

## Our Why, ambition and strategy

Royal Schiphol Group exists to *connect your world*, by orchestrating inspiring journeys and building connections for passengers and other stakeholders. As part of this ambition, we are transitioning into an airport that will act as a front runner in sustainability.



# Our Why: Connecting your world

*Connecting your world* embodies the 'Why' of Royal Schiphol Group. Our airports provide connectivity for passengers and businesses from around the world, allowing international trade, tourism and knowledge exchange to flourish.

In 2023, Schiphol Airport not only witnessed a resurgence in air traffic but also undertook numerous efforts to streamline operations and enhance working conditions. We invested heavily in reducing long queues, increasing wages and improving employment conditions. We also focused on creating better work shifts, minimising inconvenient gaps and reducing wait times for our employees. These comprehensive measures, designed to rejuvenate the airport's functioning, have been pivotal in re-establishing smooth and efficient operations, reflecting our commitment to both our passengers and staff.

Schiphol Airport, recognized as one of Europe's best-connected airports, holds a prestigious position in the Airports Council International (ACI) Europe's 2023 connectivity report – ranking #2 for 'direct connectivity' and #4 for 'global hub connectivity'. This highlights its crucial role in global aviation networks. Complementing this achievement, Schiphol and our airline partners have successfully restored essential connections between the Netherlands and the wider world. These efforts reflect the increasing global and local demand for air travel, symbolising a significant step in re-establishing international links.

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

Schiphol Group's ambition to operate the world's most sustainable, high-quality airports is firmly connected with our commitment to our Quality of Work pillar. We are the leading member of the TULIPS consortium, which brings together 29 parties in the aviation chain to accelerate sustainable aviation, underscoring our commitment to both environmental stewardship and the well-being of all our workers. We want our operations to be zero-emissions and zero-waste by 2030 and to function as an energy-positive and fully circular organisation by 2050. Equally important, we will continue to play a leadership role in driving sustainability across the aviation sector, aiming for net-zero carbon emissions aviation by 2050.

## Schiphol Group's strategy amidst government aviation reforms

In 2022, the Dutch government announced plans to enforce a cap on flights from Schiphol Airport. The cap aimed to progressively reduce the number of flights. The first step was to limit flights to 460,000 air traffic movements a year. This staged implementation was designed to gradually bring the cap into full effect. However, this was meant to be an interim measure; the intention was to further reduce the number of flights a year to 452,500 by November 2024. Instead of a fixed ATM, Schiphol Group would like to see a system where the level of environmental impact determines the number of annual air traffic movements.

The Dutch government decided to suspend the Experimental Regulation until further notice on 14 November 2023. Of course, the minister's decision has an impact on capacity at Schiphol. However, we had already defined the capacity declaration for the summer of 2024 based on a maximum of 460,000 flights.

That is why the minister initially asked Schiphol and partners such as Air Traffic Control the Netherlands (LVNL), the Royal Netherlands Marechaussee, Customs and the airlines to determine how many flights we would be able to accommodate in 2024, ensuring this will be done in an operationally responsible way. The minister also pointed out that the (increasingly limited) availability of air traffic controllers at LVNL, due to labour market shortages, will also play a role. This process has been completed. Schiphol has set its new capacity for 2024 at 483,000 flights, and the slot coordinator has allocated the slots. This explains why JetBlue, for example, can maintain their operations at Schiphol Airport.

In our view, the suspension of the Experimental Regulation is a disappointing development that will result in local residents getting the short end of the stick. Reducing the number of flights was not an end in itself for Schiphol, but there was finally clarity and certainty for our neighbours. A return to anticipatory enforcement leads to more uncertainty, also for the aviation sector.

While the Dutch government's suspension of the Experimental Regulation and the resulting uncertainties pose challenges for both Schiphol and its local residents, Schiphol has been proactively addressing these issues. Recognising the need for a sustainable balance, Schiphol Group independently developed its own strategy to harmonise airport operations with community interests. This initiative led to the creation of the 'Quieter, Cleaner, Better' 8-point plan in the spring of 2023 (see box for full details). We have been working for some time on improving quality of life for our neighbours, but we felt it was time to shift up a gear. The 8-point plan focuses in particular on three key aspects: night closure, banning private jets, and prohibiting the noisiest aircraft.

