to a baggage system and fuel supply disruption. Follow-up of the recommendations of the Netherlands Organisation for Applied Scientific Research (TNO) are important in reducing the business continuity risks. The Supervisory Board monitors this closely.

The critical attitude towards the aviation sector by society seems to have increased even more during the past year. Several protest actions in relation to climate change and sustainability took place at the airport. The Supervisory Board hopes that the Minister of Infrastructure and Water Management (I&W) will be able to strike the right balance between the interests of all involved parties when deciding on further development of Amsterdam Airport Schiphol and the opening of Lelystad Airport to accommodate leisure traffic from Schiphol and create room for the development of ICA and transfer traffic.

The Supervisory Board was closely involved in addressing the major challenges that the Management Board is facing. The Supervisory Board is aware that the Management Board operates in a complex stakeholder environment where interests must be carefully balanced. Throughout the year, the Management Board updated the Supervisory Board on its consultations and discussions with ministries, surrounding municipalities, local residents, the aviation sector and other stakeholders. Recurring items in these discussion sessions were transparency and mutual understanding.

The 2019–2022 Tactical Plan and the objectives of the Management Board, which are addressed in the Management Agenda 2019, reflect the objectives of the Management Board and set the framework for the supervision exercised by the Supervisory Board as well as the assessment of the performance of the Management Board of Schiphol Group.

## Main points of attention

### Safety

Safety is a top priority and permanently on the agenda of Management Board meetings. In 2019, the Supervisory Board was updated on all safety aspects regularly and received a monthly safety report. The Safety, Sustainability and Stakeholders committee was promptly notified of all serious incidents that occurred. The Capital Programme, Investments and Operations

Committee discussed construction and related safety risks and incidents on a monthly basis.

A major deliverable for Schiphol Group in 2019 was the implementation of the Integral Safety Management System (ISMS). The ISMS is a collaborative initiative through which Air Traffic Control Netherlands (LVNL), airlines, refuelling services, ground handlers and Schiphol collaborate closely in order to ensure optimal safety. In the roadmap, the response to the recommendations following the 2017 report of the Dutch Safety Board (OVV) is described. The roadmap is updated every six months. The Supervisory Board is regularly updated on the progress regarding the implementation through the Safety, Sustainability and Stakeholders Committee and is positive on the collaboration between the involved parties.

The safety culture of the company is strengthening due to the attention paid to this important topic. On 2 December 2019, Schiphol Group organised a 'Safety Day' to raise more attention for safety. The Safety, Sustainability and Stakeholders Committee members were invited to attend this day.

Schiphol Group organised a number of safety walks with the Supervisory Board members this year as well. During these safety walks, attention was paid to specific safety-related topics, as well as potential risks and measures needed to mitigate these risks. This year special attention was paid to safety in the less visible areas of Schiphol, such as the baggage handling areas.

### Sustainability

In monitoring the strategy pursued by Schiphol Group, the Supervisory Board has paid particular attention to sustainability. The Supervisory Board considers sustainability an increasingly important topic. The company takes a leading role in sustainable development. This development also relates to emission reductions, although this is primarily the responsibility of the airlines. The company anchored the importance of sustainability by making it one of its eight Top Performance Indicators. The Supervisory Board is satisfied with this development.

A major deliverable for Schiphol Group in 2019 was publishing the roadmap 'Most sustainable airports 2030' as part of Vision 2050. The Supervisory Board was updated on the progress of the roadmap regularly. The main message of the roadmap is that Schiphol Group has set itself ambitious targets (zero-emissions airports in 2030 and zero-waste airports in 2030) in order to inspire and advocate for net-zero-carbon aviation in 2050. The Roadmap Most sustainable airports contains a number of actions that will help Schiphol Group in realising the targets. Our ambition is to go beyond 'zero' and create value, and to give this value back to the environment and communities so we can continue connecting your world. To reach a net-zero-carbon aviation industry, the company has already invested in important projects, such as 'Slim en Duurzaam' (Smart and Sustainable action plan), the development of a sustainable aviation fuel (SAF) plant in the northern part of the Netherlands and research into SAF on the basis of direct air capture (in Rotterdam).

Another major deliverable in 2019 was the preparation of a plan for abatement of ultra-fine particles (UFPs). This plan was discussed in both the Safety, Sustainability and Stakeholders Committee and with the full Supervisory Board. With the plan, the Management Board acknowledges the issue around ultrafine particles and is taking measures where possible, while gaining more knowledge on the subject, working with all relevant stakeholders.

The Supervisory Board is pleased with the steps taken in 2019 and encourages Schiphol Group to continue taking a leading position and to remain a frontrunner in the field of sustainability and the societal and health impact of aviation.

### Development of the Group Amsterdam Airport Schiphol

In July 2019, the Dutch Government published a letter stating the allowance of conditional growth of the number of air transport movements at Amsterdam Airport Schiphol post 2020 (LVB II). The conditions are not yet specified and subject to further discussion. In response, the company worked on a plan for additional noise reduction, a plan for a new regional quality of

life and development fund, and a plan for the reduction of ultra-fine particles. Schiphol Group has finalised these three plans. The Supervisory Board was updated on the progress regularly and is satisfied with the results.

In the short term, the Dutch government focuses on the legalisation of the current framework (LVB I) to secure the cap of 500,000 air transport movements, including new rules and an enforcement system. This is currently in its final phase.

With respect to the long term, the Ministry of Infrastructure and Water Management (I&W) is working on the 'Luchtvaartnota' (Aviation White Paper), setting out the government's perspective on the development of the Dutch aviation industry over the coming decades. The Aviation White Paper is expected to be finalised in the first half of 2020.

### Lelystad Airport

In September 2019, the traffic distribution rule of Lelystad Airport was approved by the European Commission. This is a big step in relation to opening the airport for leisure traffic. Preparations are well progressed to facilitate opening of the airport for commercial traffic as of the 2020 Winter season. Air traffic control started at the airport in November 2019. The Supervisory Board has been informed regularly on the developments and issues regarding Lelystad Airport.

The Supervisory Board wishes to express its appreciation for the efforts of the Management Board and the team at Lelystad Airport in continuously working to create political and societal support and to be fully prepared to open the airport to commercial air traffic on 1 November 2020.

### Nitrogen

The current Dutch nitrogen crisis has a significant effect on the political decision-making regarding the development of Schiphol Group and led to more and renewed publicity regarding the airports' attribution to deposition during the past year. The Supervisory Board is well aware of the uncertainty that the nitrogen crisis has created for several industries, including aviation, and commends the hard work of the Management Board and the team with regard to this complex matter.

### Vision 2050

The Management Board delivered its Vision 2050 document at the end of 2019. The ambition statement is to create the world's most sustainable and high-quality airports. The vision addresses striking the balance between further strengthening the Quality of Network, improving the Quality of Life (both locally and globally) and enhancing the Quality of Service. The Supervisory Board has been updated regularly on the progress of Vision 2050 and various aspects, including research on noise reduction, to be able to discuss the document and give comments and feedback if necessary. The main comments of the Supervisory Board regarded the societal change in attitude towards aviation and the need of the Dutch economy. The Supervisory Board supports the outcome and the Vision 2050.

### Business continuity

On 29 June 2019, a large disruption took place in the baggage system during a busy day. The disruption affected a large number of suitcases due to failure of the back-up system. In order to prevent similar incidents, several actions have been taken and multiple opportunities to further improve have been identified by the company.

Unfortunately, on 24 July 2019, a large disruption in the fuel supply system took place for the first time, which had a large impact on operations at Amsterdam Airport Schiphol. It has been discussed between the Supervisory Board and the Management Board that the scenario of a fuel supply disruption was not yet a predefined crisis scenario. In order to prevent similar incidents in the future, Schiphol Group instructed the Netherlands Organisation for Applied Scientific Research (TNO) to make recommendations on how similar problems can be prevented or risks can be mitigated in the future. The recommendations involve, among other things, investigating a possible physical back-up facility for the control of the hydrant and ensuring that incidents are recorded in more detail for evaluation and learning purposes. The TNO report and the follow-up actions on the TNO recommendations, as well as Schiphol Group's press releases, have been shared and extensively discussed with the Supervisory Board. The evaluation of the functioning of the internal crisis

organisation was also shared and discussed with the Supervisory Board. The Supervisory Board will be updated on the follow-up of the recommendations regularly.

On 29 April 2018, Schiphol was affected by a power outage that led to the disruption of several critical operational processes. TNO investigated this disruption in 2018. The conclusions and recommendations have been shared with the Supervisory Board. In 2019, the Supervisory Board has been updated on the implementation and status of the recommendations on a regular basis. TNO made 14 recommendations, which have been analysed and implemented within the various business areas within Schiphol Group. This led to improved communication between departments and the implementation of a multi-functional technical crisis team.

### Capital Lifecycle

Currently, many major projects are executed at Amsterdam Airport Schiphol. For this reason, Schiphol Group recognised the necessity to strengthen control over these capital expenditures and capabilities in the airport development planning. The Capital Lifecycle creates a model for developing programmes and delivering projects according to a uniform, standardised process with clear decision moments for all involved stakeholders. This process will lead to a more predictable framework in terms of scope, timing and budget. The Capital Lifecycle, including the role of the Supervisory Board, has been discussed with the Supervisory Board on a regular basis. The Supervisory Board supports this new governance model.

### Schiphol Group's Destination

Schiphol Group has been working extensively on a common purpose for the Group. The Supervisory Board and all employees of the company have been given the opportunity to provide input for the blueprint. The company's destination is *Connecting your world*, which aligns with the Vision 2050. The Supervisory Board is pleased with the process and the outcome.

## Socio-economic commitment and responsibility

### General

Schiphol's socio-economic function is to contribute to and ensure the continuity and quality of the airport and the development of its network as a key component of the Dutch economy. To perform this task effectively, it is essential to find the appropriate balance between the various stakeholder groups, even though their interests may differ considerably in some cases. The Management Board shared several dilemmas with the Supervisory Board in this respect. The border capacity of the Royal Netherlands Marechaussee (immigration) staff remains a bottleneck. The Supervisory Board recognises the collaborative efforts of the Management Board and the Ministry of Justice and Defence in working to resolve this issue.

### Strikes and action groups

Schiphol Group faced several strikes and action groups in 2019 by public transport employees, farmers, drones, Extinction Rebellion, Greenpeace, security companies and the KLM ground handlers.

To a large extent, the protests of action groups relate to climate and sustainability. Schiphol Group takes this very seriously and accommodates protestors at the airport in accordance with agreed good order and safety norms.

In relation to the actions carried out by the public transport and KLM employees, Schiphol Group acted as stakeholder. The announcement by trade unions of a national 24-hour public transport strike led to a court ruling requiring the continuation of a limited train shuttle service to and from the airport in order to protect the safety of passengers.

The Supervisory Board is updated on strikes and action groups regularly and gives advice regarding this if needed.

### Contact with the Works Council

Several members of the Supervisory Board, especially the members of the People Committee and the members elected on nomination of the Works Council, attended some meetings with the Works Council. These meetings were well received and

considered to be of great value. The respective Supervisory Board members have reported back to the full Supervisory Board on these meetings.

## Strategic issues and projects

### Capital projects

It is decided by the Management Board to change the name of the Capital Programme to Capital Projects, since the programme now consists of more projects than originally envisaged. The Supervisory Board, especially the Capital Programme, Operations and Investments Committee, has been updated on the projects regularly. Topics discussed included the terminal design, the progress on the construction of the pier, the terminal enabling works, the relocation of buildings, the landside accessibility and the new design for Departure Lounge 1. At the end of the year, the shareholders were updated on the major projects, with two Supervisory Board members also in attendance.

### New terminal

The design of the new terminal has been amended due to the project requirements, site-specific circumstances and market conditions. The Supervisory Board is satisfied that the design of the new terminal is future-proof, supports the hub-system and contributes to a sustainable, innovative and customer-oriented airport.

### Pier A

The new pier (pier A) is in the middle of the construction phase and is delayed due to complex technical issues. In general, the construction is progressing with dedicated focus from the management.

### Redevelopment of Terminal 1

The Redevelopment of Terminal 1 consists of two projects: the redevelopment of Departure Hall 1 and the redevelopment of Departure Lounge 1. The Management Board presented the redevelopment of Departure Hall 1 to the Supervisory Board for the first time in its meeting of 20 October 2017 and has been in

execution during 2019. Since the quality of Departure Lounge 1 is falling below target level, the Management Board presented an additional project in the Board meeting of July 2019; the redevelopment of Departure Lounge 1. The Supervisory Board concurred with the Management Board that Lounge 1 requires redevelopment to return it to the desired levels of quality, returns and capacity.

### Project Quebec

The development of the Completion of Dual Taxiway System project (Project Quebec) has been progressing well. It is a large and complex project, with several required relocations of existing real estate. The Supervisory Board is content with the progress made to date.

## International developments

### Acquisitions

Last year, Schiphol Group updated its international strategy to improve its financial robustness and strengthen the company as an airport operator. In April 2019, Schiphol Group acquired additional shares in Brisbane Airport (Australia) and on 31 October 2019, Schiphol Group bought a stake in Hobart International Airport (Australia), together with the Australian investment corporation QIC. The Supervisory Board concurs with the Management Board that the investments fit the newly agreed international strategy. Following Supervisory Board approval, the investment in Brisbane Airport was approved by the shareholders during the Annual General Meeting of shareholders in April and the investment in Hobart International Airport was approved by the shareholders during an Extraordinary General Meeting of Shareholders in September.

### Groupe ADP

During the year, the contemplated privatisation of Groupe ADP was also discussed. Privatisation of Groupe ADP may have consequences for the existing industrial cooperation between Groupe ADP and Schiphol Group, and the related cross-shareholding. Schiphol Group is preparing for the various scenarios that may occur in this respect.



### Terminal 4 - JFKIAT

An affiliate of Schiphol Group and operator of Terminal 4 of JFK Airport (JFKIAT) in New York is working with the local authorities and partner Delta Airlines on an extension of the terminal and concourse A. The terms are still being negotiated, as well as the related (re)financing. Schiphol Group will closely monitor these further developments.

### Main contracts implemented

In January 2019, Schiphol Group entered into long-term contracts with BAM, Heijmans and VolkerWessels. These construction firms will carry out assignments at the airport with a total estimated value of 2.5 to 3.5 billion euros over a maximum period of nine years. The assignments will focus on maintaining and investing in existing infrastructure at the airport. The new 'main contracts' are effective as of 1 April 2019.

### Security tender

As of 2020, Schiphol Group will enter into new security contracts. The Supervisory Board is regularly informed and updated on the structure of the security costs, benchmark information on security costs and the current status of the tender. The Supervisory Board expects the contracts to result in high-quality security services for passengers.

### Brexit

On 31 January 2020, the United Kingdom (UK) left the European Union (EU). The potential impact and Schiphol's response to this event were discussed with the Supervisory Board. Since there is an agreement between the EU and the UK (the so-called 'soft Brexit'), no impact from Brexit is foreseen in 2020. For example, the One Stop Security system will remain in place for passengers traveling from the United Kingdom. During the remaining months of 2020, all aspects of the future relationship between the European Union and the United Kingdom will be negotiated. Schiphol Group will closely monitor these discussions and the possible impact on processes at the airport. In the opinion of the Supervisory Board, Schiphol is well prepared for any scenario, but the board is aware that there may be consequences for passengers and cargo.

### Other projects that have been approved by the Supervisory Board

Based on the Supervisory Board Regulations, investment and divestment decisions with a value exceeding 25 million euros require Supervisory Board approval. In addition to the redevelopment of Departure Hall 1 and the redevelopment of Departure Lounge 1, the following project proposals were approved by the Supervisory Board in 2019:

- *Uniform Platform Phase II*: due to increasing capacity shortage, additional aircraft buffer capacity was required.
- *Additional investment in Tunnel Safety*: to comply with current laws and regulations regarding tunnel safety, the existing 'Buitenveldert' and 'Kaagbaan' tunnels had to be renovated.
- *Demolition of Cargo Building 18 and development of a new warehouse for Dnata*: due to the construction of double taxiway Quebec, several buildings at Schiphol South have to be demolished and tenants need to be relocated.
- *MIRT, Railway station area*: the investment in the Schiphol Railway station area is an initiative of all parties involved (Schiphol Group, the Ministry of Infrastructure and the Transport Region Amsterdam) to find a solution to meet the future capacity of this multimodal traffic hub. The Supervisory Board approved the commitment to a financial contribution from Schiphol Group as part of this sector-wide investment plan.

## Other topics

### Amendment to the Supervisory Board Regulations

The Supervisory Board Regulations, including the Supervisory Board committee charters, were amended and approved on 13 December. The rules can be found in the Investor Relations, Corporate Governance, section at [www.schiphol.nl](http://www.schiphol.nl).

### ACM commitments

As of February 2018, binding commitments apply for both KLM and Schiphol Group. These commitments aim to ensure a level playing field for competitors of KLM at Schiphol. As part of the agreement, Schiphol and KLM will not discuss the positions of other airlines, and Schiphol committed to independently developing its own plans regarding investments, charges and marketing strategy. In 2019, the ACM monitored Schiphol's compliance with the commitments. The ACM published its preliminary findings in January 2020. In general, Schiphol Group is considered to be compliant with the commitments. There is, however, room for improvement, i.e. in relation to the agreed reporting obligations. The topic is discussed by the Management Board and Supervisory Board on a regular basis.

### Conflict of interest

There was one transaction in 2019 involving a conflict of interest on the part of a Supervisory Board member and a shareholder. This conflict of interest was resolved in accordance with the agreements made in this respect.

## B. Quality Assurance

### Members

At year-end 2019, the Supervisory Board had two female and five male members. Until April 2018, the Supervisory Board had three female and five male members. The Supervisory Board has ongoing discussions on the composition of the board. A board of seven members is currently adequate, while the size could be increased to eight in the future if necessary. Ensuring a balanced gender split within the board remains a key priority going forwards.

The Management Board had two female and two male members at year-end 2019. In the period ahead, the Supervisory Board will continue to work with the Management Board to achieve as much diversity as possible, in all respects, among the seats of both bodies. Schiphol runs a development and leadership programme to ensure that both men and women can advance into senior management and executive positions. Schiphol aims to achieve a balanced composition of the various bodies in terms of gender, experience, age, professional background and nationality. Further personal details on each member of the Supervisory Board can be found in the following section of this annual report.

In making new appointments, the Supervisory Board aims to ensure the complementary expertise of its members, particularly in relation to the fields of knowledge that are relevant to Schiphol Group; these are listed in the Supervisory Board Profile (Schedule 2 of the Supervisory Board Rules). The profile of the Supervisory Board was updated in December 2018. The overview below indicates the fields of knowledge represented by each Supervisory Board member. The distribution of fields of knowledge, as set out below, will be taken into account when filling any new vacancies that arise.

### Distribution of fields of knowledge among the members of the Supervisory Board

	L. Gunning-Schepers <sup>1</sup> (Chair)	J.G. Wijn (Vice-Chair)	E.R.P. Arkwright	S.G. Brummelhuis
Year of birth and nationality	1951, Dutch	1969, Dutch	1974, French	1965, Dutch
First appointed in	2014	2012	2016	2018
<b>Fields of knowledge</b>				
1. Aviation business			•	
2. Commercial				•
3. Finance / Accountancy / Risk Management		•	•	•
4. International experience	•	•	•	•
5. Digitisation	•			•
6. Government and stakeholders Schiphol	•	•	•	
7. Corporate governance	•	•		•
8. Human Resource Management		•		
9. Corporate responsibility	•	•	•	•
10. Project management			•	

<sup>1</sup> CEO experience

### Distribution of fields of knowledge among the members of the Supervisory Board

	D. Collier <sup>1</sup>	R.J. van de Kraats	A.B.M. Olsson <sup>1</sup>
Year of birth and nationality	1955, Irish	1960, Dutch	1957, Swedish
First appointed in	2018	2015	2015
<b>Fields of knowledge</b>			
1. Aviation business	•		
2. Commercial	•	•	•
3. Finance / Accountancy / Risk Management	•	•	
4. International experience	•	•	•
5. Digitisation		•	•
6. Government and stakeholders Schiphol	•		
7. Corporate governance	•	•	•
8. Human Resource Management		•	•
9. Corporate responsibility	•	•	•
10. Project management	•		

<sup>1</sup> CEO experience

All members of the Supervisory Board are independent within the meaning of best practice provision 2.1.8 of the Corporate Governance Code, except for Mr Arkwright, who is Deputy CEO at Groupe ADP.

Mr Arkwright has French nationality; Mr Olsson has Swedish nationality and Mr Collier has Irish nationality. The other members have Dutch nationality.

#### Permanent education

As part of the permanent education programme, various topics were discussed with the Supervisory Board to provide its members with greater insight into issues relevant to Schiphol Group, such as the regulatory framework, the ACM commitments, the development of drones, digital and innovations.

#### Evaluation

In early 2019, the Supervisory Board commissioned an external party to evaluate the performance of the board. Interviews took place with all Supervisory Board members, the Management Board members and the Company Secretary. The cooperation with the new CEO was evaluated as very positive. One of the items that was flagged was the ability of the organisation to take sufficient control in multi-party, multi-issue complexities, and the roles of the Management Board and Supervisory Board in that respect. The functioning of all Supervisory Board Committees has been assessed. Suggested improvements have been followed up, such as more proactive agenda-setting by the Supervisory Board and the Supervisory Board becoming more involved in strategic succession planning. Overall, the process was good and assessed as positive.

## C. Other matters

### Appointments and reappointments

#### Management Board members

The first term of Mr Van den Berg as Executive Vice-President and Chief Commercial Officer expires on 31 March 2020. Mr Van den Berg has chosen not to be reappointed for a second term. The Supervisory and Management Boards have already started the search for his successor. Mr Van den Berg has indicated his availability for a short transition period, depending on the start date of his successor.

#### Supervisory Board members

At the general meeting of 16 April 2019, Mr Van de Kraats was reappointed as a Supervisory Board member for a second term of office, effective April 2019. Mr Van de Kraats is a highly valued member of the Supervisory Board, in part due to his financial and commercial expertise and his contribution as chairman to the Audit Committee.

At the general meeting of 16 April 2019, Mr Olsson was reappointed as a Supervisory Board member for a second term of office, also effective April 2019. Mr Olsson is a highly valued member of the Supervisory Board, in part due to his retail and product development expertise, combined with his views on human resource policy and his contribution to the Safety, Sustainability and Stakeholders Committee, the Capital Programme, Operations & Investments Committee and as chairman to the People Committee. Mr Olsson has been appointed on the recommendation of the central works council.

The composition of the committees changed in September 2019, as shown in the table.

### Composition of the Supervisory Board committees

	L.J. Gunning-Schepers (Chair)	J. Wijn (Vice- Chair)	E.R.P. Arkwright	S.G. Brummelhuis	D. Collier	R.J. van de Kraats	A.B.M. Olsson
Supervisory Board	•	•	•	•	•	•	•
Audit Committee		•	•		•	•(c)	
People Committee	•	•					•(c)
Capital Programme, Operations & Investments Committee				•	•(c)		•
Safety, Sustainability & Stakeholders Committee	•			•(c)			•

### Attendance in 2019

Attendance	L.J. Gunning-Schepers	J. Wijn	E.R.P. Arkwright	S.G. Brummelhuis	D. Collier	R.J. van de Kraats	A.B.M. Olsson
Supervisory Board	7 of 7	7 of 7	2 of 7	7 of 7	7 of 7	6 of 7	7 of 7
Audit Committee	n/a	3 of 3	0 of 3	n/a	3 of 3	3 of 3	n/a
Capital Programme, Operations & Investments Committee	1 time as observer	n/a	n/a	10 of 10	10 of 10	n/a	10 of 10
People Committee	6 of 6	6 of 6	n/a	n/a	n/a	n/a	6 of 6
Safety, Sustainability & Stakeholders Committee	4 of 4	n/a	n/a	n/a	n/a	n/a	4 of 4

### Meetings

The Supervisory Board met on seven occasions in 2019. The Management Board members attended all of those meetings. Prior to its regular meetings, the Supervisory Board held private consultations. The various committees held 23 formal meetings in total over the course of 2019. Please see the schedules that follow for a full overview of the number of meetings per committee and the attendance of Supervisory Board members.

The Capital Programme, Operations and Investments Committee held monthly informal meetings to discuss the progress of the Capital Projects, covering topics such as the construction of the new pier and terminal and the redevelopment of Terminal 1. The

committee will continue holding monthly formal meetings in 2020.

In addition to these meetings, the Chair and the other members of the Supervisory Board discussed issues with the Management Board on several occasions. Several members of the Supervisory Board also had contact on a number of occasions with the senior management of Schiphol Group and with stakeholders both within and outside Schiphol Group, including the shareholders.

## Meetings of the committees of the Supervisory Board

### Audit Committee

The Audit Committee held three meetings in 2019. The committee spoke at length with the Chief Financial Officer (CFO) and the internal and external auditors about the financial statements, the annual report, the interim figures and the associated press releases, the management letter, the annual report on regulated activities (Aviation, Security), the internal control framework and the internal and external audit plans.

In 2019, the Audit Committee paid specific attention to risk management, recognising that airport operations have become increasingly complex and that Schiphol Group has embarked on a significant and multi-year capital investment programme. The Audit Committee observed that the risks that the company is facing are under control. The organisation is strengthened by increasing the awareness of risks and the mitigations and actions implemented. The most important risks Schiphol Group face are elaborated in a risk matrix showing the top 10 risks. Compliance (including GDPR legislation) and integrity, fraud and cybercrime are important risks which were discussed during the Audit Committee meetings. Risks and controls related to the Capital Projects have been discussed as well.

Prior to every Audit Committee meeting, the committee chair held a separate discussion with the external auditor (KPMG Accountants N.V.) and the internal auditor. In addition, the scope and materiality of the audits and the identified risks, including fraud risks, featured regularly as topics during the meetings. After every meeting, the Audit Committee had final consultations with the external auditor, which were not attended by Management Board members.

### Capital Programme, Operations & Investments Committee

The Capital Programme, Operations and Investments Committee met ten times in 2019. The committee has focused on establishing effective processes for and the progress of the Capital Programme and projects, such as Pier A, the new terminal, landslide accessibility, the development of Terminal 1 and other airside

projects such as the dual taxiway amongst others. The committee is also updated in these meetings on construction-related risks and safety and other construction and operational incidents. With regards to airport operations the committee is briefed on and reviews a wide range of new and existing operational processes.

### People Committee

The People Committee held six meetings in 2019. The main focus of the committee has been the mid-year performance review, the succession of the Supervisory Board and the succession of the Chief Commercial Officer (CCO). Other topics were talent management, the My Schiphol Survey results (in relation to the Employee Promotor Score), the leadership programme and the Schiphol Group purpose trajectory.

### Safety, Sustainability & Stakeholders Committee

The Safety, Sustainability and Stakeholders Committee met four times in 2019. Much attention was paid to safety in a broad sense. The HSE reports, the implementation of the roadmap ISMS and the safety culture were discussed. The committee is satisfied with the HSE report as is presented to the Supervisory Board, in which serious incidents, runway incursions, bird strikes, crowd management, non-detonated explosives, fire safety and LTIF rates are addressed, among other issues. The Committee considers the Safety Culture within the company an important topic, which has been discussed throughout the year as well. The Safety Day is considered to be valuable to this perspective. The 'Most sustainable airports' roadmap is discussed extensively within the committee. Also, the three plans for additional noise reduction, new regional living quality and development fund, and the reduction of ultra-fine particles have been discussed.

Meetings	Number
Supervisory Board	7
Additional Supervisory Board meeting without Management Board members attending	6 <sup>1</sup>
Audit Committee	3
Capital Programme, Operations & Investments Committee	10
People Committee	6
Safety, Sustainability & Stakeholders Committee	4
<b>Total</b>	<b>30</b>

<sup>1</sup> Prior to every regular Supervisory Board meeting, the Supervisory Board convenes for one hour without the presence of the Management Board members.

## Word of thanks

The Supervisory Board wishes to express its gratitude to the Management Board and staff of Schiphol Group for their significant efforts in accommodating record numbers of passengers under sometimes challenging circumstances. A special word of thanks is again expressed to the team and staff of Lelystad Airport for keeping up the positive spirit and for their hard work towards the opening of the airport in 2020.

Schiphol, 6 March 2020

The Supervisory Board

Louise Gunning-Schepers, Chair  
 Joop Wijn, Vice-Chair  
 Edward Arkwright  
 Simone Brummelhuis  
 Declan Collier  
 Robert Jan van de Kraats  
 Mikael Olsson

# Supervisory Board



## Ms L.J. Gunning-Schepers

(1951, Dutch nationality)

### Chair

First appointed in 2014

Second term expires in 2022

- Chair of the Supervisory Board of Stichting VSB Fonds and member of the Management Board of Stichting VSB Vermogensfonds
- Chair of the Supervisory Board of ONVZ
- Chair of the KHMW
- Chair of the Supervisory Board of RegMed XB
- Chair of the Board of Governors of the Prins Claus Chair
- Board member of Adore Foundation
- Former Crown-appointed member of the Executive Board of the Netherlands Social and Economic Council
- Former CEO and Dean of UvA AMC
- Former Chair of the Executive Board of the University of Amsterdam



## Mr J. G. Wijn

(1969, Dutch nationality)

### Vice-Chair

First appointed in 2012

Second term expires in 2020

- Chief Strategy and Risk Officer of Adyen N.V.
- Former Member of the Management Board of ABN AMRO Bank N.V.
- Former Minister of Economic Affairs
- Former State Secretary of Finance
- Former State Secretary of Economic Affairs



## Mr E.R.P. Arkwright

(1974, French nationality)

First appointed in 2016

First term expires in 2020

- Deputy CEO of Groupe ADP
- Chair of TAV Airports
- Chair of Hub One
- Chair of Cercle de l'Harmonie - Jérémie Rhorer Orchestra
- Chair of ADP International
- Chair of ADP Invest
- Member of the Management Board of ESSEC business school



## Ms S.G. Brummelhuis

(1965, Dutch nationality)

First appointed in 2018

First term expires in 2022

- Member of the Supervisory Board and Chair Audit Committee of Mediahuis Nederland B.V.
- Member of the Supervisory Board of Stern N.V.
- Member of the Supervisory Board of Rabo Amsterdam
- Member of Advisory Board of Erasmus Centre of Entrepreneurship
- Knowledge Partner Hemingway Board programme
- Director at Borski Fund Cooperative



**Mr D. Collier**

(1955, Irish nationality)

First appointed in 2018  
First term expires in 2022

- Chair TCR International NV
- Chair Office of Rail & Road
- Non-Executive Director Crowdfusion Ltd.
- Senior Advisor Oaktree Infrastructure Fund (OTIF)
- Immediate Past President of Airports Council International (ACI) World
- Former Chief Executive Officer of Dublin Airport Authority and London City Airport
- Former Chair of Aer Rianta International (ARI)
- Former Council member of the Confederation of British Industry
- Former Board Director of London First
- Former Non-Executive Director of Allied Irish Banks (AIB) Group



**Mr R.J. van de Kraats**

(1960, Dutch nationality)

First appointed in 2015  
Second term expires in 2023

- Non-Executive Chairman of TMF Group
- Director Randstad Beheer
- Non-Executive Director of OCI N.V.
- Non-Executive Director of VEON Ltd.
- Member of the Advisory Board of Suitsupply B.V.
- Advisor to the Supervisory Board of Hema B.V.
- Former CFO and Vice-Chair of the Executive Board of Randstad N.V.



**Mr A.B.M. Olsson**

(1957, Swedish nationality)

First appointed in 2015  
Second term expires in 2023

- Non-executive Director of Tesco plc, member of the remuneration committee and the corporate responsibility committee
- Member of the Supervisory Board of Ikano S.A.
- Member of the Board of Directors of Lindengruppen AB
- Member of the nomination committee of Volvo Cars Group
- Former President & CEO of IKEA Group/Ingka Holding B.V.

# Management Board



## B.I. Otto

(1963, Dutch nationality)

### Member of the Management Board and COO

Since 1 September 2014

Second term expires on 31 August 2022

- Member of the Supervisory Board of Eindhoven Airport N.V.<sup>1</sup>
- Member of the Supervisory Board of Royal FloraHolland
- Member of the Board of ACI Europe
- Member of the Board of Next Generation Infrastructure
- Chair of Schiphol Security and Public Safety Steering Group
- Chair of the Joint Sector Safety Review Board
- Supervisor of the Dutch Federation of Professional Soccer Organisations

#### Responsibilities

- Business area Aviation
- Business area Consumer Products & Services
- Digital

## A. van den Berg

(1963, Dutch nationality)

### Member of the Management Board and CCO

Since 1 April 2016

First term expires on 31 March 2020

- Member of the Supervisory Board, Real Estate Committee and Audit Committee of Rochdale
- Member of the Supervisory Board of Cargonaut Holding B.V.<sup>1</sup>

#### Responsibilities

- Business area Real Estate
- Major projects
- IT

The first term of Mr. A van den Berg as Executive Vice-President and Chief Commercial Officer expires on 31 March 2020. Mr. Van den Berg has chosen not to be reappointed for a second term. The company has already started the search for his successor. Mr. Van den Berg has indicated to be available for a transition period, depending on the start date of his successor.

## J.T.M. van der Meijs

(1966, Dutch nationality)

### Member of the Management Board and CFO

Since 1 May 2017

First term expires on 30 April 2021

- Non-executive member of the Board of Directors of Groupe ADP<sup>1</sup>
- Non-executive member of the Board of Directors of Brisbane Airport Corporation PTY Ltd<sup>1</sup>
- Non-executive Director, Supervisory Board member & Chair of the Audit Committee of Kendrion N.V.

#### Responsibilities

- Business area Alliances & Participations
- Schiphol International
- Compliance

## D.A. Benschop

(1957, Dutch nationality)

### President & CEO

Since 1 May 2018

First term expires on 30 April 2022

- Chairman of the Board of the Oranje Fonds
- Non-Executive member of the Board of Directors of Groupe ADP<sup>1</sup>
- Non-Executive member of the Board of Directors of Brisbane Airport Corporation PTY Ltd.<sup>1</sup>

#### Responsibilities

- Stakeholder management
- Innovation
- Regional airports

<sup>1)</sup> It should be noted that any remuneration earned by Management Board members in relation to (supervisory) board positions in group companies is received by the company and not by the individual Management Board members.



# Corporate Governance

Royal Schiphol Group N.V., also acting as Luchthaven Schiphol and Schiphol Group, is a public limited liability company with a two-tier board regime and four shareholders. Schiphol Group's corporate governance structure is based on Dutch law, the Dutch Corporate Governance Code, its articles of association and several internal regulations.



## General

As of 2004, Schiphol Group applies the Corporate Governance Code. Schiphol Group's internal regulations include the Management Board regulations, Supervisory Board regulations, including charters regarding the Supervisory Board's permanent committees and regulations regarding conflicts of interest and the reporting of misconduct.

All documents referred to in this paragraph are published on [www.schiphol.nl](http://www.schiphol.nl) under 'Schiphol Group, Investor Relations'.

## Management Board

Schiphol Group's Management Board consists of four members, a President and Chief Executive Officer (CEO), a Chief Financial Officer (CFO), a Chief Operational Officer (COO) and a Chief Commercial Officer (CCO). The members of Schiphol Group's Management Board share responsibility for the management of Schiphol Group and for general affairs both within Schiphol Group and at its group companies. Notwithstanding the foregoing, each member has accepted responsibility for a particular portfolio, as approved by the Supervisory Board.

The portfolio allocation within the Management Board was adapted on 1 March 2019. The CEO's portfolio was expanded to include innovation. The CFO became responsible for the recently introduced Schiphol International department. The COO's portfolio now also includes Consumer Products & Services and Digital. The CCO was given responsibility for all activities related to large projects and IT.

Due to the updated portfolio allocation, the job title of the CCO role will be changed to Chief Projects and Assets Officer (CPAO), starting with Mr van den Berg's successor.

## Supervisory Board

The Supervisory Board is entrusted with the supervision of Schiphol Group's management and general affairs. In addition, the board supports the Management Board with its advice. The Supervisory Board consists of at least five, and at most eight, members and meets at least four times a year.

The Supervisory Board has four permanent committees:

1. The Audit Committee informs the Supervisory Board's decision-making on the internal risk management and control systems, and the integrity and quality of the financial reporting.
2. The Capital Programme, Operations & Investments Committee prepares the Supervisory Board's decision-making in respect of the investment programme which involves (inter alia) a new pier, terminal, the redevelopment of terminal 1, the doubling of taxiway Quebec, and related infrastructure and operations and investments in general. As of 1 January 2020, the Committee advises the Supervisory Board on the approval of preliminary investment decisions for asset projects exceeding the Supervisory Board's approval threshold as stated in the articles of association and internal regulations. This is part of the newly introduced Capital Lifecycle process.
3. The People Committee prepares the Supervisory Board's decision-making on nomination, appointment and remuneration. The committee also engages in diversity and succession planning.
4. The Safety, Sustainability and Stakeholders Committee prepares the Supervisory Board's decision-making in respect of safety, sustainability and stakeholder-related matters.

The committees meet independently and carry out preparatory work as regulated in the charters, which are part of the Supervisory Board rules. The committees report on the outcome

of their meetings in a Supervisory Board meeting. The Supervisory Board as a whole makes decisions based on these reports. The Supervisory Board rules, including the Committee charters, are published on [www.schiphol.nl](http://www.schiphol.nl) under 'Schiphol Group, Investor Relations'.

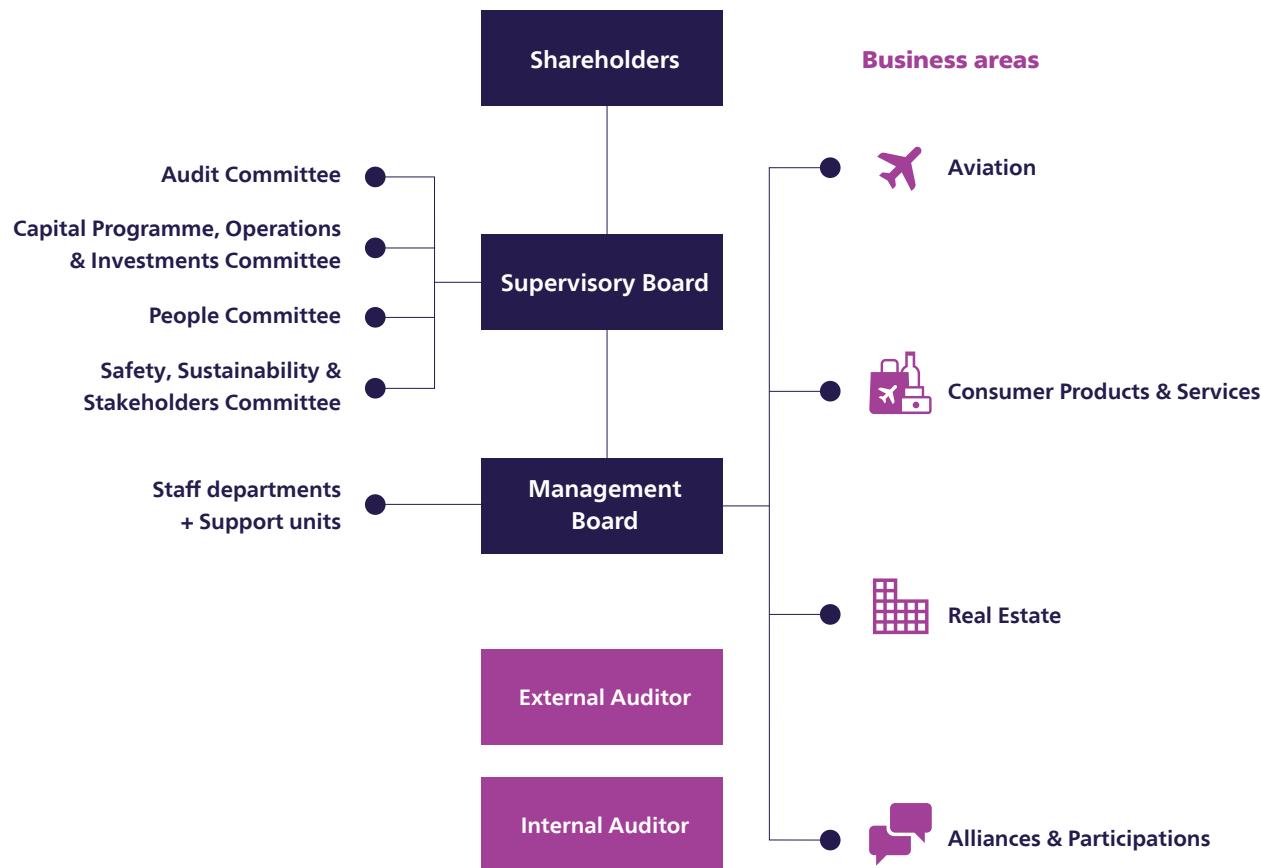
## Securities transactions

Even though Schiphol Group shares are not listed on a stock exchange market, the company does have regulations governing Inside Information, the Holding of Securities and Securities Transactions, as it issued bonds under the EMTN Programme.

Members of the Management Board and Supervisory Board must refrain from buying and selling these bonds and/or any shares in

Groupe ADP and Air France-KLM. Mr Nijhuis held a board position at Groupe ADP until 19 May 2019. Mr Benschop (as of 20 May 2019) and Ms Van der Meijs currently hold board positions at Groupe ADP. In that capacity, they are under an obligation to hold at least one share in the capital of Groupe ADP. The Company Secretary is the central officer referred to in the regulations governing Inside Information, the Holding of Securities and Securities Transactions.

### Corporate Governance Structure



## Sustainability

### Governance

The President and CEO of Schiphol Group is primarily responsible for sustainability. The Management Board defines the sustainability vision and policy and is for that purpose assisted by the Supervisory Board's Safety, Sustainability & Stakeholders Committee. The sustainability programme manager is part of Schiphol Group's Corporate Development department and reports directly to the President and CEO in order to enable Schiphol Group to effectively integrate sustainability throughout the company and to ensure its impact on strategy. The achievement of sustainability targets is one of the elements of the remuneration policy for the Management Board.

The COO acts as the airport manager and is in that capacity responsible for ensuring that applicable legislation, in particular relating to safety and environment, is complied with. Such legislation is often airport specific.

