Annual Report 2020

Royal Schiphol Group

Schiphol Group

Contents

Message from the CEO

Building back better

Our ambition is to create the world's most sustainable, high-quality airports. Our immediate focus is on accommodating safe and responsible travel. In the recovery from the unprecedented impact of the COVID-19 pandemic, we want to 'build back better'. To succeed, we must find the best possible combination of sustainability, innovation, investments and policy.

COVID and 2020

We will not forget the year 2020. COVID-19 is the largest crisis in the history of aviation, with passenger numbers at Schiphol more than 70% below 2019 levels. At the same time, cargo took centre stage in 2020 and played an important role in the transportation of medical supplies, including vaccines. This crisis had a strong adverse impact on our financial position and generated a high degree of uncertainty regarding the immediate future.

Our first priority, at the start of the crisis, was to protect travellers and employees and to ensure safe and responsible travel. We began informing passengers, visitors and employees on COVID-19 hygiene measures from January onwards. Schiphol Group's airports implemented the measures prescribed by the government and the RIVM, including social distancing and the use of face masks. The development of testing capabilities and vaccination capacity are crucial in both the short and long term to ensure safe and responsible travel. Schiphol is actively participating in a number of initiatives together with partners, both public and private. This crisis will increase the demand from travellers for greater focus on health and safety. We will adjust and improve our operations to cater to this need.

How we have dealt with economic and financial challenges

We have had to deal with uncertainty. With the help of extensive scenario planning, we have started to introduce measures: financing and liquidity management, cuts to operational expenditure and adjusting our investment programme. With these measures, we aim to realise three objectives:

1. **Balancing short- and long-term investments**, motivated by the idea that we want to 'build back better'. Growth investments, such as the new terminal, have been halted, but investments in safety, maintenance, quality, compliance, innovation and sustainability continue at a relatively fast pace. Innovation projects such as ‘Seamless Flow' (with facial recognition throughout all airport processes) remain a priority. The taxibot pilot for sustainable aircraft taxiing has carried on and is to be continued.
2. **Supporting our aviation and business partners**, who have been hit hard during this crisis. They have suffered significant losses of passengers, and travel restrictions have made their business very challenging and extremely uncertain. Some airlines, such as easyJet and Transavia, temporarily stopped flying. In Rotterdam, commercial airport operations came to a halt for a while. Many more businesses have had a hard time: the security companies, the handling agents, the food and beverage establishments, the retailers, the cleaning companies and our real estate leaseholders. They have been working extremely hard to navigate this unprecedented situation.
3. **Safeguarding financial solidity ourselves**, so that we need not rely on additional support from shareholders and the government. The nationwide NOW-scheme to help us and other parties at Schiphol has been very welcome.

When it became evident that our company needed to reduce in size, Project Reset was set up to adapt and improve our organisation. The rationale for change is driven by the business and financial crisis caused by COVID-19 on the one hand, but it also supports the necessary improvements in our structure, way of working and culture. It is carried out in close consultation with the Works Council and in accordance with agreements made with the unions regarding the social plan and a new collective labour agreement. We deeply regret that several hundred dedicated colleagues have to leave Schiphol.

Political decision-making

In November, the Ministry of Infrastructure and Water Management (I&W) published its Civial Aviation Policy Memorandum 2020-2050 (Luchtvaartnota), offering its perspective on the development of aviation in the Netherlands. The fact that the government offers prospects for the development of aviation in the Netherlands is very positive. The network of international connections is of great value to the Netherlands. Quality is central to our own future perspective. Improving the quality of the international network must go hand in hand with an improvement in the quality of life and with major steps towards sustainable aviation. To achieve this, innovation, investments and policy measures must connect seamlessly. The Memorandum is a first step. The government has now published the Airport Decree (Luchthavenverkeersbesluit; LVB) for Schiphol as well as the draft nature conservation permits (Wnb-vergunningen; 'natuurvergunningen') for all four airports. With the publication of the Traffic Distribution Rule for Lelystad (verkeersverdelingsregel) all the conditions for finalising the decision-making on Lelystad Airport have now been fulfilled. This is important progress.