We want to stop flying during the night, starting in winter 2025-2026. By no longer allowing flights to arrive between 00:00 and 05:00, there will be around 10,000 fewer night flights. We will limit the reallocation of flights to the very start or very end of the night/early morning as much as possible too. In this way, we will help our local residents get a better night's sleep. Moreover, our intention to ban private jets would prioritise commercial and essential flights in order to mitigate noise nuisance.

Our position on prohibiting the noisiest aircraft signifies a shift in our operational policy. We want to reduce the number of noisiest aircraft on our premises as of 2025-2026. By tightening the maximum permissible daytime and night-time noise limits and further encouraging the use of quieter aircraft, nuisance in the surrounding area will decrease. Our current airport fee system penalises noisier, more polluting aircraft, which pay up to five times more in landing and take-off fees compared to quieter, less polluting aircraft.

We are pushing airlines towards using more modern, quieter and environmentally friendly fleets. This approach aligns with our broader vision of sustainable aviation. It not only illustrates a commitment to improving the quality of life for those living near our airports, but it is also an important step towards regaining the trust of employees, passengers, local residents, politicians and society at large.

## Quieter, Cleaner, Better: Our eight-point plan

Schiphol has been connecting the Netherlands to the rest of the world for more than 100 years. However, we realise that our activities have an impact on the environment and the local area. That is why we are going for a quieter, cleaner and better Schiphol. Keeping in mind the reality of external dependencies, we are continuously committed to moving forward with the following eight steps:

1. **New rules with clear limits for carbon emissions.**  
We want to transition as quickly as possible, by 2025-2026 at the latest, to a new system with clear agreements on noise and CO<sub>2</sub>e emissions. We are calling on the government to come up with a legally enshrined system in which the means (the number of air transport movements) is no longer leading, but rather the end (less nuisance and emissions, in line with the Paris Agreement). Because by flying in cleaner and quieter aircraft, and with sustainably produced fuels, we achieve what we really want: lower impact aviation. In this way, we better balance our operations with the needs of the environment and our employees, and we contribute to global climate goals.
2. **The noisiest aircraft are no longer welcome.**  
The quieter the better. After all, the noisiest aircraft cause above-average noise nuisance. That is why we want to prevent even more of the noisier types of planes from coming to Schiphol. By tightening the maximum permissible daytime and night-time noise limits and further encouraging the use of quieter aircraft, nuisance in the surrounding area will decrease.
3. **No take-offs between midnight and 6 AM, no landings between midnight and 5 AM.** We want to stop flying during a large portion of the night. By no longer allowing aircraft to depart between 00:00 and 06:00 and by no longer allowing flights to arrive between 00:00 and



05:00, there will be around 10,000 fewer night flights. We will limit the reallocation of flights to the very start or very end of the night/early morning as much as possible too. In this way, we help our environment get a better night's sleep.

4. **No more private jets and small business aviation at Schiphol Airport.** We want to stop facilitating business air traffic and air taxis at Schiphol-East (General/Business Aviation) as of 2025-2026. Although these flights do not count towards the maximum number of permitted aircraft movements, they do cause a disproportionately large amount of noise nuisance and CO<sub>2</sub>e emissions per passenger compared to commercial flights. By only accepting social air traffic, such as police and ambulance helicopters and the coast guard, the nuisance and emissions from small aircraft are significantly reduced.
5. **No additional runways.** We are definitively abandoning plans for a parallel Kaagbaan Runway. Land for this has been reserved for more than 20 years but it puts unnecessary pressure on the already scarce space in the area. A study in 2019 showed that a second Kaagbaan would not lower noise nuisance but only transfer it to

another location. Besides, an additional runway is unnecessary at the current and projected number of aircraft movements. We are asking the government to revoke the planning reservation, thus ensuring clarity for our environment.

6. **Annual investment of up to 10 million euros for the coming 7 years in local environment and residents.**  
We realise that, despite all nuisance-reducing measures, aviation continues to have an impact on the local environment. Therefore, we are setting up an environmental fund. Between now and 2030, Schiphol is planning to make up to 70 million euros available (10 million euros per year) through this fund to be invested in innovative construction concepts, home insulation and area development. This way, we contribute to the improvement of the living environment.
7. **Safeguarding cargo.** We are committed to safeguarding the position of cargo at Schiphol and that's why we want to keep 2.5% of the available take-off and landing slots available for cargo starting 2025-2026. The cargo sector provides a lot of employment opportunities in the area and is valuable for the economy and business climate. We do expect cargo companies to comply with the new, stricter rules for noisy aircraft.
8. **People first.** We want people to work with pride and dignity at our airport again. Whether they are employed by Schiphol or another employer. For too long we have focused on lowering costs and now we realise it's time for a new approach. Because everyone at Schiphol matters. There must be good terms and conditions of employment for everyone working at the airport. We are committed to better pay in all sectors, better protection against emissions, less competition between handling companies and better conditions of employment in baggage handling. That's how we can make sure people come to work at Schiphol and stay here.