Our ambition is to create the world's most sustainable, high-quality airports, while paying particular attention to four key topics: (1) sustainable aviation, (2) zero emissions, (3) zero waste, and (4) well-being. We collaborate with partners on these themes and we have defined two long-term goals: ensuring the airports operated by Schiphol Group are zero-waste and zero-emissions by 2030. Each quarter, the Management Board discusses sustainability developments in general. Senior management of the departments that have the most impact regularly discuss these themes to ensure fulfilment of sustainability ambitions that

transcend the individual department, as an integrated approach guarantees optimal coordination. Workshops regarding sustainability are regularly scheduled throughout the company to create awareness. In addition, a Circular Economy Taskforce has been set up to accelerate the transition to a circular economy. Sustainability is a fixed component of Schiphol Group's investment strategy. As a matter of principle, sustainability is, to the extent possible, a selection criterion in Schiphol Group's tender processes.

### Safety and environmental risk control

Schiphol Group's objectives, tasks, responsibilities, authorisations and working agreements regarding safety control and environmental risks are implemented in safety management systems. Monitoring health safety and environment (HSE) performance within the departments takes place via the relevant line organisation. A central HSE office was set up in 2017 to assist the line managers and to ensure a strong, uniform HSE organisation within Schiphol Group.

The COO and relevant senior management are represented in a Safety Review Board (SRB). The SRB aims to sharpen the focus on strategic objectives of safety performance at the airport and to comply with European Aviation Safety Agency (EASA) requirements. The SRB manages key safety risks, shares safety and environmental dilemmas and monitors the development of safety culture within Schiphol through the Schiphol4Safety programme.

Partly in response to recent recommendations of the Dutch Safety Board (*Onderzoeksraad voor de Veiligheid*), the Integral Safety Management System (ISMS), a sector-driven initiative to improve safety at Amsterdam Airport Schiphol, has been established. The purpose of the ISMS is to identify, monitor, analyse and mitigate safety risks that affect more than one industry party. The results are then linked to the existing individual Safety Management Systems. The ISMS works in close cooperation with the Civil Aviation Incident Analysis Department (ABL) of the Human Environment and Transport Inspectorate. On 30 October 2018,

the ISMS published an online roadmap for safety improvement at [www.integralsafetyschiphol.nl](http://www.integralsafetyschiphol.nl).

In 2017, Schiphol Group refined its internal rules (the Schiphol Rules) in order to further improve safety on the airport grounds. The Schiphol Rules are published on the airport's website. All persons at the airport must comply with the Schiphol Rules. Schiphol Group's COO supervises compliance with the Schiphol Rules and can impose sanctions if necessary.

### Compliance with legislation

Schiphol has a public-private partnership with four government bodies (Human Environment and Transport Directorate, Rijnland Water Board, the municipality of Haarlemmermeer and the Royal Netherlands Marechaussee) concerning inspections and supervisory tasks in the area of safety and environmental legislation. This covers activities such as monitoring threats to aviation safety, inspecting the use of APUs (auxiliary power units), supervising ground-handling activities and monitoring airside traffic safety. Mutual obligations have been laid down in nine sub-covenants.















Schiphol also monitors compliance with environmental laws by the 350 companies covered by its environmental permit, in line with its licence to operate. With this system-based monitoring approach, Schiphol was the first company in the province of North Holland to achieve the maximum level of performance designated by the Environment Agency for the Noordzeekanaal Area. Schiphol has set up the Schiphol Airport Authority organisation (SAA) for monitoring and enforcement operations.

Maintaining compliance with the European aviation safety rules laid down by EASA requires continuous attention. Moreover, as the competent authority, the Human Environment and Transport Inspectorate (ILT) of the Ministry of Infrastructure and Water Management (I&W) monitors and tests compliance.

EASA requires airports to take on a different role: Schiphol will have to assume greater responsibility for ensuring that the parties operating on airside comply with laws and regulations and with

the further requirements imposed by the airport itself. It is essential that they can provide sound, demonstrable assurance that such is the case. For this reason, EASA requires an independent desk for safety-related issues. In order to comply with this requirement, the Schiphol safety organisation was reviewed in 2017 and the HSE Office was set up.

**Table responsibilities material aspects<sup>1</sup>**

	Material aspect	Final responsibility	Challenges	Efforts to meet challenges included in
	Network of destinations	COO	<ul style="list-style-type: none"> <li>– Competition from other airports</li> <li>– Growth challenges Schiphol</li> </ul>	Network of destinations
	Airport capacity	COO	<ul style="list-style-type: none"> <li>– Maintain operations during construction</li> <li>– Opening of Lelystad Airport</li> </ul>	Airport capacity
	Accessibility	CEO	<ul style="list-style-type: none"> <li>– Improve accessibility by road and rail</li> </ul>	Accessibility
	Safety and Security	COO	<ul style="list-style-type: none"> <li>– Development of safety culture</li> <li>– Seamless flow</li> </ul>	Safety Security
	Customer appreciation	COO	<ul style="list-style-type: none"> <li>– Maintain and enhance quality perception (despite construction and renovation)</li> </ul>	Customer appreciation
	Noise	CEO	<ul style="list-style-type: none"> <li>– Agreements on development post-2020 in Schiphol Local Community Council</li> </ul>	Noise
	CO <sub>2</sub> and air quality	CEO	<ul style="list-style-type: none"> <li>– Development into zero-emissions airport in 2030</li> <li>– Research/developments in fine and ultra-fine particles</li> </ul>	CO <sub>2</sub> and air quality
	Sustainable aviation	CEO	<ul style="list-style-type: none"> <li>– Initiatives in the chain promoting innovation and sustainability</li> </ul>	Sustainable aviation
	Responsible business	CFO	<ul style="list-style-type: none"> <li>– Effective and professional contracting practices</li> <li>– Compliance and promotion of integrity</li> </ul>	Responsible business
	Circular economy	CCO	<ul style="list-style-type: none"> <li>– Develop circular assets and reduce waste</li> </ul>	Circular economy
	Community and support base	CEO	<ul style="list-style-type: none"> <li>– Strengthen support for sustainable development</li> </ul>	Community and support base
	Financial solidity	CFO	<ul style="list-style-type: none"> <li>– Maintain good credit ratings</li> </ul>	Financial solidity
	Business continuity	COO	<ul style="list-style-type: none"> <li>– Complexity of process</li> <li>– Involvement of other sector parties</li> </ul>	Business continuity
	Employment practices	CEO	<ul style="list-style-type: none"> <li>– Performance management 2.0</li> <li>– Inclusive business practice</li> </ul>	Employment practices

<sup>1</sup> This overview is not exhaustive.

## ACM Commitments

In February 2018, the Authority for Consumers and Markets (ACM) formally accepted the commitments offered by Schiphol Group and KLM to eliminate competition risks. These commitments aim to ensure a level playing field for competitors at Schiphol. As part of the agreement, Schiphol and KLM will not discuss the positions of other airlines and Schiphol will independently develop its own plans regarding investments, charges and marketing strategy.

We have secured the commitments in a separate compliance programme, which is part of Royal Schiphol Group's wider compliance programme, Mind Your Step. All relevant departments have been informed and awareness training will continue to take place over 2020.

Earlier this year, the ACM requested both Schiphol Group and KLM to report on compliance with their commitments. The ACM concluded that there has not been any contact between Schiphol Group and KLM regarding the relative position of other airlines at Amsterdam Airport Schiphol. The ACM also identified areas with room for improvement in relation to the reporting obligations. Schiphol Group will follow up on this.

# Remuneration

This remuneration report sets out the remuneration policy for the Schiphol Group Management Board and Supervisory Board.

## Directors' remuneration

The members of the Management Board of Royal Schiphol Group N.V. are appointed by the Supervisory Board for a term of four years. They are eligible for reappointment for a four-year term. Mr Benschop and Ms Van der Meijs have a fixed-term employment contract with Royal Schiphol Group N.V. Ms Otto and Mr Van den Berg are employed by Royal Schiphol Group N.V. on the basis of an open-ended employment contract.

In 2019, the Management Board was composed of the following persons:

	Position	Term	Term ends on
Dick Benschop	CEO	First	1 May 2022
Birgit Otto	COO	Second	31 August 2022
André van den Berg	CCO	First	31 March 2020 <sup>1</sup>
Jabine van der Meijs	CFO	First	30 April 2021

<sup>1</sup> Mr Van den Berg has chosen not to be reappointed for a second term. Mr Van den Berg has indicated he will be available for a transition period, depending on the start date of his successor.

## General

Schiphol's remuneration policy primarily aims to offer remuneration at a level that will attract and retain qualified and capable board members (including those from within the organisation). The remuneration policy is also intended to promote the achievement of Schiphol's objectives, as adopted each year by the Supervisory Board, based in part on the approved budget. In addition to the financial objectives, Schiphol Group has

formulated strategic and public objectives as reflected in various 'major deliverables' and 'Top Performance Indicators'.

The remuneration policy meets the best-practice provisions on remuneration defined in the Dutch Corporate Governance Code. Since the majority of the shares in Royal Schiphol Group N.V. are held by the State of the Netherlands, Schiphol's remuneration policy falls within the scope of the 2013 state participations policy ('*Nota Deelnemingenbeleid Rijksoverheid 2013*'), including the April 2016 remuneration policy principles. The state participations policy and the remuneration policy principles apply strict standards, for instance to variable remuneration. For example, the maximum variable remuneration may not exceed 20% of the annual salary.

In principle, with effect from 2017, employment contracts – with the exception of internal appointments – are concluded for a fixed term. In the event that the employment contract is terminated prior to the expiry date, Schiphol pays a maximum of one year's salary as a severance payment, unless the board member resigns voluntarily or the termination is the result of his or her actions. If a board member does not work during the notice period, any salary paid during this period will be deducted from the severance payment to be made. The statutory severance payment (*transitievergoeding*) will be deemed to have been included in the contractual severance payment.

## Remuneration package structure

A summary of the employment arrangements and the amounts constituting the total remuneration of each Management Board member in 2019 are provided below.



## Fixed salary

Based on the current remuneration policy, the CEO's fixed salary<sup>1</sup> amounts to 440,636 euros in total. This amount includes a 2.75% indexation implemented as of 1 April 2019 (which increase is in conformity with the collective labour agreement as of that date). With regard to the other Management Board members, the maximum fixed salary is 85% of the CEO's. This salary, in 2019, was as follows:

	Position	Total fixed salary (EUR)
Dick Benschop	CEO	440,636
Birgit Otto	COO	374,541
André van den Berg	CCO	374,541
Jabine van der Meijs	CFO	374,541

## Variable remuneration

### General

According to the remuneration policy, the maximum variable remuneration amounts to 20% of the total fixed income. The Supervisory Board determines the level of the variable remuneration, which depends on the extent to which the annually defined targets have been achieved. Those targets are both qualitative (substantive) in nature and related to the financial results achieved (quantitative). Both targets contribute to the variable pay as follows.

Objective	Maximum percentage
Qualitative	14%
Quantitative-Financial	6%
<b>Total</b>	<b>20%</b>

### 1. Qualitative

The qualitative targets jointly represent 14% of the maximum level of variable remuneration to be earned of 20% (of the total fixed salary). The qualitative targets are derived from the [Targets](#)

2019 (as reflected in the major deliverables and the Top Performance Indicators [TPIs]) as approved by the Supervisory Board. The targets contribute to:

- the progress and achievement of Schiphol's long-term strategic objectives;
- the public significance of Schiphol for the Netherlands.

### 2. Quantitative

The remaining 6% of the maximum variable remuneration available depends on the financial results. The degree to which the after-tax return on equity (ROE) approximates or exceeds the agreed target determines the level of the variable remuneration for this component.

ROE achievement percentage	STI percentage
Less than 80%	0%
80% - 90%	2%
90% - 95%	3%
95% - 105%	4%
105% - 110%	5%
110% or more	6%

The targets set by the Supervisory Board are assessed at the end of the first quarter in light of transport figures and special developments, and adjusted where necessary. The Supervisory Board takes these measures in order to ensure its budgetary and other objectives remain as challenging and realistic as possible. These objectives were not adjusted in 2019.

The variable remuneration scheme that applies to the management board also applies to the Schiphol Nederland B.V. employees working in the higher management levels.

### Clawback

The variable remuneration is subject to a clawback clause and the possibility for the Supervisory Board to adjust variable pay retrospectively in certain cases.

### Pension arrangements

Schiphol Group's pension plan, which is an average earnings scheme, is administered by Algemeen Burgerlijk Pensioenfonds (ABP). The premium, which the ABP calculates each year, consists of an employer's share and an employee's share. The pension base used to calculate the premium is made up of fixed and variable pay (STI).

Effective 1 January 2015, no pension is accrued for tax purposes for the portion of the pensionable income in excess of 107,593 euros<sup>2</sup>. In conformity with general practice in the Netherlands, Schiphol has decided to compensate the employees concerned (including the Management Board members) for this reduced pension accrual.

### Other benefits

The fringe benefits consist of appropriate expense allowances, a company car (including the possible use of a driver) and allowances for telephone costs. The company has also taken out personal accident insurance and directors' and officers' liability insurance on behalf of the Management Board members. No loans, advances or guarantees have been or will be granted to members of the Management Board. Acceptance of ancillary positions requires the explicit approval of the Supervisory Board.

### Remuneration ratios

The median gross total remuneration, including the variable remuneration and pension costs, for all Schiphol employees (excluding the CEO) amounted to 83,430 euros in 2019 (2018: 79,476 euros), based on the assumption that all employees work 40 hours a week. The actual median is lower.

<sup>1</sup> Fixed gross annual salary, including holiday allowance.

<sup>2</sup> The maximum amount for tax purposes applicable in 2019.

This amount compared with the actual salary received by Mr Benschop in 2019, totalling 594,921 euros (2018: 584,205 euros), equates to a remuneration ratio of 1:7.2 (2018: 1:7.4).

## Management Board Remuneration for 2019

The Supervisory Board reviewed the performance of the company in 2019 against the agreed targets. The [performance on the qualitative targets](#), which was this year structured via 8 Top Performance Indicators and 17 'major deliverables', is assessed by the Supervisory Board and is a weighted mix between the performance on both aspects. The Supervisory Board concluded that the overall performance of the company and the Management Board is at least in line with last year's performance and improving on a number of items. The new way of target setting has created focus for the organization. In particular, the Management Board has shown positive results on the major deliverables relating to implementation of the Roadmap Safety Improvement, the agreed plans for improving quality of life with the surrounding communities, the finalisation of the 'Vision 2050' document, the set up of the innovation hub, the design of the new terminal, successful implementation of the new major maintenance contract and the development of the funnel of international activities and the acquisition of a stake in Hobart Airport. This leads to a score of 12% on the qualitative targets (out of a maximum of 14%). The financial performance in 2019 led to a return on equity (ROE) of 5.5 % after adjustment for fair value gains and losses on investment property. This gives a score of 2% of the quantitative targets (out of a maximum of 6%). The total variable remuneration therefore amounts to 14% (2018: 16%).

The total remuneration received by Management Board members in 2019 is specified in the [remuneration section of the financial statements](#).

The 2020 Management Agenda, again consisting of 8 TPIs and 17 'major deliverables', is approved by the Supervisory Board

## Supervisory Board Remuneration

### General

A 2.75% indexation of the remuneration for Supervisory Board members has been implemented as of 1 April 2019. On the same date, the committees' remuneration was indexed accordingly. All members of the Supervisory Board receive an annual expense allowance of 1,643 euros, which has not been indexed. Members of a Supervisory Board committee are entitled to an additional fee. Each member of the Audit Committee receives 6,491 euros per annum, with effect from 1 April 2019 (2018: 6,317 euros), and each member of one of the other committees is entitled to 5,409 euros per annum (2018: 5,264 euros).

The actual remuneration for Supervisory Board members in 2019 was as follows:

Remuneration component	Amount (EUR)
Chair of the Supervisory Board	39,222
Ordinary members of the Supervisory board	25,789
Audit Committee members	6,448
Other committees members	5,375

## Remuneration of the Supervisory Board for 2019

Information on the remuneration of the Supervisory Board for 2019 can be found under ['Related parties' in the notes to the consolidated financial statements](#).

Schiphol, 6 March 2020



# Risk management

As a result of its role as an important element of Dutch infrastructure to connect the Netherlands and as a safe and financially robust business, Royal Schiphol Group is subject to a range of strategic, operational, financial and compliance risks.



## Risk profile

Risk management is an integral part of our business processes, supported by a uniform policy which has been developed to manage these risks. As an airport owner and operator, our risk profile is largely determined by our role as manager and operator of an essential part of national infrastructure. The airport infrastructure, including our IT systems, must be reliable and available 24 hours a day, seven days a week. We must facilitate safe and continuous operations and, in doing so, must rely on a number of third parties who carry out key roles as part of these operational processes.

Our business is capital intensive, with a concentration of assets at a single location. We have high fixed costs and the lead times for the development of assets are long. Our business is subject to

considerable public and political scrutiny. It is also heavily regulated for areas such as noise and environment, safety and security, competition and tendering, which can be subject to change.

## Risk appetite

The extent to which Royal Schiphol Group is prepared to take risks to achieve its objectives differs according to each objective and risk category. Risk limits are set out in various policy documents, handbooks and company regulations, which define the specific limits and tolerances of the various operational activities.

Risk Type	Risk Appetite	Description
Strategic	moderate	Schiphol Group is prepared to take moderate risks to realise its ambitions. In doing so, we aim to strike a balance between our socio-economic role (low risk acceptance) and our commercial targets (higher risk acceptance).
Operational	very low	Schiphol Group focuses primarily on ensuring the continuity of aviation activities, regardless of the circumstances. We aim to reduce the risks that threaten this continuity as much as possible. Our risk acceptance in this regard is therefore very low. In the area of safety and security, we do everything possible to avoid risks that could put passengers, internal and external employees, visitors or local residents in danger.
Financial and Reporting	low	Schiphol has a low risk appetite with respect to financial and reporting risk. Reliability and transparency are key values. We maintain a solid financial position in order to guarantee access to the financial markets. Schiphol is not prepared to take risks that could jeopardise its credit rating of at least 'A' (Standard & Poor's).
Compliance	very low	Schiphol Group strives to comply with all applicable laws and regulations, with a particular focus on environmental, competition, tendering, privacy/information security laws and the European Aviation Safety Agency (EASA) requirements.

## Framework for risk management

Taking risks is an integral part of business. By carefully balancing our objectives against the risks we are prepared to take, we strive to conduct business operations in a socially responsible and sustainable manner. This approach will help us achieve our strategic objectives.

Our policy is based on the following principles:

- The Management Board is responsible for determining the limits of what is an acceptable risk (referred to as 'risk appetite');
- The Management Board and management are responsible for defining the most important risks;
- The Management Board and management are responsible for developing and testing internal risk management and monitoring systems. These systems have been designed to identify significant risks, monitor the achievement of targets and ensure compliance with relevant legislation and regulations;

- Effective risk management and internal monitoring systems will reduce the likelihood of errors, wrong decisions and surprises due to unforeseen circumstances;
- Risk management has been integrated into line-management activities and into the planning and control cycle;
- The risk management process is subject to continuous improvement.

Line managers are responsible for the implementation of risk management for the processes for which they are responsible.

The most important risks are derived from a bottom-up risk identification process, a strategic risk scan, and matched with the Group's 'Why', ambition and the material aspects. They are allocated to ten risk categories, which are described below.

Financial reporting risks and related mitigating actions are recorded, tested and monitored in our risk management information tool.

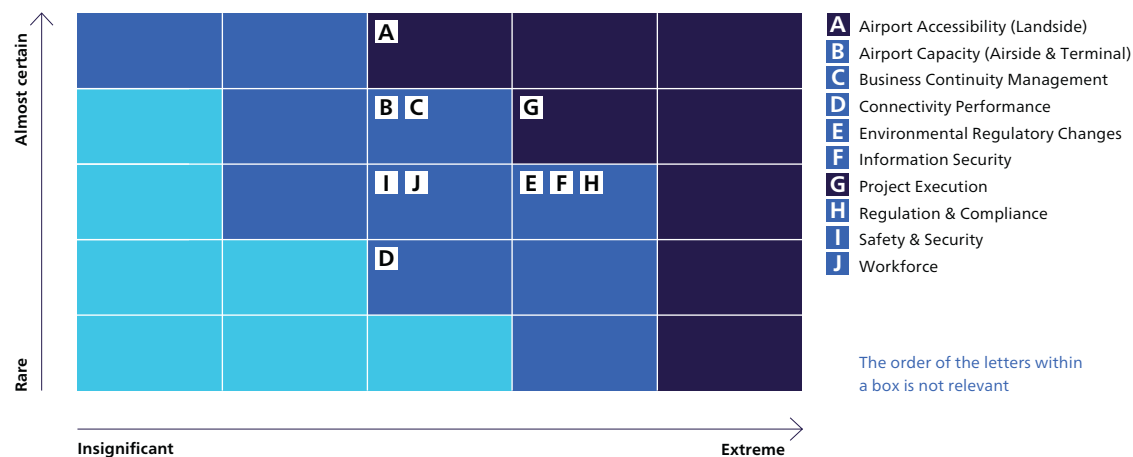
The Management Board reports on and accounts for the risk management and internal control system to the Supervisory Board. Schiphol Group's most important risks and control measures were reported to and discussed with the Audit Committee and the Supervisory Board in February 2020.

## Assessment of the most important risks

We use a risk matrix to assess and compare our risks, with the risks arranged based on an estimate of the likelihood of the risk arising, and an estimate of the impact of the consequences on the achievement of our business objectives. High risks have a potential impact on Schiphol's EBITDA of 25 million euros or more, or have a large non-financial impact; for example, on reputation. We have plotted the ten risk categories in the risk matrix, following implementation of control measures.

### Classification of Schiphol's risks following the implementation of control measures

Risk = Likelihood x Impact (Impact is both financial impact and impact on reputation)



Risk description	Risks	Mitigations and action plans
<p><b>A. Airport Accessibility</b> The airport's desired minimum accessibility by rail and road is temporarily or permanently not available</p>	<ul style="list-style-type: none"> <li>- Growth in passenger volume and mobility exceeds rail/road capacity</li> <li>- New security requirements significantly affect landside mobility flow</li> <li>- Big events</li> </ul>	<ul style="list-style-type: none"> <li>- Mid-erm Plan</li> <li>- Steering Group MIRT</li> <li>- Operational Support Team Protocols</li> <li>- Landside Central Programme</li> </ul>
<p><b>B. Airport Capacity</b> Insufficient capacity to accommodate all airlines and passengers during peak times, not meeting the desired quality of service</p>	<ul style="list-style-type: none"> <li>- Peak-time passenger growth exceeds airport capacity</li> <li>- Construction project delays affect airport capacity</li> </ul>	<ul style="list-style-type: none"> <li>- Mid-Term Plan</li> <li>- Increase of terminal capacity and number of aircraft stands (wide-body/narrow-body)</li> <li>- Wide-body remote handling</li> <li>- Airline slot meeting regarding maximum number of wide-body aircraft</li> </ul>
<p><b>C. Business Continuity</b> Critical business processes or functions are disrupted due to loss of key facilities, assets, utilities, IT infrastructure or key suppliers and services</p>	<ul style="list-style-type: none"> <li>- Technical assets failure</li> <li>- Technical IT system failure</li> <li>- Power failure</li> <li>- Dependency on sector partners</li> <li>- Fire in the terminal</li> <li>- Construction failures</li> <li>- Extreme weather conditions disrupt key operations</li> <li>- Drones disrupt operations</li> <li>- Lack of certified staffing disrupt handling operations</li> <li>- Lack of service contract compliance disrupt operations</li> </ul>	<ul style="list-style-type: none"> <li>- Critical Operational Processes and Systems Schiphol (KOPSS) Programme</li> <li>- Operational Support Team Protocols</li> <li>- IT Security Programme</li> <li>- Landside Security Programme</li> <li>- ISMS Task forces</li> <li>- Integral Fire Safety Plan</li> <li>- Airport Operations Center (APOC)</li> <li>- Drone Detection System</li> </ul>
<p><b>D. Connectivity Performance</b> Connectivity performance under pressure, resulting in declining number of ICA-destinations served from Schiphol (TPI for 2020: 137) and declining hub connectivity position in Europe</p>	<ul style="list-style-type: none"> <li>- Airport capacity not sufficient to maintain connectivity</li> <li>- Insufficient mechanisms to optimise capacity usage</li> <li>- Declining airport attractiveness for passengers and airlines (pax and cargo)</li> </ul>	<ul style="list-style-type: none"> <li>- Roadmap Slots</li> <li>- Roadmap Network</li> <li>- Roadmap Airline Journey</li> <li>- Roadmap Passenger Journey</li> <li>- Increase of terminal capacity and number of aircraft stands (wide-body/narrow-body)</li> <li>- ACC Plan</li> </ul>
<p><b>E. Environmental Regulatory Changes</b> New environmental laws and regulations severely reduce the maximum allowed air transport movements, obstruct/delay construction projects or affect airport operations</p>	<ul style="list-style-type: none"> <li>- Future climate laws affect permitted travel</li> <li>- PFOS laws and regulation delay construction projects</li> <li>- Ultra-fine particles law affects permitted air travel</li> <li>- Long-term agreement on energy efficiency (ends 2020)</li> <li>- Noise standards and enforcement system renewal affect permitted air travel</li> <li>- Buildings Decree: existing buildings must have energy label C by 2023</li> <li>- Nitrogen laws affect permitted air travel</li> </ul>	<ul style="list-style-type: none"> <li>- Most sustainable airport roadmap</li> <li>- Implementation and execution of new standards</li> <li>- Schiphol ISO 50001 certification</li> <li>- Plan to reduce nitrogen emissions (including electrification) and UFP</li> <li>- Participation strategy with communities</li> <li>- Noise disturbance reduction programme</li> <li>- Contact with relevant political parties</li> </ul>
<p><b>F. Reliability &amp; Availability of IT</b> IT failure or IT abuse (cyber) with negative business outcome on critical business processes</p>	<ul style="list-style-type: none"> <li>- Technical IT system failure</li> <li>- Failure in change or process</li> <li>- Threat actor actions (cyber)/cyber attack</li> <li>- Actions of an external partner</li> <li>- Unintended human failure</li> <li>- Unavailability or stolen digital data</li> <li>- Non-compliance with regulations</li> <li>- Chain complexity</li> </ul>	<ul style="list-style-type: none"> <li>- IT Risk and Control Framework</li> <li>- 24/7 Cyber Security Operations Centre and CSIRT (Cyber Security Incident Response Team) in place</li> <li>- Executing IT security programme, including IT access, back-up and restore</li> <li>- IT Change Process</li> <li>- Incident management</li> <li>- 24/7 IT duty managers and event monitoring and response</li> <li>- IT business continuity and disaster recovery plans</li> </ul>

Risk description	Risks	Mitigations and action plans
<p><b>G. Project Execution</b> Construction projects fail to deliver benefits on time, within budget and required quality</p>	<ul style="list-style-type: none"> <li>- Significant uncontrolled stakeholder demands disrupt project delivery</li> <li>- Inability to define all relevant project requirements at the start of the project due to complex multi-stakeholder specification process</li> <li>- Backbone power infrastructure not upgraded in time for delivery and commissioning of projects</li> <li>- Backbone IT and systems infrastructure capacity not upgraded in time for delivery and commissioning of projects</li> <li>- General lack of Schiphol resources (ORAT, commissioning, handover, switching etc.) to support project delivery</li> <li>- Lack of integration between different project delivery departments (CAP, ASM, PLuS, IT) leads to clashes, delays and arguments over prioritisation and resources</li> <li>- Inability to control new and existing contracts (including framework contracts) leads to unnecessary costs and delays</li> <li>- People (contractors/consultants/staff) not performing as required</li> <li>- Construction safety incident causing severe personal harm and reputational damage to Schiphol</li> <li>- Incorrect or incomplete asset information (as-built documents and underground utility surveys) leads to a utility strike (outage), re-design, delays and disruptions to delivery</li> </ul>	<ul style="list-style-type: none"> <li>- Roll out and enforcement of the enterprise wide capital lifecycle process and the associated roles and responsibilities</li> <li>- Enterprise wide change management process</li> <li>- Proactive stakeholder management</li> <li>- Explicit requirements management during the project lifecycle</li> <li>- Establishment of a Programme &amp; Spatial Development department</li> <li>- Enterprise project characterisation assessment and allocation process. Pipeline planning to aid enterprise wide resource planning to include consideration of project resource requirements and schedule</li> <li>- Enterprise-wide (projects, contracts &amp; suppliers) performance management, assurance and reporting</li> <li>- Quality assurance and management</li> <li>- Enterprise-wide integrated master schedule</li> <li>- Formal interface management process to set dates for various provisions (including power, IT and any other interfaces)</li> <li>- Intensified collaboration initiatives to further align PLuS-CAP-IT delivery organisations</li> <li>- Enterprise-wide safety reporting and learning mechanism for all live capital projects</li> <li>- Asset Information Management Process</li> </ul>
<p><b>H. Regulation &amp; Compliance</b> Violation of laws, internal policies or code of conduct leading to reputation damage, claims and litigation, sanctions or penalties</p>	<ul style="list-style-type: none"> <li>- Non-compliance with the Code of Conduct</li> <li>- Non-compliance with the Competition Commitments ACM</li> <li>- Non-compliance with applicable competition laws &amp; regulations</li> <li>- Non-compliance with applicable procurement laws &amp; regulations</li> <li>- Non-compliance with applicable GDPR laws &amp; regulations</li> <li>- Non-compliance with EASA regulations</li> </ul>	<p>See: material aspect Responsible business</p>
<p><b>I. Safety &amp; Security</b> Serious safety and security incidents causing casualties, injuries or damage</p>	<ul style="list-style-type: none"> <li>- Fire in the terminal</li> <li>- Construction failures</li> <li>- Runway incursions</li> <li>- Bird strikes</li> <li>- Uncontrolled crowd dynamics</li> <li>- Terrorist attack on landside</li> <li>- Terrorist attack on airside</li> <li>- Cyber attack</li> </ul>	<p>See: material aspect Safety and Security</p>
<p><b>J. Workforce</b> The achievement of the strategic business objectives cannot be guaranteed by lack of continuity in the workforce</p>	<ul style="list-style-type: none"> <li>- Tight labour market</li> <li>- Staff with knowledge and capabilities leaving the organisation</li> <li>- OPEX workforce too high</li> </ul>	<ul style="list-style-type: none"> <li>- Implementation of a central department for a temporary staff (workforce desk)</li> <li>- A better balance between fixed and temporary staff by adjusting hiring processes</li> <li>- Implementation of a new applicant tracking system and new recruitment site. Constant improvement of the recruitment tooling and labour market approach.</li> <li>- Development and implementation of modern learning possibilities and tools.</li> <li>- Project Schiphol Works.</li> </ul>

## Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks, including market risk, counterparty risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's overall risk management programme) focuses on the unpredictability of the financial markets and on minimising any adverse effects this may have on Schiphol Group's financial results.

Schiphol Group uses derivative financial instruments to hedge certain risks. Financial risk management is carried out by the central treasury department (Corporate Treasury) and is part of the approved Management Board policy. In addition to drawing up written guidelines for financial risk management, the Management Board determines the policy for specific key areas, such as currency risk, interest-rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of temporary liquidity surpluses.

For a more detailed description of financial risk management, reference is made to note 27 of the financial statements.

## Statement of the Management Board

We aim to reduce the likelihood of errors, wrong decisions and the impact of surprises due to unforeseen circumstances as much as possible. However, there are no absolute guarantees, and we cannot exclude the possibility of being exposed to risks that we are currently unaware of, or which may not yet be considered important at this time. No risk management or internal control system can provide an absolute safeguard against failure to achieve corporate objectives, nor fully prevent any possible loss, fraud or breach of rules and regulations.

In addition, as an airport, Schiphol is susceptible to adverse weather conditions and other natural phenomena; we simply cannot prevent or influence these. We can, however, ensure that the consequences remain as limited as possible.

In light of the above, we believe that the risk management and internal control systems provide a reasonable degree of assurance concerning financial reporting risks, and that the financial reporting does not contain any material misstatements.

The Management Board declares that, to the best of its knowledge:

- the financial statements give a true and fair view of the financial assets, liabilities, financial position and profits of Schiphol Group, as well as the combined consolidated enterprises;
- the financial statements have legitimately been prepared on a going-concern basis for Schiphol Group, given its strong financial position;
- the annual report describes the material risks and uncertainties that are relevant to the assessment of the continuity of Schiphol Group for a period of 12 months following the date of the report;
- the annual report gives a true and fair view of the situation on the balance sheet date and of developments over the course of the financial year; and
- the principal risks facing Schiphol Group are described in this annual report.



# Socio-economic accountability

Heidi (54), from Minneapolis, USA  
Homeward bound, after  
business in Emden, Germany

# Reporting guidelines

Integrated annual reporting is growing in importance around the world. Schiphol Group was one of more than 100 international participants in a pilot programme launched by the [International Integrated Reporting Council](#), which was completed in 2014. We continue to develop integrated thinking, a fact clearly visible in the evolution of our annual reporting since 2009. European legal and regulatory requirements for transparent socio-economic accountability were laid out in further detail in 2017. As such, we have elaborated on the elements of the EU Directive regarding non-financial information in this report; please refer to the section on [Disclosure on EU Non-Financial Reporting Directive](#).

This annual report was drawn up with due regard for the most relevant international guidelines and best practices and has been prepared in accordance with the Global Reporting Initiative (GRI) Standards (core option) of the Global Reporting Initiative. The [GRI Content Index](#) has been appended and indicates the location within this report of information relating to the indicators that are relevant to our business operations. The GRI sector supplement for airports has also been applied. The Dutch Ministry of Finance has stipulated that state shareholdings must report in accordance with GRI guidelines. By applying the GRI standards, Schiphol not only satisfies this requirement but also meets its own targets in this respect.

In 2019, Schiphol Group's 2018 Annual Report won the 'Crystal Prize' (*Kristalprijs*) for the most transparent annual report in the Transparency Benchmark. This is a benchmark study, commissioned by the Ministry of Economic Affairs and Climate Policy and conducted by EY. The jury appreciated that the 2018 Annual Report contained a clear sustainability agenda and self-reflection regarding challenges. Annual reports of state shareholdings are required to participate in the Transparency Benchmark study, and we have been participating since 2006.

## Reporting method

Our 'Why' is to connect your world by creating the world's most sustainable and high-quality airports. In 2019, we formalised our Vision 2050 along which our Annual Report and the related data and content are structured. Vision 2050 comprises three qualities: quality of network, quality of life and quality of service, and two underlying enablers: a safe and robust organisation. Closely linked to this are the newly introduced eight Top Performance Indicators (TPIs), Schiphol Group's most important KPIs, which have replaced the previously reported performance indicators in the socio-economic chapter. The [Corporate Governance](#) section of the report sets out how we have organised sustainability governance.

The results regarding our financial, operational and social performance are presented in a single annual report. Over 90% of our activities take place at Amsterdam Airport Schiphol. Where possible, the definitions and reporting manuals of Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport have been aligned so as to enhance their comparability, with any remaining differences explained in the relevant sections of this report. To improve measurability, differences in definitions have only been maintained where necessary. The data reported in the annual report was collected and verified in a structured manner in order to ensure its reliability. However, Schiphol Group acknowledges that some information may be based on assumptions.

In the 2019 Annual Report, Schiphol Group limits its reporting to the [results](#) achieved in relation to the material aspects. Schiphol Group conducted a comprehensive [materiality analysis](#) in 2019, which is performed every three years. As part of this process, we surveyed 91 internal and external stakeholders and asked them to rank the material aspects in terms of their importance to them personally as well as their relevance to Schiphol's impact. A dialogue with 21 representatives of our various stakeholder

groups was organised to validate the findings. The results from the survey and follow-up discussions have been combined to update the matrix. More information on this subject is provided in the section on [Material aspects for stakeholders](#).

## Scope

The topics in the [materiality matrix](#) relate to Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport. Given the lack of commercial passenger operations at Lelystad Airport in 2019, we do not report on all material topics in relation to the airport in the 2019 Annual Report, as some topics were not applicable. The content of this annual report is derived from the materiality topics outlined in the materiality matrix. This helps us to clarify the impact and relevance of the disclosed information to readers.

Our general approach is to include all entities that are fully consolidated in the financial statements in the socio-economic disclosures. The exceptions to this approach are mentioned above. In 2019, no new material (dis)investments occurred that were eligible for inclusion in our socio-economic reporting.

In this report we use the names Royal Schiphol Group or Schiphol Group when referring to the entire group, and Schiphol when referring only to (our activities at) the Schiphol location. We have a majority stake in our Dutch airports, and a reference to the group also includes them. Our international activities and participations pursue their own initiatives, geared towards their local environment and consistent with Schiphol Group's vision.

## In the chain

All topics included in the [materiality matrix](#) are relevant to our airports and other parties in the [value chain](#). This annual report includes information on all material aspects over which Schiphol Group has full control. Performance reported in these areas also concerns our partners in the chain where relevant.

## Developments in 2019

In 2019, no special economic conditions or developments occurred within the sector or within the value chain that had a significant impact on the sustainability policy pursued.

In addition to this report, information is also available online via the following websites: [schiphol.nl](https://www.schiphol.nl) and [schiphol.nl/cr](https://www.schiphol.nl/cr).

## Drafting of the annual report and data gathering process

Schiphol Group begins drafting its annual report in autumn. Based on the internal materiality analysis, the theme experts are tasked with compiling draft texts or providing input and data for each material aspect. A team of Schiphol Group employees and external copywriters then compile the draft text of the annual report. The relevant indicators are reviewed internally by specialists and Group control. The text is discussed in several rounds by the annual report committee, which consists of the Chief Financial Officer (CFO) and representatives from Corporate Treasury, Corporate Legal, Corporate Development, Corporate Affairs, Corporate Audit Services, Group Control and the controllers of the various business areas. In December, a well-advanced initial draft is submitted to the Management Board, after which the external auditor commences the review process. After inclusion of the financial and non-financial results adopted in January, the texts and financial statements are submitted for approval to the Management Board and the Supervisory Board.

Comments or questions regarding the 2019 Annual Report can be directed by email to [investor\\_relations@schiphol.nl](mailto:investor_relations@schiphol.nl).

## External auditor

KPMG is Schiphol Group's independent external auditor. The auditor has been asked to provide a limited degree of assurance regarding the reliability of selected socio-economic information presented in this report. The auditor performed the audit in compliance with the Netherlands Institute of Chartered Accountants (NBA) Dutch Standard 3810N 'Assurance engagements relating to sustainability reports'. The [assurance report](#) is included in this annual report.