Schiphol and Air Traffic Control the Netherlands (LVNL), with the support of the airlines, launched the 'Minder hinder' programme to further limit noise disturbance in the wider area around Schiphol. The measures – such as different landing procedures and approach routes – are the result of discussions and feedback from residents and municipalities, the reports of Bewoners Aanspreekpunt Schiphol (BAS, the Local Community Contact Centre) and our own analysis. An extensive consultation with our neighbours of the plans has taken place, both online and in – COVID-proof – live meetings. The results will be published and will also provide additional input to the programme.

The implementation of the Safety roadmap continued throughout 2020. An example is the construction of a new (double) taxiway on the southern side of Schiphol. In addition to the European Union Aviation Safety Agency (EASA)'s recommendations for a safe recovery, a sector-wide campaign was conducted to emphasise the importance of teamwork during the recovery period after the first wave of the pandemic.

Lessons learnt

For the coming years we envisage a ‘controlled recovery’, a gradual, step-by-step recovery while continuing to work on reducing noise disturbance, and improving the living environment and sustainability. The recovery period will be used to create a new system of conditional and safe development, with the deployment of quieter and cleaner aircraft, noise-disturbance reduction, improvements to the human living environment and the implementation of a climate agreement for aviation. This will give perspective to both the aviation sector and local residents.

Our strategy to 'build back better' will be structured around four goals:

1. Quality of network: to recover connectivity.
2. Quality of life: to reduce emissions and disturbance.
3. Quality of service: to improve essential airport services.
4. Enablers: Safety and Robust organisation, to enhance our efficiency, adaptability and resilience.

In Royal Schiphol Group’s Vison 2050, published in 2020, we outline our ambition to operate world's most sustainable, high quality airports, both in the Netherlands and abroad. Schiphol’s reason for being, our Why, is ’*Connecting your world*’. It is our Why in pre- and post-COVID times. We will continue to ensure our airports are the inspirational starting point of people’s journeys. We have been doing so for more than 100 years. We do this in a safe way and with the best people. In proud collaboration with our partners, customers and stakeholders. With our passion, we will continue to give substance to meaningful travel.

Dick Benschop
President & CEO of Royal Schiphol Group

Input

Infrastructure capital
- Airside
- Landside
- IT

Social capital

Human capital

Intellectual capital

Natural capital
- Energy
- Raw materials

Financial capital

Stakeholders

local residents

airlines

passengers

employees

shareholders

Added value

Destination

Why
Connecting your world

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

Business model

Schiphol Group

Business areas

Aviation

Consumer Products and Services

Real Estate

Alliances & Participations

Key risks

Trends & Developments

Governance

Our Vision 2050

Quality of Network

Quality of Life

Quality of Service

Safety & Robust organisation

Output

Top Performance Indicators		Material aspects
ICA destinations	135	– Network of destinations – Accessibility
CO_2 emissions	-18%	– CO_2 and air quality – Sustainable aviation – Circular economy
Reputation score	7.6	– Noise – Community and support base
On-time Performance	86.4%	– Airport capacity
Net Promoter Score	39	– Customer appreciation
Net Safety Score	97	– Safety & security
Employee Promoter Score	43.3	– Employment practices
Return on Equity[1]	-13.8%	– Business continuity – Responsible business – Financial solidity

1 Normalised ROE: -12.2%

Outcome & Impact

Wellbeing
- Connecting
- Environmental impact and hindrance

Prosperity
- Business climate
- Regional development and jobs

UN Sustainable Development Goals (SDGs)

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

17 PARTNERSHIPS FOR THE GOALS

Key events in 2020

First quarter

30 January
Schiphol begins informing passengers, visitors and employees about COVID-19 hygiene measures. Developments are closely monitored and Schiphol Group airports implement the measures prescribed by the government and the Dutch National Institute for Public Health and the Environment (RIVM).

14 February
Schiphol launches its nitrogen action programme, following the recommendations of the Remkes Committee.

12 March
Schiphol and Air Traffic Control the Netherlands (LVNL) jointly publish new noise-disturbance measures at www.minderhinderschiphol.nl.