## Trends and developments

The aviation sector in 2023 was a complex landscape, shaped by ongoing economic recovery, fluctuating demand, and evolving travel patterns in the wake of the global pandemic and ongoing geopolitical uncertainty as a result of the war in Ukraine and the ongoing conflict in the Middle East. The industry, both regionally around hubs such as Amsterdam Airport Schiphol and globally, is navigating a path marked by recovery and adaptation.

Globally, the aviation industry is contending with various macroeconomic factors. Inflation and economic uncertainty have become key concerns, even though inflation seems to be stabilising. But uncertainty affects consumer confidence and behaviour when it comes to disposable income. This, in turn, affects people's propensity to fly. And while leisure travel has shown recovery, business travel lags. The shift to remote work and virtual meetings continues to impact the demand for business travel, a traditionally lucrative segment for airlines.

### Air France-KLM take over SAS

In November 2023, Air France-KLM acquired 20% of SAS. This fits in with trend towards consolidation in Europe, in which weaker companies are being taken over by larger ones. The takeover followed approval by a New York bankruptcy court of a rescue plan for SAS worth 1.2 billion dollars.

This acquisition is likely to have a positive impact on Amsterdam Airport Schiphol. As a primary hub for Air France-KLM, Schiphol's traffic and connectivity could be enhanced by this takeover. The integration of SAS's routes into Air France-KLM's network promises to expand our reach, particularly in the Northern European market.

### Cargo volumes and business travel

In 2023, cargo volumes at Schiphol were slightly lower than in 2022. The number of cargo flights also fell. However, according to the IATA, the overall global month-to-month trend was significant growth in the final months of 2023, growing by 8.3% in November 2023. According to Willie Walsh, IATA's Director General, these figures are an encouraging trend at the end of the year, especially given the economic concerns in 2023.

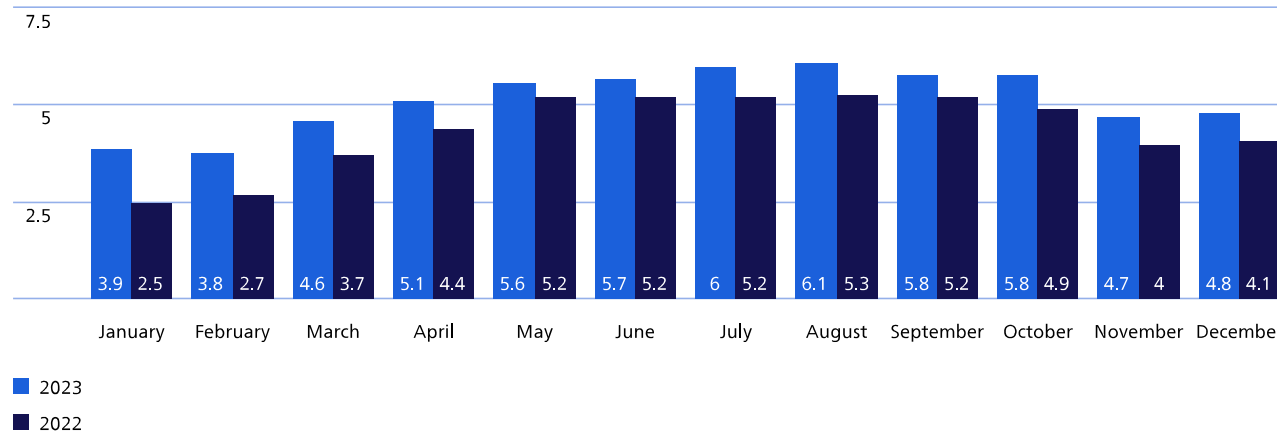
According to European Business Aviation Association (EBAA), business activation activity in Europe was at about 8% below its levels from 2022 by November 2023. This translates into 160 fewer daily business aviation flights compared to 2022. The decrease affected all types of aircraft and most major European airports. In other regions, North America also performed worse in 2023 than in 2022. Asia and Africa were the exceptions. Both these regions experienced an increase.