# GRI Content Index

## GRI guidelines for sustainability reporting

Ref.	Description	Chapter	Information and reference	External assurance section
<b>Strategy</b>				
G102-14	Statement from senior decision-maker	Message from the CEO		No
G102-15	Key impacts, risks, and opportunities	Trends and developments		No
<b>Corporate profile</b>				
G102-1	Name of the organisation	Financial Statements		Yes
G102-2	Activities, brands, products and services	Our company		No
G102-3	Location of headquarters		Evert van de Beekstraat 202, 1118 CP Schiphol	No
G102-4	Location of operations	Our company		No
G102-5	Ownership and legal form	Corporate governance		No
G102-6	Markets served	Our company		No
G102-7	Scale of the organisation	About us and our Why		No
G102-8	Information on employees and other workers	Employment practices	FTE per region & division Business areas Aviation: 1,310 Consumer Products & Services: 116 Real Estate: 64 Operating Unit ICT: 274 PLUS: 122 Staff:385 Amsterdam Airport Schiphol total: 2,305 Entities Lelystad Airport: 34 Eindhoven Airport:75 Rotterdam The Hague Airport: 105 Other information is not material	Yes
G102-41	Collective bargaining agreements		91.4% of employees covered by CLAs	No
G102-9	Supply chain	Passenger and airline journey		No
G102-10	Significant changes to the organisation and its supply chain	Socio-economic accountability		Yes
G102-11	Precautionary principle	Risk management	See also: <a href="http://www.schiphol.nl/nl/jij-en-schiphol/pagina/een-duurzame-toekomst">http://www.schiphol.nl/nl/jij-en-schiphol/pagina/een-duurzame-toekomst</a>	No
G102-12	Externally developed economic, environmental and social charters, principles or other initiatives		Multi-Year Agreement, Diversity Charter, 'Aviation Inclusive' collaboration project, 'Netherlands as a Circular Hotspot', Smart and Sustainable action plan	No
G102-13	Membership of associations and/or national or international interest organisations	Supervisory Board Management Board Material aspects for stakeholders	Industry association Airports Council International, Amsterdam Economic Board	No No Yes

Ref.	Description	Chapter	Information and reference	External assurance section
<b>Material topics</b>				
G102-45	Entities included in the consolidated financial statements	Financial Statements		Yes
G102-46	Process for defining report content and scope	Material aspects for stakeholders Socio-economic accountability		Yes Yes
G102-47	Overview of material topics to determine report content and scope	Material aspects for stakeholders Socio-economic accountability		Yes Yes
G102-48	Re-statements of information provided in previous annual reports	Socio-economic accountability		Yes
G102-49	Significant changes in scope relative to the previous reporting period	Socio-economic accountability		Yes
<b>Stakeholder involvement</b>				
G102-40	List of stakeholder groups engaged by the organisation	Material aspects for stakeholders		Yes
G102-42	Basis for identifying and selecting stakeholders with whom to engage	Material aspects for stakeholders		Yes
G102-43	Approach taken to engaging stakeholders	Material aspects for stakeholders		Yes
G102-44	Key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	Material aspects for stakeholder Community and support base		Yes Yes
<b>Reporting details</b>				
G102-50	Reporting period	Socio-economic accountability	01-01-2019 - 31-12-2019	Yes
G102-51	Date of most recent previous report (if any)	Published on 8 March 2019	<a href="http://www.schiphol.nl/nl/schiphol-group/pagina/jaarverslagen/">www.schiphol.nl/nl/schiphol-group/pagina/jaarverslagen/</a>	No
G102-52	Reporting cycle		Annual	No
G102-53	Contact information		investor_relations@schiphol.nl	No
G102-54-55	GRI Content Index	Reporting guidelines		Yes
G102-56	Assurance report	Assurance report		Yes
<b>Governance</b>				
G102-18	Organisational governance structure	Report of the Supervisory Board Corporate Governance Supervisory Board Management Board		No
<b>Ethics and integrity</b>				
G102-16	Values, principles, standards, and norms of behaviour	Responsible Business		Yes
G102-17	Mechanisms for advice and concerns about ethics	Responsible Business		Yes

Ref.	Description	Chapter	Information and reference	External assurance section
<b>Management approach</b>				
G103-1	Topic boundary within and outside the organisation for each material subject	Material aspects for stakeholders Socio-economic accountability Value creation model		Yes Yes Yes
G103-2	Management approach and underlying components	Material aspects for stakeholders Socio-economic accountability Network of destinations Accessibility Airport capacity Customer appreciation Sustainable aviation Noise CO <sub>2</sub> and air quality Circular economy Community and support base Safety Security Financial solidity Business continuity Responsible business Employment practices	We exist to connect your world by creating the world's most sustainable and high-quality airports. In 2019, we formalised our Vision 2050 along which our annual report and the related data and content are structured. Vision 2050 consists of three qualities and two underlying enablers: quality of life, quality of network and quality of service supported by a safe and robust organisation. We design our strategy in response to trends and developments. We have also analysed our key risks. The most important strengths, weaknesses, opportunities and threats are specified in the SWOT analysis. For further details, see Vision 2050.	Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes Yes
G103-3	Evaluation of management approach	Material aspects for stakeholders Our results Corporate Governance Socio-economic accountability	Schiphol Group consciously weighs the quality of network, quality of life and quality of service. This approach is reflected in our investment decisions, calls for tenders and a range of other activities. Our results show how we shoulder our responsibilities and seek to strike a balance between the positive and negative effects of our operations.	Yes Yes No Yes

Ref.	Description	Chapter	Information and reference	External assurance section
<b>Material topics</b>				
<b>Network of destinations</b>				
AO1	Number of passengers handled over the course of one year, categorised according to international and domestic flights and OD and transfer passengers, including transit-direct passengers	Network of destinations	Amsterdam Airport Schiphol Passengers (excl. transit-direct): 71,680,334 European: 50,542,973 Intercontinental: 21,137,361 OD passengers (total): 45,807,812 European OD: 35,040,713 OD Intercontinental: 10,767,099 Transfer (total): 25,872,522 European transfer: 15,502,260 Intercontinental transfer: 10,370,262 Transit-direct passengers: 53,330	Yes
AO2	Number of air transport movements over the course of one year, categorised into day and night-time flights, and commercial, non-commercial and cargo flights	Network of destinations	Amsterdam Airport Schiphol Air transport movements (total): 496,826 Cargo flights (commercial): 14,156 Passenger flights (commercial): 482,670 General aviation (non-commercial): 18,985 Night-time flights (total): 19,352	Yes
AO3	Cargo volume	Network of destinations	Amsterdam Airport Schiphol: 1,570,261,141kg	Yes
	Number of ICA destinations	TPI performance 2019		Yes
<b>Accessibility</b>				
	Passengers' choice of transport to and from Schiphol	Accessibility		Yes
<b>Airport capacity</b>				
	On-time performance	TPI performance 2019		Yes
<b>Customer appreciation</b>				
	Net Promoter Score	Customer appreciation TPI performance 2019		Yes
<b>Sustainable aviation</b>				
	Sustainable aviation fuel contribution	Sustainable aviation	This topic is qualitatively evaluated	Yes
<b>Noise</b>				
AO7	Number of people living in noise-affected areas	Noise	In the 2019 Usage Forecast, it was anticipated that > 137,500 people would experience severe noise disturbance at levels of 48 dB(A) Lden or higher. Ultimately, the actual number was 142,000. The usage forecast for 2019 is also available online.	Yes
	Reputation Score	TPI performance 2019		Yes

Ref.	Description	Chapter	Information and reference	External assurance section
<b>CO<sub>2</sub> and air quality</b>				
G302-4	Saving energy	CO <sub>2</sub> and air quality		Yes
G305-1	Greenhouse gas emissions - Scope 1	CO <sub>2</sub> and air quality TPI performance 2019		Yes Yes
G305-2	Greenhouse gas emissions - Scope 2	CO <sub>2</sub> and air quality TPI performance 2019		Yes Yes
	Air quality composition	CO <sub>2</sub> and air quality	Air quality is monitored by the government through the National Air Quality Cooperation Programme. We do not apply other lagging indicators, because the causal link between regional activities and air quality is not always one to one.	Yes
<b>Circular economy</b>				
G306-2	Total weight of waste by type	Circular economy	We aim for the high-value recycling of residual flows, which yields economic residual value. Separated residual flows account for a total volume in tonnes. Other information is not material.	Yes
<b>Community and support base</b>				
G413-2	Operational activities with a significant (potentially) negative impact on the local environment	Community and support base Noise	The area around the airport is especially likely to experience noise disturbance See also: <a href="http://www.bezoekbas.nl">www.bezoekbas.nl</a>	Yes Yes
AO8	(Estimated) number of people to be voluntarily or involuntarily relocated in connection with the development or expansion of an airport	Community and support base	Expansion of the airport in 2019 did not require any relocations	Yes
	Reputation Score	TPI performance 2019		Yes
<b>Safety and security</b>				
AO9	Number of animals involved in wildlife strikes per 10,000 air transport movements	Safety Our regional airports	Bird strikes are material	Yes Yes
				Yes
G403-9	Lost Time Injury Frequency (LTIF)	Safety Our regional airports	Lost Time Injury Frequency and absenteeism are material	Yes Yes
	Safety Index	TPI performance 2019		Yes
<b>Financial solidity</b>				
G201-1	Direct economic values	Financial Statements		Yes
G203-1	Development and impact of infrastructure investments and services provided primarily for public benefit	Financial performance	We invested 860 million euros in 2019. A substantial portion of this is invested in improving, maintaining and optimally deploying the airport-related infrastructure. The long-term investments contribute to the quality, accessibility and development of the airport. Additionally, regular substantial investments have been made to improve parking facilities and airport-related real estate, such as hotels, offices and cargo buildings.	No
G203-2	Insight into and description of significant indirect economic consequences, including their scale	About us and our Why Financial performance		Yes No
	ROE	TPI performance 2019		Yes

Ref.	Description	Chapter	Information and reference	External assurance section
<b>Responsible business</b>				
	Number of issues reported to the integrity committee	Responsible business		Yes
<b>Business continuity</b>				
	Business continuity	Business continuity	This topic is qualitatively evaluated	Yes
<b>Employment practices</b>				
G401-1	Number of new employees and staff turnover	Employment practices	Division into categories is not material	Yes
	Employee promoter score	TPI performance 2019		Yes

# Non-Financial Information disclosure

Topic	Subtopic	Section reference	Topic	Subtopic	Section reference
Business model		About us and our why	Relevant human rights matters	Policies pursued	Responsible business
Relevant environmental matters	Policies pursued	Quality of life		Outcome of policies	Responsible business
		CO <sub>2</sub> and air quality		Principal associated risks and mitigation	Risk Management
		Sustainable aviation		Key performance indicators	Responsible business
		Noise	Relevant anti-corruption and anti-bribery matters	Policies pursued	Responsible business
	Outcome of policies	Quality of life		Outcome of policies	Responsible business
		CO <sub>2</sub> and air quality		Principal associated risks and mitigation	Risk Management
		Sustainable aviation		Key performance indicators	Responsible business
		Circular Economy			
		Noise			
		Principal associated risks and mitigation	Risk Management		
	Key performance indicators	Quality of life CO <sub>2</sub> and air quality			
		Sustainable aviation Circular Economy Noise			
Relevant social and personnel matters	Policies pursued	Quality of life			
		Community and support base			
		Safety			
		Robust organisation			
		Employment practices			
	Outcome of policies	Quality of life			
		Community and support base			
	Safety				
	Robust organisation				
	Employment practices				
	Principal associated risks and mitigation	Risk Management			
	Key performance indicators	Quality of life Community and support base Safety Robust organisation Employment practices			



## Assurance report of the independent auditor

To: the Management Board of Royal Schiphol Group N.V.

### Report on the review of the socio-economic report included in the annual report 2019

#### **Our conclusion**

We have reviewed the socio-economic reporting in the Annual Report 2019 (hereafter 'the report') of Royal Schiphol Group N.V. (hereafter 'Schiphol Group') based in Schiphol, The Netherlands. A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the socio-economic reporting is not, in all material respects, prepared in accordance with the GRI Sustainability Reporting Standards: Core option and the applied supplemental reporting criteria as disclosed in the section 'Socio-economic accountability' of the report.

The socio-economic reporting consists of the section 'Material aspects for stakeholders' in the chapter 'About us and our Why', the sections 'Our performance in 2019', 'Quality of Network', 'Quality of Life', 'Quality of Service', 'Safety', 'Robust organisation' (paragraphs 'Responsible business' and 'Employment practices') and 'Financial performance' (paragraph 'Our regional airports') in the chapter 'Our results' and the sections 'Reporting guidelines' and 'GRI Content Index' in the chapter 'Socio-economic accountability' (hereafter: 'socio-economic reporting') in the report of Schiphol Group.

The socio-economic reporting comprises a representation of the policies of Schiphol Group with regard to socio-economic performance and related business operations, events and achievements during the year.

#### **Basis for our conclusion**

We have performed our review on the socio-economic reporting in accordance with Dutch law, including Dutch Standard 3810N Assurance engagements relating to sustainability reports ('Assurance-opdrachten inzake maatschappelijke verslagen'), which is a specified Dutch standard based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information'.

Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Schiphol Group in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Applicable Criteria**

The socio-economic reporting needs to be read and understood together with the reporting criteria. Schiphol Group is solely responsible for selecting and applying these reporting criteria, taking into account applicable law and regulations related to reporting.

The reporting criteria used for the preparation of the socio-economic reporting are the GRI Sustainability Reporting Standards: Core option and the applied supplemental reporting criteria as disclosed in the section 'Socio-economic accountability' of the report.

#### **Limitations to the scope of our review**

The socio-economic reporting includes prospective information such as ambitions, strategy, plans, expectations and estimates. Inherently the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the socio-economic reporting.

References to external sources or websites in the socio-economic reporting are not part of the socio-economic reporting itself as reviewed by us. Therefore, we do not provide assurance on this information.





### **Responsibilities of the Management Board and the Supervisory Board**

The Management Board of Schiphol Group is responsible for the preparation of the socio-economic reporting in accordance with the reporting criteria as included in the section 'Reporting criteria', including the identification of stakeholders and the definition of material matters. The choices made by the Management Board regarding the scope of the socio-economic reporting and the reporting policy are summarized in the section 'Socio-economic accountability' of the report.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the socio-economic reporting is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Schiphol Group.

### **Auditor's responsibilities**

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and differ in nature, timing and extent as compared to reasonable assurance engagements.

The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3810N, ethical requirements and independence requirements.

Our review included among others:

- Considering the internal control relevant to the review in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- Performing an analysis of the external environment and obtaining an understanding of relevant social themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the socio-economic reporting. This includes the

- evaluation of the results of stakeholder dialogue and the reasonableness of estimates made by the Management Board;
- Obtaining an understanding of the reporting processes for the socio-economic reporting, including obtaining a general understanding of internal control relevant to our review;
- Identifying areas of the socio-economic reporting where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion. These procedures included, among others:
  - Interviewing management and relevant staff at corporate level responsible for the socioeconomic strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures over, and consolidating the data in the socio-economic reporting;
  - Determining the nature and extent of review procedures for the regional airports. This is based on their nature, size and risk profile;
  - Obtaining assurance information that the socio-economic reporting reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends.
- Evaluating the consistency of the socio-economic reporting with the information in the report which is not included in the scope of our review;
- Evaluating the presentation, structure and content of the socio-economic reporting;
- To consider whether the socio-economic reporting as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated to the Management Board and the Supervisory Board regarding the planned scope and timing of our review and any significant findings therefrom.

The Hague, 6 March 2020

KPMG Accountants N.V.

R.R.J. Smeets RA

# Green Bond Progress Report

## About this report

Royal Schiphol Group's Why is 'Connecting your world'. Our ambition is to create the world's most sustainable, high-quality airports. To lead by example, we work to drive sustainability across our own operations. By 2030 we aim to operate zero-emission and zero-waste airports. As part of this strategy we issued our first green bond in 2018 with a value of 500,000,000 euros, to invest in green buildings and clean transportation at our airports. Schiphol is the first European airport, and among the first airports worldwide, to issue a green bond. Therefore, the issue of the green bond highlights our ambitions regarding sustainability.

This document comprises our 2019 Green Bond Progress Report, in which we shed light on the allocation of the green bond proceeds and the impact achieved. We have defined a portfolio of 'eligible assets', comprising the following asset categories for our green bond: green buildings and clean transportation.

### Green buildings as per december 31, 2019

	#
Number of buildings with A label <sup>1</sup>	13
Number of buildings with B label <sup>2</sup>	4
Number of buildings with BREEAM (Very Good, Excellent or Outstanding) certificate	6
Number of buildings with LEED Gold certificate	2 <sup>3</sup>

- <sup>1</sup> Of which one building that has been refurbished, resulting in at least two steps improvement in energy label up to EPBD label A.
- <sup>2</sup> Eligible under the green bond framework as this concerns refurbished buildings with at least two steps improvement in energy label up to at least EPBD label B.
- <sup>3</sup> Concerns buildings that are currently under construction .

### Clean transportation as per december 31, 2019

	#
Number of Electric buses airside	35
Number of charging stations	660

## Green bond details

Issuer | Royal Schiphol Group N.V.  
 Issue date | 5 November 2018  
 Currency | EUR  
 Tenor | 12 years  
 Issued amount | 500,000,000  
 ISIN | XS1900101046

## Green bond allocation reporting<sup>1</sup>

Portfolio date: 31 December 2019

Eligible Green Project Portfolio		Green funding				
Category	Amount (EUR) <sup>1</sup>	Instrument	Issuance date	Due date	Principal	Amount (EUR)
Green buildings	1,453,909,152	XS1900101046	5 November 2018	5 November 2030	EUR 500m	500,000,000
Clean transportation	16,624,940					
Of which; Electric buses - airside	8,127,930					
Oh which; Other <sup>2</sup>	8,497,010					
<b>Total eligible Green Project Portfolio</b>	<b>1,470,534,092</b>	<b>Total Green Funding</b>				<b>500,000,000</b>

<sup>1</sup> Concerns the book value as per December 31, 2019 and is either the fair value (investment property) or cost price minus depreciation (operating assets).

<sup>2</sup> Comprises of charging stations for airside e-vehicles (other than airside e-busses), charging stations for landside e-vehicles (other than landside e-busses) and energy infrastructure for the charging stations for landside e-busses.

Percentage of Eligible Green Loan Portfolio Allocated (usage)	34%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio	100%
Eligible Green Loan Portfolio – Unallocated	EUR 970,534,092
Expected eligible green buildings currently under construction <sup>1</sup>	EUR 249,036,712

<sup>1</sup> Please note that our current buildings under construction, will be categorized as green building upon finalisation.

<sup>1)</sup> This section is within the scope of the KPMG assurance engagement

## Impact reporting<sup>2</sup>

### Green buildings

Category	Eligible portfolio (EUR)	Share of total financing	Percentage of refinancing	Total annual energy (GJ) savings	Total annual electricity (kWh) avoidance	Total annual gas (m3) avoidance	Total annual CO <sub>2</sub> (tonnes) avoidance	Total annual electricity production (kWh)
a <sup>1</sup>	b <sup>2</sup>	c <sup>3</sup>	d <sup>4</sup>	e <sup>5</sup>	f <sup>5</sup>	g <sup>5</sup>	h <sup>5</sup>	i <sup>5</sup>
Green buildings	1,453,909,152 <sup>6</sup>	98.9% <sup>7</sup>	100%	60,290	6,291,718	115,798	3,806	N/A <sup>8</sup>

1 Category of eligible project

2 Portfolio components eligible for Green Bond financing

3 Share of the total portfolio cost that is Green Bond eligible

4 Percentage of amount that has been refinanced

5 See methodology and assumptions for definition

6 Please note that our current buildings under construction, with a current book value of €249.039.712 , will be categorized as green building upon finalisation.

7 The remaining 1,1% applies to clean transportation for which no specific impact indicator is currently available.

8 This figure was not yet available for 2019 at the time of publishing the annual report.

<sup>2)</sup> This section is not within the scope of the KPMG assurance engagement

## Methodology and assumptions

As described in our Green Bond Framework, which can be accessed through our [website](#), the following projects qualify as eligible projects;

### Green buildings

Use of Proceeds: new or existing investments in, or expenditures on, properties which meet at least one of the following criteria:

1. New, existing or refurbished buildings which have received at least one of the following classifications:
  - a. LEED<sup>3</sup>: Platinum, Gold
  - b. BREEAM<sup>4</sup>: Outstanding, Excellent, Very Good
  - c. EPBD<sup>5</sup>: A
  - d. Refurbished buildings with at least a two-step improvement in energy label up to at least EPBD label B.
2. Individual investments in green buildings to ensure environmental improvements such as renewable energy projects (e.g. solar panel installations), sustainable/circular furniture, energy-efficient lighting (such as LED), thermal energy storage systems, cool roofs and any other sustainability-oriented construction materials, waste diversion, collection and reduction, water and energy-saving technologies and materials and improvements recognised by sustainable rating systems.

The abovementioned criteria have been applied and additionally the following choices were made in the selection of eligible assets:

- The asset base as per 31 December 2019 was used.
- A conservative approach has been applied in determining the book value of the eligible asset base, in order to ensure that only assets covered by the energy labels are included as assets.
- For buildings currently under construction, the current value on the balance sheet is provided under ‘expected eligible green buildings currently under construction’. This means that only the value of the part that was built as per 31 December 2019 is shown. This is the case for Pier A and Terminal Lelystad.
- The aquifer thermal energy storages (ATES) are not separately included as they are often included in the value of buildings.
- No individual investments in green buildings have been included as eligible assets.

<sup>3</sup>) LEED (Leadership in Energy and Environmental Design) is the most widely used green building rating system, which provides for a framework that can be used to create healthy, highly efficient and cost-savings green buildings.

<sup>4</sup>) BREAAAM (Building Research Establishment Environmental Assessment Method) is a leading sustainability assessment method for amongst others infrastructure and buildings whereby it assesses and certifies an asset’s environmental, social and economic sustainability performance.

<sup>5</sup>) EPBD is the Energy Performance of Buildings Directive, which is an European directive to enforce measurement of energy performance of building.

### Clean transportation

Use of Proceeds: new or existing investments in fixed electrical ground power and pre-conditioned air units, zero emission equipment for remote handling, electric vehicles for passenger transportation at the airport premises, electric charging points for these vehicles, electric charging points for taxis and consumer cars, equipment for electric taxiing, investments to further improve access to public transportation and bio-kerosene facilities. Two categories have been identified: electric buses airside and other.

- **Electric buses airside:** This category comprises airside e-buses and related airside infrastructure, including charging stations. Note that the landside e-buses and landside charging stations for buses are owned by a third party and are therefore not included in the portfolio of eligible assets.
- **Other:** This category includes the following:
  - Airside e-vehicle charging stations (for ground handling and other equipment, but not for airside e-buses)
  - Landside e-vehicle charging stations (mostly in consumer car parks, but not for landside e-buses). Please note that landside e-vehicle charging stations in Schiphol Real Estate buildings are capitalised as part of the building and included in its market value. As such, they are not part of this category.
  - Some infrastructure for landside e-bus charging stations (not the charging stations themselves) belongs to Schiphol Group and is included as an eligible asset under this category.
  - E-GPUs (zero emission equipment for remote handling).

The abovementioned criteria have been applied and additionally the following choices were made in the selection of eligible assets:

- The asset base as per 31 December 2019 was used.
- The only e-vehicles owned by Schiphol are the airside e-buses. All other e-vehicles are leased and not included in the asset base.

### Impact indicators

For the impact indicators total annual energy (GJ) savings, total annual electricity (kWh) avoidance and total annual gas (m<sup>3</sup>) avoidance, the following methodology and assumptions apply:

- The reported values concern 2019.

- The savings and avoidances reported are consistent with the methodology for the obligation under the MYA with the Netherlands Enterprise agency, a government agency which operates under the auspices of the Ministry of Economic Affairs and Climate Policy. Under the MYA, Schiphol is required to report on the measures it has taken to improve energy efficiency and the associated savings and avoidances. The savings and avoidances have to be reported each year to the Netherlands Enterprise Agency and are validated by an external party on behalf of Netherlands Enterprise Agency. The 2019 figures are yet to be submitted to the Netherlands Enterprise Agency.
- For the CO<sub>2</sub> calculation of electricity (kwh) and gas (m3), the relevant emission factors from [www.co2emissiefactoren.nl](http://www.co2emissiefactoren.nl) and the Dutch Government Gazette (*Staatscourant*), respectively, have been applied, which are retrieved once a year.
- A conservative approach is adopted regarding the assumptions underlying the savings and avoidances of office buildings.



## Assurance report of the independent auditor

To: the Management Board of Royal Schiphol Group N.V.

### Report on the review of the Eligible Green Project Portfolio included in the annual report 2019

#### **Our conclusion**

We have reviewed the Eligible Green Project Portfolio as included in section 'Green bond allocation reporting' (on page 155 of the Annual Report 2019 (hereafter 'the Portfolio') of Royal Schiphol Group N.V. (hereafter 'Schiphol Group') based in Schiphol, The Netherlands. The Portfolio is marked in the Annual Report with a footnote (1).

A review is aimed at obtaining a limited level of assurance.

Based on the procedures performed nothing has come to our attention that causes us to believe that the Portfolio is not, in all material respects, prepared in accordance with the Eligible investments per category as described in the Royal Schiphol Group Green Bond Framework 2018 (hereafter 'the Schiphol Green Bond Framework').

#### **Basis for our conclusion**

We have performed our review on the Portfolio in accordance with Dutch law, including Dutch Standard 3000A 'Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten) (assurance engagements other than audits or reviews of historical financial information (attestation engagements)). Our responsibilities in this regard are further described in the 'Auditor's responsibilities' section of our report.

We are independent of Schiphol Group in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### **Eligibility Criteria**

The Portfolio needs to be read and understood together with the Eligibility Criteria. Schiphol Group is solely responsible for selecting and applying these Eligibility Criteria, taking into account applicable law and regulations related to reporting.

The Eligibility Criteria used for the preparation of Portfolio are the Eligible investments per category as described in the Schiphol Green Bond Framework. The Eligibility Criteria are further described in Methodology and assumptions on page 157 and 158 of the Annual Report.

#### **Matters related to the scope of our review**

The Annual Report contains other information besides the Portfolio. Our review did not extend to the other information and we do not provide assurance on the other information as included in the Annual Report.

#### **Responsibilities of the Management Board and the Supervisory Board**

The Management Board of Schiphol Group is responsible for the preparation of the Portfolio in accordance with the Eligibility Criteria as described in the Schiphol Green Bond Framework. It is important to view the Portfolio in the context of these Eligibility Criteria.

Furthermore, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the Portfolio is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing the reporting process of Schiphol Group.



### **Auditor's responsibilities**

Our responsibility is to plan and perform our review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and differ in nature, timing and extent as compared to reasonable assurance engagements.

The level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We apply the 'Nadere Voorschriften Kwaliteitssystemen' (NVKS, Regulations for Quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have exercised professional judgement and have maintained professional scepticism throughout the review, in accordance with the Dutch Standard 3000A, ethical requirements and independence requirements.

Our review included among others:

- Identifying areas of the Portfolio where a material misstatement, whether due to fraud or error, are most likely to occur, designing and performing assurance procedures responsive to these areas, and obtaining assurance information that is sufficient and appropriate to provide a basis for our conclusion;
- Considering the internal control relevant to the review in order to select assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- Reviewing the second opinion from Vigeo Eiris which addresses the applicability of the Eligibility Criteria used in the preparation of the Portfolio.
- Reviewing the Green Evaluation from Standard & Poor's (S&P) which addresses the applicability of the Eligibility Criteria used in the preparation of the Portfolio.
- Reviewing the application of the Eligibility Criteria used in the preparation of the Portfolio.

- Interviewing relevant staff at Schiphol Corporate Treasury and Schiphol Real Estate responsible for the Green Bond management, reporting, and providing and consolidating the Portfolio.
- Evaluating internal and external documentation, based on limited sampling, to determine whether the information in the Portfolio is plausible in line with the Eligibility Criteria.

The Hague, 6 March 2020

KPMG Accountants N.V.

R.R.J. Smeets RA





# Financial Statements

Tyr (21), living in Nice, France  
Paragliding professional, en route to  
a competition in Mexico City

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## Consolidated statement of income for the year ended 31 December 2019

(in thousands of euros)	Note <sup>1</sup>	2019	2018 <sup>2</sup>
<b>Revenue</b>	1	<b>1,614,674</b>	<b>1,508,988</b>
Other results from investment property	2	112,858	106,964
Cost of outsourced work and other external costs	3	802,126	750,783
Employee benefits	4	242,466	229,041
Depreciation, amortisation and impairment	5	293,664	266,660
Other operating expenses	6	-5,828	1,343
<b>Total operating expenses</b>		<b>1,332,427</b>	<b>1,247,827</b>
<b>Operating profit</b>		<b>395,105</b>	<b>368,125</b>
Financial income		10,523	10,303
Financial expenses		-94,844	-100,467
<b>Financial income and expenses</b>	27	<b>-84,321</b>	<b>-90,164</b>
Share in result of associates and joint ventures	12	127,192	98,412
<b>Profit before tax</b>		<b>437,976</b>	<b>376,373</b>
Income tax expense	11	-75,913	-89,999
<b>Profit for the year</b>		<b>362,062</b>	<b>286,374</b>
Attributable to:			
Non-controlling interests		6,952	6,923
Shareholders (net result)		355,110	279,451
<b>Basic earnings per share (in euros)</b>		<b>1,908</b>	<b>1,501</b>
<b>Diluted earnings per share (in euros)</b>		<b>1,908</b>	<b>1,501</b>

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

<sup>2</sup> Restated, see paragraph on correction of an accounting error.

## Consolidated statement of comprehensive income for the year ended 31 December 2019

(in thousands of euros)	Note <sup>1</sup>	2019	2018 <sup>2</sup>
<b>Profit for the year</b>		<b>362,062</b>	<b>286,374</b>
Foreign currency translation differences	19	5,997	-5,928
Changes in fair value on hedge transactions	19	443	14,934
Share of OCI of associates after taxes	12, 19	-6,321	-399
<b>Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:</b>		<b>119</b>	<b>8,607</b>
Remeasurements of defined benefit liability	19	-4,011	-1,938
Share of OCI of associates after taxes	12, 19	-4,160	-1,616
<b>Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:</b>		<b>-8,171</b>	<b>-3,554</b>
<b>Other comprehensive income for the year</b>		<b>-8,052</b>	<b>5,053</b>
<b>Total comprehensive income for the year</b>		<b>354,011</b>	<b>291,427</b>
Attributable to:			
Non-controlling interests		6,952	6,923
Shareholders (net result)		347,059	284,504

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

<sup>2</sup> Restated, see paragraph on correction of an accounting error.

## Consolidated statement of financial position as at 31 December 2019

(in thousands of euros)	Note <sup>1</sup>	31 December 2019	31 December 2018 <sup>2</sup>	1 January 2018 <sup>2</sup>
<b>Assets</b>				
Intangible assets	7	136,425	101,376	88,091
Assets used for operating activities	8	3,122,072	2,855,652	2,864,347
Assets under construction or development	9	978,734	700,043	418,130
Investment property	10	1,758,111	1,642,285	1,503,744
Deferred tax assets	11	68,245	95,989	144,813
Investments in associates and joint ventures	12	1,170,447	976,395	939,317
Loans to associates	13	133,622	50,678	53,436
Other non-current receivables	14	78,690	89,427	46,420
<b>Non-current assets</b>		<b>7,446,346</b>	<b>6,511,845</b>	<b>6,058,298</b>
Trade and other receivables	15	180,573	460,573	426,678
Current income tax receivables	11	14,560	13,983	17,646
Cash and cash equivalents	16	155,072	386,556	170,370
<b>Current assets</b>		<b>350,205</b>	<b>861,112</b>	<b>614,694</b>
<b>Total assets</b>		<b>7,796,551</b>	<b>7,372,957</b>	<b>6,672,992</b>

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

<sup>2</sup> Restated, see paragraph on correction of an accounting error.

(in thousands of euros)	Note <sup>1</sup>	31 December 2019	31 December 2018 <sup>2</sup>	1 January 2018 <sup>2</sup>
<b>Equity and liabilities</b>				
Issued share capital	17	84,511	84,511	84,511
Share premium	17	362,811	362,811	362,811
Retained profits	18	3,954,697	3,716,968	3,588,070
Other reserves	19	-85,368	-76,606	-81,179
<b>Equity attributable to owners of the company</b>		<b>4,316,650</b>	<b>4,087,684</b>	<b>3,954,212</b>
Non-controlling interests	20	55,386	48,673	41,972
<b>Total equity</b>		<b>4,372,036</b>	<b>4,136,357</b>	<b>3,996,184</b>
Borrowings	21	2,609,582	2,366,235	2,074,627
Employee benefits	22	55,202	50,465	42,137
Provisions	23	48,777	55,900	36,912
Deferred tax liabilities	11	13,359	14,977	16,651
Other non-current liabilities	24	98,351	92,683	133,407
<b>Non-current liabilities</b>		<b>2,825,270</b>	<b>2,580,260</b>	<b>2,303,734</b>
Borrowings	21	162,880	200,655	35,220
Current income tax liabilities	11	1,672	155	780
Trade and other payables	25	434,693	455,530	337,074
<b>Current liabilities</b>		<b>599,245</b>	<b>656,340</b>	<b>373,074</b>
<b>Total liabilities</b>		<b>3,424,515</b>	<b>3,236,600</b>	<b>2,676,808</b>
<b>Total equity and liabilities</b>		<b>7,796,551</b>	<b>7,372,957</b>	<b>6,672,992</b>

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

<sup>2</sup> Restated, see paragraph on correction of an accounting error.

## Consolidated statement of changes in equity for the year ended 31 December 2019

(in thousands of euros)	Note <sup>1</sup>	Attributable to shareholders				Non-controlling interests	Total
		Issued share capital	Share Premium	Retained profits	Other reserves		
<b>Balance at 31 December 2017</b>		<b>84,511</b>	<b>362,811</b>	<b>3,570,069</b>	<b>-81,179</b>	<b>41,972</b>	<b>3,978,184</b>
IFRS 9 adjustment		-	-	-296	-	-	-296
Restatement due to accounting error		-	-	18,000	-	-	18,000
<b>Balance at 1 January 2018</b>		<b>84,511</b>	<b>362,811</b>	<b>3,587,773</b>	<b>-81,179</b>	<b>41,972</b>	<b>3,995,888</b>
Profit for the year		-	-	279,451	-	6,923	286,374
Other comprehensive income for the year	19	-	-	-	5,053	-	5,053
<b>Comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>279,451</b>	<b>5,053</b>	<b>6,923</b>	<b>291,427</b>
Payments of dividends	18	-	-	-150,256	-	-222	-150,478
Other		-	-	-	-480	-	-480
<b>Balance at 31 December 2018</b>		<b>84,511</b>	<b>362,811</b>	<b>3,716,968</b>	<b>-76,606</b>	<b>48,673</b>	<b>4,136,357</b>
Profit for the year		-	-	355,110	-	6,952	362,062
Other comprehensive income for the year	19	-	-	-	-8,052	-	-8,052
<b>Comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>355,110</b>	<b>-8,052</b>	<b>6,952</b>	<b>354,011</b>
Payments of dividends	18	-	-	-117,381	-	-222	-117,603
Other		-	-	-	-711	-17	-728
<b>Balance at 31 December 2019</b>		<b>84,511</b>	<b>362,811</b>	<b>3,954,697</b>	<b>-85,368</b>	<b>55,386</b>	<b>4,372,036</b>

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

	Dividend for 2018, paid in 2019	Dividend for 2017, paid in 2018
Dividend attributable to shareholders (in euros)	117,381,000	150,256,000
Average number of shares in issue during the year	186,147	186,147
Dividend per share (in euros)	631	807

## Consolidated statement of cash flow for the year ended 31 December 2019

(in thousands of euros)	Note <sup>1</sup>	2019	2018 <sup>2</sup>
<b>Result for the year</b>		<b>362,062</b>	<b>286,374</b>
Income tax expense recognised in profit or loss	11	75,913	89,999
Share in result of associates and joint ventures	12	-127,192	-98,412
Financial income and expenses	27	84,321	90,164
		<b>33,042</b>	<b>81,751</b>
<b>Operating result</b>		<b>395,105</b>	<b>368,125</b>
Adjustments for:			
Depreciation and amortisation expenses	5	289,871	268,646
Impairment loss	5	5,493	1,314
Impairment reversal	5	-1,700	-3,300
Result on disposal of investment property	2	1,543	-1,380
Fair value changes of investment property	2	-114,401	-105,585
Other non-cash changes in other receivables and liabilities		1,777	4,097
Change in employee benefits and other provisions		-3,992	6,943
		<b>178,590</b>	<b>170,735</b>
<b>Operating result after adjustments</b>		<b>573,695</b>	<b>538,860</b>
Movements in working capital		-13,272	34,816
<b>Cash flow from operations</b>		<b>560,423</b>	<b>573,676</b>
<b>Cash flow from operating activities</b>			
Income taxes paid		-46,119	-46,439
Interest paid		-80,946	-75,716
Interest received		1,680	1,471
Dividends received on redeemable preference shares	13	5,627	23,477
Dividends received	12	81,853	49,817
<b>Cash flow from operating activities</b>		<b>522,520</b>	<b>526,286</b>

(in thousands of euros)	Note <sup>1</sup>	2019	2018 <sup>2</sup>
<b>Cash flow from investing activities</b>			
Payments for intangible assets	7	-53,815	-30,000
Payments for property, plant and equipment	9, 10	-756,981	-530,232
Proceeds from disposals of assets		-81	1,380
Acquisition of associates and joint ventures	12	-164,395	-
Share capital withdrawals (contributions) to associates	12	8,297	1,080
Receipts from cancellation performance share		-	12,360
Repayment on other loans		128	148
Acquisition of redeemable preference shares	13	-80,051	-
Investments in deposits		-	-265,000
Proceeds from deposits		265,000	190,000
<b>Cash flow from investing activities</b>		<b>-781,610</b>	<b>-620,264</b>
<b>Free cash flow</b>		<b>-259,091</b>	<b>-93,978</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings	21	399,287	491,620
Repayment of borrowings	21	-211,000	-52,000
Settlement of derivative financial instruments		2,456	2,167
Dividend paid	18	-117,603	-150,478
Proceeds from other non-current liabilities		589	-56
Payment of lease liabilities		-55,324	-2,634
Cash flows from collaterals		9,090	22,530
<b>Cash flow from financing activities</b>		<b>27,495</b>	<b>311,149</b>
<b>Net cash flow</b>		<b>-231,596</b>	<b>217,171</b>
Cash and cash equivalents at the beginning of the year	16	386,556	170,370
Net cash flow		-231,596	217,171
Exchange and translation differences		112	-985
<b>Cash and cash equivalents at the end of the year</b>	16	<b>155,072</b>	<b>386,556</b>

<sup>1</sup> The notes are an integral part of these consolidated financial statements.

<sup>2</sup> Restated, see paragraph on correction of an accounting error.

# Notes to the consolidated financial statements

## General information

Royal Schiphol Group N.V. is a public limited liability company with its registered office in the municipality of Haarlemmermeer at Evert van de Beekstraat 202, 1118 CP, Schiphol, the Netherlands. Royal Schiphol Group N.V. trades under the name of Schiphol Group, Luchthaven Schiphol and Royal Schiphol Group N.V.. Royal Schiphol Group N.V. is an airport company with an important socio-economic function. Airports in the Group create value for society and for the economy. 'Connecting your world' embodies 'the Why' of Royal Schiphol Group: 'Connecting your world' by orchestrating inspiring journeys and creating the world's most sustainable and high-quality airports. Our airports allow international trade, tourism and knowledge exchange to flourish by providing top-quality aviation infrastructure and air transport facilities for passengers and cargo.

These financial statements cover the year 2019, which ended at the balance sheet date of 31 December 2019. On 6 March 2020, the Supervisory Board authorised the financial statements for issue as prepared by the Management Board. The Management Board will submit the financial statements for adoption by the General Meeting of Shareholders to be held on 14 April 2019.

## Accounting policies

Schiphol Group's accounting policies on consolidation, measurement of assets and liabilities and determination of results are set out below. These policies are in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and are applied consistently to all the information presented. The applicable statutory provisions on annual reporting as included in Part 9, Book 2 of the Dutch Civil Code have also been applied consistently. Schiphol Group applies the historical cost convention for measurement, except for investment properties and derivative financial instruments, which are recognised at fair value. The financial statements have been prepared on the basis of the going concern assumption.

### Correction of an accounting error

In the preparation of the consolidated financial statements for 2019 an error was found in the application of the equity method to our investment in Groupe ADP, more specifically the requirement to adjust the financial statements of Groupe ADP to conform to the Royal Schiphol Group accounting policies.

At Royal Schiphol Group investment property is reported at fair value, with changes in fair value reported through the profit or loss account. Groupe ADP reports investment property at cost less accumulated depreciation. Therefore, at recognition of our share in the result of Groupe ADP an

adjustment is included to the net income of Groupe ADP for the movement in the difference between the fair value and the cost price of Groupe ADP investment property. To this end, Groupe ADP provides Royal Schiphol Group with information on the fair value of its investment property on an annual basis.

We established we have incorrectly applied our accounting policies to the property of Groupe ADP in respect of the distinction between property valued at cost price and property valued at fair value, both within the initial purchase price allocation in 2009 as well as in the years thereafter. As a consequence an adjustment must be recorded for the difference in value between the fair value and the cost price for a specific additional segment of Groupe ADP investment property. This error was adjusted by:

- reclassification of an amount of 38 million euros from goodwill to the fair value adjustment on investment property recorded at the time of the purchase price allocation. The total bookvalue of the associate remains unchanged;
- adding an amount of 18 million euros after tax to the carrying value of the associate Groupe ADP as well as to equity in the opening balance of 2018 for fair value movements in the period from 2010 up to and including 2017; and
- adding an amount of 1 million euros after tax to the carrying value of the associate at the end of 2018 as well as to the share in the result of associates and net income for the year 2018.

This inaccuracy has no impact on the variable component in the remuneration for members of the Management Board and employees of Royal Schiphol Group as well as on the dividend per share established and distributed in the past. Net income of Royal Schiphol Group is adjusted for other results from investment property (including income from changes in the fair value) for the purpose of calculating variable remuneration and dividend proposals.

### New and amended standards that are mandatory with effect from 2019

Schiphol Group applies one new standard with effect from 1 January 2019: IFRS 16, Leases.

#### IFRS 16

On 1 January 2019, Schiphol Group initially adopted IFRS 16, Leases, which replaces IAS 17, Leases and related interpretations. Under IAS 17 a lease was classified as operating or financial lease based on an assessment of whether the lease transferred substantially all of the risks and rewards of ownership. IFRS 16 introduces a single, on-balance sheet accounting model for lessees. Under IFRS 16, a contract is or contains a lease if it conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Under IFRS 16, lessor accounting remains similar to previous accounting policies.



## Transition

Schiphol Group has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019. Accordingly, the comparative information presented for 2018 was not restated, though included as previously reported under IAS 17 and related interpretations. On transition to IFRS 16, Schiphol Group elected not to apply the practical expedient to grandfather the assessment of which transactions are leases. Consequently, IFRS 16 is applied to all current contracts.

However, Schiphol Group did elect not to apply the lessee accounting model to short-term leases (a term shorter than 12 months) and leases of low-value items (an individual value below 5,000 euros). In addition, Schiphol Group elected to apply the practical expedient to account for leases whose term ends within 12 months of the date of initial application as short-term leases. Lease payments associated with these leases, as well as with short-term and low-value leases, are recognised as an expense on a straight-line basis over the lease term.

## Schiphol Group as lessee

Two leases were previously classified as finance leases under IAS 17 and related interpretations, comprising assets used for operating activities (operational vehicles) and investment property (one office building, The Base). These leases were determined to be leases under IFRS 16 as well. As a result of the adoption of IFRS 16, Schiphol Group, as a lessee, recognised several additional leases of assets used for operating activities (employee vehicles, office space, a warehouse and multifunctional office equipment).

In respect of all leases of assets used for operating activities, right-of-use assets were recognised representing the right to use the underlying asset as well as lease liabilities representing the obligation to make lease payments. The right-of-use asset is initially measured at cost being an amount equal to the lease liability, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The right-of-use assets are presented in the same line items as underlying assets of the same nature owned by Schiphol Group. The lease liability is initially measured at the present value of the lease payments. To determine the present value, the interest rate implicit in the IFRS 16 lease is used. If that rate cannot be readily determined, the incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Lease liabilities are presented in Other non-current and current liabilities in the statement of financial position.

The adjustment to the opening balance of 2019 and the movements in the carrying amount and lease liability in respect of the right-of-use assets used for operating activities during 2019 are summarised in the following table.

(in thousands of euros)	Right of use assets	Lease liabilities
<b>Carrying amount as at 31 December 2018</b>	<b>4,373</b>	<b>5,238</b>
IFRS 16 adjustment	5,541	5,541
<b>Carrying amount as at 1 January 2019</b>	<b>9,914</b>	<b>10,779</b>
<b>Movements 2019</b>		
Additions	6,395	6,395
Depreciation	-4,599	-
Repayments	-	-5,024
Interest cost	-	290
Recalculation of IAS 17 finance leases	1,362	497
<b>Total movements</b>	<b>3,158</b>	<b>2,158</b>
<b>Carrying amount as at 31 December 2019</b>	<b>13,072</b>	<b>12,937</b>

The IFRS 16 opening balance adjustment comprises the recognition of right-of-use assets and lease liabilities to the amount of 5.5 million euros. There is no cumulative effect of initial application of IFRS 16 to retained earnings at 1 January 2019 given the decision to initially measure the right-of-use assets at an amount equal to the lease liability. To determine the lease liability, the interest rate implicit in the IFRS 16 lease was used. If that rate could not be readily determined, the incremental borrowing rate was used. As such, the weighted average rate applied is 1.9%.