13 March
Schiphol Real Estate and VolkerWessels jointly purchase land south of Badhoevedorp. A large part will be used to improve Schiphol's accessibility.

17 March
Schiphol starts to experience a steep decline in air traffic due to COVID-19. In late March, the airport begins to scale down its operations to 'Core Schiphol'. All Group airports in the Netherlands remain operational.

Second quarter

1 April
Schiphol Group issues 750 million euros of green bonds, and in September another 1,200 million euros of bonds (of which 500 million green bonds).

23 April
Schiphol and its partners begin trialling a sustainable aircraft-towing vehicle (taxibot), which consumes considerably less fuel than taxiing with aircraft engines.

29 May
By acquiring Chip(s)hol III B.V., Schiphol Group and LVNL amicably settled the Groenenberg claim.

1 June
Ms Hanne Buis joins the Management Board of Royal Schiphol Group as Chief Projects & Assets Officer, succeeding Mr André van den Berg.

10 June
Schiphol announces the continuation of its partnership with Hardt Hyperloop to investigate the hyperloop's potential as an alternative to short-distance air travel.

15 June
Commercial air traffic in Europe begins to recover temporarily. Additional hygiene measures are introduced following protocols of the European Union Aviation Safety Agency (EASA) and the Dutch government.

17 June
Schiphol completes the circular disassembly of Cargo Building 18.

Third quarter

6 July
The Aalsmeerbaan runway is brought back into regular use, having been used for aircraft parking since 28 March.

12 July
Brisbane Airport opens its second runway. Brisbane now has the highest air traffic capacity of any regional capital in Australia.

28 August
Schiphol Group publishes its interim results, communicating measures to adjust operating and capital expenses and a reorganisation of the company.

Fourth quarter

15 October
Royal Schiphol Group and Groupe ADP announce the extension of their strategic alliance, HubLink, until November 2021.

17 November
The Ministry of Infrastructure and Water Management (I&W) publishes the Civil Aviation Policy Memorandum 2020-2050 ('Luchtvaartnota'), offering its perspective on the development of aviation in the Netherlands.

1 December
GGD Kennemerland opens an 'XL' COVID-19 testing facility at the P4 parking area at Schiphol. From 15 January 2021, P4 will also be used as a COVID-19 vaccination centre.

8 December
The first ten new security lanes (out of a total of 21) open on the mezzanine in Departures 1. The lanes are equipped with the cabin screening technology. Travellers without cabin baggage have separate access to the filter.

15 December
A sharp rise in COVID-19 infections prompts the Dutch government to strongly discourage non-essential travel until the end of March 2021.

About us and our Why

Nana (35), From Berlin,
travelling to Ghana to visit family
‘Even with an 8-hour transfer, Schiphol
is a comfortable and pleasant airport’

Facts and figures

316
direct destinations from Schiphol

227,304
air transport movements at Schiphol

23.5
million passengers

20.9
million passengers at Schiphol

42.1%
transfer passengers at Schiphol

1.4
million tonnes of cargo at Schiphol

-18%
CO_2 emissions TPI Sustainability

50.3%
waste separated at Schiphol

7.0%
energy efficiency at Schiphol

271
outlets at Schiphol

18.30
€ spend per passenger on airside at Schiphol

1.7
billion € real estate

95.0%
Real Estate average physical occupancy rate

-13.8%
ROE

9.3
billion € total assets

-30.0%
EBITDA

0.3
Lost Time Injury Frequency (LTIF) at Schiphol

31.1%
female employees

4.4%
absenteeism

Key figures

EUR million unless stated otherwise	2020	2019	%
Results			
Revenue	688	1,615	-57.4
Other results from investment property	-64	113	-157.1
Operating expenses (excluding depreciation, amortisation and impairment)	830	1,039	-20.1
EBITDA[1]	**-206**	**689**	**-129.9**
Depreciation, amortisation and impairment	324	294	10.4
Operating result	**-530**	**395**	**-234.2**
Financial income and expenses	-92	-84	-9.2
Share in results of associates	-107	127	-184.3
Result before tax	**-730**	**438**	**-266.6**
Corporate income tax	162	-76	313.4
Result for the year	**-568**	**362**	**-256.8**
Result for the year attributable to shareholders	-563	**355**	**-258.4**
Total equity	3,777	4,372	-13.6
Investments in intangible assets and property, plant & equipment	787	860	-8.5
Cash flow from operating activities	-157	523	-130.1
Proposed dividend	-	151	-100.0