### Temporary cap on passenger numbers lifted

In an important move forward, in 2023 Schiphol Airport lifted the temporary cap on departing passenger numbers that was introduced in 2022 to manage the long queues resulting from staffing shortages and ensure passenger safety. The removal of this cap signals a return towards our normal ways of working. As a sign of Schiphol Airport's improved operations, we are proud that 93% of passengers are now processed through security within a 10-minute time frame. As for the total passenger number, 71 million, it reflects the airport's regained strength and its ability to handle a high volume of travellers effectively.

### Development of passengers volumes

Number of passengers (incl. transit) in millions



We improved our efficiency: 95% of the passengers processed security within a 10-minute time frame.

## 2023: A turning point in improving relations with external workers

Staff shortages and poor working conditions in security and ground-handling led to a strained relationship between the airport and these external staff in 2022. 2023 marked a turning point in the resolution of these issues. This is reflected in the agreement we reached with the FNV and CNV trade unions to permanently improve working conditions, a move that sets a new standard in employee welfare. We have focused more on improving the working experience of these employees at our airport site, promoting health, safety and positive industrial relations. A significant achievement in 2023 was our success in solving the long-standing problem of long queues for passengers, a direct result of these improved working conditions for security staff. These measures reflect our commitment to the fourth cornerstone of our vision, quality of work.

These improvements cover a number of aspects, including actively improving the physical working environment, such as rest areas and toilets, and ensuring that employees can commute to work free of charge. In addition, we are making full use of the permanent staff of security companies and adopting more inclusive recruitment strategies, among other things to achieve a balanced gender ratio among security personnel. Our actions demonstrate a holistic approach that not only addresses past issues, but also sets out improved principles for working together and a new code of conduct for suppliers. These principles include setting minimum requirements in labour-intensive tenders to ensure high standards of work, further demonstrating our commitment to improving working conditions for all airport employees and directly contributing to our success in improving the passenger experience by effectively managing queuing times.

## Travelling during geopolitical instability

Despite the challenges from an increasingly volatile geopolitical climate, the aviation sector demonstrated resilience in 2023, maintaining an upward trend in passenger demand despite uncertainties in fuel prices and international travel routes. The ACI predicts the sector will surpass 2019 passenger levels in 2024, but the ongoing war in Ukraine and escalating conflicts in the Middle East have introduced uncertainty, potentially impacting airline operations, cost structures, and slowing growth. Particularly, the Ukraine conflict affects passenger and cargo routes, with closed airspace around Ukraine and Russia necessitating alternative routes, influencing ticket prices and travel times.

## Focus on nitrogen impact

As a country, the Netherlands has a duty to protect nature. It is therefore necessary to reduce nitrogen emissions. Schiphol Group is committed to this goal. Our Nitrogen Action Plan outlines a range of measures to achieve this goal. Internally, for example, Schiphol Group is reducing its nitrogen emissions through the electrification of ground-handling equipment. We also promote and support sustainable transport to and from our airports.

In 2023, Amsterdam Airport Schiphol received its nature permit. To obtain this permit, we had to make sure that our nitrogen depositions in Natura 2000 sites did not exceed a historical reference value. To ensure this is the case, in those areas in which Schiphol Group and the airlines deposit too much nitrogen, we introduced external measures to lower the remainder of our excess emissions that could not be reduced with internal measures. For these external measures, we had a strong preference for a coordinated approach, for example via the use of a so-called 'nitrogen bank' from the government. Unfortunately, these instruments were not available. As a result, we eventually decided to purchase the nitrogen rights of farms, paying farmers fair market value for their land and/or nitrogen rights. By buying these nitrogen rights and generating more emission space, we created the conditions needed for the government to grant Amsterdam Airport Schiphol a nature permit.

## Sustainability top of mind

In 2023, the aviation industry took further steps towards a more sustainable and environmentally friendly value chain. These steps were taken against the backdrop of the latest Intergovernmental Panel on Climate Change (IPCC) report and the outcomes of the COP28 conference, both underscoring the urgent need for climate action across all sectors. These global discussions have heightened awareness, highlighting how the aviation industry is not only a part of the climate challenge but also a crucial player in the solution. At Schiphol, we introduced our Quieter, Cleaner, Better plan. At the heart of this plan is the realisation that our activities have an impact on the environment and the local area. And an awareness that the drawbacks involved should play a greater role in the choices we make. Recognizing this responsibility, we at Schiphol have committed to taking action to restore the balance. This commitment is a key part of our ambition to change, acknowledging that we need to actively participate in creating a more sustainable future.