As part of the implementation of IFRS 16, both the book values of assets and liabilities and disclosures in respect of existing IAS 17 finance leases and operating leases were reviewed. For the finance leases, this led to an adjustment of the carrying amounts of right-of-use assets and lease obligations of 1.4 million euros and 0.5 million euros respectively. In addition, with regard to the operating leases, it was concluded that the commitments as disclosed in the consolidated financial statements amount to 5.9 million euros instead of the 1.4 million euros actually disclosed. The discounted value of these IAS 17 operating lease commitments of 5.5 million euros, together with the existing IAS 17 finance lease liabilities of 5.2 million euros, add up to a total of 10.8 million euros of lease commitments at 1 January 2019.

During 2019, additional right-of-use assets and lease liabilities were recognised to the amount of 6.4 million euros. The above table excludes the lease of investment property and related lease liability consisting exclusively of office building The Base. In August 2019 this lease was redeemed in full, at which moment the building became the property of Royal Schiphol Group.

### Schiphol Group as lessor

Leases in which Schiphol Group acts as a lessor only relate to investment property. The accounting policies applicable to Schiphol Group as a lessor are not different from those under IAS 17. As a consequence, Schiphol Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor.

### Other standards

There are a number of other standards besides IFRS 16 that apply as from 1 January 2019:

- Amendments to IFRS 9, Prepayment Features with Negative Compensation (endorsed 22 March 2018);
- Amendments to IAS 19, Plan Amendment, Curtailment or Settlement (endorsed 13 March 2019);
- Amendments to IAS 28, Long-term Interests in Associates and Joint Ventures (endorsed 8 February 2019);
- IFRIC 23, Uncertainty over Income Tax Treatments (endorsed 23 October 2018);
- Annual Improvements to IFRS Standards 2015-2017 Cycle (endorsed 14 March 2019).

These standards have been determined to have no impact on the financial reporting of Schiphol Group.

### New standards and amended standards that are mandatory with effect from 2020 or later

Schiphol Group has not voluntarily applied in advance new or amended standards or interpretations that will not be mandatory until the 2020 financial year or later.

### Other standards

Schiphol Group is currently examining the consequences of other new standards and interpretations and amendments to existing standards listed below, which will be mandatory as from the 2020 financial year or later (as stated):

- Amendments to References to Conceptual Framework in IFRS Standards (endorsed 29 November 2019);
- Amendments to IFRS 3, definition of a Business (issued on 22 October 2018) ;
- Amendments to IAS 1 and IAS 8, definition of Material (endorsed 29 November 2019);
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (endorsed 15 January 2020);
- IFRS 17 Insurance Contracts (issued on 18 May 2017, effective from 2021).

It is expected that these will not have a significant impact on the consolidated financial statements.

### Intangible assets

Intangible assets include goodwill, contract-related assets and software. Goodwill arising on the acquisition of subsidiaries is recognised under intangible assets. Goodwill arising on the acquisition of associates and joint ventures is recognised as part of the carrying amount of the associate and joint ventures, using the equity method. The initial carrying amount of goodwill is subsequently reduced by accumulated impairment losses. Goodwill is not amortised. Goodwill is allocated to the relevant cash-generating unit (subsidiary, joint venture or associate).

Contract-related assets concern the interest in JFKIAT acquired upon the acquisition of activities from third parties. These contracts are measured at fair value on the acquisition date and subsequently against the cost price thus determined less accumulated amortisation and impairment. Contract-related assets are amortised over the remaining contract period.

Software includes software licences and internally developed ICT applications. Internally developed software is capitalised at the cost of internal and external hours spent on the development and implementation phases of ICT projects as recorded on the relevant time sheets. Time spent in the proposal and definition phases is not capitalised. Software is amortised on a straight-line basis over its useful life.

See note 7. [Intangible assets](#) for a more detailed explanation.

### Assets used for operating activities

Assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are measured at historical cost less grants received, straight-line depreciation and impairments. Subsequent expenditure is capitalised to the carrying amount of these assets if it is probable that Schiphol Group will derive future economic benefits from them and the amount can be measured reliably.

Assets used for operating activities, with the exception of land, are depreciated on a straight-line basis over the useful life of the asset, which depends on its nature and components. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The net result on the disposal of assets used for operating activities is recognised in the income statement as other income.

Costs of day-to-day maintenance are recognised in the income statement and cost of planned major maintenance is capitalised.

See note 8. [Assets used for operating activities](#) for a more detailed explanation.

### Assets under construction or development

All capital expenditure is initially recognised as assets under construction or development, if it is probable that the group will derive future economic benefits from them and the amount can be measured reliably. There are three categories of assets under construction or development:

- (a) software under development presented under [Intangible assets](#);
- (b) assets under construction or development for operating activities presented under [Assets under construction or development](#);
- (c) assets under construction or development for investment property presented under [Investment property](#).

Software under development (category a) is measured at historical cost. Software under development is not amortised.

Assets under construction or development for operating activities (category b) are measured at historical cost including:

- borrowing costs. This relates to interest payable to third parties on borrowings attributable to projects. Borrowing costs are only capitalised for projects with a duration of at least one year;
- time charged at cost to capital projects by Schiphol Group employees during the construction stage.

Assets under construction or development for future operating activities are not depreciated. Impairment testing is performed as explained in the section 'Depreciation, amortisation and impairment'. Investment grants, being government contributions to capital expenditure, are deducted directly from the capital expenditure. When the assets are ready for use, they are transferred at historical cost less impairments to 'assets used for operating activities', which is also when the straight-line depreciation at the expense of the income statement commences.

Accounting policies for assets under construction or development for investment property (category c) are included under 'Investment property'.

See notes 7 and 9 for a more detailed numerical explanation.

### Investment property

Investment property is measured at fair value. In order to prevent double counting the fair value of investment property as presented in the balance sheet takes into account granted lease incentives. These incentives are recognised separately as assets on the balance sheet under other non-current receivables (remaining term of more than 1 year) or trade and other receivables (remaining term of less than 1 year). Fair value gains and losses on investment property are recognised in the statement

of income in the year in which they arise. Gains or losses on disposal of assets, i.e. differences between carrying amount and net selling price, are recognised in the income statement in the year the transaction is executed. Investment property is not depreciated.

Investment property under construction or development is measured at fair value provided that the fair value can be measured reliably. As long as this is not possible, the property is measured at historical cost. Any difference between fair value and historical cost is recognised in the income statement under 'other income and results from investment property'. On completion, the property is transferred at fair value to 'investment property'. Property purchased is initially measured at cost. Cost incurred after initial recognition is capitalised if it can be measured reliably and it is probable that future economic benefits will flow to Schiphol Group. Other expenditures are recognised immediately in the income statement.

All buildings in the portfolio are appraised twice a year by independent valuers (at 30 June and at 31 December). Land is appraised based on internal valuations and also by independent external valuers. Each year a different part of the land positions is appraised by independent external valuers. The market value of long-leased land is calculated by discounting the value of the future annual ground rents and the residual value under the contracts concerned (DCF method).

See note 10. [Investment property](#) for a more detailed explanation.

### Depreciation, amortisation and impairment

Intangible assets and assets used for operating activities are amortised and depreciated on a straight-line basis according to the schedule below. Goodwill, investment property, assets under construction and land are not amortised or depreciated.

## Intangible assets

Contract-related assets	33 years
ICT development	3-5 years
Software licences	3-5 years

## Assets used for operating activities

Runways and taxiways	15-60 years
Aprons	30-60 years
Paved areas, roads etc.:	
- Car parks	30 years
- Roads	30 years
- Tunnels and viaducts	40 years
- Drainage systems	40 years
Buildings	20-60 years
Installations	5-30 years
Other assets	5-20 years

The book value of non-current assets is tested against the recoverable amount if there are indications of an impairment. The recoverable amount is the greater of an asset's net realisable value and its value in use. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated selling costs. Value in use is based on the present value of the estimated future cash flows from continuing use of an asset and from its disposal at the end of its useful life. This test is performed at cash-generating unit level, with Aviation and Consumer Products & Services treated as a single separate cash-generating unit. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment loss in the statement of income and the carrying amount of the asset is reduced to the recoverable amount. Where applicable, the straight-line depreciation over the remaining useful life of the asset concerned is adjusted accordingly. If circumstances indicate the need to reverse an impairment loss, the carrying amount of the asset is increased to the recoverable amount. Impairment losses on goodwill purchased on the acquisition of subsidiaries and joint ventures are not reversed. An annual impairment test is carried out to identify any changes or events that could lead to an impairment of the goodwill.

See note 5. [Depreciation, amortisation and impairment expenses](#) for a more detailed explanation.

## Investments in subsidiaries, associates and joint arrangements

### General

Where necessary, the accounting policies of subsidiaries, associates and joint ventures are adjusted to be in line with the Schiphol Group accounting policies.

See note 12. [Investments in associates and joint ventures](#) for a more detailed numerical explanation.

### Subsidiaries

The financial information of Schiphol Group and its subsidiaries is included in the consolidated financial statements. Subsidiaries are companies that are controlled by Schiphol Group. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and is able to influence those returns through its control of the entity. The other shareholders' share in consolidated equity and results is presented in the balance sheet as non-controlling interests (part of equity) and in the income statement as profit after income tax attributable to non-controlling interests. The results of subsidiaries acquired are consolidated from the date on which control commences. The financial information relating to subsidiaries that have been disposed continues to be included up to the date on which control ceases. In the event the company loses control of a subsidiary while retaining a financial interest, all assets and liabilities are deconsolidated and the remaining interest is initially recognised at fair value. The remaining difference is recognised in the income statement.

### Associates

An associate is an entity over which the company has significant influence. Investments in associates are recognised using the equity method, meaning that the investment is initially recognised at cost and subsequently adjusted for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates includes goodwill recognised at acquisition. The company's share in the results of associates over which it has significant influence is recognised in the statement of income (share in results of associates). Cumulative movements in the net assets of associates are recognised in proportion to Schiphol Group's interest as investments in associates. The company ceases to recognise its share in the results of an associate in the income statement and its share in the net asset value of that associate immediately if this were to lead to the carrying amount of the investment becoming negative and if the company has not entered into any commitments or made payments on behalf of the associate. Investments in associates are measured as other financial interests (at fair value with changes in fair value reported through the income statement) from the date on which the company ceases to have significant influence or control.

### Joint arrangements

The financial data of entities that qualify as a joint arrangement are recognised as either joint ventures or joint operations, depending on the statutory and contractual rights and obligations of each individual investor. All existing contractual agreements qualify as joint ventures. Joint ventures are entities over which Schiphol Group and one or more other investors have joint control, and are accounted for using the equity method.

### Acquisition of subsidiaries, associates and joint arrangements

An acquisition of a subsidiary, an associate or a joint arrangement is accounted for according to the purchase method, under which the cost of such an acquisition is the sum of the fair values of the assets and liabilities transferred by the acquirer on the acquisition date, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For acquisitions of associates and joint ventures this also includes the related transaction costs. The identifiable assets, liabilities and contingent liabilities acquired are initially measured at their fair value at the acquisition date. The excess of the cost of the acquisition over the company's interest in the net fair value of the acquired assets and liabilities is recognised as goodwill in the consolidated financial statements under intangible assets (in the case of subsidiaries) or as part of the carrying amount (in the case of associates and joint ventures). If the net fair value exceeds cost, the difference is recognised immediately in the income statement. Costs relating to an acquisition of a subsidiary are recognised directly in the income statement.

If the acquisition is achieved in stages and leads to having control in an entity, the acquisition date carrying value of the acquirer's previously held equity interest in the entity is remeasured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in the income statement.

When the group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in the income statement. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or other financial interest. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if it directly disposed the related assets or liabilities. This can result in amounts previously recognised in other comprehensive income being reclassified to profit or loss.

### Eliminations

Transactions between the company and its subsidiaries, associates and joint arrangements are eliminated, in the case of joint arrangements and associates in proportion to the company's interest in those entities, along with any unrealised gains and assets and liabilities arising. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### Financial assets

The company classifies financial assets in the categories of amortised cost (loans to associates, trade receivables, cash and cash equivalents) and fair value hedging instruments (derivative financial instruments). The classification is based on the business model and the cash flow characteristics of the financial asset.

### Derivative financial instruments

In line with the company's financial risk management, derivative financial instruments are used to hedge the risk of changes in future cash flows connected with periodic interest payments and repayments of funding resulting from movements in market interest rates and exchange rates. The instruments used to hedge these risks are interest rate swaps and currency swaps. At inception of designated hedging relationships, the company documents the risk management objective and strategy for undertaking the hedge as well as the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Derivative financial instruments are measured at fair value. To the extent the hedging relationship is effective, fair value changes on derivative financial instruments are recognised in other comprehensive income and accumulated in the hedge reserve, which is part of equity. The non-effective part of fair value changes is recognised in the income statement. The cumulative amount recognised in the hedging transactions reserve is recycled to the income statement in the same period in which the hedged transaction is recognised in the income statement. In cash flow hedging relationships, only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument. The change in fair value of the forward element is accounted for as a cost of hedging, the related costs of hedging reserve is part of the hedging transactions reserve.

If a hedging instrument expires, is sold, terminated or exercised or ceases to satisfy the hedge accounting criteria, hedge accounting is discontinued prospectively. The fair value gains and losses accumulated up to that date continue to be carried in the hedging transactions reserve for as long as the initially hedged transaction is considered to be likely to occur, and are subsequently recognised in the statement of income simultaneously with the realisation of the hedged cash flow. If the initially hedged transaction is no longer expected to occur, the amounts accumulated in the hedging reserve and the costs of hedging reserve are immediately reclassified to the income statement.

When hedge accounting is not applied, the results are immediately recognised in the income statement.

See note 27. [Management of financial risks and financial instruments](#) for a more detailed explanation.

### Loans to associates

The objective of loans to associates is to collect contractual repayments and interest. Loans to associates are initially measured at the fair value of the loans less attributable transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and the carrying amount being amortised over the remaining term to maturity using the effective interest method.

See note 13. [Loans to associates](#) for a more detailed explanation.

### Trade and other receivables

The objective of trade and other receivables is to collect contractual repayments and interest. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairments. In view of the generally short periods to maturity, the fair value and amortised cost of these items tend to be virtually identical to the face value.

See note 15. [Trade and other receivables](#) for a more detailed explanation.

### Cash and cash equivalents

The objective of cash and cash equivalents is to collect contractual repayments and interest. Cash and cash equivalents are measured at amortised cost, which is normally the nominal value. Cash and cash equivalents include all cash balances, deposits held at call at financial institutions, and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are excluded from cash and cash equivalents and reported under trade and other receivables. Bank overdrafts are included in the short-term payables.

See note 16. [Cash and cash equivalents](#) for a more detailed explanation.

### Expected credit losses

Expected credit losses on loans to associates, deposits and cash and cash equivalents are measured on the basis of possible situations and developments that may lead to a counterparty defaulting within a period of 12 months. However, if a significant change has occurred in the credit risk, expected credit losses are based on possible situations and developments during the expected total lifetime of the receivable that may lead to the associate or bank defaulting. A significant increase in the risk is deemed to have occurred if payment of repayment and/or interest is more than 30 days past due. The debtor is in default if payment is more than 90 days past due. Relevant information that is accessible without undue cost or effort is used to determine (twice a year) whether the credit risk has actually increased significantly and to measure expected credit losses. This includes both quantitative and qualitative information as well as historical and prospective information.

Schiphol Group opted to base its measurement of expected credit losses relating to trade receivables on all possible situations and developments that may lead to default of the debtor during the expected total lifetime of the receivable using the simplified approach based on the lifetime expected credit loss of the receivables. The provision amounts are derived from a provision matrix based on historical data on credit losses per business area. Additionally, the measurement of credit losses is based on information accessible without undue costs and effort about current developments and expectations with regard to the market and significant trading relationships. The provision covers 100% of the receivables owed by debtors that are in bankruptcy or have applied for a suspension of payments, as well as receivables older than one year.

Expected credit losses are reported in the income statement as part of depreciation, amortisation and impairment.

### Inventories

Inventories are measured at the lower of cost and net realisable value. The lower net realisable value is determined by an individual assessment of the inventories. Cost includes the purchasing costs of the product. The net realisable value is based on the expected selling price less selling costs to be incurred.

### Assets and liabilities held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. The sale is highly likely if, on the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year.

Such assets or disposal groups are measured at the lower of their carrying amount and fair value less costs to sell. Once classified as held for sale, the non-current assets will no longer be depreciated.

### Shareholders' equity

#### Issued share capital

The issued share capital is the amount paid up on the shares issued, up to their nominal value.

See note 17. [Issued share capital and share premium](#) for a more detailed explanation.

#### Share premium reserve

The share premium reserve is the amount paid up on the shares issued in excess of their nominal value.

### Retained profits

Retained profits are the net results (i.e. that part of the result attributable to shareholders) accumulated in previous years minus distributed dividends.

See note 18. [Retained profits](#) for a more detailed numerical explanation.

### Other reserves

Other reserves are the exchange differences reserve, the hedging transactions reserve, the share in other comprehensive income of associates reserve and the reserve for actuarial gains and losses.

The policies on the hedging transactions reserve and cost of hedging reserve are disclosed in 'derivative financial instruments'. The policies on the exchange differences reserve are disclosed under (c) in the policy on 'foreign currency'.

See note 19. [Other reserves](#) for a more detailed explanation.

### Employee benefits

There are four categories of employee benefits:

- short-term employee benefits;
- post-employment benefits;
- other long-term employee benefits;
- termination benefits.

These categories are explained below, along with descriptions of the Schiphol Group employee benefits included in these categories.

#### Short-term employee benefits

Short-term employee benefits are benefits payable within a year of the end of the year in which the employee rendered the service. Within Schiphol Group, this category includes wages and salaries (including holiday pay) and fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable short-term remuneration. The costs of these employee benefits are recognised in the income statement when the service is rendered or the rights to benefits are accrued (e.g. holiday pay).

#### Post-employment benefits

These are employee benefits that may be due after completion of employment. They include pensions and job-related early retirement benefits. Schiphol Group's pension plan is administered by Algemeen Burgerlijk Pensioenfonds (ABP). The pension plan is regarded as a group scheme involving more than one employer that qualifies as a defined-contribution plan because:

- the members bear the actuarial and investment risks practically in full;

- the affiliated employers have no supplementary obligation to make additional contributions in the event of a deficit at ABP, nor are they entitled to any surpluses in addition to paying the premium set by ABP;
- each year the premium is set by the ABP board on the basis of its own file data, with due regard for the prescribed parameters and requirements.

Accordingly, in measuring the obligations arising from the pension plan, Schiphol Group merely recognises the pension contributions payable as an expense in the income statement.

The obligation covering job-related early retirement benefits is calculated according to actuarial principles and accounted for using the method described in 1, 2 and 3 below. In these cases, a net asset or liability is recognised in the balance sheet, comprising:

1. the present value of the defined-benefit obligation at the reporting date, measured using the projected unit credit method, under which the present value of the pension obligation for each member is determined on the basis of the number of active years of service prior to the reporting date, the estimated salary level at the expected date of retirement and the market interest rate;
2. less any past service cost not yet recognised. If, owing to changes in the pension plans, the expected obligation based on future salary levels with respect to prior years of service (past service costs) increases, the amount of the increase is recognised in full in the period in which the rights are granted;
3. less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

#### Other long-term employee benefits

These are employee benefits which do not fall wholly due within a year of the end of the period in which the employees render the related service. At Schiphol Group, this includes amongst others supplementary disability benefits, long-service awards and sustainable employment budget.

The expected costs of supplementary disability benefits are recognised in full in the statement of income from the date on which an employee is declared partially unfit for work. The liabilities with respect to supplementary disability benefits, long-service awards and sustainable employment budget are measured at the present value of the obligation.

#### Termination benefits

These are employee benefits payable as a result of either a decision by Schiphol Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. Benefits under the scheme supplementing the statutory amount of unemployment benefit are another example of termination benefits. The costs are recognised in full in the income statement as soon as such a decision is made. Termination benefits are recognised at the present value of the obligation.

See note 22. [Employee benefits](#) for a more detailed explanation.

## Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are measured by discounting the expected future cash flows.

See note 23. [Provisions](#) for a more detailed explanation.

## Leases

### Schiphol Group as lessee

At inception of a contract, Schiphol Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In respect of leases right-of-use assets are recognised representing the right to use the underlying asset as well as lease liabilities representing the obligation to make lease payments. Schiphol Group does not apply the lessee accounting model to short-term leases (a term shorter than 12 months) and leases of low-value items (an individual value below 5,000 euros). Lease payments associated with short-term and low-value leases are recognised as an expense on a straight-line basis over the lease term.

The right-of-use asset is initially measured at cost being an amount equal to the lease liability, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurements of the lease liability. The right-of-use assets are presented in the same line as assets of the same nature owned by Schiphol Group. If the lease transfers ownership of the underlying asset by the end of the lease term or if the cost of the right-of-use asset includes exercise of a purchase option, the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise the right-of-use asset is depreciated until the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments. To determine the present value, the interest rate implicit in the lease is used. If that rate cannot be readily determined, the incremental borrowing rate is used. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest expense on the lease liability is accounted for on a separate line within financial expenses. A remeasurement of the lease liability (and similar adjustment to the book value of the right-of-use asset) can occur from a change in the lease term, a change in future lease payments or a change in the assessment of an option to purchase the underlying asset. Lease liabilities are presented in Other non-current and current liabilities in the statement of financial position.

### Schiphol Group as lessor

Leases in which Schiphol Group acts as lessor are classified as either an operating lease or a finance lease. Assets where the company or one of its subsidiaries has beneficial ownership under a lease contract are classified as operating leases. The company, or a subsidiary, has beneficial ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Leases where beneficial ownership of the asset remains with third parties are classified as finance leases. Whether a lease qualifies as a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

Assets subject to a finance lease are presented in the balance sheet as a lease receivable and measured at the present value of the minimum lease payments receivable at the inception of the lease (the net investment in the lease). The interest rate implicit in the lease is used to measure the net investment in the lease. The lease payments receivable are apportioned between the finance income and the reduction of the outstanding receivable so as to present a constant periodic rate of return on the net investment in the lease.

Assets subject to an operating lease are recognised in the balance sheet and measured according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the income statement. In the case of prepaid ground rents, the prepaid amounts received are recorded as a lease liability in the balance sheet and recognised as income in the income statement on a straight-line basis over the lease term.

## Financial liabilities

The company classifies financial liabilities in the categories of amortised cost (borrowings, trade payables and interest payable) and designated at fair value through profit and loss (borrowings).

### Borrowings

This item relates to bonds, private placements and amounts owed to credit institutions. Borrowings are initially measured at fair value less attributable transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and carrying amount being amortised over the remaining term to maturity using the effective interest method.

One borrowing concerns a profit sharing loan based on fair values of a specific real estate portfolio. The cash flows are determined on the basis of the expected value on the expiration date. The expected value is based on the valuation by external appraisers. To prevent inconsistency between the accounting for changes in the value of the loan on the one hand and the related real estate portfolio on the other, this borrowing is designated at fair value through profit and loss.

Borrowings expected to be repaid within a year of the reporting date are presented as current liabilities.



See note 21. [Borrowings](#) for a more detailed explanation.

### Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost. In view of the generally short periods to maturity, the fair value and amortised cost of these items tend to be virtually identical to the nominal value.

Liabilities from municipal taxes such as certain types of property taxes are recognised at the obligating event.

See note 25. [Trade and other payables](#) for a more detailed explanation.

### Revenue

Nearly all of Schiphol Group's activities comprise the provision of services. The Group recognises revenue when it transfers control over a service to the customer. Revenue is either measured based on the consideration consulted and set according to the Aviation Act (airport charges), specified in a contract with the customer (e.g. concessions, rent and leases) or based on rates published publically (e.g. parking fees). Each of the charges and rates relates to distinct services and does not contain financing components.

Revenues from the handling of flights, aircraft, passengers and baggage and from the provision of parking space (reported as airport charges and parking fees) qualify as revenue from contracts with customers. The airport charges are recognised at a point in time and parking fees are recognised over time. Revenue from the granting of concessions and letting of investment property and retail space qualifies as revenue from leases and is recognised on a straight-line basis over the contract period.

Total revenue represents the income from the services provided less discounts and tax (VAT and excise duty). Revenue equals total revenue less the revenue from intra-group transactions.

As regards the main activities of Schiphol Group, revenue is recognised as follows:

#### Airport charges

Revenue from airport charges consists of passenger service charges, security service charges, aircraft-related fees and aircraft parking fees. Revenue is recognised at a point in time. Given this method of revenue recognition, there are no performance obligations with regard to the revenues from airport charges as at the balance sheet date. Airport charges are invoiced on a weekly basis and the standard contractual payment term is three weeks.

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. This means that the process of setting the airport charge rates is subject to supervision by the Dutch Authority for Consumers and Markets (ACM) and that the aviation sector must be consulted as part of this process, which takes place every three years to set the tariffs for the next three-year period. When setting the aviation charges, the Aviation business area's profitability is capped at an average weighted cost of capital for regulated assets; both the asset base and the cost of capital must be determined in compliance with the Aviation Act.

In submitting its proposal, the operator provides the users with a statement of the level of service to be provided as measured by the indicators stipulated in the Amsterdam Airport Schiphol Operation Decree. The charges for all of the airport activities should be transparent. This also applies to the revenue from operations that are directly associated with the aviation activities at the airport which are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including subaccounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive.

Under the Aviation Act, Schiphol Group must settle surpluses and deficits from specified income and expenses with the industry. Settlement takes place after the respective financial year and preparation of the financial statements of the Aviation and Security reporting segments, in accordance with the Aviation Act and the applicable new airport charge rates. Surpluses and deficits eligible for settlement in the airport charge rates are not presented as assets and liabilities in the balance sheet.

The regional airports are not regulated up to a five million passenger limit. Eindhoven Airport reached this limit, as a consequence of which the tariffs of this airport are regulated as of 1 April 2019. As is the case for Amsterdam Airport Schiphol, the airport charges at Eindhoven Airport must be consulted with the airlines and must be transparent, reasonable and non-discriminatory. After setting the rates (in this case for one year in advance only), the airlines have the opportunity to object to the rates with the ACM. Unlike Amsterdam Airport Schiphol, Eindhoven Airport is not required to settle surpluses and deficits with the industry. No regulatory procedures apply to the setting of the 2019 airport charges of Rotterdam The Hague Airport and Lelystad Airport as passenger numbers at these airports are below the five million passenger limit.

#### Concessions

A concession grants the holder non-exclusive rights to operate and manage a commercial activity in a specific location designated by Schiphol Group. Concession income qualifies as variable lease payments, since it depends on predetermined percentage scales which are linked to the revenues of the concession holder. Concession income is recognised on a straight-line basis where the scales set are linked to the annual sales of the concession holder in the financial year. When the revenue

period specified in a contract is different from Schiphol's financial year, an estimate of the expected revenue and scale will be made and recognised. In these instances, revenue is also recognised on a straight-line basis. Concessions are invoiced on a monthly basis and the standard contractual payment term is two weeks.

### Rent and leases

Income from rent and leases relates to the letting of investment property and retail space, as in general, next to the concession agreement, a separate contract is entered into with concession holders in which a fixed rent is payable for the retail space rented by the concession holder. Income from rent and leases is recognised as revenue in the income statement on a straight-line basis over the contract term of the agreement. Rent and leases are invoiced in advance, mostly on a quarterly basis, and the standard contractual payment term is two weeks.

Rent holidays, discounts on rent and other lease incentives are recognised as an integral part of the gross rental revenues. Service charges relate to the costs of energy, concierges and maintenance which may be charged to the tenant under the lease. The part of the service costs allocated to property investments which have not been let is recognised as an expense in the income statement.

### Parking fees

Parking fees are recognised over time, in proportion to the service supplied at the reporting date. Parking revenues are for the most part collected immediately after the service has ended. A smaller part is collected at the moment the service is reserved ahead online. Revenues from business parking are invoiced on a monthly basis and the standard contractual payment term is two weeks. As a consequence of the above, with regard to the majority of revenues from parking fees, there are no performance obligations as at the balance sheet date.

### Other activities

Revenue from other activities mainly consists of revenue from advertising, transport of electricity, gas and water, telecommunication services and other services and activities on behalf of third parties. Most of this revenue qualifies as revenue from contracts with customers and is recognised over time, in proportion to the service supplied at the reporting date.

See note 1. [Revenue](#) for a more detailed explanation.

### Financial income and expenses

Interest income and expense is recognised over time on a basis that takes into account the effective yield on the loans granted or liabilities. Dividends are recognised when Schiphol Group's right to receive payment is established.

See note 27. [Management of financial risks and financial instruments](#) for a more detailed explanation.

### Income taxes

Income taxes comprise current tax payable or receivable and deferred tax. Income taxes are recognised in the income statement unless they relate to items credited or charged directly to equity or other comprehensive income, in which case the tax is charged or credited directly to equity or other comprehensive income as well.

### Current tax payable or receivable

Current tax payable or receivable in respect of the reporting period is the tax that is expected to be paid on the taxable profit for the reporting period and adjustments to the tax payable or receivable for prior periods. The tax payable or receivable is computed on the basis of tax rates and laws enacted or substantially enacted at the reporting date. Income taxes include all taxes based on taxable profits and losses including non-deductible taxes payable by subsidiaries, associates or joint ventures. Current tax assets and liabilities are offset only if certain criteria are met.

### Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax legislation and the accounting policies used in preparing these financial statements. Deferred tax assets, including those arising from tax loss carry-forwards, are recognised if it is probable that there will be sufficient future taxable profits against which tax losses can be offset, allowing the assets to be utilised.

No deferred tax assets or liabilities are recognised for:

1. temporary differences resulting from transactions that do not qualify as a business combination and that affect neither the result for reporting purposes nor the result for tax purposes at the time of the transaction; and
2. temporary differences associated with investments in subsidiaries, associates, joint ventures and contract-related intangible assets to the extent that Schiphol Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future; and
3. taxable temporary differences arising on the initial recognition of goodwill.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Existing deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The carrying amounts of deferred tax assets and liabilities are calculated at the tax rates expected to be applicable to the period in which an asset is realised or a liability is settled, using the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date and reflects uncertainty related to income taxes, if any. Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

See note 11. [Income taxes](#) for a more detailed explanation.

## Foreign currency

### Functional currency and presentation currency

Since the primary economic environment of Schiphol Group is the Netherlands, the euro is both its functional currency and presentation currency. Financial information is presented in thousands of euros, except where otherwise stated.

### Transactions, assets and liabilities

Transactions (capital expenditure, income and expenses) denominated in foreign currencies are accounted for at the exchange rate on the transaction date. Monetary assets and liabilities (receivables, payables and cash and cash equivalents) in foreign currencies are translated at the exchange rate on the reporting date. Exchange differences arising on translation and settlement of these items are recognised in the statement of income under financial income and expenses, with the exception of exchange differences on financial instruments in foreign currencies against which derivative financial instruments are held with the object of hedging exchange risks on future cash flows. Exchange differences on these financial instruments are recognised directly in comprehensive income provided the hedge is determined to be effective. The ineffective portion is recognised in the income statement under financial income and expenses.

### Subsidiaries

Income and expenses denominated in foreign currencies are translated at the exchange rate on the transaction date, which in practice is usually approximated using an average exchange rate. Assets and liabilities are translated at the rate on the reporting date. Goodwill and changes in fair value arising on the acquisition of investments in associates are treated as assets and liabilities of the entity concerned and are similarly translated at the rate on the reporting date. Exchange differences arising on the translation of balance sheets and income statements of subsidiaries outside the euro zone

are recognised directly in equity under the exchange differences reserve. On disposal of subsidiaries outside the euro zone, the accumulated translation differences initially recognised in the exchange differences reserve are recognised in the income statement as part of the result on disposal.

## Cash flow statement

The cash flow statement is prepared using the indirect method. Cash and cash equivalents within the cash flow statement consist of all cash balances, deposits held at call at financial institutions, and short-term highly liquid investments with an original maturity of three months or less that are readily convertible into known amounts of cash. Liquid investments with an original maturity exceeding three months are reported under trade and other receivables. Given the purpose of these investments (to finance capital expenditure in the short term), the movements in these investments are not reported as part of movement in working capital but as part of cash flow from investing activities.

Cash flows from short-term credit facilities are classified as cash flows from financing activities. Cash flows in foreign currencies are translated at an estimated average rate. Currency differences on cash and cash equivalents are separately disclosed. Income tax, interest received and interest paid, and dividends received are classified as cash flows from operating activities. Capitalised interest is presented consistently with interest cash flows that are not capitalised. Paid dividends are classified as cash flows from financing activities.

The acquisition of a group company or subsidiary is classified as a cash flow from investing activities for the part that was paid in cash. Available cash and cash equivalents within the acquired company or subsidiary are eliminated. This also applies in the case of the sale of a group company.

Non-cash transactions are not included in the cash flow statement. Payments of lease instalments under a financial lease contract are classified as cash flows from financing activities as regards the part relating to redemption and as cash flows from operating activities as regards the part relating to interest.

See the [Consolidated statement of cash flow for the year ended 31 December 2019](#) for a more detailed explanation.

## Critical judgements and estimates

The assumptions and estimates made in the financial statements often concern expected future developments. Since the actual developments may deviate from the assumptions used, the actual outcomes may significantly differ from the current measurements of a number of items in the financial statements. As a result, the assumptions and estimates used may significantly influence Schiphol Group's equity and results. Assumptions and estimates used are tested periodically and adjusted where necessary. To a significant degree, these assumptions and estimates are based on past experience and on Schiphol Group's management's best estimate of specific circumstances which – in the management's view – apply in the given context. This section discusses the principal areas where the measurement of items is strongly influenced by the assumptions and estimates used.

### Useful life, residual value and impairment of property, plant and equipment

The carrying value of property, plant and equipment is calculated on the basis of estimates of depreciation periods derived from the expected technical and useful life of the asset concerned, and residual values. The expected technical and useful life of the asset concerned and its estimated residual value may change under the influence of technological developments, market circumstances and changes in the use of the asset. These factors may also give rise to the need to recognise an impairment on assets.

### Determining the fair value of investment property and land positions

The fair value of buildings recognised under investment property is appraised twice a year by management through the deployment of independent external valuers. The fair value of land recognised under investment property is appraised primarily on the basis of internal valuations. In addition each year a different part of the land positions is appraised by independent external valuers. The best evidence of fair value are current prices in an active market for similar investment property. In the absence of such information, Schiphol Group determines the amount within a range of reasonable fair value estimates. The underlying assumptions of these estimates are explained in more detail in the accounting policies on investment property and in note 10. [Investment property](#).

### Impairment of goodwill and non-current assets

Goodwill is not amortised, but an annual impairment test is carried out to identify if there are any changes or events that could lead to an impairment of the goodwill. Other assets are tested in the case of any events or changes that call for an impairment test.

## Capitalisation and allocation of costs to specific assets

All capital expenditures are initially recognised under assets under construction if they are expected to generate future economic benefits. A distinction is made between operating activities and investment property. Asset used for operating activities can be subdivided into the following categories:

- runways, taxiways and aprons;
- paved areas and roads;
- buildings;
- installations;
- other non-current assets.

## Taxes

When preparing the financial statements, Schiphol Group makes every effort to assess all relevant tax risks and process up-to-date tax position details in the financial statements to the best of its ability. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise. In the valuation of deferred tax assets, particularly those concerning differences between the values of property, plant and equipment for reporting and tax purposes in the financial statements, assumptions are made regarding the extent to which and the period within which such assets can be realised. This is done, for instance, on the basis of business plans. In addition, when preparing the financial statements assumptions are made regarding temporary and permanent differences between the values for reporting and tax purposes. The actual situation may deviate from the assumptions used to determine deferred tax positions, due for instance to diverging insights and changes in tax laws and regulations. See 11. [Income taxes](#) for a more detailed explanation.

The management programme for these tax risks (also known as the 'tax control framework') is part of Schiphol Group's overall risk management programme. This programme serves to identify tax risks and monitor internal controls with the aim of mitigating the tax risks. Schiphol Group has also developed and implemented a tax planning framework. Tax risk management is facilitated by the central control department (Group Control) and is part of approved Management Board policy. This policy is based on Schiphol Group's aim to be a trustworthy taxpayer through the application of professional tax compliance procedures.

## Provisions

Schiphol Group uses estimates and assumptions when determining the likelihood that an obligation per balance sheet date will lead to an outflow of resources. In addition to this, assumptions are applicable to the estimated amount of outflow of resources. For example, Schiphol recognised an environmental provision related to soil pollution for construction projects for which soil has been excavated. Since there is no technical solution available for decontaminating the polluted soil, the excavated soil is temporarily stored at the airport until the market has developed a decontamination

solution. Schiphol has made an estimation of the expected expenditures related to the decontamination. For a more detailed explanation, refer to note 23. [Provisions](#).

### Claims and disputes

Schiphol Group is the subject of various claims and disputes, which are part of its business operations. Group management assesses the claims and court cases instituted against it on the basis of facts and seeks legal advice when required. Schiphol is also involved in disputes as a claimant. In both cases this involves subjective elements and projected outcomes. However, it is not possible to obtain certainty about the final outcome and any negotiations on claims and disputes. For a more detailed explanation, see note 26. [Contingent assets and liabilities](#).

## Acquisitions in 2019

In 2019 Schiphol Group increased its share in Brisbane Airport Corporations Holdings Ltd (BACH) by 0,89% and acquired a 35% stake in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC).

(x AUD 1 million)	BACH Brisbane 0,89% at fair value	TGHC Hobart 35% at fair value
<b>Current assets</b>	<b>2</b>	<b>14</b>
PP&E and investment property	59	119
Intangibles assets	7	101
Leased land	3	-
Other non-current assets	3	1
<b>Non-current assets</b>	<b>73</b>	<b>220</b>
<b>Total assets</b>	<b>75</b>	<b>235</b>
<b>Current liabilities</b>	<b>-3</b>	<b>-30</b>
Interest-bearing loans & liabilities	-29	-61
Redeemable preference Shares	-4	-123
Deferred tax liabilities	-10	-11
Other non-current liabilities	-4	-8
<b>Non-current liabilities</b>	<b>-46</b>	<b>-202</b>
<b>Total liabilities</b>	<b>-49</b>	<b>-232</b>
<b>Net assets</b>	<b>26</b>	<b>2</b>

### 0.89% additional share in Brisbane Airport

At the end of June 2019, Royal Schiphol Group increased its share in Brisbane Airport Corporations Holdings Ltd (BACH), of which it has been a shareholder since 1997, by 0.89% to 19.61%. The acquisition concerns both 0.89% of the ordinary shares and 0.89% of the redeemable preference shares and involved a total consideration of AUD 97 million (EUR 60 million), including acquisition

costs of AUD 0.5 million (EUR 0.3 million). The shares were acquired from one of the other shareholders.

The transaction has no impact on the existing shareholders' agreement (the constitution of BACH). As such, Royal Schiphol Group continues to have significant influence over BACH, even though its indirect interest remains smaller than 20%. This influence is expressed in the form of rights to appoint members of the Board of Directors, rights to block key strategic and financial decisions and cooperative and exchange arrangements. As a consequence, the investment in BACH will continue to be accounted for using the equity method. As the transaction does not constitute control, the book value of the pre-existing interest in BACH has not been revalued.

Following the acquisition at the end of June 2019, Royal Schiphol Group commissioned an independent assessment of the fair value of the net assets acquired. At year-end 2019, this assignment had not been fully completed; as a consequence of that, the fair value adjustments presented above are provisional in accordance with IFRS 3.

Apart from the pre-existing intangible assets, no additional material intangible assets were identified yet that meet the recognition criteria. The net assets acquired balance of AUD 26 million includes fair value adjustments in relation to Property Plant & Equipment and Leased Land. The fair value adjustments to Property Plant & Equipment and Leased Land give rise to an addition to the deferred tax liabilities.

Of the total acquisition cost of AUD 97 million (EUR 60 million), an amount of AUD 4 million (EUR 3 million) is allocated to the fair value of the acquired redeemable preference shares. The provisional implied goodwill on the acquisition of AUD 67 million (EUR 41 million) is determined as the shortfall between the fair value of the acquired net assets in the amount of AUD 26 million (EUR 16 million) and the remaining part of the total acquisition cost of AUD 93 million (EUR 57 million).

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised in accordance with IFRS 3.

### 35% share in Hobart International Airport in Australia

At the end of October 2019, Royal Schiphol Group and QIC won the bid for a 70% stake in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) in Australia. The principal objective of TGHC is to invest in and hold all the interests in Tasmanian Gateway Corporation Pty Ltd (TGC), which holds all the interests in Hobart International Airport Pty Ltd (HIAPL). Both consortium partners acquired a 35% stake and will act as independent shareholders. The acquisition concerns both 35% of the

ordinary shares and 35% of the redeemable preference shares and involved a total consideration of AUD 299 million (EUR 184 million), including acquisition costs of AUD 5 million (EUR 3 million). The share was acquired from two of the other shareholders.

The 35% share in TGHC is concluded to be a joint venture. Resolutions at meetings of the Board must be decided by a simple majority, except for fundamental shareholder matters (in respect of e.g. shareholder rights, the constitution, shares or other securities, liquidation, appointment or removal of the auditor or any independent directors) and certain other resolutions (e.g. on adoption of, amendment to or departure from the business plan, acquisitions, financing of the company, appointment of the CEO and important transactions that exceed the applicable threshold), which require a majority of 75%. Such a majority is only possible if the resolution has the unanimous consent of all shareholders, as there are no shareholders with a share below 25%. Royal Schiphol Group will recognise its share in TGHC as an investment in a joint venture accounted for using the equity method.

Following the acquisition at the end of October 2019, Royal Schiphol Group commissioned an independent assessment of the fair value of the net assets acquired. At year-end 2019, this assignment is still a work in progress as a consequence of which the fair value adjustments presented above are provisional in accordance with IFRS 3.

Apart from the pre-existing intangible assets included in the above table, additional material intangible assets were identified that meet the recognition criteria. This concerns aeronautical service arrangements with several airlines and or the license to operate the airport. At present the net assets acquired balance of AUD 2 million includes fair value adjustments in relation to Property, Plant & Equipment and Investment Property. The fair value adjustments to Property, Plant & Equipment and Investment Property give rise to an addition to the deferred tax liabilities. The fair value of the additional intangible assets is yet to be determined.