EUR million unless stated otherwise	2020	2019	%
Business areas			
Aviation	-512	-7	>-100
Consumer Products & Services	16	206	-92.3
Real Estate	9	183	-95.3
Alliances & Participations	-43	13	>-100
Operating result	**-530**	**395**	**>-100**
Ratios			
Return on equity (ROE)[2]	-13.8%	8.3%	
Leverage[3]	56.3%	38.9%	
FFO / total debt[4]	-3.0%	19.2%	
FFO interest coverage ratio[5]	-0.6	7.5	
Earnings per share (in EUR 1)[6]	-3,023	1,908	
Dividend per share (in EUR 1)	-	813	
Business volume (in numbers)			
Air transport movements[7]	251,513	554,947	-54.7
Passenger movements (x 1,000)[7]	23,471	80,521	-70.9
Cargo (x 1,000 tonnes)[8]	1,442	1,570	-8.2
Workforce in full-time equivalents[9]	2,711	2,519	7.6

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 has an important socio-economic function. The 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 gateway that connects the Netherlands to the rest of the world. Over the years, Schiphol has become one of the best connected hub airports in Europe, with 316 direct destinations. In 2020, the number of passengers served by the Dutch airports in the Group fell sharply due to the COVID-19 pandemic. At Schiphol, passenger volumes decreased by 70.9% to 20.9 million and cargo volumes decreased by 8.2% to 1.4 million tonnes. Nevertheless, Schiphol remains an important marketplace: more than 1,000 organisations are airport-related, located on the airport site or in close proximity with a combined employee base of more than 72,000 people.

Schiphol Group is the owner and operator of Rotterdam The Hague Airport and Lelystad Airport, and holds a majority share in Eindhoven Airport. These relationships further strengthen our reach and impact, as do our international activities – which account for a substantial share of our Group's 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.

Schiphol Group

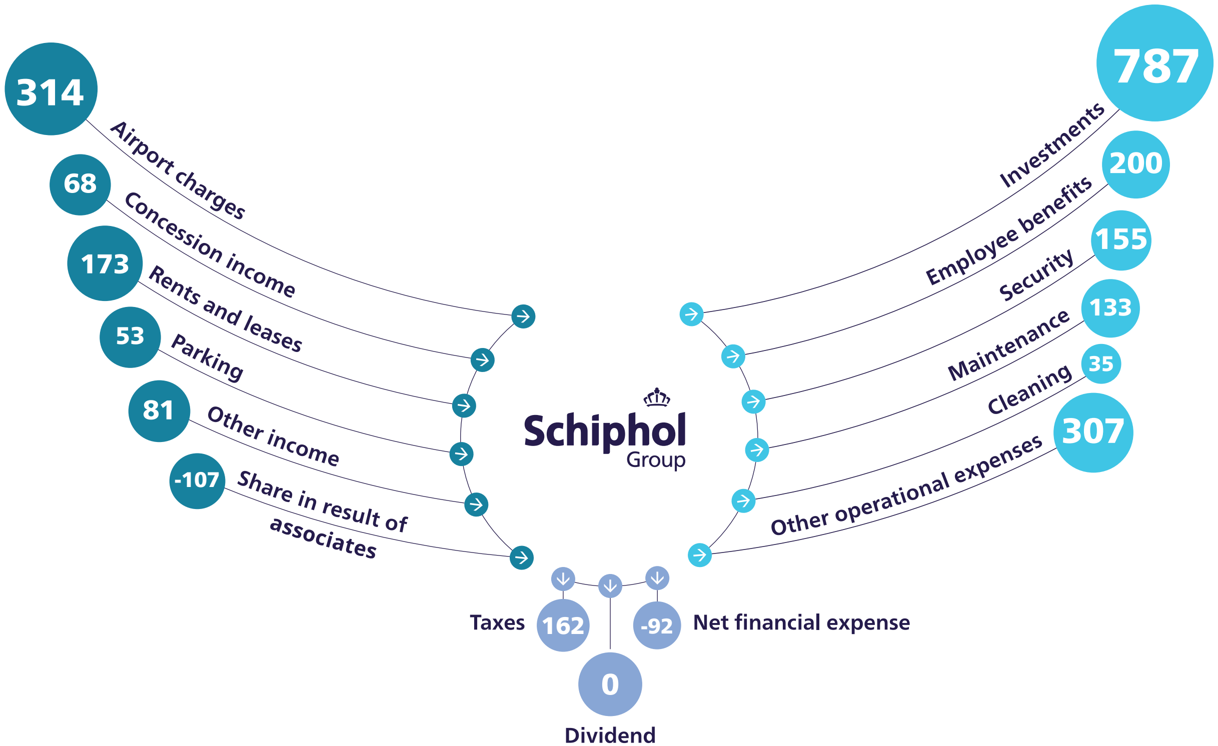
We are investing in infrastructure and facilities across our airports to connect the world for our stakeholders and fulfil our ambition of creating the world's most sustainable, high-quality airports. Our robust financial policy aims to safeguard the independent financing of our business, both today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