## ACI Accreditation and Science Based Targets initiative

A milestone in 2023 was the fact that Schiphol, Eindhoven Airport and Rotterdam The Hague Airport were awarded the highest level of accreditation for airport sustainability by the industry association Airports Council International (ACI). The three Royal Schiphol Group airports are among the first ten airports in the world to achieve this level. To be eligible for this ACI accreditation, airports had to reduce their own carbon emissions by 90% or more by 2022 compared to 2010.

ACI has added a new higher level to its CO<sub>2</sub> benchmark: Level 5. This ACI benchmark shows the extent to which airports around the world are reducing carbon emissions from their own ground-based activities. Airports that achieve Level 5 certification have not only reduced their emissions by 90%, but have also achieved net-zero emissions. In addition, airports are actively working with other organisations to reduce the emissions of the whole aviation sector and other indirect emissions, such as traffic to and from the airport, to zero.

In 2023, the Science Based Targets initiative gave its seal of approval to Schiphol's sustainability goals for Scope 1, 2 and 3 emissions for 2030 and 2050.

### Net-zero emissions

Schiphol Group leads the TULIPS consortium, a collaborative effort of 29 entities including airports, airlines, knowledge institutes and industrial partners that aims to accelerate the adoption of sustainable aviation technologies. With 25 million euros in funding from the European Commission as part of the European Green Deal, TULIPS is an important force in the industry's journey towards zero-emissions and zero-waste airports by 2030, and achieving net-zero carbon emissions in aviation by 2050.

Schiphol Airport and Rotterdam The Hague Airport will serve as a 'living lab' for 17 innovative projects under TULIPS, focusing on sustainable solutions such as hydrogen-powered vehicles, electric and hydrogen power supply facilities for aircraft, and the use of circular materials.

A significant part of this consortium's work involves developing and testing emerging 'green' aviation technologies, such as hydrogen and electric aircraft. Rotterdam The Hague Airport (RTHA) is at the forefront of this initiative, serving as a testing ground for these sustainable aviation innovations. The Fieldlab Next Aviation project, spearheaded by RTHA, is exploring new propulsion techniques, including hydrogen fuel, with the first ZeroAvia hydrogen-powered flight anticipated for 2025.

Complementing these efforts, Schiphol's zero-emission airside program is central to our sustainability vision. We have made strides by transitioning to electric Ground Power Units, thereby reducing emissions and ultrafine particles. Our goal is to ensure that all ground-handling operations at Schiphol are emission-free by 2030, aligning with our broader sustainability roadmap.

However, our commitment extends beyond these initiatives. Schiphol Group is actively evolving its approach to Scope 3 CO<sub>2</sub> emissions. Indeed, we recognise the need for the Dutch aviation

industry to accelerate CO<sub>2</sub> reductions to remain aligned with the Paris Agreement, beyond current targets.

Schiphol Group supports global measures through the International Civil Aviation Organization, advocating for initiatives such as a global kerosene tax or blending mandate. Recognising the potential limitations of these measures, we also support the strengthening of EU policies. A key aspect of this is our backing for the expansion of the EU ETS system to include long-haul flights, addressing the 'polluter pays' principle. Notably, 80% of Schiphol's CO<sub>2</sub> emissions are generated by 20% of the flights, predominantly long-haul flights.

To mitigate carbon leakage, we endorse the application of the CBAM regulation to aviation. Furthermore, we propose a restructured aviation tax, dependent on distance, increasing with the length of the flight. The revenues from this tax should be reinvested into the sustainability transition within the aviation industry. These measures collectively reflect our comprehensive approach to not only achieving net-zero emissions but also driving broader systemic change in the aviation sector.

### Sustainable aviation fuels

As part of the transition to sustainable aviation, Schiphol Group is involved on several fronts when it comes to promoting the use of SAF. For example, we give airlines credit in our airline fees for using sustainable aviation fuels. Between 2022 and 2024, Amsterdam Airport Schiphol is contributing 15 million euros towards incentives to use SAF. Airlines flying into and from Schiphol Airport are eligible to take advantage of this incentive.

In addition, Rotterdam The Hague Airport has an online tool called 'Fly on SAF'. This digital resource allows passengers to lower the carbon emissions of their flight by replacing fossil kerosene with SAF. RTHA also signed a long-term agreement with Shell in November 2023 to start blending sustainable aviation fuel into all aircraft refuelling at RTHA from 2024. At the airport, at least 8% additional sustainable aviation fuel will be blended on top of the European blending obligation of 6%. This will help to achieve the Dutch aviation sector's 14% target in 2030.