Of the total acquisition cost of AUD 299 million (EUR 184 million), an amount of AUD 125 million (EUR 77 million) is allocated to the fair value of the acquired redeemable preference shares. The provisional implied goodwill on acquisition and intangibles of AUD 172 million (EUR 106 million) is determined as the difference between the remaining part of the total acquisition cost of AUD 174 million (EUR 107 million) and the fair value of the acquired net assets in the amount of AUD 2 million (EUR 1 million). The latter amount does not yet include the fair value of additional material intangible assets identified.

If new information obtained within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the date of acquisition, then the accounting for the acquisition will be revised in accordance with IFRS 3.

## Segment information

An operating segment is a clearly identifiable part of a company that engages in business activities with associated revenues, costs and operating results, and about which separate financial information is available that is regularly reviewed by the Management Board in order to assess the performance of the segment and make decisions about the resources to be allocated to it. Schiphol Group identifies fourteen operating segments, which have been combined into nine segments for reporting purposes in view of the size and characteristics of the operating segments. The nine segments for reporting purposes are grouped into four business areas: Aviation, Consumer Products & Services, Real Estate, and Alliances & Participations. Information relating to alliances specifically associated with a particular business area is presented under the segments of that business area. The information relating to other alliances is presented under the reporting segments of the Alliances & Participations business area.

The Management Board and Corporate Treasury review liabilities and financial income and expenses at group level rather than segment level. The same rationale applies to income taxes, which are also reviewed and monitored at group level rather than at segment level. Transactions between the segments have been consistently conducted at arm's length over the years. Group overheads are allocated to the segments largely on the basis of their relative share in the direct costs of Schiphol Group. The system of allocations and settlements has been applied consistently over the past years.

Since Schiphol Group's current activities are concentrated almost entirely in the Netherlands (approximately 99% of consolidated revenue in 2019), there is no geographical segmentation. Around 34% (approx. 547 million euros) of revenue relates to one external customer and is generated primarily in the Aviation and Security segments.

### Aviation

The Aviation business area operates at Amsterdam Airport Schiphol and provides services and facilities to airlines, passengers and handling agents. It is subdivided into two segments: Aviation and Security. Aviation generates most of its revenue from airport charges (charges related to aircraft and passengers) and concession fees (paid by oil companies for the provision of aircraft refuelling services). The source of revenue for Security consists of airport charges (security-related charges).

### Consumer Products & Services

The activities of the Consumer Products & Services business area consist of granting and managing concessions for shops, food and beverages and service outlets (Concessions segment, generating variable revenue from concessions and fixed revenue from leasing retail locations), operating car parks (Parking segment, generating revenue from parking charges) and advertising opportunities at Amsterdam Airport Schiphol (Other segment, generating revenue from providing advertising space). Only the majority of parking revenues comes from passengers and visitors to the airport

directly (business to consumers), with a minor part being generated online through parking space being reserved ahead. All other revenues, including the revenues from the other reporting segments, originate from services to other companies (business to business).

### Real Estate

The Real Estate business area, which is also a segment, develops, manages, operates and invests in property at and around domestic and foreign airports. The major part of the portfolio, comprising both airport buildings and commercial properties, is located at and around Amsterdam Airport Schiphol. Sources of revenue include income from developing and leasing out land and buildings. The business area also makes a major contribution to Schiphol Group results with other income from property (sales, fair value gains or losses on property and granting land leases).

### Alliances & Participations

The Alliances & Participations business area comprises the Regional Airports, International Airports and other activities. Airport charges, concessions and parking charges are the main sources of revenue for the regional airports (Rotterdam The Hague, Eindhoven and Lelystad). The airports abroad contribute to the group result through their results as accounted for in share in results of associates and joint ventures and through the interest paid on loans. This includes shares in Groupe ADP, Brisbane Airport Corporation Holdings Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd. The stake in JFKIAT Member LLC is recognised as a contract-related asset and contributes to the group result through management fees that are recognised as part of other revenue. The other activities mainly consist of Schiphol Telematics and Utilities. Schiphol Telematics provides telecommunication services at and around the airport. Utilities generates revenue from the transmission of electricity and gas and from the supply of water.

<b>2019</b>					
(in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
Airport charges	908,040	-	-	64,295	<b>972,336</b>
Concessions	15,619	188,479	1,210	11,673	<b>216,981</b>
Rent and leases	206	18,754	174,587	4,673	<b>198,220</b>
Parking fees	-	105,208	5,077	21,920	<b>132,205</b>
Other activities	45,248	36,145	6,666	103,564	<b>191,624</b>
<b>Total revenue</b>	<b>969,114</b>	<b>348,586</b>	<b>187,539</b>	<b>206,126</b>	<b>1,711,365</b>
Intercompany revenue	-2,918	-2,484	-29,177	-62,112	<b>-96,691</b>
<b>Revenue</b>	<b>966,196</b>	<b>346,103</b>	<b>158,362</b>	<b>144,014</b>	<b>1,614,674</b>
Other income and results from investment property	-	-	112,949	-91	<b>112,858</b>
Depreciation and amortisation	-204,348	-34,796	-23,134	-27,592	<b>-289,871</b>
Impairment <sup>1</sup>	-	-	-2,334	-	<b>-2,334</b>
Operating profit	-7,069	205,633	183,065	13,474	<b>395,104</b>
Share in results of associates and joint ventures <sup>2</sup>	-1,866	963	33,400	101,781	<b>134,278</b>
Total assets	3,162,869	497,620	2,441,560	1,694,502	<b>7,796,551</b>
Total non-current assets (excl. deferred tax)	2,996,079	471,378	2,312,756	1,597,887	<b>7,378,101</b>
Investments in associates and joint ventures	926	17,809	113,249	1,038,463	<b>1,170,447</b>
Capital expenditure <sup>3</sup>	598,626	74,735	105,537	80,825	<b>859,724</b>

<sup>1</sup> This amount is excluding expected credit losses.

<sup>2</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

<sup>3</sup> These capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.



<b>2018</b>					
(in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total <sup>1</sup>
Airport charges	821,438	-	-	68,849	<b>890,287</b>
Concessions	15,660	186,008	1,168	9,336	<b>212,172</b>
Rent and leases	304	17,761	171,701	4,510	<b>194,277</b>
Parking fees	-	100,860	4,874	20,723	<b>126,457</b>
Other activities	35,984	33,674	4,408	100,322	<b>174,388</b>
<b>Total revenue</b>	<b>873,386</b>	<b>338,304</b>	<b>182,151</b>	<b>203,741</b>	<b>1,597,581</b>
Intercompany revenue	-2,248	-2,240	-26,622	-57,483	<b>-88,593</b>
<b>Revenue</b>	<b>871,138</b>	<b>336,064</b>	<b>155,529</b>	<b>146,258</b>	<b>1,508,988</b>
Other income and results from investment property	-	-	104,049	2,915	<b>106,964</b>
Depreciation and amortisation	-192,055	-31,316	-20,465	-24,810	<b>-268,646</b>
Impairment <sup>2</sup>	-	-	2,300	-	<b>2,300</b>
Operating profit	-39,148	209,372	172,377	25,524	<b>368,125</b>
Share in results of associates and joint ventures <sup>3</sup>	908	813	7,118	96,625	<b>105,464</b>
Total assets	2,984,483	496,324	2,418,659	1,473,491	<b>7,372,957</b>
Total non-current assets (excl. deferred tax)	2,596,850	431,860	2,104,518	1,282,628	<b>6,415,856</b>
Investments in associates and joint ventures	3,492	18,654	96,400	857,848	<b>976,395</b>
Capital expenditure <sup>4</sup>	360,558	86,287	69,204	64,554	<b>580,602</b>

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

<sup>2</sup> This amount excludes expected credit losses.

<sup>3</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

<sup>4</sup> These capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

## Aviation

(in thousands of euros)	Aviation		Security		Total	
	2019	2018	2019	2018	2019	2018
Airport charges	<b>563,893</b>	503,541	<b>344,147</b>	317,897	<b>908,040</b>	821,438
Concessions	<b>15,619</b>	15,660	-	-	<b>15,619</b>	15,660
Rent and leases	-	94	<b>206</b>	210	<b>206</b>	304
Other activities	<b>38,067</b>	29,825	<b>7,181</b>	6,159	<b>45,248</b>	35,984
<b>Total revenue</b>	<b>617,579</b>	<b>549,120</b>	<b>351,534</b>	<b>324,266</b>	<b>969,114</b>	<b>873,386</b>
Intercompany revenue	<b>-2,023</b>	-1,386	<b>-895</b>	-862	<b>-2,918</b>	-2,248
<b>Revenue</b>	<b>615,557</b>	<b>547,734</b>	<b>350,639</b>	<b>323,404</b>	<b>966,196</b>	<b>871,138</b>
Depreciation and amortisation	<b>-163,495</b>	-149,264	<b>-40,853</b>	-42,791	<b>-204,348</b>	-192,055
Operating profit	<b>-18,167</b>	-20,515	<b>11,098</b>	-18,633	<b>-7,069</b>	-39,148
Share in results of associates and joint ventures <sup>1</sup>	<b>-1,866</b>	908	-	-	<b>-1,866</b>	908
Total assets	<b>2,805,412</b>	2,607,327	<b>357,457</b>	377,155	<b>3,162,869</b>	2,984,483
Total non-current assets (excl. deferred tax)	<b>2,657,472</b>	2,268,681	<b>338,607</b>	328,169	<b>2,996,079</b>	2,596,850
Investments in associates and joint ventures	<b>926</b>	3,492	-	-	<b>926</b>	3,492
Capital expenditure	<b>547,337</b>	317,363	<b>51,289</b>	43,195	<b>598,626</b>	360,558

<sup>1</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

## Consumer Products & Services

(in thousands of euros)	Concessions		Parking		Other		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Concessions	180,271	178,960	8,208	7,048	-	-	188,479	186,008
Rent and leases	18,275	17,258	479	503	-	-	18,754	17,761
Parking fees	-	-	105,208	100,860	-	-	105,208	100,860
Other activities	827	975	1,816	1,736	33,501	30,964	36,145	33,674
<b>Total revenue</b>	<b>199,374</b>	<b>197,192</b>	<b>115,711</b>	<b>110,147</b>	<b>33,501</b>	<b>30,964</b>	<b>348,586</b>	<b>338,304</b>
Intercompany revenue	-509	-393	-1,798	-1,613	-176	-233	-2,484	-2,240
<b>Revenue</b>	<b>198,865</b>	<b>196,799</b>	<b>113,913</b>	<b>108,534</b>	<b>33,325</b>	<b>30,731</b>	<b>346,103</b>	<b>336,064</b>
Depreciation and amortisation	-15,752	-14,575	-16,185	-13,619	-2,859	-3,122	-34,796	-31,316
Operating profit	142,775	147,064	51,049	52,793	11,809	9,515	205,633	209,372
Share in results of associates and joint ventures <sup>1</sup>	963	813	-	-	-	-	963	813
Total assets	222,149	223,702	252,760	253,970	22,711	18,652	497,620	496,324
Total non-current assets (excl. deferred tax)	210,434	194,647	239,431	220,983	21,513	16,229	471,378	431,860
Investments in associates and joint ventures	17,809	18,654	-	-	-	-	17,809	18,654
Capital expenditure	32,117	42,598	34,482	41,303	8,137	2,386	74,735	86,287

<sup>1</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

## Real Estate

(in thousands of euros)	2019	2018
Concessions	1,210	1,168
Rent and leases	174,587	171,701
Parking fees	5,077	4,874
Other activities	6,666	4,408
<b>Total revenue</b>	<b>187,539</b>	<b>182,151</b>
Intercompany revenue	-29,177	-26,622
<b>Revenue</b>	<b>158,362</b>	<b>155,529</b>
Other income and results from investment property	112,949	104,049
Depreciation and amortisation	-23,134	-20,465
Impairment	-2,334	2,300
Operating profit	183,065	172,377
Share in results of associates and joint ventures <sup>1</sup>	33,400	7,118
Total assets	2,441,560	2,418,659
Total non-current assets (excl. deferred tax)	2,312,756	2,104,518
Investments in associates and joint ventures	113,249	96,400
Capital expenditure	105,537	69,204

<sup>1</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

## Alliances & Participations

(in thousands of euros)	International airports		Domestic airports		Other activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018 <sup>1</sup>
Airport charges	-	-	64,295	68,849	-	-	64,295	68,849
Concessions	-	-	11,673	9,336	-	-	11,673	9,336
Rent and leases	-	-	4,673	4,506	-	-	4,673	4,510
Parking fees	-	-	21,920	20,723	-	-	21,920	20,723
Other activities	11,920	11,843	5,598	7,946	86,046 <sup>2</sup>	80,538	103,564	100,322
<b>Total revenue</b>	<b>11,920</b>	<b>11,843</b>	<b>108,160</b>	<b>111,361</b>	<b>86,046</b>	<b>80,538</b>	<b>206,126</b>	<b>203,741</b>
Intercompany revenue	-77	-66	-1,381	-1,481	-60,654	-55,936	-62,112	-57,483
<b>Revenue</b>	<b>11,843</b>	<b>11,776</b>	<b>106,778</b>	<b>109,879</b>	<b>25,393</b>	<b>24,602</b>	<b>144,014</b>	<b>146,258</b>
Other income and results from investment property	-	-	-91	2,915	-	-	-91	2,915
Depreciation and amortisation	-1,388	-1,311	-12,315	-11,006	-13,889	-12,492	-27,592	-24,810
Impairment	-	-	-	-	-	-	-	-
Operating profit	5,719	8,009	12,013	18,688	-4,258	-1,174	13,474	25,524
Share in results of associates and joint ventures <sup>3</sup>	101,783	96,154	-	-	-	470	101,783	96,625
Total assets	1,280,876	1,089,763	319,007	306,588	94,620	77,140	1,694,502	1,473,491
Total non-current assets (excl. deferred tax)	1,207,552	948,874	302,185	266,633	88,151	67,121	1,597,887	1,282,628
Investments in associates and joint ventures	1,034,192	854,572	-	-	4,271	3,277	1,038,463	857,848
Capital expenditure	-	-	48,559	40,536	32,266	24,018	80,825	64,554

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

<sup>2</sup> The other activities include revenues from Utilities (supply of gas, electricity and water) and telecommunication services.

<sup>3</sup> The share in results of associates and joint ventures includes the share in profit of associates and joint ventures presented as such in the profit and loss account and the share of interest income presented as part of financial income and expenses that is attributable to investments in and receivables on associates.

## Notes to the consolidated statement of income

### 1. Revenue

#### Airport charges

(in thousands of euros)	2019	2018
Passenger service charges	394,792	374,574
Security service charges	364,170	328,270
Aircraft-related fees	208,391	182,960
Aircraft parking fees	4,983	4,483
<b>Total airport charges</b>	<b>972,336</b>	<b>890,287</b>

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. Under the Aviation Act, Schiphol Group must settle surpluses and deficits from specified income and expenses with the airlines. In accordance with the accounting policies, surpluses and deficits eligible for settlement in future airport charge rates are not presented as assets and liabilities in the balance sheet. The following table provides an overview of surpluses (owed to the sector) and deficits (receivable from the sector) per financial year as well as the timing of their settlement in future airport charge rates.

	Surplus (+) or deficit (-/-)	April 1st 2018	April 1st 2019	April 1st 2020	April 1st 2021	April 1st 2022	April 1st 2023
2016	54.5	54.5	-	-	-	-	-
2017	22.2	-	7.4	7.4	7.4	-	-
2018	0.6	-	-	0.2	0.2	0.2	-
2019 <sup>1</sup>	-17.0	-	-	-	-5.7	-5.7	-5.7
		<b>54.5</b>	<b>7.4</b>	<b>7.6</b>	<b>1.9</b>	<b>-5.5</b>	<b>-5.7</b>

<sup>1</sup> Preliminary, pending finalisation of regulatory accounts 2019.

The tariffs at Eindhoven Airport are regulated as of 1 April 2019. Contrary to Amsterdam Airport Schiphol, Eindhoven Airport is not required to settle surpluses and deficits with the industry. No regulatory procedures apply to Rotterdam The Hague Airport and Lelystad Airport.

#### Concessions

(in thousands of euros)	2019	2018
Shops Retail Airside	112,539	113,159
Food and beverage	49,078	47,443
Oil companies	15,619	15,660
Shops Plaza	10,220	9,148
Other	29,525	26,762
<b>Total concessions</b>	<b>216,981</b>	<b>212,172</b>

Schiphol Group's Concessions reporting segment, which is part of the Consumer Products & Services business area, had 108 effective concession contracts in 2019 (2018: 111) for a range of commercial activities at Amsterdam Airport Schiphol. The following table provides an overview of the undiscounted fixed lease payments for rent and concessions (excluding payments conditional on factors other than the passing of time, e.g. percentage of revenues and price indices) expected to be received from these contracts, as well as the period to their expiry:

	2020	2021	2022	2023	2024	>2024
Fixed lease payments from current contracts (in thousands of euros)	9,817	8,912	5,751	3,906	3,288	680
Percentage of contracts that will expire	32%	21%	18%	12%	4%	13%

Revenue of 15.6 million euros from concessions included in the Aviation segment (15.7 million euros in 2018) and 8.2 million euros in the Parking segment (7.0 million euros in 2018) relates to concession agreements for the third-party supply of aviation fuel and car rental services at the airport respectively. Concession revenue received from Schiphol Airport Retail B.V. (an associate of Schiphol Group) is 28.6 million euros (2018: 28.5 million euros).

## Rent and leases

(in thousands of euros)	2019	2018
Investment property: buildings, including service charges	100,187	98,694
Operating property, including service charges	42,810	41,706
Investment property: land	27,517	27,950
Intercompany revenue	27,706	25,927
<b>Total rent and leases</b>	<b>198,220</b>	<b>194,277</b>

Average occupancy in the Real Estate segment was 91.5% (91.1% in 2018). The following table provides an overview of the years in which the current rent and lease contracts will expire for activities at Amsterdam Airport Schiphol, as well as the undiscounted fixed lease payments for rent (excluding payments conditional on factors other than the passing of time, e.g. degree of use in respect of service costs and price indices) expected to be received from these contracts until their expiry:

	2020	2021	2022	2023	2024	>2024
Fixed lease payments from current contracts (in millions of euros)	151	109	71	56	33	25
Percentage of contracts that will expire	37%	31%	10%	8%	5%	8%

Property management expenses divided into occupied and unoccupied buildings can be broken down as follows:

(in thousands of euros)	2019	2018
Occupied buildings	45,383	43,826
Unoccupied buildings	4,221	4,276
<b>Total property management expenses</b>	<b>49,604</b>	<b>48,102</b>

If buildings are partially leased, the property management expenses have been apportioned based on floor area.

## Parking fees

(in thousands of euros)	2019	2018
Short-stay parking	40,246	39,253
Long-stay parking	43,315	40,851
Business parking	24,764	23,755
	<b>108,325</b>	<b>103,858</b>
Parking at other locations	21,920	20,723
Intercompany revenue	1,960	1,876
<b>Total parking fees</b>	<b>132,205</b>	<b>126,457</b>

Parking revenues at other locations relate to parking at the airports of Rotterdam The Hague, Eindhoven and Lelystad and are included in the Domestic Airports segment.

As part of the business parking fees and intercompany revenue, an amount of 5.1 million euros (2018: 4.9 million euros) is obtained from investment properties of the Real Estate business area. The income is related to the objects included in note 10. [Investment property](#).

## Other activities

(in thousands of euros)	2019	2018
Advertising	19,632	18,739
Telecommunication services	17,527	17,695
JFK IAT related fees	8,163	8,420
Electricity, gas and water	6,298	6,127
Services and activities on behalf of third parties	6,480	4,854
Hotel activities	3,576	3,707
Other operating income	62,935	54,108
Intercompany revenue	67,012	60,738
<b>Total other activities</b>	<b>191,624</b>	<b>174,388</b>

## 2. Other results from investment property

(in thousands of euros)	2019	2018
Gain/ (loss) on disposal of land	-1,543	1,380
<b>Result on sale of property</b>	<b>-1,543</b>	<b>1,380</b>
Gain/ (loss) on changes in fair value of buildings	69,345	64,389
Gain/ (loss) on changes in fair value of land	22,012	34,962
Gain/ (loss) on changes in fair value of assets under construction	22,399	3,666
New ground leases granted	645	2,567
<b>Total fair value gains and losses</b>	<b>114,401</b>	<b>105,584</b>
<b>Total other revenues from investment property</b>	<b>112,858</b>	<b>106,964</b>

### Fair value gains and losses

Investment property is measured at fair value. The fair value of buildings recognised under investment property is appraised twice a year by independent external valuers commissioned by the Management Board. The fair value of land recognised under investment property is appraised primarily on the basis of internal valuations. In addition, each year a different part of the land positions is appraised by independent external valuers. Fair value gains and losses are recognised in the statement of income in the year in which they arise. The assumptions applied in determining the market value are explained in note 10. [Investment property](#).

The fair value adjustment to buildings was 69.3 million euros positive in 2019. This fair value increase is driven by favourable market conditions. Lower yields and increased demand led to higher rental prices and lower vacancy rates for offices on prime locations. Favourable market conditions (lower yields) also caused the fair value of land to increase by 22.0 million euros. Assets under construction increased in value by 22.4 million euros as a consequence of rental agreements signed with new tenants including higher rents than previously expected and improved market conditions.

## 3. Outsourcing and other external costs

(in thousands of euros)	2019	2018
Security	197,320	204,805
Subcontracted activities	144,728	139,317
Maintenance	138,279	115,584
Hired temporary staff	92,016	77,899
Cleaning	40,885	38,335
Advisory and audit fees	28,509	26,322
Insurance and government levies	22,583	21,137
Energy and water	22,742	19,945
Costs related to investments	18,495	19,490
Commercial expenses	15,680	15,100
Other expenses (such as general expenses, rents and leasing)	80,891	72,850
<b>Total cost of outsourced work and other external costs</b>	<b>802,126</b>	<b>750,783</b>

The subcontracted activities comprise a broad range of outsourced activities related to airport processes, such as the outsourcing of bus transport services, the services to people with reduced mobility and the lost & found process.

### Auditor's fees

(in thousands of euros)	2019	2018
Audit of the financial statements	973	892
Other audit services	774	675
<b>Total auditor's fees</b>	<b>1,747</b>	<b>1,567</b>

The auditor's fees concern activities carried out at Schiphol Group and the consolidated group companies by the audit firm as referred to in Section 1(1) of the Dutch Audit Firms Supervision Act and represent the fees charged by the entire network of which the audit firm is part. The audit of the financial statements includes the consolidated financial statements and the audit of the entities that are part of the consolidation. The other audit services rendered by the auditor include the assurance report on Socio-economic Accountability, a review of interim financial information, an audit of financial statements for regulatory purposes, several agreed upon procedures for regulatory



purposes and procedures for the EMTN prospectuses. The fees of KPMG Accountants N.V. amount to 1.6 million euros (2018: 1.5 million euros) while the fees for activities performed by other members of the KPMG network amount to 0.1 million euros (2018: 0.1 million euros).

#### 4. Employee benefits expense

(in thousands of euros)	2019	2018
Short-term employee benefits	190,360	174,067
Post-retirement benefits	33,033	27,814
Other long-term employee benefits	2,566	2,417
Termination and unemployment benefits	1,344	9,957
Other staff costs	15,162	14,786
<b>Total employee benefits</b>	<b>242,466</b>	<b>229,041</b>

(in thousands of euros)	2019	2018
Salaries	195,701	178,380
Social charges	20,783	17,978
Internal hours capitalised	-26,124	-22,291
<b>Total short-term employee benefits</b>	<b>190,360</b>	<b>174,067</b>

Pension charges (defined contribution plans)	32,209	26,886
Early retirement benefits	824	928
<b>Total post-retirement benefits</b>	<b>33,033</b>	<b>27,814</b>

Jubilee benefits	-196	-93
Long-term management bonuses	14	98
Other employee benefits	2,748	2,412
<b>Total other long-term employee benefits</b>	<b>2,566</b>	<b>2,417</b>

The average number of employees at Royal Schiphol Group N.V. and its subsidiaries on a full-time equivalent basis was 2,519 (2018: 2,324).

Termination and unemployment benefits in 2018 included an amount of 8.3 million euros of costs that Schiphol Group expected to incur in respect of restructurings in some of its departments. The restructurings were announced in 2018 and implementation is ongoing.

The internal hours capitalised relate to time spent by employees in the realisation phases of investment projects. Other staff costs include training costs and travel expenses. The costs of post-retirement benefits, other long-term employee benefits and termination and unemployment benefits are explained in more detail in note 22. [Employee benefits](#). For an explanation of the remuneration of Supervisory and Management Board members under Section 2:383c of the Dutch Civil Code, reference is made to the section entitled [Related party disclosures](#).

## 5. Depreciation, amortisation and impairment expenses

(in thousands of euros)	2019	2018
Contract-related assets	1,358	1,287
ICT development	9,486	8,717
Software licences	8,457	7,629
<b>Intangible assets</b>	<b>19,301</b>	<b>17,633</b>
Runways, taxiways and aprons	30,320	28,854
Paved areas and roads	14,903	13,159
Buildings	62,185	60,457
Installations	113,424	107,856
Other assets	43,010	39,478
<b>Assets used for operating activities</b>	<b>263,841</b>	<b>249,804</b>
<b>Depreciation and amortisation in relation to disposals</b>	<b>6,728</b>	1,209
<b>Impairments related to financial assets</b>	<b>4,493</b>	314
<b>Impairments</b>	<b>1,000</b>	1,000
<b>Impairments reversal</b>	<b>-1,700</b>	-3,300
<b>Total depreciation, amortisation and impairments</b>	<b>293,664</b>	<b>266,660</b>

See note 7. [Intangible assets](#) for information on the amortisation of contract-related assets and note 8. [Assets used for operating activities](#) for information on the depreciation of assets. Information on impairments is provided in note 10. [Investment property](#).

## 6. Other operating expenses

Other operating expenses in 2019 amount to negative 5.8 million euros (2018: 1.3 million euros) and includes the release of a provision for onerous contracts for the amount of 7.4 million euros. The contract concerned a future obligation to contribute land at a fixed price to a common land bank. As a consequence of the reversal of an impairment in 2019 in respect of land owned by SRE Participaties A4 Zone West BV (a subsidiary of SRE BV), the contract is no longer considered onerous.

## Notes to the consolidated statement of financial position

### 7. Intangible assets

(in thousands of euros)	Contract-related assets	ICT development	Software licences	Software under development	Total
<b>Carrying amount as at 1 January 2018</b>	<b>32,971</b>	<b>17,615</b>	<b>13,120</b>	<b>24,385</b>	<b>88,091</b>
<b>Movements in 2018</b>					
Additions	-	-	-	30,000	<b>30,000</b>
Completions	-	12,439	11,451	-23,890	-
Amortisation	-1,287	-8,717	-7,629	-	<b>-17,633</b>
Reclassification	-	-51	-4	-	<b>-55</b>
Disposals	-	-201	-333	-	<b>-534</b>
Exchange differences	1,507	-	-	-	<b>1,507</b>
<b>Total movements in the year</b>	<b>219</b>	<b>3,470</b>	<b>3,485</b>	<b>6,110</b>	<b>13,285</b>
<b>Analysis as at 31 December 2018</b>					
Cost	38,361	55,207	45,097	30,495	<b>169,160</b>
Accumulated amortisation and impairment	-5,170	-34,122	-28,492	-	<b>-67,784</b>
<b>Carrying amount as at 31 December 2018</b>	<b>33,191</b>	<b>21,085</b>	<b>16,605</b>	<b>30,495</b>	<b>101,376</b>

Contract-related assets concern the interest in JFKIAT Member LLC acquired upon the acquisition of activities from third parties. The activities concern the service concession arrangement between the Port Authority of New York and New Jersey (hereafter 'Port Authority') and JFKIAT LLC (a subsidiary of JFKIAT Member LLC). Under the arrangement, JFKIAT LLC provides airport terminal and retail management services in terminal 4 at JFK International Airport. It is established that, through the contractual provisions in the arrangement, the Port Authority has control over these activities. As a consequence, the interest in JFKIAT LLC is not consolidated, but reported as a contract-related asset. The asset is amortised on a straight-line basis over the remaining term of the arrangement, being 23.5 years. Income realised under the arrangement is for the most part fixed and reported under 'revenue from other activities'. Schiphol Group is under no obligations to make additional contributions.

(in thousands of euros)	Contract-related assets	ICT development	Software licences	Software under development	Total
<b>Carrying amount as at 31 December 2018</b>	<b>33,191</b>	<b>21,085</b>	<b>16,605</b>	<b>30,495</b>	<b>101,376</b>
<b>Movements in 2019</b>					
Additions	-	-	-	53,816	<b>53,816</b>
Completions	-	12,885	11,822	-24,707	-
Amortisation	-1,358	-9,486	-8,457	-	<b>-19,301</b>
Reclassification	-	445	-445	-	-
Disposals	-	-68	-148	-	<b>-216</b>
Exchange differences	752	-	-	-	<b>752</b>
Other	-	6	-7	-	<b>-1</b>
<b>Total movements in the year</b>	<b>-606</b>	<b>3,782</b>	<b>2,765</b>	<b>29,108</b>	<b>35,050</b>
<b>Analysis as at 31 December 2019</b>					
Cost	39,113	68,475	56,319	59,604	<b>223,510</b>
Accumulated amortisation and impairment	-6,528	-43,608	-36,949	-	<b>-87,085</b>
<b>Carrying amount as at 31 December 2019</b>	<b>32,585</b>	<b>24,867</b>	<b>19,370</b>	<b>59,604</b>	<b>136,425</b>

ICT development comprises the capitalised internally developed ICT applications, Software licences comprises the externally acquired ICT applications.

## 8. Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
<b>Carrying amount as at 1 January 2018</b>	<b>382,792</b>	<b>482,584</b>	<b>1,034,467</b>	<b>799,104</b>	<b>165,401</b>	<b>2,864,347</b>
<b>Movements in 2018</b>						
Completions	41,050	21,027	56,379	77,050	40,580	236,086
Depreciation	-28,854	-13,159	-60,457	-107,856	-39,478	-249,804
Disposals	-	2	-65	-196	-415	-675
Reclassification	-531	4,288	1,885	-	55	5,697
<b>Total movements in the year</b>	<b>11,665</b>	<b>12,158</b>	<b>-2,258</b>	<b>-31,002</b>	<b>742</b>	<b>-8,695</b>
<b>Analysis as at 31 December 2018</b>						
Cost	841,837	724,205	1,783,644	2,140,611	462,747	5,953,044
Accumulated depreciation and impairment	-447,380	-229,463	-751,435	-1,372,509	-296,605	-3,097,392
<b>Carrying amount as at 31 December 2018</b>	<b>394,457</b>	<b>494,743</b>	<b>1,032,209</b>	<b>768,102</b>	<b>166,142</b>	<b>2,855,652</b>
IFRS 16 adjustment	-	-	3,638	-	1,903	5,541
<b>Carrying amount as at 1 January 2019</b>	<b>394,457</b>	<b>494,743</b>	<b>1,035,847</b>	<b>768,102</b>	<b>168,045</b>	<b>2,861,193</b>
<b>Movements in 2019</b>						
Completions	80,038	50,444	120,154	217,029	74,259	541,924
Lease	-	-	-	-	7,757	7,757
Depreciation	-30,320	-14,903	-62,185	-113,424	-43,010	-263,841
Sales	-	-	-779	-1,173	-	-1,952
Disposals	-	-1,065	-2,722	-1,138	-1,308	-6,232
Other	-	-10	-	61	-906	-855
Reclassification	-1,276	-1,781	-6,741	99	-6,222	-15,922
<b>Total movements in the year</b>	<b>48,443</b>	<b>32,685</b>	<b>47,727</b>	<b>101,453</b>	<b>30,571</b>	<b>260,878</b>
<b>Analysis as at 31 December 2019</b>						
Cost	919,657	770,209	1,890,998	2,290,110	520,571	6,391,545
Accumulated depreciation and impairment	-476,757	-242,781	-807,424	-1,420,554	-321,955	-3,269,471
<b>Carrying amount as at 31 December 2019</b>	<b>442,900</b>	<b>527,428</b>	<b>1,083,574</b>	<b>869,555</b>	<b>198,616</b>	<b>3,122,072</b>

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
<b>During the year, the following projects were (partly) completed:</b>						
Platforms south east phase 2	42,533	12,078	-	5,797	557	<b>60,964</b>
Redevelopment terminal 1	-	128	28,884	24,311	5,619	<b>58,942</b>
Tunnel safety	-	580	15,983	22,377	11,966	<b>50,906</b>
P3 extension parking garage	-	-	24,622	3,633	289	<b>28,544</b>
Maintenance projects airside	18,648	2,567	-	6,879	113	<b>28,207</b>
Lelystad Airport	6,885	2,408	-	10,892	4,334	<b>24,518</b>
Other	11,973	32,682	50,665	143,140	51,383	<b>289,842</b>
<b>Total completions during the year</b>	<b>80,038</b>	<b>50,444</b>	<b>120,154</b>	<b>217,029</b>	<b>74,259</b>	<b>541,924</b>

The other assets include amongst others inventory and vehicles.

Part of the assets used for operating activities as presented above concerns right-of-use assets. The movement in right-of-use assets during 2019 was as follows:

(in thousands of euros)	Buildings	Other assets	Right of use assets
<b>Carrying amount as at 31 December 2018</b>	-	<b>4,373</b>	<b>4,373</b>
IFRS 16 adjustment	3,638	1,903	<b>5,541</b>
<b>Carrying amount as at 1 January 2019</b>	<b>3,638</b>	<b>6,276</b>	<b>9,914</b>
<b>Movements 2019</b>			
Additions	-	6,395	<b>6,395</b>
Depreciation	-509	-4,090	<b>-4,599</b>
Recalculation of IAS 17 finance leases	-	1,362	<b>1,362</b>
<b>Total movements</b>	<b>-509</b>	<b>3,667</b>	<b>3,158</b>
<b>Carrying amount as at 31 December 2019</b>	<b>3,129</b>	<b>9,943</b>	<b>13,072</b>

## 9. Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities
<b>Carrying amount as at 1 January 2018</b>	<b>418,130</b>
<b>Movements in 2018</b>	
Capital expenditure	516,824
Capitalised construction period borrowing cost	3,236
Completed assets	-236,086
Reclassification	-2,094
Other	33
<b>Total movements in the year</b>	<b>281,913</b>
<b>Carrying amount as at 31 December 2018</b>	<b>700,043</b>
<b>Movements in 2019</b>	
Capital expenditure	758,545
Capitalised construction period borrowing cost	6,900
Completed assets	-541,924
Reclassification	55,170
<b>Total movements in the year</b>	<b>278,691</b>
<b>Carrying amount as at 31 December 2019</b>	<b>978,734</b>

The capitalisation of construction period interest is calculated by applying a percentage rate determined every quarter on the basis of the leverage ratio. In 2019, the rate varied between 1.54% and 1.61% on an annual basis.

(in thousands of euros)	Assets under construction for operating activities
<b>Capital expenditures relate to the following projects:</b>	
Capital Programme	255,638
Redevelopment Terminal 1	72,071
Lelystad Airport	46,436
Maintenance of aprons, runways and taxiways	45,058
Platforms South East phase 2	38,563
Upgrade Piers (UP)	26,609
Terminal maintenance	24,848
Expansion Uniform platform	24,754
Tunnel safety	18,072
Other	206,496
<b>Total capital expenditures in the year</b>	<b>758,545</b>

At 31 December 2019, assets used for operating activities and assets under construction or development in respect of Lelystad Airport amount to 44 million euros and 46 million euros respectively. During 2019 all parties involved, including Lelystad Airport, the Ministry of Infrastructure and Water Management, Air Traffic Control the Netherlands (LVNL) and the Royal Netherlands Air Force, as well as the Dutch government and relevant provincial and municipal governments continued their preparations in light of opening Lelystad Airport for commercial flights. In April the construction and interior work on the new terminal was finished. In September the new traffic distribution rule (Verkeersverdelingsregelingsbesluit) is approved by the European Commission, allowing the transfer of leisure flights from Schiphol to Lelystad Airport. As from September the airport has its own fire brigade and as from November it has its own air traffic control. In December the national regulation for the implementation of air traffic distribution rules for Lelystad Airport is referred to the Council of State, which will further advise. Schiphol is committed to implement the measures in light of NOx reduction as presented by the Advisory Committee on NOx reduction in January 2020, with the majority of these measures being included in Schiphol's 'Most sustainable airports' roadmap. Based on the current status of the regulatory approval process and the actions taken in 2019 and planned from 2020 onwards, reflecting the intentions of most relevant parties involved including the Dutch government, we believe that the risk Lelystad Airport will not be opened for commercial flights in time to recover the investments made is sufficiently remote as at 31 December 2019. As such, there is no trigger for impairment as of today.

## 10. Investment property

(in thousands of euros)	Buildings	Land	Assets under construction	Total
<b>Carrying amount as at 1 January 2018</b>	<b>1,009,121</b>	<b>400,886</b>	<b>93,737</b>	<b>1,503,744</b>
<b>Movements in 2018</b>				
Capital expenditure	-	-	33,777	<b>33,777</b>
Capitalised construction borrowing cost	-	-	457	<b>457</b>
Completions	14,862	5,331	-20,193	-
Fair value gains and losses	64,389	37,529	3,666	<b>105,584</b>
Impairments	-	-	2,300	<b>2,300</b>
Reclassification	9,241	-7,642	-5,202	<b>-3,604</b>
Other	-	-	27	<b>27</b>
<b>Total movements in the year</b>	<b>88,492</b>	<b>35,218</b>	<b>14,832</b>	<b>138,541</b>
<b>Carrying amount as at 31 December 2018</b>	<b>1,097,612</b>	<b>436,104</b>	<b>108,569</b>	<b>1,642,285</b>
<b>Movements in 2019</b>				
Capital expenditure	-	-	39,661	<b>39,661</b>
Capitalised construction borrowing cost	-	-	321	<b>321</b>
Completions	73,362	-	-73,362	-
Fair value gains and losses	69,345	22,657	22,399	<b>114,401</b>
Reversal of impairments	-	-	700	<b>700</b>
Reclassification	-46,547	-3,648	10,946	<b>-39,249</b>
Other	-8	-	-	<b>-8</b>
<b>Total movements in the year</b>	<b>96,153</b>	<b>19,009</b>	<b>664</b>	<b>115,826</b>
<b>Carrying amount as at 31 December 2019</b>	<b>1,193,765</b>	<b>455,113</b>	<b>109,233</b>	<b>1,758,111</b>
<b>Measured at</b>				
Cost model	-	-	52,413	<b>52,413</b>
Fair value model	1,193,765	455,113	56,820	<b>1,705,698</b>

### Investment property under construction

Assets under construction for the development of investment properties are measured at fair value if the value can be measured reliably. The investment property under construction includes land positions held for future investment property development or land with undetermined future use (operational or commercial development). Since the development plans are subject to annual changes, they are inadequate to determine the fair value on a continuing basis. For this reason, these land positions are measured in accordance with the cost model.

### Buildings and land

All building and land properties are measured at fair value. The fair value is based on the market value, being the estimated amount for which investment property can be traded on the valuation date between a buyer and a seller willing to do business in an objective, arm's length transaction. The calculation of the cash flows, which is a factor in determining the fair value at which investment property is stated in the balance sheet, takes into account the lease incentives granted. After all, the lease incentives are recognised separately as assets on the balance sheet under other non-current receivables (11.8 million euros as at 31 December 2019) and trade and other receivables (1.7 million euros as at 31 December 2019).

As at 31 December 2019, 100% of the buildings and 13.2% of the land is appraised by independent external appraisers. The remaining fair value of land is based on internal valuations with reference to externally validated input variables.

At the end of last year, buildings included an amount of 159 million euros in respect of the fair value of one office building (The Base) where the company had the risks and rewards incidental to ownership but no legal title (finance lease). In August 2019 this lease was redeemed in full, at which moment the building became the property of Royal Schiphol Group. Land includes land leased under long-lease contracts.

Details of the result on property sales and fair value gains and losses on investment property can be found in note 2. [Other results from investment property](#).

All investment property classifies as a level 3 valuation. The Dutch Register of Real Estate Valuers (Nederlands Register Vastgoed Taxateurs (NRVT)), established in October 2015, is tasked with safeguarding and enhancing the quality of appraisers. The general conduct and professional rules and regulations of the NRVT are the new market standard appraisers have to comply with. That standard is based on IFRS and international valuation guidelines. All our external appraisers are NRVT members. The valuation method is described in more detail on the next page.

## Valuation method for buildings

The valuation method used is a combination of the net initial yield (NIY) method and the discounted cash flow (DCF) method. The NIY method uses a net market rent which is capitalised with a NIY and is adjusted for all elements that differ from the market assumptions. The NIY is determined on the basis of comparable market transactions supplemented with market and object-specific knowledge. Deviating assumptions include contractual rent, vacancy information, deferred maintenance and rent holidays. The DCF method estimated net cash flows are discounted at a risk-adjusted discount rate which includes specific object and location assumptions.

	Average effective contractual rental income per m2		Average market rent per m2		Average net initial yield	
	2019	2018	2019	2018	2019	2018
<b>Schiphol-Centre</b>						
Offices	296	303	300	288	4.57%	4.70%
<b>Schiphol-North and East</b>						
Offices	152	159	160	157	7.66%	7.62%
<b>Schiphol-Southeast</b>						
Offices	170	139	142	143	9.67%	9.38%
Business premises	112	127	105	105	5.07%	5.16%
<b>Schiphol-South</b>						
Offices	164	167	126	126	n/a	n/a
Business premises	102	97	76	76	6.65%	6.94%
<b>Rotterdam The Hague Airport</b>						
Offices	149	144	160	160	6.45%	6.47%
Business premises	93	91	75	75	5.49%	6.16%

## Significant assumptions for buildings

The significant assumptions used in the valuation model comprise:

### Buildings

	2019	2018
Inflation rate	1.30% - 2.65%	1.85% - 2.01%
Average market rent development	0.00% - 7.69%	0.00% - 1.80%
Net initial yield	4.00% - 9.70%	4.30% - 9.38%

## Relationship between significant unobservable input and fair value determination

The estimated fair value will increase (decrease) to the extent that the expected market rent growth is higher (lower), the periods of vacancy are shorter (longer), the occupancy rate is higher (lower), the rent holidays are shorter (longer) and the NIY is lower (higher) than assumed.