Schiphol Group's core activities are concentrated within four business areas: Aviation, Consumer Products & Services, Real Estate and Alliances & Participations. To fulfil our ambition to emerge stronger from the COVID-19 pandemic in the most efficient way, in 2020 we developed a new organisational structure that will be in place from 1 March 2021 (Read more in Robust organisation).

Royal 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%).

Business model

(x EUR million)



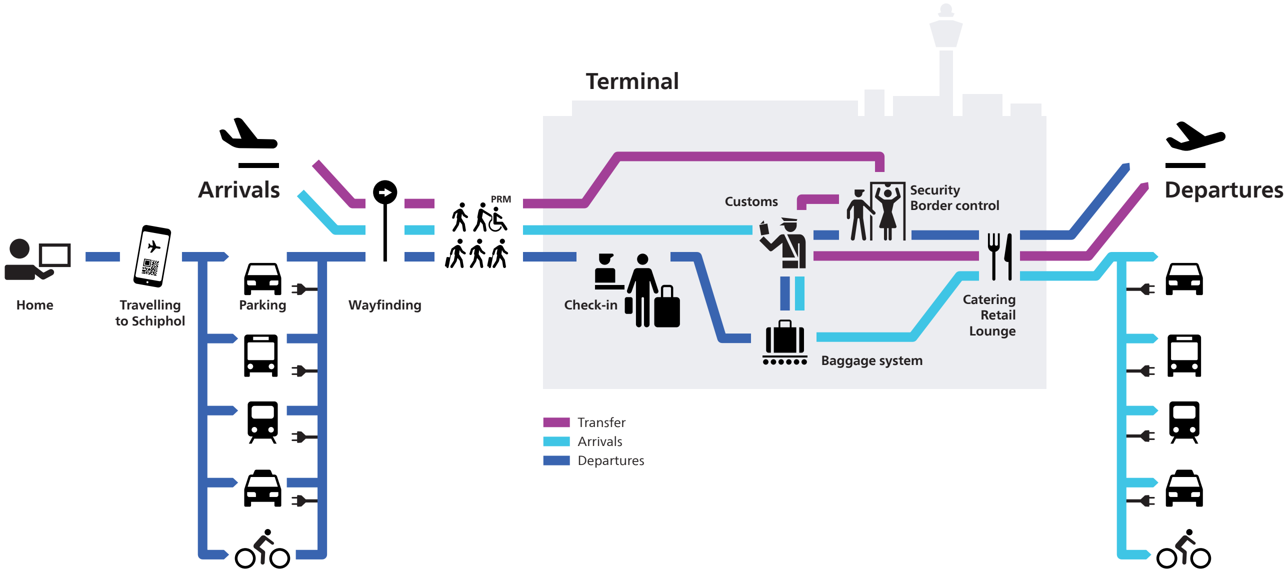
Passenger and airline journey

As an airport operator, we are responsible for the infrastructure and processes that facilitate passengers, airlines, cargo and baggage.