Emirates will be flying from Schiphol Airport partly on SAF next year. Air France-KLM is already using it, following the purchase of 1.6 million tonnes of SAF in 2022. In 2023, the multi-year agreement kicked in and will see Neste supply SAF over an eight-year period, with DG Fuels, a front runner in renewable hydrogen and biogenic-based, synthetic low-emissions aviation and diesel fuel, contributing from 2027 onwards.

### Cleaner, quieter aircraft

To address the pressing issue of noise pollution, Schiphol Group is encouraging the use of quieter aircraft by offering reduced airport charges to airlines that operate these models. This policy not only gives airlines an incentive to modernise their fleets with quieter, more efficient aircraft but also supports manufacturers such as Airbus and Boeing in their development of engines that consume less fuel and produce fewer emissions.

Transavia has already taken a step towards sustainable aviation by renewing its fleet with new Airbus aircraft. The first flight with this new aeroplane took off on 5 January 2024. Transavia's decision aligns with the broader aviation industry's efforts to become cleaner and quieter. The new Airbus aircraft are chosen for their quieter, more fuel-efficient capabilities, promising a 15% reduction in fuel consumption and carbon emissions. Furthermore, these planes are designed to halve the noise footprint, benefiting both the environment and communities near airports.

In collaboration with Air Traffic Control the Netherlands (LVNL), Schiphol Airport is optimising flight paths and runway use to minimise noise disturbance. LVNL's strategic routing allows for take-offs, landings, and flights along trajectories that limit noise impact on surrounding communities, particularly through the use of the Kaagbaan Runway for incoming flights and the Polderbaan Runway for outgoing ones, which traverse less densely populated areas.

In addition to these operational changes, we are championing innovative solutions such as supporting DeNoise, a startup focused on developing soundproofing technology for residential

windows. This technology holds the promise of improving the living conditions of local residents.

### Workplace quality

Schiphol's commitment to sustainability extends to workplace quality, with the airport taking proactive steps to ensure a safe and health-conscious work environment. Initiatives to improve air quality at our stands and the implementation of robust safety standards reflect our dedication to our employees' wellbeing. This includes the gradual replacement of fossil-fuel-powered vehicles with electric ones across various operational areas. Our transition encompasses a wide array of vehicles, from standard cars and delivery vans to pushback tractors and lorries. Additionally, more specialized equipment such as conveyor belt loaders, catering lifts, passenger staircases, and generators are also being shifted to electric models. These efforts reflect our dedication not only to our employees' wellbeing but also to reducing carbon emissions at our airports.

These initiatives reflect our commitment to playing a leading role in sustainable airport operations and being a responsible community neighbour. With the Cleaner, Quieter, Better plan, we are setting a benchmark in the aviation industry, demonstrating that environmental stewardship and operational excellence can go hand in hand.

### A technology-driven landscape

In 2023, airports and airlines continued to explore and adopt cutting-edge digital advancements to enhance the travel experience and refine their services. Solutions such as biometrics, facial recognition technology and CT scanners are increasingly being introduced in airports around the world, enabling streamlined, paperless and more efficient passenger processes. Building on this momentum of innovation, Schiphol Airport has also embraced a pioneering initiative, Deep Turnaround. This program uses artificial intelligence (AI) to transform and optimise aircraft turnaround processes for enhanced efficiency, sustainability and performance. A notable benefit of Deep Turnaround will be its impact on improving our on-time performance, thereby increasing overall passenger satisfaction.

Deep Turnaround provides historical, real-time, and predictive insights to all stakeholders involved through a tailored dashboard or data stream. By accurately detecting over 70 unique turnaround events across 30 processes, Deep Turnaround can pre-empt delays, enabling proactive decision-making. This predictive capability is especially crucial, as traditionally, 40%-50% of flight delays are attributed to turnaround activities, where misalignment and inefficiencies are common.

Deep Turnaround is expected to reduce carbon emissions through the detection of Auxiliary Power Unit use and optimising asset and resource management. Its implementation can lead to a reduction of turnaround delays by up to 30%, improving passenger experiences and increasing overall airport capacity without the need for additional stands. All these measures support our Cleaner, Quieter, Better programme, affirming its commitment to becoming a more sustainable airport while maintaining operational excellence.