## Valuation method for land

For land positions that generate revenues through ground rent, the valuation technique used is the DCF method. The estimated net cash flows are discounted with a risk-adjusted rate plus risk surcharges.

Land positions that are leased out for long periods and whose instalments are prepaid are measured at the prepaid instalment minus an annual redemption. The annual redemption is equal to the total instalment divided by the lease period plus the discounted value of the estimated instalment for the next lease period.

## Significant assumptions used in the valuation model for land

The main assumptions used in the valuation of land are specified below:

### Land

	2019	2018
Inflation rate	1.30% - 2.65%	1.60% - 2.00%
Discount rate	4.75% - 7.75%	4.75% - 7.75%



## 11. Income taxes

This note contains further details on all items in the financial statements with regard to income tax, being income tax recognised in the statement of income, deferred taxes recognised in the statement of financial position, current tax positions in the statement of financial position and income tax recognised in equity.

### Reconciliation of effective tax rate

(in thousands of euros)	2019		2018 <sup>1</sup>	
Profit before tax	437,976		376,373	
<b>Income tax calculated at the domestic tax rate</b>	<b>109,494</b>	<b>25.0%</b>	94,093	25.0%
Share in results of associates and joint ventures	-31,798	-7.3%	-24,603	-6.5%
Share in results of associates in limited partnerships that are not independently taxable	6,343	1.4%	1,387	0.4%
Changes in corporate income tax rate	-9,030	-2.1%	17,332	4.7%
Different tax rate for foreign subsidiaries / associates	605	0.1%	605	0.2%
Change in recognised temporary differences	-	0.0%	98	0.0%
Non-deductible impairment shareholder loan	759	0.2%	-	0.0%
Tax results previous years	-727	-0.2%	1,172	0.3%
Other	268	0.1%	-85	0.0%
<b>Income tax expense in income statement (effective)</b>	<b>75,913</b>	<b>17.3%</b>	<b>89,999</b>	<b>24.0%</b>

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

The effective tax rate in 2019 was 17.3%, which is 6.7 percentage points lower than 2018 (24.0%). End of 2018 the House of Representatives and the Senate approved the *Belastingplan 2019* including a phased reduction of the nominal income tax rate from 25.0% in 2019 to 20.5% in 2021. End of 2019 part of the reduction of the nominal income tax rate applicable from 2021 was reversed under the *Belastingplan 2020* with the income tax rate changed from 20.5% to 21.7%. The rate at which an important part of the deferred tax assets and liabilities will be settled differs from the current rate of 25.0%. The subsequent changes in the nominal income tax rate applicable as from 2021 caused revaluations of deferred tax assets and liabilities. This resulted in an increase in the income tax expense of 17 million euros in 2018 and a decrease in the income tax expense of 9 million euros in 2019. As was the case in prior years, the application of the participation exemption to the results of associates decreases the effective tax rate.

There are no unused tax losses as per the balance sheet date.

### Income tax in the statement of income

(in thousands of euros)	2019	2018
<b>Current income tax</b>		
Income tax current year	48,608	46,834
Income tax for prior years	-727	1,172
<b>Total current income tax</b>	<b>47,881</b>	<b>48,006</b>
<b>Deferred income tax</b>		
Origination and reversal of temporary differences	37,063	24,661
Changes in corporate income tax rate	-9,030	17,332
<b>Total deferred income tax</b>	<b>28,033</b>	<b>41,993</b>
<b>Total income tax</b>	<b>75,913</b>	<b>89,999</b>

### 2019 - Reconciliation of effective tax rate per tax jurisdiction

(in thousands of euros)	The Netherlands		The United States		Italy		Total	
Profit before tax	431,201		6,202		572		<b>437,976</b>	
<b>Income tax calculated at the nominal rate</b>	<b>107,800</b>	25.0%	<b>2,139</b>	34.5%	<b>160</b>	27.9%	<b>110,099</b>	<b>25.1%</b>
Results of associates	-25,455	-5.9%	-	0.0%	-	0.0%	<b>-25,455</b>	<b>-5.8%</b>
Changes in corporate income tax rate	-9,030	-2.1%	-	0.0%	-	0.0%	<b>-9,030</b>	<b>-2.1%</b>
Tax results from previous years	-727	-0.2%	-	0.0%	-	0.0%	<b>-727</b>	<b>-0.2%</b>
Other	1,026	0.2%	-	0.0%	-	0.0%	<b>1,026</b>	<b>0.2%</b>
<b>Income tax expense in profit or loss (effective)</b>	<b>73,614</b>	<b>17.1%</b>	<b>2,139</b>	<b>34.5%</b>	<b>160</b>	<b>27.9%</b>	<b>75,913</b>	<b>17.3%</b>

### 2018 - Reconciliation of effective tax rate per tax jurisdiction

(in thousands of euros)	The Netherlands <sup>1</sup>		The United States		Italy		Total	
Profit before tax	369,739		6,259		376		<b>376,373</b>	
<b>Income tax calculated at the nominal rate</b>	<b>92,435</b>	25.0%	<b>2,159</b>	34.5%	<b>105</b>	27.9%	<b>94,698</b>	<b>25.2%</b>
Results of associates	-23,216	-6.2%	-	0.0%	-	0.0%	<b>-23,216</b>	<b>-6.1%</b>
Changes in corporate income tax rate	17,332	4.7%	-	0.0%	-	0.0%	<b>17,332</b>	<b>4.6%</b>
Change in recognised temporary differences	466	0.1%	-	0.0%	-368	-97.9%	<b>98</b>	<b>0.0%</b>
Tax results from previous years	172	0.0%	-	0.0%	1,000	266.3%	<b>1,172</b>	<b>0.3%</b>
Other	41	0.0%	10	0.2%	-136	-36.2%	<b>-85</b>	<b>0.0%</b>
<b>Income tax expense in profit or loss (effective)</b>	<b>87,229</b>	<b>23.7%</b>	<b>2,169</b>	<b>34.6%</b>	<b>601</b>	<b>160.0%</b>	<b>89,999</b>	<b>24.0%</b>

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

## Deferred tax in the statement of financial position

The following differences in valuation for tax and reporting purposes can be distinguished:

- Assets used for operating activities and assets under construction are measured at cost both for reporting purposes and for tax purposes. The balance sheet for tax purposes equates the cost with the market value as at 1 January 2002, whereas the balance sheet for reporting purposes equates the cost with the (lower) historical cost;
- For tax purposes, the depreciation of both commercial buildings and operational buildings is limited to the so-called base value. The base value is 100% of the WOZ value (i.e., the value under the Valuation of Immovable Property Act);
- Property investments are depreciated for tax purposes (with a residual value of 25%) but not for reporting purposes;
- Borrowings in foreign currencies are measured at the closing rates on the balance sheet date for reporting purposes and at cost at the rate applicable at the time of borrowing for tax purposes;
- The valuation of employee benefits is different for tax purposes and reporting purposes because of differences in the actuarial assumptions applied;
- Property investments and derivative financial instruments are measured at fair value for reporting purposes and at cost for tax purposes;
- The valuation of the contractual interest in JFKIAT is different for tax purposes (measured at cost) and reporting purposes (revalued at the time of expansion);
- Long-term land leases received in advance are recorded as a lease liability for reporting purposes. For tax purposes, they are treated as a sale.

Deferred tax assets and liabilities are recognised in respect of all these differences.

Under IAS 12, Income Taxes, a deferred tax asset must be recognised if it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. However, it is impossible to estimate the moment when the deferred tax assets relating to certain operating assets (72.3 million euros) will be realised, because the difference in the values for reporting and tax purposes will be realised only in the event of a sale (resulting in a lower profit for tax purposes and a lower income tax liability), impairment (resulting in higher costs for tax purposes and a lower income tax liability) or termination of the aviation activities (resulting in higher costs for tax purposes because compensation will only be obtained up to the carrying amount for reporting purposes). Schiphol Group is not authorised to sell the land for operating activities, forecasts of future cash flows do not suggest that impairment losses will be necessary and it is unlikely that the activities will be terminated.

Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

(in thousands of euros)	2019	2018
<b>Deferred tax assets (fiscal unity)</b>		
Assets used for operating activities	144,468	141,526
Assets under construction or development	50,811	53,497
Derivative financial instruments and borrowings	11,781	14,444
Employee benefits	5,519	4,076
Investment property	-145,258	-117,690
	<b>67,322</b>	<b>95,853</b>
<b>Deferred tax assets (outside fiscal unity)</b>		
Investment property	923	136
<b>Deferred tax liabilities (outside fiscal unity)</b>		
Contract-related assets	-12,626	-14,301
Derivative financial instruments and borrowings	-732	-676
	<b>-13,358</b>	<b>-14,977</b>
<b>Total deferred tax</b>	<b>54,887</b>	<b>81,011</b>
Non-current (settlement is not expected)	72,282	68,285
Non-current (expected to be recovered or settled after more than 1 year)	-18,963	11,181
Current (expected to be recovered or settled within 1 year)	1,568	1,546
	<b>54,887</b>	<b>81,011</b>

The movements in deferred tax assets and deferred tax liabilities during the year were as follows:

(in thousands of euros)	Assets used for operating activities	Assets under construction or development	Investment property	Derivative financial instruments	Employee benefits	Contract-related assets	Total
<b>Carrying amount as at 1 January 2018</b>	<b>172,595</b>	<b>65,001</b>	<b>-117,662</b>	<b>16,340</b>	<b>4,977</b>	<b>-13,089</b>	<b>128,162</b>
<b>Movements in 2018</b>							
Deferred tax recognised in the income statement	-31,069	-11,504	108	1,281	-809	-	<b>-41,993</b>
Deferred tax recognised in equity	-	-	-	-6,640	-93	-	<b>-6,733</b>
Reclassification	-	-	-	2,787	-	-	<b>2,787</b>
Other movements	-	-	-	-	-	-1,212	<b>-1,212</b>
<b>Total movements in the year</b>	<b>-31,069</b>	<b>-11,504</b>	<b>108</b>	<b>-2,572</b>	<b>-901</b>	<b>-1,212</b>	<b>-47,151</b>
<b>Carrying amount as at 31 December 2018</b>	<b>141,526</b>	<b>53,497</b>	<b>-117,554</b>	<b>13,768</b>	<b>4,076</b>	<b>-14,301</b>	<b>81,011</b>
<b>Movements in 2019</b>							
Deferred tax recognised in the income statement	2,942	-2,686	-26,780	-1,651	143	-	<b>-28,032</b>
Deferred tax recognised in equity	-	-	-	1,065	1,300	-	<b>2,365</b>
Reclassification	-	-	-	-2,132	-	-	<b>-2,132</b>
Other movements	-	-	-	-	-	1,675	<b>1,675</b>
<b>Total movements in the year</b>	<b>2,942</b>	<b>-2,686</b>	<b>-26,780</b>	<b>-2,719</b>	<b>1,443</b>	<b>1,675</b>	<b>-26,124</b>
<b>Carrying amount as at 31 December 2019</b>	<b>144,468</b>	<b>50,811</b>	<b>-144,335</b>	<b>11,049</b>	<b>5,519</b>	<b>-12,626</b>	<b>54,887</b>

## Income tax recognised in equity

The tax effects of the movements in equity, via comprehensive income, are as follows:

(in thousands of euros)	Before tax	Deferred tax	After tax
Exchange differences	5,997	-	5,997
Changes in fair value on hedge transactions	-621	1,065	443
Remeasurements of defined benefit liability	-5,311	1,300	-4,011
Share in other comprehensive income of associates	-11,191	-	-11,191
<b>Total unrealised 2019</b>	<b>-11,127</b>	<b>2,365</b>	<b>-8,762</b>
Exchange differences	-5,928	-	-5,928
Changes in fair value on hedge transactions	21,575	-6,640	14,934
Remeasurements of defined benefit liability	-1,845	-93	-1,938
Share in other comprehensive income of associates	-2,495	-	-2,495
<b>Total unrealised 2018</b>	<b>11,306</b>	<b>-6,733</b>	<b>4,573</b>

## Current income tax positions

(in thousands of euros)	2019	2018
<b>Income tax receivable</b>		
Fiscal unity	14,560	11,678
Dutch subsidiaries outside the fiscal unity	-	435
Income tax in foreign jurisdictions	-	1,871
<b>Total income tax receivable</b>	<b>14,560</b>	<b>13,983</b>
<b>Income tax liability</b>		
Dutch subsidiaries outside the fiscal unity	-736	-155
Income tax in foreign jurisdictions	-936	-
<b>Total income tax liability</b>	<b>-1,672</b>	<b>-155</b>
<b>Total income tax</b>	<b>12,888</b>	<b>13,828</b>

The income tax liability is calculated on the profit for reporting purposes, allowing for permanent differences between the profit as calculated for reporting purposes and for tax purposes. The income tax liability on fair value gains and losses which are not processed immediately in the income tax return is recognised in deferred tax assets and liabilities. Of the income tax receivable recognised in the balance sheet at 31 December 2019 with regard to the fiscal unity, an amount of 8.0 million euros relates to 2019 and 6.6 million euros to 2018. Final tax assessments have been imposed and settled for the tax years prior to 2017. The foreign income tax payable relates to local US and Australian taxes.

Differences between the income tax paid according to the cash flow statement and the income tax recognised in the statement of income concern additions to and withdrawals from deferred tax assets and liabilities, estimation differences between taxable amounts in provisional and final tax assessments, and settlements in respect of previous years.

## 12. Investments in associates and joint ventures

(in thousands of euros)	2019	2018
Investments in associates	976,844	907,118
Investments in joint ventures	193,604	69,277
<b>Carrying amount as at 31 December</b>	<b>1,170,447</b>	<b>976,395</b>

### Associates

(in thousands of euros)	2019	2018
<b>Carrying amount as at 31 December 2017</b>		<b>852,065</b>
Restatement due to accounting error		18,000
<b>Carrying amount as at 1 January</b>	<b>907,118</b>	<b>870,065</b>
Result for the year	106,482	97,031
Dividends	-79,175	-46,996
Acquisitions	56,956	-
Capital contributions (repayments)	-6,173	-3,156
Share of OCI	-10,481	-2,015
Direct equity movement	-700	-480
Reclassifications	5	-338
Exchange differences	2,811	-6,994
<b>Total movements in the year</b>	<b>69,726</b>	<b>37,053</b>
<b>Carrying amount as at 31 December</b>	<b>976,844</b>	<b>907,118</b>

### Joint ventures

(in thousands of euros)	2019	2018
<b>Carrying amount as at 1 January</b>	<b>69,277</b>	<b>69,252</b>
Result for the year	20,712	1,381
Dividends	-2,679	-2,821
Acquisitions	107,440	-
Capital contributions (repayments)	-2,125	1,284
Exchange differences	1,857	34
Reclassifications	-5	80
Other	-874	67
<b>Total movements in the year</b>	<b>124,326</b>	<b>25</b>
<b>Carrying amount as at 31 December</b>	<b>193,604</b>	<b>69,277</b>

In 2019, Schiphol group expanded its interest in BACH and acquired a 35% stake in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) in Australia. See [Acquisitions in 2019](#) for a more detailed explanation. A complete list of associates and joint ventures has been filed with the Amsterdam Chamber of Commerce. Schiphol Group is not directly liable for the obligations of associates.

Of the interests held by Schiphol Group in associates and joint ventures, only those in Groupe ADP, BACH and TGHC can be regarded as material.

		2019	2018
Groupe ADP	Paris France	8%	8%
Brisbane Airport Corporation Holdings Ltd (BACH)	Brisbane Australia	19.61%	18.72%
Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC)	Hobart Australia	35%	0%

Schiphol Group has significant influence over Groupe ADP and BACH, even though its indirect interest is smaller than 20%. In Brisbane, this influence is expressed in the form of rights to appoint members of the Board of Directors, rights to block key strategic and financial decisions and cooperative and exchange arrangements. Where Groupe ADP is concerned, the parties hold shares

in each other, both the CEO and the CFO of Schiphol Group are members of Groupe ADP's Board of Directors, Groupe ADP has a representative on Schiphol Group's Supervisory Board and a long-term cooperation agreement is in place providing for cooperation in various areas.

The 35% share in TGHC qualifies as a joint venture. Resolutions at Board meetings are decided by a simple majority, except for fundamental shareholder matters (e.g. in respect of shareholder rights, the constitution, shares or other securities, liquidation, appointment or removal of the auditor or any independent directors) and certain other resolutions (e.g. on adoption of, amendment to or departure from the business plan, acquisitions, financing of the company, appointment of the CEO and important transactions that exceed the applicable threshold) which require a majority of 75%. Such a majority is only possible if the resolution has the unanimous consent of all shareholders.

The following page contains a breakdown of the assets and liabilities, as well as a reconciliation with the recognition in Schiphol Group's financial statements. The accounting policies applied are based on Schiphol Group's accounting policies, or figures have been adjusted where necessary.

The carrying amount of associates at 31 December 2019 includes 206 million euros of goodwill relating to Groupe ADP and 68 million euros of goodwill relating to Brisbane Airports Corporation Holding Ltd (of which 41 million euros is subject to the final adoption of the purchase price allocation in respect of the acquisition of the additional share of 0.89% in 2019). The carrying amount of the joint ventures at 31 December 2019 includes 106 million euros of goodwill relating to Tasmanian Gateway Holdings Corporation Pty Ltd (subject to the final adoption of the purchase price allocation in respect of the acquisition in 2019).

In 2019, Groupe ADP contributed an income of 61 million euros (2018: 60 million euros) to Schiphol Group's financial result, which also includes the impact of adjustments recorded by Schiphol Group. These adjustments relate primarily to the differences in the accounting policies in respect of investment property. In the preparation of the consolidated financial statements for 2019 an error was found in the establishment of this adjustment by incorrectly applying our accounting policies for the distinction between property valued at cost price and property valued at fair value to the property of Groupe ADP, both within the initial purchase price allocation in 2009 as well as in the years thereafter. As a consequence an adjustment must be recorded for the difference in value between the fair value and the cost price for a specific additional segment of Groupe ADP investment property. This error was adjusted by:

- reclassification of an amount of 38 million euros from goodwill to the fair value adjustment on investment property recorded at the time of the purchase price allocation. The total bookvalue of the associate remains unchanged;

- adding an amount of 18 million euros after tax to the carrying value of the associate Groupe ADP as well as to equity in the opening balance of 2018 for fair value movements in the period from 2010 up to and including 2017; and
- adding an amount of 1 million euros after tax to the carrying value of the associate at the end of 2018 as well as to the share in the result of associates and net income for the year 2018.

The share in the results of associates in 2019 includes a contribution of 34 million euros from Brisbane Airports Corporation Holding Ltd. (2018: 29 million euros).

The fair value of Groupe ADP derived from the market price of the share at 31 December 2019 is 17.4 billion euros (31 December 2018: 16.4 billion euros). Schiphol Group's share in this is 1.4 billion euros (31 December 2018: 1.3 billion euros). The shares of Brisbane Airports Corporation Holding Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd are not listed on a stock exchange

## Associates

(in millions of euros)	Groupe ADP <sup>1</sup>		Brisbane Airport <sup>2</sup>	
	2019	2018 <sup>3</sup>	2019	2018
<b>Income statement</b>				
Revenues	4,700	4,478	525	492
Interest income and expenses	206	206	74	71
Depreciation, amortisation and impairments	768	804	79	74
Income tax	294	335	74	63
Result from continuing operations	1,094	695	172	146
Other comprehensive income	7	7	-43	-17
<b>Financial position</b>				
Fixed assets	13,482	12,890	3,921	3,617
Current assets	1,329	1,121	63	55
Cash and cash equivalents	1,982	2,056	104	72
Non-current liabilities	7,804	7,656	2,899	2,562
Current liabilities	2,982	2,610	222	201
Equity	6,007	5,801	454	460
<b>Equity attributable to owners of the Company</b>	<b>5,032</b>	<b>4,850</b>	<b>454</b>	<b>460</b>
Group's share % of equity	403	388	89	86
Goodwill	206	206	68	27
Other adjustments	144	131	15	8
<b>Carrying amount as at reporting date</b>	<b>753</b>	<b>725</b>	<b>172</b>	<b>122</b>

1 Based on the financial statements as at 31 December 2019

2 Based on the financial statements as at 30 June 2019

3 Restated, see paragraph on correction of an accounting error.

## 13. Loans to associates

(in thousands of euros)	2019	2018
<b>Carrying amount as at 1 January</b>	<b>50,678</b>	<b>53,436</b>
<b>Movements</b>		
Acquisitions	80,051	-
Accrued interest	6,595	7,052
Exchange differences hedging transactions	85	-2,261
Dividend received	-213	-1,028
Other exchange differences	2,247	-1,086
Reclassification to current assets	-5,778	-5,415
Expected credit loss	-43	-19
<b>Total movements in the year</b>	<b>82,944</b>	<b>-2,758</b>
<b>Carrying amount as at 31 December</b>	<b>133,622</b>	<b>50,678</b>

The loans to associates relate to the Redeemable Preference Shares (RPS) held by Schiphol Group in BACH and (after the acquisition in 2019) in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) in Australia. The RPS carry entitlement to a cumulative dividend. The formal maturity dates of the RPS in BACH and TGHC are 30 June 2022 and 31 December 2022 respectively. Under the contractual terms the RPS are classified as a loan to an associate and the dividend on these shares is treated as financial income.

RPS are measured at amortised cost and, as there has been no significant change in credit risk, expected credit losses are determined on the basis of possible situations and developments that may lead to a counterparty defaulting within a period of 12 months. The change in expected credit losses is reported under costs of depreciation, amortisation and impairment.

Up to 29 August 2019, the currency risk relating to the nominal value of the RPS and the accrued interest of the RPS held in BACH was hedged by annual forward transactions which hedge the Australian dollar position against the euro. The hedging transaction was accounted for as a cash flow hedge while the exchange differences relating to the part of the loan and accrued interest that is not hedged and the period between the successive annual forward transactions were recognised in the income statement. The exchange differences as part of the hedging transaction were recognised in the hedge reserve through other comprehensive income.



The fair value of the loans to associates (including accumulated dividend) at 31 December 2019 is 142 million euros and the effective interest rate is 10% for the RPS in BACH and 6.3% for the RPS in TGHC. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

## 14. Other non-current receivables

(in thousands of euros)	2019	2018
Derivatives	35,500	40,631
Lease incentives	11,803	12,933
Prepayments on fixed assets	6,837	6,702
Other loans to associates	2,489	6,889
Purchased long leases	2,692	2,782
Loans to third parties	369	490
Other	19,000	19,000
<b>Total other non-current receivables</b>	<b>78,690</b>	<b>89,427</b>

### Other loans to associates

(in thousands of euros)	2019	2018
<b>Carrying amount as at 1 January</b>	<b>6,889</b>	<b>4,489</b>
<b>Specification of movements in the year</b>		
Accrued interest	103	-
Redemptions	-800	-600
Reclassification to/from current assets	-1,629	3,000
Impairment	-2,074	-
<b>Total movements in the year</b>	<b>-4,400</b>	<b>2,400</b>
<b>Carrying amount as at 31 December</b>	<b>2,489</b>	<b>6,889</b>

The other loans to associates include a loan of 4.5 million euros to SRE Altai, which is a joint venture with Groupe ADP involving collaboration in the area of property development. The maturity date of the loan is 31 December 2024 and no collaterals have been granted. The current portion of the loans to associates, amounting to 0.8 million euros (31 December 2018: 0.6 million euros), is presented under current assets.

Purchased long leases are the rent instalments which Schiphol Group paid in advance in respect of land acquired on a long lease.

Lease incentives are the cost of benefits which Schiphol Group granted tenants at the start of their lease. These are charged to the income statement over the term of the underlying contracts. The existence of lease incentives is taken into account in establishing the cash flows underlying the determination of the fair value of property.

The other non-current receivables include an amount of 19.0 million euros which Schiphol Group paid to Chipshol in 2007, for which additional guarantees have been granted.

For information on derivatives, see note 27. [Management of financial risks and financial instruments.](#)

## 15. Trade and other receivables

(in thousands of euros)	2019	2018
Cash deposits	-	264,945
Trade receivables	<b>127,033</b>	125,040
Value-added taxes	<b>18,192</b>	24,625
Accrued income	<b>12,707</b>	15,321
Prepaid expenses	<b>6,827</b>	13,754
Receivable from associates	<b>5,778</b>	5,415
Other loans to associates	<b>800</b>	601
Lease incentives	<b>1,700</b>	3,600
Assets held for sale	<b>2,000</b>	-
Derivatives	-	2,125
Inventories	<b>593</b>	595
Other receivables	<b>4,943</b>	4,552
<b>Total trade and other receivables</b>	<b>180,573</b>	<b>460,573</b>

The balance in cash deposits as at 31 December 2018 related to deposits whose original maturity exceeds three months. The average interest rate on the deposits reported under trade and other receivables as at 31 December 2018 was -0.30%.

The balance in receivables from associates as at 31 December 2019 of 5.8 million euros is related to accumulated dividends on the BACH Redeemable Preference Shares (RPS). The balance in trade receivables includes expected credit losses of 4 million euros (31 December 2018: 3 million euros). For a more detailed explanation, please refer to note 27. [Management of financial risks and financial instruments](#).

Assets held for sale in the amount of 2.0 million euros relates to the 47.44% interest of Malpensa Real Estate BV (a subsidiary of SRE BV) in Villa Carmen Srl. In December 2019 the Management Board of Schiphol Group approved the sale of this associate, which is expected to be finalised in 2020.

## 16. Cash and cash equivalents

Cash and cash equivalents amounts to 155.1 million euros at 31 December 2019 (31 December 2018: 386.6 million euros), with no deposits included with an original maturity of less than three months at the balance sheet date (31 December 2018: 190 million euros). The average interest rate on the deposits reported under cash and cash equivalents as at 31 December 2018 was -0.36%.

Cash deposits whose original maturity exceeds three months (265 million euros at 31 December 2018) are classified as part of note 15. [Trade and other receivables](#).

## 17. Issued share capital and share premium

The authorised share capital as at 31 December 2019 is 142,960,968 euros divided into 300,000 class A shares and 14,892 class B shares, with a nominal value of 454 euros each. 171,255 of the class A shares and 14,892 of the class B shares have been issued.

The class A and class B shares carry the same rights, except for the right to amend the Articles of Association. An amendment to the Articles of Association can only be adopted at a General Meeting of Shareholders at which all the class A shares in issue are represented, by a majority of at least four-fifths of all the votes cast. The General Meeting of Shareholders may resolve to withdraw all the class B shares in issue by an absolute majority of the votes cast.

The shareholders' interests are as follows:

	(number)	(in thousands of euros)	(in %)
<b>Shareholder:</b>			
State of the Netherlands	129,880	58,966	69.77%
Municipality of Amsterdam	37,276	16,923	20.03%
Groupe ADP	14,892	6,761	8.00%
Municipality of Rotterdam	4,099	1,861	2.20%
<b>Total</b>	<b>186,147</b>	<b>84,511</b>	<b>100%</b>

There were no changes in the issued share capital and the share premium in 2019.

## 18. Retained profits

On a resolution proposed by the Management Board and approved by the Supervisory Board, the General Meeting of Shareholders voted to declare a dividend of 117.4 million euros over 2018. This amount was deducted from retained profits when paid in 2019. The dividend for 2017, which amounted to 150.3 million euros, was paid out and deducted from the retained profits in 2018.

Given the legal obligation to recognise a Revaluation reserve and Other Statutory reserves, an amount of 119.1 million euros was subtracted from the Retained profits and added to the Revaluation reserve and Other Statutory reserves in 2019 as detailed under [Shareholders' equity](#). The proposed dividend over 2019 is 151.4 million euros, or 813 euros per share.

## 19. Other reserves

(in thousands of euros)	Exchange differences reserve	Hedge reserve of associates	Share in OCI of associates	Actuarial gains and losses	Total
<b>Balance as at 1 January 2018</b>	<b>5,923</b>	<b>-55,893</b>	<b>-23,363</b>	<b>-7,846</b>	<b>-81,179</b>
<b>Movements in 2018</b>					
Exchange differences	-5,928	-	-	-	<b>-5,928</b>
<b>Currency and interest hedge JPY loan payable</b>					
Exchange differences on hedged borrowings	-	-11,103	-	-	<b>-11,103</b>
Deferred tax on fair value changes on hedged borrowings	-	2,776	-	-	<b>2,776</b>
Fair value movements on derivatives	-	23,089	-	-	<b>23,089</b>
Deferred tax on fair value movements on derivatives	-	-5,772	-	-	<b>-5,772</b>
<b>Hedging of cash flow interest-rate risk</b>					
Recycling cash flow hedges to profit and loss	-	9,725	-	-	<b>9,725</b>
Deferred tax on recycling cash flow hedges	-	-2,358	-	-	<b>-2,358</b>
<b>Currency hedge AUD loan receivable</b>					
Exchange differences on hedged loans to associates	-	-2,261	-	-	<b>-2,261</b>
Fair value movements on derivatives	-	2,125	-	-	<b>2,125</b>
Deferred tax on fair value movements	-	89	-	-	<b>89</b>
Other comprehensive income associates	-	-	-2,015	-	<b>-2,015</b>
Equity movement of associates	-	-	-480	-	<b>-480</b>
Actuarial gains and revaluations	-	-	-	-1,845	<b>-1,845</b>
Tax effect on actuarial results	-	-	-	461	<b>461</b>
<b>Other</b>					
Impact of change in corporate income taxes	-	-1,374	-	-554	<b>-1,928</b>
<b>Total movements in the year</b>	<b>-5,928</b>	<b>14,934</b>	<b>-2,495</b>	<b>-1,938</b>	<b>4,573</b>
<b>Balance as at 31 December 2018</b>	<b>-5</b>	<b>-40,959</b>	<b>-25,858</b>	<b>-9,784</b>	<b>-76,606</b>

(in thousands of euros)	Exchange differences reserve	Hedge reserve of associates	Share in OCI of associates	Actuarial gains and losses	Total
<b>Balance as at 31 December 2018</b>	<b>-5</b>	<b>-40,959</b>	<b>-25,858</b>	<b>-9,784</b>	<b>-76,606</b>
<b>Movements in 2019</b>					
Exchange differences	5,997	-	-	-	<b>5,997</b>
<b>Currency and interest hedge JPY loan payable</b>					
Exchange differences on hedged borrowings	-	-5,299	-	-	<b>-5,299</b>
Deferred tax on fair value changes on hedged borrowings	-	1,086	-	-	<b>1,086</b>
Fair value movements on derivatives	-	-5,131	-	-	<b>-5,131</b>
Deferred tax on fair value movements on derivatives	-	1,072	-	-	<b>1,072</b>
<b>Hedging of cash flow interest-rate risk</b>					
Recycling cash flow hedges to profit and loss	-	9,725	-	-	<b>9,725</b>
Deferred tax on recycling cash flow hedges	-	-2,357	-	-	<b>-2,357</b>
<b>Currency hedge AUD loan receivable</b>					
Exchange differences on hedged loans to associates	-	85	-	-	<b>85</b>
Deferred tax on fair value movements	-	628	-	-	<b>628</b>
Other comprehensive income associates	-	-	-10,481	-	<b>-10,481</b>
Equity movement associates	-	-	-710	-	<b>-710</b>
Actuarial gains and revaluations	-	-	-	-5,311	<b>-5,311</b>
Tax effect on actuarial results	-	-	-	1,089	<b>1,089</b>
<b>Other</b>					
Impact of change in corporate income taxes	-	635	-	212	<b>847</b>
<b>Total movements in the year</b>	<b>5,997</b>	<b>443</b>	<b>-11,191</b>	<b>-4,011</b>	<b>-8,762</b>
<b>Balance as at 31 December 2019</b>	<b>5,992</b>	<b>-40,516</b>	<b>-37,049</b>	<b>-13,794</b>	<b>-85,368</b>

## Exchange differences reserve

The exchange differences reserve recognises exchange differences arising on the translation of the net investments in subsidiaries, joint ventures and associates outside the euro zone.

## Hedge reserve

This reserve recognises movements in the fair value of derivative financial instruments used in cash flow hedges, net of deferred tax assets and liabilities. It also includes the differences arising on the translation of loans at closing rates. In both cases, recognition in the hedging transactions reserve requires that the hedge is determined to be effective. In cash flow hedging relationships, only the change in fair value of the spot element of forward exchange contracts is designated as the hedging instrument. The change in fair value of the forward element is accounted for as a cost of hedging and is part of the hedging transactions reserve.

Further information on the restrictions on the distribution of reserves can be found in note 30. [Shareholders' equity](#) in the company balance sheet. The tax effects of the movements in equity, via other comprehensive income, are explained in note 11. [Income taxes](#).

In the hedging reserve the following hedging instruments and relationships are recognised. If the hedging has an impact on the income statement this is indicated in the table below.

(in thousands of euros)	Total 2019	Reclassification to profit or loss in next periods			
		< 1 year	> 1 year	> 1 and < 5 years	> 5 years
Forward Starting Rate Swap - refinancing 2013/2014	28,267	7,055	21,211	21,211	-
Lehman derivative - settlement 2008	5,403	291	5,112	1,163	3,949
Exchange difference on hedged JPY loan	34,643	-	34,643	-	34,643
CCIRS derivative hedge Yen loan	-27,797	-	-27,797	-	-27,797
<b>Total</b>	<b>40,516</b>	<b>7,346</b>	<b>33,170</b>	<b>22,374</b>	<b>10,796</b>

(in thousands of euros)	Total 2018	Reclassification to profit or loss in next periods			
		< 1 year	> 1 year	> 1 and < 5 years	> 5 years
Forward Starting Rate Swap - refinancing 2013/2014	35,919	7,075	28,844	28,844	-
Lehman derivative - settlement 2008	5,694	291	5,403	1,163	4,240
Exchange difference on hedged JPY loan	30,961	-	30,961	-	30,961
CCIRS derivative hedge JPY loan	-32,302	-	-32,302	-	-32,302
AUD derivative	616	616	-	-	-
Other	71	71	-	-	-
<b>Total</b>	<b>40,959</b>	<b>8,053</b>	<b>32,906</b>	<b>30,007</b>	<b>2,899</b>

## 20. Non-controlling interests

Non-controlling interests at 31 December 2019 represent the shares of third parties in the net assets of group company Eindhoven Airport N.V. An abridged balance sheet for this company is presented under [Related party disclosures](#).

## 21. Borrowings

(in thousands of euros)	Carrying amount		Fair value		Year of maturity	Interest rate
	2019	2018	2019	2018		
EMTN programme	<b>1,936,130</b>	1,839,429	<b>2,161,700</b>	2,005,400	2019-2038	1.12%-4.97%
European Investment Bank	<b>553,500</b>	482,500	<b>618,282</b>	542,377	2024-2031	0.12%-4.14%
KfW IPEX-bank	<b>99,847</b>	99,809	<b>111,829</b>	111,438	2024	2.80%
Schuldschein	-	60,979	-	64,454	2019	5.50%-5.75%
Namenschuldverschreibung	<b>24,878</b>	24,839	<b>30,020</b>	30,666	2023	5.07%
Euro-Commercial Paper (ECP) programma	<b>50,000</b>	-	<b>50,000</b>	-	2020	-0.4%
SMBC short term loan facility	<b>50,000</b>	-	<b>50,000</b>	-	2020	0.0%
Other borrowings	<b>58,106</b>	59,334	<b>58,502</b>	59,334		
<b>Total</b>	<b>2,772,462</b>	<b>2,566,890</b>	<b>3,080,333</b>	<b>2,813,669</b>		

(in thousands of euros)	Currency	Face value	Carrying amount		Fair value		Year of maturity	Interest rate
			2019	2018	2019	2018		
XS1900101046	EUR	500,000	<b>492,447</b>	491,738	<b>549,205</b>	507,500	2030	1.50%
XS0621167732	EUR	438,447	<b>433,663</b>	430,075	<b>464,539</b>	481,722	2021	4.43%
XS1301052202	EUR	400,000	<b>403,729</b>	404,229	<b>445,828</b>	428,832	2026	2.00%
XS0378569247	JPY	20,000,000	<b>164,041</b>	158,731	<b>233,045</b>	219,024	2038	3.16%
XS2069329451	AUD	255,000	<b>160,061</b>	-	<b>166,652</b>	-	2034	2.89%
XS1437013870	EUR	150,000	<b>149,805</b>	149,775	<b>157,092</b>	149,522	2028	1.12%
XS2019889778	AUD	70,000	<b>43,721</b>	-	<b>45,855</b>	-	2034	3.09%
XS0983151282	EUR	40,000	<b>39,961</b>	39,954	<b>46,092</b>	45,258	2025	3.08%
XS0997565436	EUR	30,000	<b>29,964</b>	29,959	<b>34,356</b>	33,652	2025	2.94%
XS2019891915	AUD	30,000	<b>18,739</b>	-	<b>19,037</b>	-	2027	2.40%
XS0459442710	EUR	85,000	-	84,986	-	88,129	2019	4.97%
XS0459479399	EUR	50,000	-	49,983	-	51,761	2019	4.94%
<b>EMTN programme</b>			<b>1,936,130</b>	<b>1,839,429</b>	<b>2,161,700</b>	<b>2,005,400</b>		

The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments. To calculate the value of loans that are actively traded in a public market, the quoted prices are used.

Schiphol Group has a Euro Medium Term Note (EMTN) programme, making it possible at present to raise funds of up to 3.0 billion euros as required, provided the prospectus is updated annually. The prospectus was updated in 2019. The covenants of the EMTN programme provision that a 'change of control' in combination with a 'downgrade below investment grade' triggers early redemption. There was no obligation to do so in 2019.

At year-end 2019, borrowings under the programme totalled 1.936 million euros (31 December 2018: 1,839 million euros). In July 2019, Schiphol Group issued a private placement of AUD 100 million in order to finance the acquisition of an additional share of 0.89% in Brisbane Airport. The private placement was issued in two tranches, an AUD 30 million tranche that matures in July 2027 and carries a coupon of 2.40%, and an AUD 70 million tranche that matures in July 2034 and carries a coupon of 3.09%. In October 2019, a private placement of AUD 200 million was issued to partly finance the acquisition of a 35.0% share in Hobart International Airport. This private placement matures in October 2034 and carries a coupon of 2.89%. In December a tap of AUD 55 million was executed on this private placement, increasing the total private placement issue to AUD 255 million. In October 2019, two loans under the EMTN programme with a combined nominal value of 135 million euros were redeemed.

Schiphol Group has a number of facility agreements with the European Investment Bank for a total of 900 million euros of which 630 million euros have been drawn and of which 76.5 million euros has been repaid since the start of the agreement up until 31 December 2019. Schiphol Group could be obliged to redeem the loans early if (in addition to the usual circumstances) other loans are repaid early or equity declines below 30% of total assets. Additional security will be demanded if the credit rating drops to BBB or lower (S&P) or to Baa2 or lower (Moody's). The loan agreement also contains a 'change of control' clause.

Schiphol Group has an agreement with KfW IPEX-Bank for a facility of 100 million euros, which was fully drawn in 2014 and has a maturity of ten years. In the first half of 2019, Schiphol Group redeemed its two Schuldschein notes (fixed-interest loans with terms of seven and ten years) with a nominal value of 61 million euros. In September 2019, Schiphol Group entered into another loan facility with KfW IpeX Bank of 95 million euros, under which disbursements can be made up until September 2020. No amounts have been drawn per 2019 year-end.

In October 2019, Schiphol Group updated its Euro-Commercial Paper (ECP) programme, which has a limit of 1 billion euros. In December a tranche of 50 million euros was issued, which will mature in March 2020 and carries a (negative) coupon of -0.40%.

Borrowings under the EMTN programme, the ECP programme, the EIB facilities and the KfW facilities are not subordinated to other liabilities. Schiphol Group has access to a 300 million euro syndicated and committed facility which matures in June 2022. In May 2019, Schiphol Group extended a bilateral committed facility of 100 million euros with Bank Nederlandse Gemeenten. The facility will mature in January 2023. In addition, Schiphol Group holds three bilateral uncommitted facilities with a combined total of 330 million euros.

Eindhoven Airport has a facility for 36 million euros, of which 6 million euros had been drawn as at 31 December 2019.

Of the total loans, an amount of 164.0 million euros has been drawn in Japanese yen (JPY 20 billion). In line with the financial risk management policy, a fixed for fixed EUR/JPY cross-currency swap has been contracted to hedge the changes in cash flows of the JPY denominated loan. The hedge transaction corresponds to all relevant characteristics of the critical terms of the respective loan, such as maturity, timing, amounts and frequency of cashflows. The hedge is accounted for as cash flow hedge and was fully effective. The current portion of borrowings at 31 December 2019 of 163 million euros (31 December 2018: 201 million euros) is recognised under current liabilities.

In 2019 Schiphol Group met the agreed covenants included in the various contracts. The average interest rate of outstanding borrowings in 2019 was 2.7% (2018: 3.0%).

The remaining terms of the borrowings as at 31 December 2019 are as follows:

(in thousands of euros)	Total	<= 1 year	> 1 year	> 1 year and <= 5 years	> 5 years
EMTN programme	<b>1,936,130</b>	-4,178	1,940,308	437,075	1,503,233
European Investment Bank	<b>553,500</b>	9,000	544,500	36,000	508,500
KfW IPEX-bank	<b>99,847</b>	-38	99,884	99,884	-
Namenschuldverschreibung	<b>24,878</b>	-	24,878	24,878	-
Euro-Commercial Paper (ECP) Program	<b>50,000</b>	50,000	-	-	-
SMBC short term loan facility	<b>50,000</b>	50,000	-	-	-
Other borrowings	<b>58,106</b>	58,095	11	11	-
<b>Total borrowings</b>	<b>2,772,462</b>	<b>162,880</b>	<b>2,609,582</b>	<b>597,849</b>	<b>2,011,733</b>

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings <= 1 year	Total
<b>Carrying amount as at 1 January 2018</b>	<b>2,074,627</b>	<b>35,220</b>	<b>2,109,847</b>
<b>Movements in 2018</b>			
New borrowings	491,620	-	491,620
Fair value movement	2,621	-	2,621
Transferred to current liabilities	-213,736	213,736	-
Repayments	-	-52,000	-52,000
Exchange differences	11,103	-	11,103
Other movements	-	3,699	3,699
<b>Total movements in the year</b>	<b>291,608</b>	<b>165,435</b>	<b>457,043</b>
<b>Carrying amount as at 31 December 2018</b>	<b>2,366,235</b>	<b>200,655</b>	<b>2,566,890</b>
<b>Movements in 2019</b>			
New borrowings	299,287	100,000	399,287
Fair value movement	4,500	-	4,500
Transferred to current liabilities	-69,089	69,089	-
Repayments	-	-211,000	-211,000
Exchange differences	8,650	-	8,650
Other movements	-	4,136	4,136
<b>Total movements in the year</b>	<b>243,347</b>	<b>-37,775</b>	<b>205,572</b>
<b>Carrying amount as at 31 December 2019</b>	<b>2,609,582</b>	<b>162,880</b>	<b>2,772,462</b>

For more details regarding the fair value movement, please refer to note 27. [Management of financial risks and financial instruments](#).

## 22. Employee benefits

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
<b>Carrying amount as at 31 December 2019</b>				
Liability defined contribution	31,652	17,161	6,389	55,202
<b>Liability in the balance sheet</b>	<b>31,652</b>	<b>17,161</b>	<b>6,389</b>	<b>55,202</b>
<b>Carrying amount as at 31 December 2018</b>				
Liability defined contribution	26,166	16,518	7,781	50,465
<b>Liability in the balance sheet</b>	<b>26,166</b>	<b>16,518</b>	<b>7,781</b>	<b>50,465</b>

The balance in the provision for termination benefits at the end of 2019 includes, among other things, the costs Schiphol Group expects to incur in respect of restructurings in several of its departments. The restructurings were announced in 2018 and implementation will be completed in 2020.

Post-employment benefits consist of pension plans and job-related early retirement benefits. Other long-term employee benefits consist of long-service awards, disability benefit supplements and sustainable employment budget.

The movements in post-employment benefit liabilities during the year were as follows:

(in thousands of euros)	2019	2018
<b>Carrying amount as at 1 January</b>	<b>26,166</b>	<b>24,311</b>
Total net benefit expense for the year	1,395	1,264
Benefits paid during the year	-1,221	-1,314
Actuarial changes presented in OCI	5,312	1,845
Other movements	-	60
<b>Total movements in the year</b>	<b>5,486</b>	<b>1,855</b>
<b>Carrying amount as at 31 December</b>	<b>31,652</b>	<b>26,166</b>



The table below gives an overview of actuarial assumptions and estimates applied. Given the minimal impact, a significant variance in the balance sheet position as a result of other assumptions is unlikely.

### Actuarial assumptions and estimates

	31 December 2019	31 December 2018
Discount rate	0.75% - 0.80%	1.30% - 1.40%
Return on plan assets	1.9%	1.5%
Inflation	2.0%	2.0%
General salary increase	2.0%	1.5%
Life expectancy	Forecast table 2018 with adjustment factors geared to the company's average salary level	Forecast table 2017 with adjustment factors geared to the company's average salary level
Individual pay rises, depending on age	3.00% (to age 36), 2.00% (to age 47), 1.00% (to age 56), 0.00% (to age 67)	3.00% (to age 36), 2.00% (to age 47), 1.00% (to age 56), 0.00% (to age 67)
Age difference	Male partners 3 years older than female partners	Male partners 3 years older than female partners
Incapacity risk	Derived from national inflow and outflow WGA for larger employers	Derived from national in and outflow WIA, based on 2006 to 2011
Termination probability, average over all ages	3.13%	1.69%
Continued service probability (job-related early retirement scheme)	100%	100%

Schiphol Group's pension plan is administered by Algemeen Burgerlijk Pensioenfonds (ABP). Based on the formal terms of the plan, it qualifies as a defined-contribution plan. Schiphol Group recognises the pension contributions payable to ABP as an expense in the income statement. Further information on this point can be found under [Accounting policies](#).

The ABP pension regulations do not contain any provisions on additional contributions to the fund and/or withdrawals from it in respect of Schiphol Group's share in surpluses or deficits of the pension fund. Consequently, any surpluses and deficits will only result in changes in the amount of the contributions payable by Schiphol Group in the future and these will depend on the actual and expected financial position of the pension fund as reflected in the funding ratio. The expected contribution payment for 2020 is 33 million euros. ABP's funding ratio was 97.8% as at 31 December 2019 (97.0% as at 31 December 2018).

## 23. Provisions

(in thousands of euros)	Decommissioning provision	Environmental provision	Onerous contracts	Other	Total
<b>Carrying amount as at 1 January 2018</b>	<b>1,426</b>	<b>13,550</b>	<b>8,234</b>	<b>13,702</b>	<b>36,912</b>
<b>Movements in 2018</b>					
Addition to provision	290	21,883	-	4,512	26,686
Use of provision	-	-1,800	-834	-4,991	-7,626
Other	-	-72	-	-	-72
	<b>290</b>	<b>20,011</b>	<b>-834</b>	<b>-479</b>	<b>18,988</b>
<b>Carrying amount as at 31 December 2018</b>	<b>1,716</b>	<b>33,561</b>	<b>7,400</b>	<b>13,223</b>	<b>55,900</b>
<b>Movements in 2019</b>					
Addition to provision	3,340	1,511	-	290	5,142
Use of provision	-31	-3,676	-	-3,258	-6,965
Release to profit & loss	-	-	-7,400	-	-7,400
Reclassification	2,100	-	-	-	2,100
	<b>5,409</b>	<b>-2,165</b>	<b>-7,400</b>	<b>-2,968</b>	<b>-7,123</b>
<b>Carrying amount as at 31 December 2019</b>	<b>7,126</b>	<b>31,396</b>	<b>-</b>	<b>10,255</b>	<b>48,777</b>

The timing of the outflow of resources for the total amount of the provisions outstanding per balance sheet date is uncertain except for an amount of 2.6 million euros recorded as part of the environmental and decommissioning provisions, which is expected to be settled within a two-year time frame.

The decommissioning provision of 7.1 million euros relates to obligations in respect of demolition and or repair work after the use of the asset.

Perfluorooctanesulfonic acid (PFOS) contamination of the soil was detected during excavations in the context of development projects at Amsterdam Airport Schiphol. The environmental provision of 31.4 million euros concerns the expenditures to be incurred in connection with the temporary storage and decontamination and/or depositing of the contaminated soil.

The 7.4 million euro provision for onerous contracts related to an onerous contract regarding a future obligation to contribute land at a fixed price to a common land bank. As a consequence of the reversal of an impairment in respect of this land in 2019, the contract is no longer considered onerous.

Included in the provisions under 'other' is a claim of 10.0 million euros concerning a dispute with Chipshol on the consequences of the ban on the development of the Groenberg site in place from 19 February 2003 to 28 June 2007. It is not clear when the Amsterdam Court of Appeal will deliver a final judgement. The Management Board assumes that there is no indication to revise their assessment of the provision against Chipshol. The Management Board does not expect that the remaining amount of compensation which eventually has to be paid to Chipshol will exceed the Groenberg site provision. Further disclosures regarding the Chipsol receivable are included in note 14. [Other non-current receivables](#).

## 24. Other non-current liabilities

(in thousands of euros)	2019	2018
Prepaid long leases	84,989	86,266
Lease liabilities	8,716	3,457
Unrealised profit on contribution in kind	3,043	1,500
Other	1,604	1,460
<b>Total other non-current liabilities</b>	<b>98,351</b>	<b>92,683</b>

Prepaid long leases are rent instalments which Schiphol Group has received in advance on land leases to third parties. This item is recognised through profit or loss over the term of the underlying contracts.

Financial lease liabilities relate to the lease of various right-of-use assets used for operating activities, including operational and employee vehicles, office space, a warehouse and multifunctional office equipment. To determine the lease liability, the interest rate implicit in the IFRS 16 lease was used. If that rate could not be readily determined, the incremental borrowing rate was used. As such, the weighted average rate applied is 1.9%.

(in thousands of euros)	Buildings	Other assets	Total
Liability < 1 year	530	3,692	4,221
Liability 1 year and < 5 years	2,621	6,094	8,716
<b>Carrying amount of lease liabilities</b>	<b>3,151</b>	<b>9,786</b>	<b>12,937</b>

The balance in unrealised profit on contribution in kind relates to land contributed to Schiphol Logistics Park C.V. (1.5 million euros as per 31 December 2018, which profit was realised in 2019 upon issue of the land to a third party) and to Schiphol Trade Park CV (3.0 million euros as per 31 December 2019, which unrealised profit originates from the reversal of an impairment in respect of this land in 2019). In accordance with the accounting policies the profit on the contribution of land should be treated as unrealised to the extent this profit relates to our share in the entity the land is contributed to.

## 25. Trade and other payables

(in thousands of euros)	2019	2018
Trade payables	184,962	168,126
Accruals	115,194	100,278
Deferred income	54,195	56,398
Lease liabilities	4,221	52,081
Interest payable	28,593	31,997
Cash collateral JPMorgan	21,847	30,937
Wage tax and social security contributions	10,955	10,393
Prepaid long leases	1,863	1,843
Other payables	12,863	3,477
<b>Total trade and other payables</b>	<b>434,693</b>	<b>455,530</b>

The deferred income includes, among other things, income from rent and leases for which Schiphol Group has already received consideration although the services still have to be provided (contract liability).

At the end of 2018, the current part of the financial lease liabilities included the lease of office building The Base with ABP, which was repaid early in August 2019. As a consequence the premises became the property of Schiphol Group.

Further details of the derivative financial instruments can be found in note 27. [Management of financial risks and financial instruments.](#)

## 26. Contingent assets and liabilities

### Contamination by extinguishing foam

In July 2008, the Rijnland District Water Control Board collected PFOS-contaminated extinguishing foam, released during an incident at a KLM hangar in Schiphol-Southeast and stored it in reservoirs made available by Schiphol. The Water Board had been granted a permit for this by the province of North-Holland. Although the contaminated foam was removed and decontaminated in 2009, it was later discovered that the soil and groundwater around the reservoirs had also been contaminated. As the owner of the land concerned, Schiphol suffered damage as a result. The Water Board removed the sludge from the reservoirs in 2011 to prevent it from causing any further contamination. Monitoring confirmed that the screen was effective. In 2015 it was concluded that a final solution had not yet been realised due to the lack of a standardisation and remediation technique. KLM, Schiphol and Rijnland took control measures around the reservoirs aimed at preventing the further spread of PFOS. The control measures are related to the construction of a bentonite wall around the contaminated area. Since the wall is watertight, rain and seepage have to be drained off. This required the construction of a filter installation in order to be able to pump, filter and transport the water out of the soil into an adjacent ditch.

KLM, Schiphol and Rijnland each financed a third of the costs of the control measures taken, without any party acknowledging its responsibility for the damage incurred. The watercourses at Schiphol that were contaminated during this incident have been cleaned up within the framework of the regular dredging programme. The additional costs incurred on top of the regular dredging programme for the transport and processing of the contaminated material have been charged to KLM. Evides, a water decontamination company, took measures in consultation with the municipality of Haarlemmermeer to deal with the technical facilities, soil and groundwater that were also contaminated during the incident. Evides contacted Schiphol and KLM to discuss further action to manage the contamination. Consultations with the competent authorities were started at the end of 2013 with the aim to check the plan against laws and regulations. Evides, KLM and Schiphol took measures in 2014/15 to protect the quality of the surface water in the ditch next to the waste water purification plant. Based on an RIVM report, the province of North-Holland set new guidelines with regard to PFOS in 2017, which did not necessitate any adjustments to the current measures taken at the former basins. The new reuse policy that the municipality of Haarlemmermeer drafted in October 2017 does not influence the current situation either. KLM, Schiphol and Rijnland have agreed to postpone discussions on a financial settlement until remediation techniques for the cleaning of contaminated soil become available. As a result, it is currently not possible to determine a reliable estimate of the expected costs.

### Covenant on local environmental quality in the medium term

The covenant includes arrangements on how to improve the quality of the local Schiphol environment in the medium term. For this purpose, Schiphol and the province of North-Holland incorporated the Stichting Leefomgeving Schiphol, a foundation with an independent board that is in charge of a programme for area-specific projects (improvement of the quality of the local environment in specific areas) and individual measures (mitigation in individual cases of noise-related distress). The financing parties are the province of North-Holland, the Ministry of Infrastructure and Water Management and Schiphol Group. Schiphol provided 10 million euros for the first tranche in 2006. A second tranche was committed in the Alders recommendations of October 2013 in connection with which Schiphol Group is again making 10 million euros available. Schiphol Group's contribution in the second tranche will again focus primarily on the most distressing cases.

### Reduction of ground noise

The parties to the Alders Platform agreed to reduce ground noise levels by 10 dB. A reduction of 7 dB has been realised thus far by installing sound-absorption ribs. Schiphol is in consultation with the municipality of Haarlemmermeer and the residents' delegation Vrijschot Noord about measures to be considered for realising the remaining reduction of 3 dB. In 2019 TNO investigated the possibility to reduce the remaining 3dB through sound insulation of homes, which appeared to be feasible. Schiphol will consult with Haarlemmermeer and residents on the next steps to take. The costs associated with the sound insulation measures cannot be reliably estimated at this stage.

### Schiphol Area Development Company N.V. (SADC)

Schiphol Group participates directly, and indirectly through the collaborative venture Schiphol Area Development Company N.V. (SADC), in land holdings in the vicinity of Amsterdam Airport Schiphol. SADC's objective is to develop business locations and supporting infrastructure projects around the airport. One of these land holdings concerns the A4 Zone West area. Schiphol Group has a future obligation to contribute 19.7 million euros as a limited partner's contribution, to be increased by financing and acquisition costs, to fund the contribution of land to GEM A4 Zone West C.V. by the municipality of Haarlemmermeer.

### Soil contamination

PFOS contamination of the soil was detected during excavations in the context of development projects at Amsterdam Airport Schiphol. Since 2017 local legislation is in place that requires Schiphol to clean PFOS-contaminated soil. 2019 also saw the introduction of national-level legislation on this issue. Schiphol has recognised a provision for the decontamination of the land on which construction work will take place in the near future. No provision is recorded for potential PFOS contamination under existing assets.

### Commitments arising from long-term contracts

	Total 2019	< 1 year	> 1 year and < 5 years	> 5 years
(in thousands of euros)				
Commitments relating to:				
Security, maintenance and cleaning	708,917	344,118	357,407	7,392
Development of Schiphol (incl. Capital Programme)	485,078	230,039	255,039	-
Development of Lelystad Aiport	8,265	1,932	6,333	-
Electricity and gas	81,396	21,084	60,312	-
Rents and leases (operating lease)	93	49	44	-
Other capital projects	17,298	15,048	2,250	-
<b>Total</b>	<b>1,301,047</b>	<b>612,270</b>	<b>681,385</b>	<b>7,392</b>

	Total 2018	< 1 year	> 1 year and < 5 years	> 5 years
(in thousands of euros)				
Commitments relating to:				
Security, maintenance and cleaning	671,988	310,644	348,917	12,427
Development of Schiphol (incl. Capital Programme)	493,609	137,743	344,755	11,111
Development of Lelystad Aiport	15,704	9,371	-	6,333
Electricity and gas	25,811	8,959	16,852	-
Rents and leases (operating lease)	1,356	425	931	-
Other capital projects	11,617	9,367	2,250	-
<b>Total</b>	<b>1,220,085</b>	<b>476,509</b>	<b>713,705</b>	<b>29,871</b>

### Long-term partnership between Dutch construction firms and Schiphol Group

In January 2019 Schiphol contracted BAM, Heijmans and VolkerWessels for the maintenance of and investing in existing infrastructure at the airport. The total estimated value of the assignment is 2.5 to 3.5 billion euros over a period of no more than nine years. The commitments under these contracts as per 31 December 2019 are included in the line Security, maintenance and cleaning in the table above.

### Other contingent assets and liabilities

A bank guarantee amounting to 2.3 million euros relating to payment commitments in connection with the 'Storage in Underground Tanks' order has been granted to the province of North-Holland.

Various other claims against Royal Schiphol Group N.V. and/or its subsidiaries have been filed, and there are disputes which are yet to be settled. All claims and disputes are being contested and the company has taken legal advice on them. However, as it is impossible to predict the outcomes with any certainty, it is not yet clear whether any of the cases will result in actual liabilities for the company and/or its group companies. Accordingly, no provisions have been recognised in the balance sheet in respect of these claims and disputes.

The company has also brought claims against third parties and has disputes pending in which it is the claimant. Since it is not yet clear whether these cases will be resolved in the company's favour, no related receivables have been recognised in the balance sheet. These claims are mainly related to construction projects.

## 27. Management of financial risks and financial instruments

### Financial income and expenses

The table below contains a breakdown of financial income and expenses. Capitalised construction interest comprises interest charges incurred during the construction phase of large investment projects.

(in thousands of euros)	2019	2018
<b>Interest and other financial income</b>		
Loans to associates	6,595	7,052
Exchange differences receivables from associates	2,247	-
Interest on tax due	743	648
Cash and cash equivalents	207	659
Exchange differences on cash and cash equivalents	112	-
Exchange differences on other assets and liabilities	-	1,780
Other financial results	619	164
	<b>10,523</b>	<b>10,303</b>
<b>Interest and other financial expenses</b>		
Borrowings	-79,914	-75,633
Derivatives	-10,706	-11,396
Fair value movement loans	-4,500	-2,621
Lease liabilities	-2,342	-12,438
Exchange differences on loans to associates	-	-1,086
Capitalised construction interest	7,220	3,693
Exchange differences on cash and cash equivalents	-	-985
Exchange differences on other assets and liabilities	-4,603	-
	<b>-94,844</b>	<b>-100,467</b>
<b>Total financial income and expenses</b>	<b>-84,321</b>	<b>-90,164</b>

In 2018, the interest expenses on lease liabilities included a loss of 9 million euros from the recalculation of the financial lease obligation with respect to office building The Base. The recalculation was triggered by the decision in 2018 to opt for contractual early repayment in 2019. Early repayment attracts a penalty interest, which was recognised at the expense of 2018. Reference is made to the explanation on the implementation of IFRS 16 Leases in the chapter on accounting

principles for information about the lease contracts underlying the interest costs of lease liabilities in 2019.

Exchange differences on loans to associates concern the Redeemable Preference Shares (RPS) of both Brisbane Airport Corporation Holdings Ltd (BACH) and Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC), the ultimate holding company of Hobart International Airport held by Schiphol Group. Under the terms and conditions these shares are not considered to be part of the net investment in the associate. Consequently, exchange differences are accounted for in the income statement. However, up to and including August 2019 the currency risk relating to RPS held in BACH was hedged by annual forward transactions which hedged the Australian dollar position against the euro. The hedge transactions were recognised as a cash flow hedge while the associated exchange differences were recognised in the reserve for hedging transactions. As from September 2019, a natural hedge exists between the currency risk related to RPS held in BACH and EMTN borrowings denominated in AUD with related exchange rate differences being recognised in the income statement. The same applies to the RPS held in TGHC, which were acquired in October 2019.

### Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks including market risk, counterparty risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's overall risk management programme) focuses on the unpredictability of the financial markets and on minimising any adverse effects this may have on Schiphol Group's financial results.

Schiphol Group uses derivative financial instruments to hedge certain risks which are not offset via a natural hedge. Financial risk management is carried out by the central treasury department (Corporate Treasury) and is part of approved Management Board policy. In addition to drawing up written guidelines for financial risk management, the Management Board determines the policy for specific key areas such as currency risk, interest-rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of temporary liquidity surpluses. The contracts relating to derivative financial instruments are shown in the table below.

### Market risk

Market risk comprises three types of risk: currency risk, price risk and interest-rate risk.

### Currency risk

Currency risk arises if future business transactions, assets and liabilities recognised in the balance sheet and net investments in activities outside the euro zone are expressed in a currency other than Schiphol Group's functional currency, which is the euro. Schiphol Group operates internationally and faces currency risks on several currency positions, in particular in Japanese yen (borrowings) and US

and Australian dollars (net investments in activities outside the euro zone and non-current receivables).

Schiphol Group manages the currency risk on borrowings which are not naturally offset by an asset in the same currency by using currency swap contracts. The financial risk management policy is that virtually 100% of the expected cash flows are hedged. As at 31 December 2019, 14.5% of group financing had been drawn in foreign currency: one loan with a carrying amount of 164.0 million euros (JPY 20 billion nominal value) and three loans with a carrying amount of 222.5 million euros (AUD 355 million nominal value) compared with 6.0% of total borrowings (one loan with a carrying amount of 158.7 million euros and a nominal amount of JPY 20 billion) a year earlier. The JPY position is fully hedged by means of a cross-currency swap. As the hedge is assessed to be effective, movements in the exchange rate will not affect the results relating to these borrowings. The effect on equity is temporary (only for the duration of the hedging transaction) and amounts to 4.2 million euros positive in 2019 (after deferred tax). The borrowings in AUD serve as a natural hedge for the RPS of both BACH and TGHC held by Schiphol Group.

Schiphol Group has a number of strategic investments in activities outside the euro zone; of these, the net investments recognised in the balance sheet under 'associates and joint ventures' and 'contract-related assets' are affected by a translation risk. In accordance with the policy, the currency position relating to Schiphol Group's net investments in activities outside the euro zone, totalling 314 million euros as at 31 December 2019 (162 million euros as at 31 December 2018), is not hedged. As translation differences on these positions are recognised as part of the translation reserves, they do not directly impact the results. In 2019 the negative effect on equity amounts to 6.0 million euros, leading to a decline of the translation reserve from zero as per 31 December 2018 to 6.0 million euros as per 31 December 2019.

The Redeemable Preference Shares which Schiphol Group owns in Brisbane Airport Corporation Holdings Ltd are reported as part of the 'loans to associates'. Up to and including August 2019, the currency risk related to this loan including any accrued dividends was hedged by means of forward exchange transactions. Consequently, movements in the exchange rate only had a minor effect on the results relating to this receivable. As from September 2019, a natural hedge exists between the currency risk relating to this long-term receivable and EMTN borrowings issued in 2019 denominated in AUD with related exchange differences being recognised in the income statement. The same applies to the RPS held in TGHC which were acquired in October 2019.

Schiphol Group's risk (counterparty risk) in respect of the cross-currency swap is mitigated by a cash collateral agreement with JPMorgan, which results in a maximum net position for both parties that depends on the parties' credit ratings. If the credit rating of either party is reduced, the maximum net position for that party will also decrease. Under the cash collateral agreement, the difference between the market value of the swap and the applicable maximum net position is paid weekly through the bank.

As at 31 December 2019, the maximum net position of both parties amounted to 10 million euros (10 million euros as at 31 December 2018) while the market value of the swap was approximately 35.5 million euros positive (40.6 million euros as at 31 December 2018) at Schiphol Group. As at 31 December 2019, Schiphol Group had a liability of 21.8 million euros to JPMorgan (30.9 million euros as at 31 December 2018). If the EUR/JPY exchange rate decreases by 10%, Schiphol Group will receive 31.1 million euros from JPMorgan. If the exchange rate rises by 10%, Schiphol Group is required to deposit 24.2 million euros of collateral.

The interest rate shown against the cross-currency swap is the fixed rate at which interest is payable to the counterparty, for which interest at the variable (or fixed) rate that Schiphol Group in turn has to pay on the loans concerned is receivable from the counterparty.

Type	Counterparty	Interest rate	Currency	Notional amount (x1000)	Maturity date	Fair value in thousands of euros	
						31 December 2019	31 December 2018
Currency swap	JPMorgan	5.64%	JPY	20,000,000	2038	35,500	40,631
Forward	BNP Paribas	n/a	AUD	101,000	2019	-	2,125
						<b>35,500</b>	<b>42,756</b>
<b>Recognised in the balance sheet under:</b>							
Non-current assets						35,500	40,631
Current assets/ liabilities						-	2,125
						<b>35,500</b>	<b>42,756</b>

### Price risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. Schiphol Group is affected mainly by the price risk on property investments which it recognises at fair value. This fair value is influenced by supply and demand and movements in interest rates and the rate of inflation, which is the basis for the Net Initial Yield. An average increase of 10% in the net initial yield (NIY) on offices and commercial buildings demanded by property investors would reduce the value of those properties by a total of approximately 121 million euros. A 10% decrease in the NIY would increase the value by approximately 131 million euros. Under the accounting policy, in that situation profitability before tax would fall by the same amount.

### Interest-rate risk

Interest-rate risk is divided into a fair value interest-rate risk and a cash flow interest-rate risk.

Fair value interest-rate risk is the risk of fluctuations in the value of a financial instrument as a result of movements in the market interest rate. Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk but is affected by fair value interest-rate risk on its fixed-interest borrowings. If market interest rates fell by an average of 0.5% point, this would lead to an increase of 49.4 million euros (1.7%) in the fair value of borrowings. An average increase of 0.5% point in market interest rates would lead to a fall of 46.9 million euros (1.6%) in the fair value of borrowings. Schiphol Group's policy is to draw at least 50% of borrowings at fixed interest rates, if necessary by using derivatives. As at 31 December 2019, 100% of borrowings were fixed-interest, excluding subsidiaries and associates (31 December 2018: 100%).

The cash flow interest-rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of movements in market interest rates. Except for cash and cash equivalents, Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk.

In addition, Schiphol Group runs a cash flow interest-rate risk in respect of group financing at a variable interest rate. This position is limited by Schiphol Group's policy of not drawing more than 50% of the funds borrowed at a variable interest rate (and at least 50% at a fixed interest rate), if necessary by using derivatives. As at 31 December 2019, the figure for variable-interest borrowings was 0% (31 December 2018: 0%).

### Credit risk

Credit risk is the risk that one party to a financial instrument fails to fulfil its obligations, causing the other party to suffer a financial loss. Schiphol Group's counterparties in derivative financial instruments and liquidity transactions are restricted to financial institutions with high creditworthiness ratings (a minimum S&P credit rating of A) and the net position for each counterparty may not exceed 150.0 million euros. The maximum net position as at 31 December 2019 was 150 million euros (150 million euros as at 31 December 2018).

At 31 December 2019, trade receivables amounted to 127 million euros (31 December 2018: 125 million euros), after a provision for expected credit losses of 4 million euros (31 December 2018: 3 million euros) and including 3 million euros in security deposits received (31 December 2018: 4 million euros). Expected credit losses are measured based upon all possible situations and developments that may lead to default of the debtor during the expected total lifetime of the receivable. This is primarily derived from a provisions matrix based on historical data on credit losses per business area.

Additionally, the measurement of credit losses is based on information accessible without undue costs and effort about current developments and expectations with regard to the market and significant trading relationships. The provision covers 100% of the receivables owed by debtors that are in bankruptcy or have applied for a suspension of payments, as well as receivables older than one year.

Parties using services from Schiphol Group are first assessed for creditworthiness. Depending on the outcome of this assessment, they may be required to provide security in the form of a bank guarantee or deposit to limit the credit risk. As at 31 December 2019, Schiphol Group holds 42.4 million euros in bank guarantees and security deposits (31 December 2018: 67.3 million euros). Koninklijke Luchtvaartmaatschappij N.V. (KLM) has an individual balance in excess of 10.0 million euros.

The following table provides more details on the provision for bad debt and ageing analysis:

(in thousands of euros)	Weighted average loss rate	Gross carrying amount	Loss allowance	Carrying amount
Current (not past due)	0.0%	114,094	48	<b>114,046</b>
1-30 days past due	0.9%	9,085	78	<b>9,007</b>
31-60 days past due	5.9%	2,016	119	<b>1,897</b>
61-90 days past due	8.7%	1,248	108	<b>1,140</b>
91-180 days past due	24.9%	791	197	<b>594</b>
181-365 days past due	55.4%	782	433	<b>349</b>
>365 days past due	100.0%	836	836	-
Bankruptcies	100.0%	2,318	2,318	-
	<b>3.2%</b>	<b>131,170</b>	<b>4,137</b>	<b>127,033</b>

### Liquidity risk

Liquidity risk is the risk that Schiphol Group will have difficulty in raising the funding required to honour its commitments in the short term. Careful liquidity risk management means that Schiphol Group maintains sufficient liquid resources and has access to sufficient funding in the form of



promised (and preferably committed) credit facilities and the EMTN programme. The financing policy is also aimed at reducing the refinancing risk. See note 21. [Borrowings](#) for further information on available facilities. In connection with liquidity risk, Corporate Treasury manages the cash pool through which several of the subsidiaries' bank balances are managed and netted for optimum balance management.

All items below are displayed with the remaining maturity based on the date of redemption or settlement agreed with the counterparty. The amounts are gross and undiscounted, and include estimated interest payments. Schiphol Group's policy is that no more than 25% of liabilities may have a term of less than one year. As at 31 December 2019, this figure was 15.8% (31 December 2018: 18.6%).

(in thousands of euros)	Total 2019	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	<b>2,772,462</b>	3,253,569	236,373	3,017,196	1,008,812	2,008,384
Trade payables	<b>184,962</b>	184,962	184,962	-	-	-
Lease liabilities	<b>12,937</b>	12,937	4,221	8,716	8,716	-
Interest payable	<b>28,593</b>	28,593	28,593	-	-	-
Accruals	<b>115,194</b>	115,194	115,194	-	-	-
<b>Total</b>	<b>3,114,147</b>	<b>3,595,254</b>	<b>569,343</b>	<b>3,025,911</b>	<b>1,017,527</b>	<b>2,008,384</b>

(in thousands of euros)	Total 2018	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	<b>2,566,890</b>	3,037,400	278,370	2,759,030	769,183	1,989,847
Trade payables	<b>168,126</b>	168,126	168,126	-	-	-
Lease liabilities	<b>55,538</b>	55,538	52,081	3,457	3,457	-
Interest payable	<b>31,997</b>	31,997	31,997	-	-	-
Accruals	<b>100,278</b>	100,278	100,278	-	-	-
<b>Total</b>	<b>2,922,828</b>	<b>3,393,338</b>	<b>630,851</b>	<b>2,762,487</b>	<b>772,640</b>	<b>1,989,847</b>

Financial instruments can be classified as follows, according to the measurement policy applied:

(in thousands of euros)	Level <sup>1</sup>	Total 2019	Amortised cost through equity	Fair value through profit and loss	Fair value through profit and loss	Fair value disclosure
Borrowings	1	1,549,568	1,549,568	-	-	1,697,112
Borrowings	2	1,170,391	1,170,391	-	-	1,330,719
Borrowings	3	52,502	-	-	52,502	-
Trade payables	n/a	184,962	184,962	-	-	184,962
Interest payable	n/a	28,593	28,593	-	-	28,593
<b>Liabilities</b>		<b>2,986,016</b>	<b>2,933,514</b>	<b>-</b>	<b>52,502</b>	<b>3,241,385</b>
Loans to associates	2	-139,400	-139,400	-	-	-142,136
Other loans	2	-369	-369	-	-	-369
Derivative financial instruments	2	-35,500	-	-35,500	-	-
Other loans to associates	2	-3,289	-3,289	-	-	-3,289
Trade receivables	n/a	-127,033	-127,033	-	-	-127,033
Cash and cash equivalents and deposits	n/a	-155,072	-155,072	-	-	-155,072
<b>Assets</b>		<b>-460,663</b>	<b>-425,163</b>	<b>-35,500</b>	<b>-</b>	<b>-427,899</b>
<b>Total</b>		<b>2,525,353</b>	<b>2,508,351</b>	<b>-35,500</b>	<b>52,502</b>	<b>2,813,486</b>

<sup>1</sup> For financial instruments that are not reported at fair value, the level of fair value hierarchy included below relates to the fair value disclosed for this financial instrument.

The fair values are recalculated at the end of each reporting period. Depending on the input used, the established fair value falls into one of the following levels:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets and liabilities in active markets or information based on or supported by observable market inputs;
- Level 3: Unobservable inputs used to determine the fair value of an asset or liability.

Level 2 measurements are determined using various methods and assumptions based on market conditions on the reporting date. The fair value of these financial instruments is determined on the basis of the present value of the projected future cash flows converted into euros at the relevant exchange rates and the market interest rate applicable to Schiphol Group on the reporting date.

(in thousands of euros)	Level <sup>1</sup>	Total 2018	Amortised cost through equity	Fair value through profit and loss	Fair value through profit and loss	Fair value disclosure
Borrowings	1	1,680,699	1,680,699	-	-	1,786,374
Borrowings	2	836,026	836,026	-	-	977,130
Borrowings	3	50,165	-	-	50,165	-
Trade payables	n/a	168,126	168,126	-	-	168,126
Interest payable	n/a	31,997	31,997	-	-	31,997
<b>Liabilities</b>		<b>2,767,013</b>	<b>2,716,848</b>	<b>-</b>	<b>50,165</b>	<b>2,963,627</b>
Loans to associates	2	-56,093	-56,093	-	-	-59,993
Other loans	2	-490	-490	-	-	-490
Derivative financial instruments	2	-42,756	-	-42,756	-	-
Other loans to associates	2	-11,090	-11,090	-	-	-11,090
Trade receivables	n/a	-125,040	-125,040	-	-	-125,040
Cash and cash equivalents and deposits	n/a	-651,501	-651,501	-	-	-651,501
<b>Assets</b>		<b>-886,970</b>	<b>-844,214</b>	<b>-42,756</b>	<b>-</b>	<b>-848,114</b>
<b>Total</b>		<b>1,880,043</b>	<b>1,872,634</b>	<b>-42,756</b>	<b>50,165</b>	<b>2,115,513</b>

<sup>1</sup> For financial instruments that are not reported at fair value, the level of fair value hierarchy included below relates to the fair value disclosed for this financial instrument.

The only item with a fair value in Level 3 is a profit-sharing loan based on fair values of a specific real estate portfolio. The loan is designated as at fair value through profit and loss to prevent an accounting mismatch. The cash flows are determined on the basis of the expected value on the expiration date. The expected value is based on the valuation of investment property by external appraisers. For more information, see note 10. [Investment property](#). Due to the positive movement in the fair values of the specific real estate portfolio, the profit-sharing loan shows a similar move in the opposite direction.

The nominal value is assumed to approximate the fair value of loans to associates, trade receivables, cash and cash equivalents and trade payables.

## Capital management

Schiphol Group's long-term capital strategy and dividend policy are geared towards improving shareholder value, facilitating sustainable long-term growth and preserving an appropriate financial structure and sound creditworthiness. With its current shareholder base (public-sector shareholders), Schiphol Group only has access to the debt market and maintains a continued focus on further optimising its capital structure and cost of capital. Schiphol Group uses certain financial ratios, including cash flow-based metrics, to capture the dynamics of capital structure, dividend policy and cash flow generation and monitors its capital structure in line with credit rating agencies and comparable best practises. In this context, key financial ratios employed include:

- Funds From Operations (FFO)/Total Debt: the FFO divided by the total debt
- Leverage: interest-bearing debt divided by equity plus the interest-bearing debt
- Funds From Operations (FFO) Interest Cover: the FFO plus interest charges divided by the interest charges

## Funds From Operations

(in thousands of euros)	2019	2018
Operating result	395,105	368,125
Depreciation and amortisation	289,871	268,960
Impairment loss	5,493	1,000
Impairment reversal	-1,700	-3,300
Result on disposal of investment property	1,543	-1,380
Other income from investment property	-114,401	-105,584
Other non-cash changes in other receivables and liabilities	1,777	4,097
Change in employee benefits and other provisions	-3,992	6,943
Income tax paid	-46,119	-46,439
Interest paid	-80,946	-75,716
Interest received	1,680	1,471
RPS receipts	5,627	23,477
Dividend received	81,853	49,817
<b>Funds From Operations</b>	<b>535,791</b>	<b>491,470</b>

'Funds From Operations' is calculated specifically for the purpose of determining the financial ratios and differs from the cash flow from operations calculated in the consolidated cash flow statement in accordance with the reporting policies, in the [Consolidated statement of cash flow for the year ended 31 December 2019](#). FFO is the cash flow from operating activities adjusted for operating capital. In 2019 FFO increased from 491 million euros to 536 million euros.

(in thousands of euros)	2019	2018
Borrowings	2,615,582	2,366,235
Lease liabilities	8,716	3,457
<b>Non-current liabilities</b>	<b>2,624,298</b>	<b>2,369,692</b>
Borrowings	156,880	200,655
Lease liabilities	4,221	52,081
<b>Current liabilities</b>	<b>161,101</b>	<b>252,736</b>
<b>Total debt</b>	<b>2,785,399</b>	<b>2,622,428</b>

For capital management purposes, debt consists of non-current and current liabilities as shown under 'Total debt'. For capital management purposes, equity is equal to equity in the consolidated balance sheet. At 31 December 2019, equity was 4,372 million euros (31 December 2018: 4,136 million euros).

The FFO/total debt ratio and leverage at 31 December were as follows:

	2019	2018
FFO / Total debt	19.2%	18.7%
Leverage	38.9%	38.9%
FFO interest coverage ratio	7.5x	6.6x

The FFO interest coverage ratio is calculated by dividing the FFO plus the interest charges relating to borrowings and lease liabilities, amounting to 82.3 million euros in 2019 (88.1 million euros in 2018), by those interest charges. The FFO interest coverage ratio for 2019 was 7.5 (compared with 6.6 for 2018). The ratios as at 31 December 2019 are consistent with Schiphol Group's policy of maintaining at least a single A credit rating (S&P).

## Related party disclosures

### Related parties

Related parties	Nature of relationship and transactions	Relevant disclosure
Management Board	Management Board remuneration	Remuneration for Management Board members
Supervisory Board	Supervisory Board remuneration	Remuneration for members of the Supervisory Board
Schiphol Airport Retail B.V.	Concession income	Revenue
ABP	Pension contributions	Employee benefits
Groupe ADP	Associate / dividends	Investments in associates and joint ventures Issued share capital and share premium
Brisbane Airport Corporation Holdings Ltd.	Associate / dividends and interest on receivable	Investments in associates and joint ventures
Tasmanian Gateway Holdings Corporation Pty Ltd.	Associate / dividends and interest on receivable	Investments in associates and joint ventures
State of the Netherlands	Shareholder/ dividends	Issued share capital and share premium
Municipality of Rotterdam	Shareholder/ dividends	Issued share capital and share premium
Municipality of Amsterdam	Shareholder/ dividends	Issued share capital and share premium
JFKIAT Member LLC.	Management contract	Intangible assets

There are a number of subsidiaries and joint ventures in which Schiphol Group holds an interest which results in either significant influence but no decisive control or exercising joint operational and policy control. These subsidiaries and joint ventures are designated as related parties.

The material related parties are included in the table above.

## Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4 of the Aviation Act and other legislation.

Sections 8.7 and 8.17 of the Aviation Act impose constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree defines the airport zone and the restrictions governing the use of the airport and the surrounding area. The Aviation (Supervision) Regulations define the rules concerning safety on the airport grounds. As per July 2017 the new Aviation Act became effective, which includes changes with respect to the consultation on and settlement of tariffs. This means that as per 2018 Schiphol set the tariffs for a three-year period (2019-2021).

There are two lines of supervision on the airport operation of Amsterdam Airport Schiphol.

One line of supervision concerns preventing abuse, by the operator, of its position of economic strength. The body responsible for this supervision is the ACM. The supervision relates to the charges and conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be charged to the airport users in the subsequent year.

The other line of supervision involves the Ministry of Infrastructure and Water Management and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the minister on the operation of the airport at least once every three years, with special reference to capital expenditure that is important to the development of the airport. The ability to foster the Mainport status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

## Remuneration for members of the Supervisory Board

(x EUR 1)	Committees					Total 2019
	Remuneration	Audit	People	Safety, Sustainability & Stakeholders	Capital Programme, Operations & Investments	
L.J. Gunning-Schepers	39,222	-	5,373	5,373	-	49,967
J.G. Wijn	25,790	6,447	5,373	-	-	37,610
E. Arkwright	-	-	-	-	-	-
R.J. van de Kraats	25,790	6,447	-	-	-	32,237
A.B.M. Olsson	25,790	-	5,373	5,373	5,373	41,908
S.G. Brummelhuis	25,790	-	-	5,373	5,373	36,535
D. Collier	25,790	6,447	-	-	5,373	37,610
<b>Total</b>	<b>168,169</b>	<b>19,342</b>	<b>16,118</b>	<b>16,118</b>	<b>16,118</b>	<b>235,867</b>

(x EUR 1)	Committees					Total 2018
	Remuneration	Audit	People	Safety, Sustainability & Stakeholders	Capital Programme, Operations & Investments	
L.J. Gunning-Schepers	38,195	-	5,232	5,232	-	48,659
J.G. Wijn	25,114	6,279	5,232	-	-	36,625
H.J. Hazewinkel <sup>1</sup>	7,274	-	3,031	-	-	10,304
E. Arkwright	-	-	-	-	-	-
C. Clarke <sup>1</sup>	7,274	-	1,515	-	-	8,789
R.J. van de Kraats	25,114	6,279	-	-	-	31,393
A.B.M. Olsson	25,114	-	5,232	5,232	2,777	38,355
M.A. Scheltema <sup>1</sup>	7,274	1,818	1,515	1,515	-	12,123
S.G. Brummelhuis <sup>2</sup>	17,841	-	-	3,694	3,694	25,228
D. Collier <sup>2</sup>	17,841	4,433	-	-	3,694	25,967
<b>Total</b>	<b>171,040</b>	<b>18,808</b>	<b>21,758</b>	<b>15,673</b>	<b>10,164</b>	<b>237,444</b>

<sup>1</sup> Up to 17 April 2018

<sup>2</sup> From 17 April 2018

All members of the Supervisory Board also receive an annual expense fee of 1,643 euros on top of the remuneration for Supervisory Board members referred to above. Mr Arkwright stated that he did not wish to receive any remuneration and expense fee in connection with his membership of the Supervisory Board and its committees. No shares, share options, loans, advances or guarantees have been or will be granted to members of the Supervisory Board.

For more information on the Supervisory Board, refer to [Supervisory Board](#).

## Remuneration for Management Board members

(x EUR 1)	Salary	Variable remuneration	Pension costs	Pension costs (supplementary)	Other payments <sup>1</sup>	Total 2019
D.A. Benschop	440,123	61,617	29,011	66,124	31,671	<b>628,546</b>
A. van den Berg	374,105	52,375	27,101	43,991	16,038	<b>513,609</b>
J.T.M. van der Meijs	374,105	52,375	27,101	40,100	20,716	<b>514,396</b>
B.I. Otto	374,105	52,375	27,101	43,991	16,889	<b>514,461</b>
<b>Total</b>	<b>1,562,438</b>	<b>218,741</b>	<b>110,313</b>	<b>194,206</b>	<b>85,314</b>	<b>2,171,012</b>

<sup>1</sup> The stated amounts mainly concern (share of) allowances to the management board members that can be considered as remuneration. In a situation where such a share of an allowance can be considered as (indirect) remuneration then the share is both valued and accounted for here. The method employed by the fiscal authorities is the starting point for the value stated.

(x EUR 1)	Salary	Variable remuneration	Pension costs	Pension costs (supplementary)	Other payments <sup>1</sup>	Total 2018
D.A. Benschop <sup>2</sup>	287,821	46,051	18,225	41,687	10,865	<b>404,648</b>
J.A. Nijhuis <sup>3</sup>	210,601	33,696	14,613	31,265	8,806	<b>298,981</b>
A. van den Berg	364,734	58,357	26,686	41,584	43,958	<b>535,319</b>
J.T.M. van der Meijs	364,734	58,357	26,686	37,917	20,199	<b>507,892</b>
B.I. Otto	364,734	58,357	26,686	41,584	19,471	<b>510,832</b>
<b>Total</b>	<b>1,592,624</b>	<b>254,818</b>	<b>112,895</b>	<b>194,037</b>	<b>103,297</b>	<b>2,257,671</b>

<sup>1</sup> The stated amounts mainly concern (share of) allowances to the management board members that can be considered as remuneration. In a situation where such a share of an allowance can be considered as (indirect) remuneration then the share is both valued and accounted for here. The method employed by the fiscal authorities is the starting point for the value stated.

<sup>2</sup> from 1 May 2018

<sup>3</sup> until 1 July 2018

The remuneration of Management Board members is disclosed in accordance with Section 2:383c of the Dutch Civil Code. Periodic remuneration comprises the total of gross salary and holiday pay.

Based on the Supervisory Board's assessment of the extent to which the targets were achieved, the short-term incentives as presented in the table above have been charged to the result for 2019. The total variable remuneration for the Management Board over the year 2019 is determined to be 14% of the respective members' fixed salaries.

The other payments concern allowances for representation expenses and the employer's share of social security contributions.

On 1 July 2018, Mr Nijhuis' employment agreement ended. No termination fee has been agreed with Mr Nijhuis. The Supervisory Board asked Mr Nijhuis to retain his international board positions on behalf of Schiphol Group until 1 April 2019. In return for these services, in 2019 Mr Nijhuis received a remuneration of 52,500 euros (2018: 105,000 euros).

For further details, please refer to [Management Board remuneration](#).



## Subsidiaries

	Registered in	Direct / indirect interest in %
Schiphol Nederland B.V. <sup>1</sup>	Schiphol	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North America Holding Inc.	Delaware	100.00
Eindhoven Airport N.V.	Eindhoven	51.00
N.V. Luchthaven Lelystad <sup>1</sup>	Lelystad	100.00
Luchthaven Lelystad Vastgoed B.V. <sup>1</sup>	Lelystad	100.00
Schiphol USA Inc.	New York	100.00
Rotterdam Airport B.V. <sup>1</sup>	Rotterdam	100.00
Rotterdam Airport Holding B.V. <sup>1</sup>	Rotterdam	100.00
Rotterdam Airport Vastgoed B.V. <sup>1</sup>	Rotterdam	100.00
Schiphol International B.V.	Schiphol	100.00
Schiphol Real Estate B.V. <sup>1</sup>	Schiphol	100.00
Airport Real Estate Management B.V. <sup>1</sup>	Schiphol	100.00
Avioport Srl	Lonate Pozzolo	100.00
Schiphol Telematics B.V. <sup>1</sup>	Schiphol	100.00

<sup>1</sup> Article 403 of the NCC is applied

The subsidiaries are consolidated. The full list has been registered with the Chamber of Commerce.

The abridged balance sheet for the minority interest in Eindhoven Airport N.V. exclusive of the interests of Schiphol Group is presented below.

(in thousands of euros)	2019	2018
<b>Assets</b>		
Non-current assets	57,220	53,613
Current assets	5,744	8,106
	<b>62,964</b>	<b>61,719</b>
<b>Equity and liabilities</b>		
Total equity	55,386	48,673
Non-current liabilities	272	6,060
Current liabilities	7,307	6,986
	<b>62,964</b>	<b>61,719</b>

The abridged income statement for this company:

(in thousands of euros)	2019	2018
<b>Revenue</b>	31,396	34,293
Other income and results from investment property	-341	48
	<b>31,055</b>	<b>34,341</b>
<b>Total operating expenses</b>	21,678	24,940
<b>Operating profit</b>	<b>9,377</b>	<b>9,401</b>
Financial income and expenses	-125	-170
<b>Profit before tax</b>	<b>9,252</b>	<b>9,231</b>
Corporate income tax	2,300	2,308
<b>Profit for the year</b>	<b>6,952</b>	<b>6,923</b>

## Events after the balance sheet date

There are no events after the balance sheet date.

## Company income statement for the year ended 31 December 2019

(in thousands of euros)	note	2019	2018 <sup>1</sup>
<b>Revenue</b>		-	-
Cost of outsourced work and other external costs		18	35
Employee benefits expense		2,173	1,830
Other operating expenses		250	331
<b>Total operating expenses</b>		<b>2,441</b>	<b>2,196</b>
<b>Operating profit</b>		<b>-2,441</b>	<b>-2,196</b>
<b>Financial expenses</b>		<b>-60,049</b>	<b>-49,877</b>
Share in results of associates and joint ventures	28	61,075	60,296
Share in results of subsidiaries	28	337,621	258,167
<b>Profit before tax</b>		<b>336,206</b>	<b>266,390</b>
Income tax expense		18,904	13,061
<b>Result attributable to shareholders (net result)</b>		<b>355,110</b>	<b>279,451</b>

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

## Company balance sheet as at 31 December 2019

(in thousands of euros)	Note	31 December 2019	31 December 2018 <sup>1</sup>	1 January 2018 <sup>1</sup>
<b>Assets</b>				
Investments in subsidiaries	28	4,358,318	4,016,686	3,764,134
Investments in associates	28	752,860	725,526	691,803
Derivatives		35,500	40,631	17,541
Deferred tax assets		12,352	7,984	6,960
<b>Non-current assets</b>		<b>5,159,030</b>	<b>4,790,827</b>	<b>4,480,438</b>
Receivables	29	1,380,589	1,423,686	1,172,371
Income tax receivable	29	15,622	25,994	12,975
Cash and cash equivalents	29	25,354	29,473	25,181
<b>Current assets</b>		<b>1,421,567</b>	<b>1,479,153</b>	<b>1,210,527</b>
<b>Total assets</b>		<b>6,580,597</b>	<b>6,269,980</b>	<b>5,690,965</b>

(in thousands of euros)	Note	31 December 2019	31 December 2018 <sup>1</sup>	1 January 2018 <sup>1</sup>
<b>Equity and liabilities</b>				
Issued share capital		84,511	84,511	84,511
Share premium		362,811	362,811	362,811
Retained profits		2,437,118	2,394,104	2,411,167
Other reserves		-85,368	-76,606	-81,179
Revaluation reserve		763,956	686,347	564,617
Other statutory reserves		398,512	357,066	332,582
Net result of the year		355,110	279,451	279,703
<b>Shareholders' equity</b>	30	<b>4,316,650</b>	<b>4,087,684</b>	<b>3,954,212</b>
Deferred tax liabilities		7,257	8,286	4,385
Loans and borrowings - EMTN programme	21	1,940,281	1,708,512	1,336,782
<b>Non-current liabilities</b>		<b>1,947,538</b>	<b>1,716,798</b>	<b>1,341,167</b>
Current liabilities	32	316,409	465,498	395,586
<b>Current liabilities</b>		<b>316,409</b>	<b>465,498</b>	<b>395,586</b>
<b>Total liabilities</b>		<b>2,263,947</b>	<b>2,182,296</b>	<b>1,736,753</b>
<b>Total equity and liabilities</b>		<b>6,580,597</b>	<b>6,269,980</b>	<b>5,690,965</b>

<sup>1</sup> Restated, see paragraph on correction of an accounting error.

# Notes to the company financial statements

## Accounting policies

The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code, exercising the option in Section 2:362(8) of the Dutch Civil Code to apply the same accounting policies for the company. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU).

The accounting policies for the company financial statements are the same as those for the consolidated financial statements. Where no specific policies are mentioned, see the accounting policies for the consolidated financial statements. Royal Schiphol Group N.V. is registered at the Chamber of Commerce under number 34029174.

### Correction of an accounting error

In the preparation of the consolidated financial statements for 2019 an error was found in the application of the equity method to our investment in Groupe ADP, more specifically the requirement to adjust the financial statements of Groupe ADP to conform to the Royal Schiphol Group accounting policies.

At Royal Schiphol Group investment property is reported at fair value, with changes in fair value reported through the profit or loss account. Groupe ADP reports investment property at cost less accumulated depreciation. Therefore, at recognition of our share in the result of Groupe ADP an adjustment is included to the net income of Groupe ADP for the movement in the difference between the fair value and the cost price of Groupe ADP investment property. To this end, Groupe ADP provides Royal Schiphol Group with information on the fair value of its investment property on an annual basis.

We established we have incorrectly applied our accounting policies to the property of Groupe ADP in respect of the distinction between property valued at cost price and property valued at fair value, both within the initial purchase price allocation in 2009 as well as in the years thereafter. As a consequence an adjustment must be recorded for the difference in value between the fair value and the cost price for a specific additional segment of Groupe ADP investment property. This error was adjusted by:

- reclassification of an amount of 38 million euros from goodwill to the fair value adjustment on investment property recorded at the time of the purchase price allocation. The total bookvalue of the associate remains unchanged;

- adding an amount of 18 million euros after tax to the carrying value of the associate Groupe ADP as well as to equity in the opening balance of 2018 for fair value movements in the period from 2010 up to and including 2017; and
- adding an amount of 1 million euros after tax to the carrying value of the associate at the end of 2018 as well as to the share in the result of associates and net income for the year 2018.

This inaccuracy has no impact on the variable component in the remuneration for members of the Management Board and employees of Royal Schiphol Group as well as on the dividend per share established and distributed in the past. Net income of Royal Schiphol Group is adjusted for other results from investment property (including income from changes in the fair value) for the purpose of calculating variable remuneration and dividend proposals.

### Subsidiaries

Companies over which Royal Schiphol Group N.V. is able to exercise control or which Royal Schiphol Group N.V. effectively manages are stated at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements. If the share of losses attributable to Royal Schiphol Group N.V. exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Royal Schiphol Group N.V. has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities. Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

### Elements of equity

Various statutory reserves are maintained in the company balance sheet and form part of the retained profits in the consolidated balance sheet. These reserves restrict the ability to distribute the equity. They are the reserve for property revaluations and the reserves for intangible assets and for investments in associates. The latter two reserves have been combined under other statutory reserves.

The revaluation reserve (Section 2:390(1) of the Dutch Civil Code) is maintained for unrealised fair value gains on individual items of investment property (land and buildings) held by companies forming part of Schiphol Group. Additions to this reserve are made through the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

The reserve for intangible assets (Section 2:365(2) of the Dutch Civil Code) is maintained in connection with research and development costs (software) capitalised by companies forming part of Schiphol Group.

The legal reserve for participating interests (Section 2:389(6) of the Dutch Civil Code) is formed for the share in the positive results of the entities concerned and in fair value gains recognised directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses recognised directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Equity in the consolidated balance sheet comprises an exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (recognised collectively in the company financial statements under 'Other reserves') are also presented as part of company equity since they similarly restrict the ability to distribute the reserves.

### Notes to the company balance sheet and income statement

Where the notes to the company balance sheet and income statement are not materially different from the notes to the consolidated balance sheet and income statement, they have not been repeated. See the notes to the consolidated balance sheet and statement of income for the items concerned. This also applies to the disclosures on [contingent assets and liabilities](#) in note 26 as well as [management of financial risks and financial instrument](#) in note 27.

### Fiscal unity

Together with part of the subsidiaries, Royal Schiphol Group N.V. forms a fiscal unity for corporate income tax and VAT purposes. As such, each of the entities within the fiscal unity is jointly and severally liable for the tax debt of the fiscal unity.

## 28. Non-current assets

Movement of subsidiaries and associates were as follows:

(in thousands of euros)	Subsidiaries	Associate	Total
<b>Carrying amount as at 31 December 2017</b>	<b>3,764,134</b>	<b>673,803</b>	<b>4,437,937</b>
Restatement due to accounting error	-	18,000	18,000
<b>Carrying amount as at 1 January 2018</b>	<b>3,764,134</b>	<b>691,803</b>	<b>4,455,937</b>
<b>Movements in 2018</b>			
Result for the year	258,167	60,296	318,463
Dividend	-	-27,392	-27,392
Translation differences	-5,928	-	-5,928
Other movements	313	819	1,132
	<b>252,552</b>	<b>33,723</b>	<b>286,275</b>
<b>Carrying amount as at 31 December 2018</b>	<b>4,016,686</b>	<b>725,526</b>	<b>4,742,212</b>
<b>Movements in 2019</b>			
Result for the year	337,621	61,075	398,696
Dividend	-	-29,292	-29,292
Translation differences	5,996	-	5,996
Other movements	-1,984	-4,449	-6,433
	<b>341,633</b>	<b>27,334</b>	<b>368,966</b>
<b>Carrying amount as at 31 December 2019</b>	<b>4,358,319</b>	<b>752,860</b>	<b>5,111,178</b>

Subsidiaries are the wholly-owned subsidiaries of Schiphol Nederland B.V. or Schiphol International B.V., with the exception of Eindhoven Airport N.V. Section 2:403 of the Dutch Civil Code applies to Schiphol Nederland B.V. The associate is the 8% interest of Royal Schiphol Group in Groupe ADP.

## 29. Current assets

Cash and cash equivalents are freely available. Receivables, cash and cash equivalents are included at fair value, which is usually face value.

(in thousands of euros)	2019	2018
Income tax receivable	15,622	25,994
Group companies balances	1,380,590	1,423,685
	<b>1,396,212</b>	<b>1,449,679</b>

### 30. Shareholders' equity

(in thousands of euros)	Issued share capital	Share premium	Retained profits	Other reserves	Revaluation reserve	Other statutory reserves	Net Result Financial Year	Total
<b>Carrying amount as at 31 December 2017 (as previously reported)</b>	<b>84,511</b>	<b>362,811</b>	<b>2,411,167</b>	<b>-81,179</b>	<b>564,617</b>	<b>314,582</b>	<b>279,703</b>	<b>3,936,212</b>
IFRS 9 adjustment	-	-	-296	-	-	-	-	-296
Restatement due to accounting error	-	-	-	-	-	18,000	-	18,000
<b>Carrying amount as at 1 January 2018 (as adjusted)</b>	<b>84,511</b>	<b>362,811</b>	<b>2,410,871</b>	<b>-81,179</b>	<b>564,617</b>	<b>332,582</b>	<b>279,703</b>	<b>3,953,916</b>
<b>Movements in 2018</b>								
Appropriation of result for previous year	-	-	129,447	-	-	-	-129,447	-
Distribution of dividend	-	-	-	-	-	-	-150,256	-150,256
Exchange differences	-	-	-	-5,928	-	-	-	-5,928
Movements in hedge reserve	-	-	-	16,309	-	-	-	16,309
Adjustments to the corporate income tax rate	-	-	-	-1,928	-	-	-	-1,928
Net result	-	-	-	-	-	-	279,451	279,451
Addition statutory reserves	-	-	-146,336	-	121,730	24,606	-	-
Other	-	-	122	-480	-	-122	-	-480
Other comprehensive income from associates	-	-	-	-2,015	-	-	-	-2,015
Actuarial gains and revaluations after taxation	-	-	-	-1,384	-	-	-	-1,384
<b>Total movements in the year</b>	<b>-</b>	<b>-</b>	<b>-16,767</b>	<b>4,573</b>	<b>121,730</b>	<b>24,484</b>	<b>-252</b>	<b>133,768</b>
<b>Balance as at 31 December 2018</b>	<b>84,511</b>	<b>362,811</b>	<b>2,394,104</b>	<b>-76,606</b>	<b>686,347</b>	<b>357,066</b>	<b>279,451</b>	<b>4,087,684</b>



(in thousands of euros)	Issued share capital	Share premium	Retained profits	Other reserves	Revaluation reserve	Other statutory reserves	Net Result Financial Year	Total
<b>Balance as at 31 December 2018</b>	<b>84,511</b>	<b>362,811</b>	<b>2,394,104</b>	<b>-76,606</b>	<b>686,347</b>	<b>357,066</b>	<b>279,451</b>	<b>4,087,684</b>
<b>Movements in 2019</b>								
Appropriation of result for previous year	-	-	162,070	-	-	-	-162,070	-
Distribution of dividend	-	-	-	-	-	-	-117,381	-117,381
Exchange differences	-	-	-	5,996	-	-	-	5,996
Movements in hedge reserve	-	-	-	-193	-	-	-	-193
Adjustments to the corporate income tax rate	-	-	-	847	-	-	-	847
Net result	-	-	-	-	-	-	355,110	355,110
Addition statutory reserves	-	-	-119,056	-	77,610	41,446	-	-
Other	-	-	-	-710	-	-	-	-710
Other comprehensive income from associates	-	-	-	-10,481	-	-	-	-10,481
Actuarial gains and revaluations after taxation	-	-	-	-4,222	-	-	-	-4,222
<b>Total movements in the year</b>	<b>-</b>	<b>-</b>	<b>43,014</b>	<b>-8,763</b>	<b>77,610</b>	<b>41,446</b>	<b>75,659</b>	<b>228,966</b>
<b>Balance as at 31 December 2019</b>	<b>84,511</b>	<b>362,811</b>	<b>2,437,118</b>	<b>-85,368</b>	<b>763,957</b>	<b>398,512</b>	<b>355,110</b>	<b>4,316,650</b>

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

### Proposed profit appropriation

With due observance of Article 26 of the Articles of Association, a dividend is proposed of 151.4 million euros. The remaining part of the net result 2019 of 203.7 million euros will be added to the Retained profits.

## 31. Employee benefits

The liabilities for employee benefits relate to the Management Board of Royal Schiphol Group N.V. and concern the net liabilities in respect of the short-term incentives. See the notes on [Remuneration for Management Board members](#) in the consolidated financial statements for further details.

## 32. Current liabilities

(in thousands of euros)	2019	2018
Group companies	<b>249,181</b>	312,872
Borrowings EMTN programme	<b>-4,036</b>	130,917
SMBC short term loan facility	<b>50,000</b>	-
Accruals	<b>20,911</b>	21,283
Other liabilities	<b>352</b>	426
	<b>316,409</b>	<b>465,498</b>

See note 3. [Outsourcing and other external costs](#) to the consolidated financial statements for a breakdown of auditor's fees.

Schiphol, 6 March 2020

### **Supervisory Board**

L.J. Gunning-Schepers, Chair

J.G. Wijn, Vice-Chair

E. Arkwright

S.G. Brummelhuis

D. Collier

R.J. van de Kraats

A.B.M. Olsson

For the company financial statements for 2019:

### **Management Board**

D.A. Benschop

President & Chief Executive Officer

A. van den Berg

Chief Commercial Officer

J.T.M. van der Meijs

Chief Financial Officer

B.I. Otto

Chief Operations Officer

## Other Information

### Proposed profit appropriation

Article 26 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Dutch Civil Code, the profit according to the financial statements prepared by the Management Board shall be added to the reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Management Board approved by the Supervisory Board.
2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Management Board approved by the Supervisory Board.



## Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Royal Schiphol Group N.V.

### Report on the audit of the financial statements 2019 included in the annual report

#### Our opinion

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2019 and of its result and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.
- the accompanying company financial statements give a true and fair view of the financial position of Royal Schiphol Group N.V. as at 31 December 2019 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

#### What we have audited

We have audited the financial statements 2019 of Royal Schiphol Group N.V. ('Schiphol' or 'the company') based in Schiphol, as set out on pages 161 to 243. The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- 1 the consolidated statement of financial position as at 31 December 2019;
- 2 the following consolidated statements for the year ended 31 December 2019: the statements of income, comprehensive income, changes in equity and cash flows; and
- 3 the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- 1 the company balance sheet as at 31 December 2019;
- 2 the company income statement for the year ended 31 December 2019; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

#### Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Royal Schiphol Group N.V. in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Audit approach

### Summary

#### Materiality

- Materiality of EUR 13 million
- 4.0% of profit before tax adjusted for fair value gains and losses

#### Group audit

- 93% of the consolidated revenue
- 93% of the consolidated total assets

#### Key audit matters

- Tendering, contracting and project execution under the Capital Programme
- Investment property valued at fair value
- Revenue from airport charges

#### Unqualified opinion

### Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 13 million (2018: EUR 13 million). The materiality is determined with reference to profit before tax adjusted for fair value gains and losses, of which it represents 4.0% (2018: 4.8%). We consider profit before tax adjusted for fair value gains and losses as the most appropriate benchmark because we expect users of the financial statements to have a primary focus on the result of the company. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements with an impact on profit for the year in excess of EUR 0.65 million (2018: EUR 0.65 million) which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

### Scope of the group audit

Royal Schiphol Group N.V. is at the head of a group of entities with activities in the business areas Aviation, Real Estate, Consumer Products & Services, and Alliances & Participations. The financial information of this group is included in the financial statements of Royal Schiphol Group N.V.

Our group audit mainly focused on the location Amsterdam Airport Schiphol, with significant activities within the business areas Aviation, Real Estate, and Consumer Products & Services for which we have performed audit procedures ourselves.

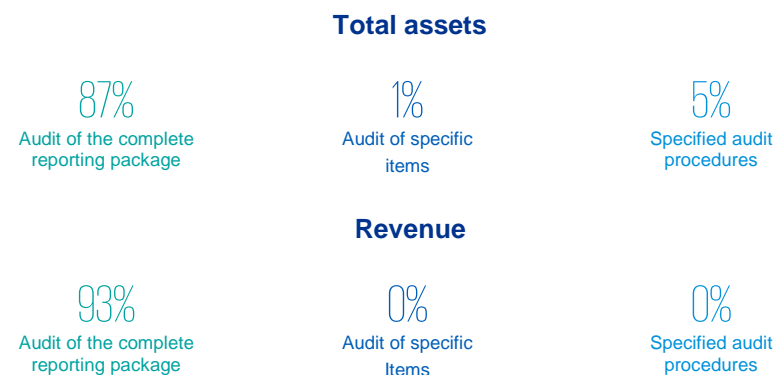
We have made use of the work of other auditors for the audit of selected foreign activities in the business area Alliances & Participations. This includes investments in associates Groupe ADP and Brisbane Airport Corporation Holdings Ltd. We have prepared instructions with procedures to be performed and evaluated the outcome of their procedures based on, amongst others, a site visit, and a review of the findings reported to us. For other group entities, including the activities at Terminal 4 of JFK IAT, Lelystad Airport, Rotterdam The Hague Airport and Hobart International Airport Pty. Ltd., we performed specific audit procedures ourselves.

We have performed review procedures or specific audit procedures at other components.

By performing the procedures mentioned above at group components, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the financial statements.

Our approach described above resulted in an audit coverage of 93% of the consolidated revenue and 93% of the consolidated total assets.

The audit coverage as stated in the section summary can be further specified as follows:





### **Audit scope in relation to fraud**

In accordance with the Dutch standards on auditing we are responsible for obtaining a high (but not absolute) level of assurance that the financial statements taken as a whole are free from material misstatement, whether caused by fraud or error.

As part of our risk assessment process we have evaluated events or conditions that indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud ('fraud risk factors') to determine whether fraud risks are relevant to our audit. During this risk assessment we made use of our own forensic specialist.

We communicated identified fraud risks within our team and remained alert to any indications of fraud throughout the audit.

In accordance with the auditing standard we evaluated the fraud risks that are relevant to our audit. Based on this evaluation we identified the following fraud risks:

- management override of controls (the presumed risk of management override of controls);
- potential conflicts of interest when awarding major contracts, scope changes or variation orders under the 'Capital Programme', the programme for the airport capacity expansion at Amsterdam Airport Schiphol.

Our audit procedures included an evaluation of the design and implementation of internal controls relevant to mitigate these risks and substantive audit procedures, including detailed testing of high risk journal entries and evaluation of management bias. In determining the audit procedures we will make use of the company's evaluation in relation to fraud risk management (prevention, detections and response), including the set-up of ethical standards to create a culture of honesty.

As part of our evaluation of any instances of fraud, we inspected the incident register/whistle blowing reports and follow up by management. We communicated our risk assessment and audit response to management and the Audit Committee of the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.

Our procedures to address fraud risks related to the Capital Programme are included in the key audit matter.

We do note that our audit is based on the procedures described in line with applicable auditing standards and are not primarily designed to detect fraud.

### **Audit scope in relation to non-compliance with laws and regulations**

We have evaluated facts and circumstances in order to assess laws and regulation relevant to the company. In this evaluation we made use of our own forensic specialist.

We identified laws and regulations that could reasonably be expected to have a material effect on the financial statements based on our general understanding and sector experience, through discussion with relevant management and evaluating the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations within our team and remained alert to any indications of non-compliance throughout the audit. The potential effect of these laws and regulations on the financial statements varies considerably:

- Firstly, the company is subject to laws and regulations that directly affect the financial statements including taxation and financial reporting (including related company legislation). We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- Secondly, the company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognised or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

Specifically for the audit of Schiphol, we identified the following areas as those most likely to have such an indirect effect:

- Dutch Aviation Act;
- European tendering regulation

Auditing standards limit the required audit procedures to identify non-compliance with laws and regulations that have an indirect effect to inquiring of relevant management and inspection of regulatory and legal correspondence, if any. Through these procedures, we did not identify any additional actual or suspected non-compliance other than those previously identified by the company in each of the above areas. We considered the effect of actual or suspected non-compliance as part of our procedures on the related financial statement items.

Our procedures to address compliance with laws and regulations did not result in the identification of a key audit matter.

We do note that our audit is not primarily designed to detect non-compliance with laws and regulations and that management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud, including compliance with laws and regulations.



The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

### **Our key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## **Tendering, contracting and project execution under the Capital Programme**

### **Description**

Schiphol is investing substantial amounts in operational capacity through large-scale new build under the Capital Programme. For the governance and execution of the Capital Programme, a separate programme organisation has been established. For this programme, we identified a risk of fraud related to awarding of large contracts, scope changes or variation orders.

In 2019, the programme included projects in design & tender phase, as well as projects in the execution phase. In 2019, some significant scope changes and variation orders with regards to these projects were agreed. As disclosed in note 9 to the financial statements, EUR 256 million of capital expenditure was capitalised in 2019 as part of assets under construction for operating activities related to the Capital Programme. Furthermore, as disclosed in note 26 to the financial statements, Schiphol has entered into long-term agreements with construction companies for a total commitment of EUR 485 million per 31 December 2019.

### **Our response**

In response to the identified fraud risk, we have evaluated the design and implementation of internal controls related to the awarding of contracts and variation orders. We also evaluated the controls around and project risk management and project progress assessment and the related governance. This included the governance around request for tender on a large phase of the programme which is in tender as at 31 December 2019. There were no new large contracts awarded in 2019.

We have performed test of details on a selection of large scope changes and variation orders confirming the nature and business rationale for these changes and reconciling these to note 26 of the financial statements which includes off balance commitments. In addition we have performed test of details on the additions to the assets under construction during the year and the off balance sheet commitments.

### **Our observation**

We observed an increased risk and need for project risk management and cost control to effectively manage the volume and complexity of these projects. We recommended Schiphol to strengthen the controls around scope changes or variation orders and to align with the standing organisation. We observe that Schiphol is taking organisational measures to address this.

## **Investment property valued at fair value**

### **Description**

Valuation of investment property is a key audit matter due to the high value of investment property and the extent of estimation uncertainty. Investment property is measured at fair value and comprises 23% of consolidated total assets. As disclosed in note 2 to the financial statements, the unrealised result from revaluation of investment property in the year 2019 amounts to EUR 114 million positive.

The valuation of investment property is complex and involves significant management judgement. Schiphol engages independent external valuers for the determination of the value of investment property, as also explained in note 2 to the financial statements. Valuations significantly depend on estimates and assumptions with respect to future cash flows and the risks therein as disclosed in note 10 to the financial statements. For valuation of land, Schiphol uses an internally developed valuation model, in addition to engaging external valuers.

### **Our response**

We have examined the design and implementation of internal controls within the valuation process. We have evaluated the capabilities, objectivity and professional competence of the external valuers engaged by Schiphol. We have examined the engagement between Schiphol and the external valuers. Furthermore, we have tested the accuracy and completeness of information provided by Schiphol to the valuers. We have evaluated and analysed the valuation reports provided by the external valuers. We have involved our own valuation specialists to assess the appropriateness of the valuation models and key assumptions used. In addition, we have evaluated the methodology and proper working of the internal valuation model used for the valuation of land.





### Our observation

Based on our procedures, we consider that the valuation of investment property as applied by Schiphol is balanced and appropriate for inclusion in the financial statements. The disclosures on the valuation of investment property, as included in note 10 to the financial statements, meet the requirements of IAS 40.

## Revenue from regulated airport charges

### Description

The airport charges for Schiphol Amsterdam are regulated and consist of 56% of total revenue. Schiphol publishes the tariffs and conditions on its website annually after consultation with the aviation sector. Schiphol is partly dependent on airlines for the accuracy of passenger data (numbers and their composition, where the distinction between departing local passengers and transfer passengers which affects the tariff to be used).

### Our response

We examined the design, implementation and operating effectiveness of internal controls related to the accuracy and completeness of registrations of passenger numbers and their composition, as obtained from third parties, and of the tariffs used. In addition, we carried out substantive audit procedures consisting of analytical analysis of airport charges, including a trend analysis on the amount of passenger-related fees per period. We performed a number of detailed tests on the source data used for this analysis, such as flight movements, passenger numbers per flight. In addition, we used data analytics to determine that revenue from airport charges, via accounts receivable, leads to cash receipts. For accounts receivable at the balance sheet date, we also assessed this based on subsequent cash receipts.

### Our observation

Schiphol carries out various checks aimed at the accuracy and completeness of information provided by airlines, including ticket checks, passenger counts and ratio analyses. Schiphol relies on information from, amongst others, loading documents that are used in the aviation sector for safety and logistic purposes. Schiphol considers risk and materiality to determine the scope and extent of these checks. We concur with this consideration.

### Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

### Report on other legal and regulatory requirements

#### Engagement

We were engaged as auditor of Royal Schiphol Group N.V. on 10 February 2014, as of the audit for the year 2014, 2015 and 2016 and have operated as statutory auditor ever since that financial year. On 21 December 2016 we were reappointed as independent auditor for a second term of three years starting from the audit of the 2017 financial statements.

#### No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.



## Description of responsibilities regarding the financial statements

### *Responsibilities of the Management Board and the Supervisory Board for the financial statements*

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

### *Our responsibilities for the audit of the financial statements*

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at: [http://www.nba.nl/ENG\\_oob\\_01](http://www.nba.nl/ENG_oob_01). This description forms part of our auditor's report.

The Hague, 6 March 2020

KPMG Accountants N.V.

R.R.J. Smeets RA

## Historical summary

(in millions of euros, unless otherwise indicated)

	2019	2018 <sup>1</sup>	2017	2016	2015	2014 <sup>2</sup>	2013	2012	2011	2010
<b>Profit and loss account</b>										
Revenue	1,615	1,509	1,458	1,435	1,423	1,438	1,364	1,353	1,278	1,180
Other results from investment property	113	107	80	71	117	35	3	-13	-	22
<b>Total operating revenue</b>	<b>1,728</b>	<b>1,616</b>	<b>1,538</b>	<b>1,506</b>	<b>1,540</b>	<b>1,473</b>	<b>1,367</b>	<b>1,340</b>	<b>1,278</b>	<b>1,202</b>
Total operating expenses before depreciation, amortisation and impairment	-1,039	-981	-916	-848	-804	-838	-796	-806	-766	-719
<b>EBITDA</b>	<b>689</b>	<b>635</b>	<b>622</b>	<b>658</b>	<b>735</b>	<b>635</b>	<b>571</b>	<b>534</b>	<b>512</b>	<b>483</b>
Depreciation, amortisation and impairment	-294	-267	-264	-238	-230	-232	-266	-238	-208	-186
<b>Operating result</b>	<b>395</b>	<b>368</b>	<b>359</b>	<b>420</b>	<b>505</b>	<b>403</b>	<b>305</b>	<b>296</b>	<b>304</b>	<b>297</b>
Financial income and expenses	-84	-90	-86	-91	-89	-86	-90	-88	-91	-115
Taxation, share in operating result of associates and minority interests	51	8	12	-18	-38	-43	15	-12	-15	-10
<b>Result on ordinary activities after tax</b>	<b>362</b>	<b>286</b>	<b>286</b>	<b>311</b>	<b>378</b>	<b>274</b>	<b>230</b>	<b>196</b>	<b>198</b>	<b>172</b>
Minority interests	7	7	6	5	4	2	3	-2	3	3
<b>Net result</b>	<b>355</b>	<b>279</b>	<b>280</b>	<b>306</b>	<b>374</b>	<b>272</b>	<b>227</b>	<b>198</b>	<b>195</b>	<b>169</b>
<b>Balance sheet</b>										
Non-current assets	7,446	6,512	6,040	5,818	5,646	5,413	4,929	5,108	5,106	5,000
Current assets	350	861	615	608	759	415	772	681	681	506
<b>Total assets</b>	<b>7,797</b>	<b>7,373</b>	<b>6,655</b>	<b>6,426</b>	<b>6,405</b>	<b>5,829</b>	<b>5,701</b>	<b>5,789</b>	<b>5,787</b>	<b>5,506</b>
Equity	4,372	4,136	3,978	3,860	3,716	3,453	3,309	3,203	3,175	3,109
Provisions	104	106	79	57	56	57	46	44	51	65
Non-current liabilities	2,721	2,474	2,225	2,172	2,021	1,987	1,576	1,980	1,980	1,762
Current liabilities	599	656	373	337	612	334	770	562	581	570
<b>Total equity and liabilities</b>	<b>7,797</b>	<b>7,373</b>	<b>6,655</b>	<b>6,426</b>	<b>6,405</b>	<b>5,830</b>	<b>5,701</b>	<b>5,789</b>	<b>5,787</b>	<b>5,506</b>
<b>Operating cash flow<sup>3</sup></b>	<b>523</b>	526	267	438	508	508	462	399	387	351

1 Restated, see paragraph on correction of an accounting error. Comparative figures before 2018 have not been adjusted.

2 Comparative figures before 2012 have not been restated due to adoption of IFRS 11

3 For analysis see the cash flow statement

(in millions of euros, unless otherwise indicated)

	2019	2018 <sup>1</sup>	2017	2016	2015	2014 <sup>2</sup>	2013	2012	2011	2010
<b>Ratios</b>										
Operating result as % of revenue	24.5	24.4	24.6	29.3	35.5	27.3	22.4	21.9	23.8	25.1
Return on average equity in % (ROE)	8.3	7.0	7.2	8.2	10.4	8.0	7.0	6.2	6.2	5.6
Return on Average Capital Employed in % <sup>3</sup>	7.5	7.2	7.2	8.2	10.1	8.4	7.2	7.4	7.5	7.3
FFO/Total debt in % <sup>4</sup>	19.2	18.7	21.6	22.8	22.0	26.5	26.0	24.5	18.5	17.0
FFO interest coverage ratio <sup>5</sup>	7.5	6.6	6.9	6.8	6.7	6.4	5.8	5.6	4.5	3.8
Leverage <sup>6</sup>	38.9	38.9	35.2	34.9	37.0	35.0	36.2	37.8	37.9	37.2
<b>Figures per share</b>										
Earnings per share	1,908	1,496	1,503	1,645	2,010	1,461	1,222	1,068	1,045	908
Operating cash flow per share	2,807	2,827	1,435	2,354	2,728	2,730	2,446	2,143	2,081	1,883
Dividend per share	813	631	807	797	1,006	744	726	582	524	409
<b>Personnel</b>										
Average effective full-time equivalent employees	2,519	2,324	2,180	2,063	2,000	2,039	2,058	2,087	2,115	2,328

1 Restated, see paragraph on correction of an accounting error. Comparative figures before 2018 have not been adjusted.

2 Comparative figures before 2012 have not been restated due to adoption of IFRS 11

3 As from 2006: Operating result + result and interest associates / average of equity and interest-bearing debt

4 As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management

5 As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management Up to and including 2005: Funds from operating activities adjusted for working capital plus interest income / interest costs

6 As from 2004: Interest-bearing debt / equity plus interest-bearing debt in %

## Glossary

### Air transport movements

Commercial air transport movements (not carried out by the military, police etc.)

### Airport Carbon Accreditation

Benchmark for the Airports Council International (ACI) sector association. This benchmark helps provide insight into airports' efforts to reduce CO<sub>2</sub> emissions

### Alders Agreement

An agreement made in 2008 within the Alders Platform, a consultative body for the aviation sector and community stakeholders on the growth of Schiphol, chaired by former government minister and former Queen's Commissioner Hans Alders

### BAS

The Local Community Contact Centre (BAS) is the information and complaints centre to which local residents can address their questions and complaints concerning air traffic at Amsterdam Airport Schiphol. BAS is a joint initiative of Air Traffic Control the Netherlands (LVNL) and Amsterdam Airport Schiphol

### Best Value

Best Value (Procurement Performance) is a method for organising large tenders. The aim is to find the expert that is most capable of carrying out the project at the lowest possible cost throughout its lifecycle ('total cost'). Best Value assumes that it is not the client but the contractor who is the expert. This means that the expert is given every opportunity to come up with innovative, out-of-the box solutions, if applicable

### Bird strike

Bird strikes are incidents in which dead birds or bird remains are found on an aircraft or a runway, and for which it can reasonably be assumed that the strike occurred within the airport boundaries

### BPVS

Public-private platform: Beveiliging en Publieke Veiligheid Schiphol (Security and Public Safety Schiphol)

### BREEAM

Building Research Establishment Environmental Assessment Method (BREEAM) certification is awarded by the Dutch Green Building Council

### Business area

A functional cluster of activities within the Schiphol Group organisation

### Catchment area

Area from which passengers travel to and from Amsterdam Airport Schiphol by road or rail

### CT

3D Computer Tomography, makes use of computer-processed combinations of X-ray measurements in such a way that a three-dimensional image is generated, which can be rotated and looked at from all angles. With CT security scanners, passengers do not have to take their laptop or liquids out of their hand luggage anymore

### Full freighter destination

Effective from 2018, full freighter destinations are defined as examples of more than 100,000 kilogrammes of cargo being shipped to and from a destination in at least ten frequencies during a single year

### Ground noise

Ground noise is low-frequency noise-producing vibrations that can cause disturbance. It is perceived differently from 'regular' noise, and is more often felt than heard. Low-frequency noise is produced by aircraft taking off on the runway

### Hub airport

A large airport where continental and intercontinental flights are available. Schiphol is the hub for KLM and (codeshare) partners

### Hub connectivity

Hub connectivity measures the number of connecting flights per week that can be facilitated by the hub airport in question - taking into account minimum and maximum connecting times, and weighting the quality of the connections by the detour involved and connecting times

### HVAC systems

HVAC stands for heating, ventilation and air conditioning (including cooling)

### Just Culture

A concept which emphasises that mistakes are generally a product of faulty organisational cultures. A just culture is the opposite of a blame culture. A just culture helps create an environment in which individuals feel free to report errors and help the organisation to learn from mistakes

### Lansink's ladder

A Dutch standard for dealing with residual flows. It involves a system of six steps, with step 1, waste prevention, being the highest in the hierarchy and step 6, dumping waste, the lowest. The 9R guidelines are Refuse, Reduce, Reuse, Repair, Refurbish, Remanufacture, Repurpose, Recycle and Recover

### Lden

The calculated noise levels produced by all aircraft flying to or from the airport during a year. Night-time noise levels are expressed in Lnight (Level night). 24-hour noise levels are expressed in Lden (Level day-evening-night). Formerly, the noise impact was expressed in Ke (Unit Costs)

## MIRT

National government and regional authorities have joined forces in projects and programmes covering every region of the Netherlands. The Dutch Multi-Year Programme for Infrastructure, Spatial Planning and Transport (MIRT) focuses on financial investments in such programmes and projects

## Mobility as a Service

Mobility as a Service (MaaS) is a mobility concept that allows consumers to use various modes of transport via a single subscription, eliminating the need for users to book and pay for multiple tickets from multiple providers. MaaS automatically services adjustments to the trip when necessary

## MTOW

Maximum Take-Off Weight of an aircraft upon which take-off and landing charges are based

## Net Promoter Score

A simple yet powerful instrument for measuring customer satisfaction, whereby respondents are asked to indicate the extent to which they would recommend a company, product or service to others

## Night-time flight

Air transport movement performed during the night (between 23.00 and 07.00). During this period, the use of runways is restricted and incoming aircraft must use silent approaches while departing flights must make use of special night routes

## OD passengers

Origin and destination passengers using Schiphol as their airport of departure or arrival

## Passenger destination

Effective from 2018, a passenger destination is strictly defined as a destination served by an airline carrying at least ten passengers on a flight from Schiphol for at least eight weeks in a row

## Preclearance

A procedure where all border checks needed for entry into the United States are carried out at Amsterdam Airport Schiphol before boarding a US-bound flight. This eliminates the need for extensive checks upon arrival in the US

## Runways at Schiphol

Runways are officially indicated by their position according to compass degrees (e.g. 040 - 220) and if they are parallel, their relative position during their use (Left, Right, Centre runway). At Schiphol, the runways are mostly indicated by names:

04-22 Schiphol East

06-24 Kaagbaan

09-27 Buitenveldertbaan

18L-36R Aalsmeerbaan

18C-36C Zwanenburgbaan

18R-36L Polderbaan

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