Passenger process

Increasingly, passengers check in and receive information online. We are responsible for wayfinding on the airport area and for assisting people with reduced mobility. All passengers and baggage undergo a security check, and passengers to and from non-Schengen destinations pass through border control. Passengers wait in the departure lounge before boarding. Arriving passengers may be subject to a Customs check, before entering Schiphol Plaza and continuing their journey.

Passenger journey



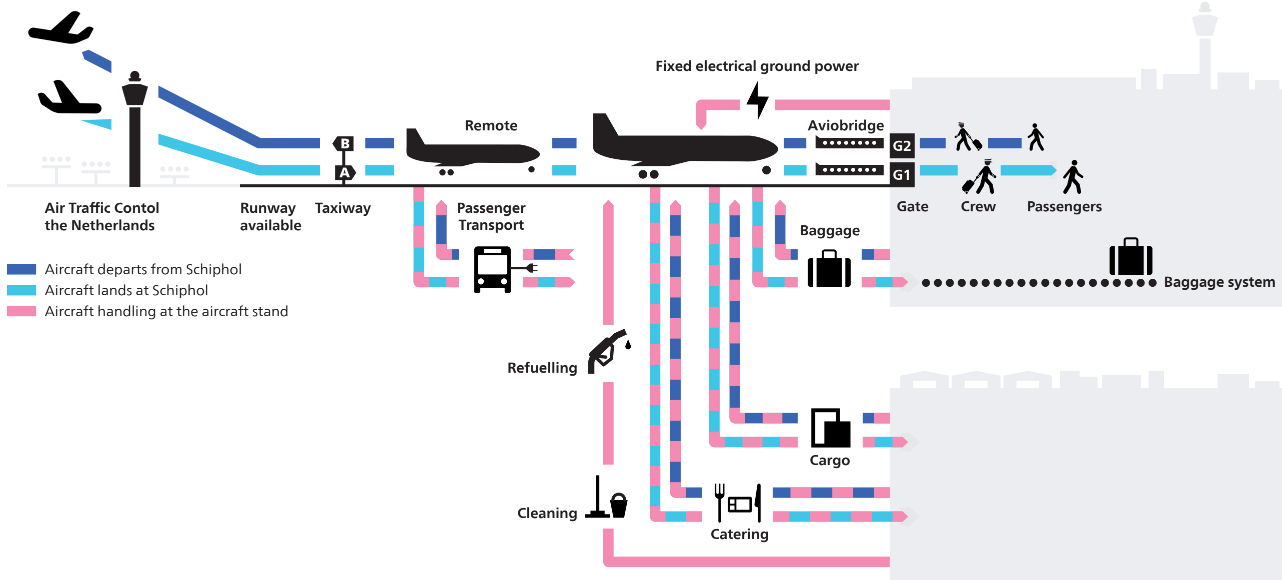
Airline process

Schiphol Group owns, maintains and is responsible for the safety of runways and the terminal, as well as other airport infrastructure. Real estate is either the property of Schiphol or of the occupants, and contractors carry out services such as security and maintenance. Airlines are responsible for the safe carriage of passengers, baggage and cargo.

Air traffic control is responsible for safely guiding air traffic. The baggage system, passenger bridge and the gate are airport assets, and the airline or handling agent is responsible for all activities associated with handling aircraft. Airline and handling staff also undergo a security check along with cargo. Cargo may also be subject to a Customs check.

Airline journey

Aircraft lands at and departs from Schiphol



Our Why, ambition and strategy

Schiphol exists to *connect your world*, by orchestrating inspiring journeys and building connections for passengers and other stakeholders. As part of this ambition, we also want to lead the way 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.

The need for strong air travel connectivity has been brought into sharp focus by the COVID-19 pandemic, which has seen a decline in our direct destinations as well as reduced flight frequencies on many routes. Schiphol can support the social and economic recovery from the crisis by restoring essential connections between the Netherlands and the wider world.

However, to restore the quality of our network, we must first address more immediate challenges by prioritising what matters most and ensuring safe and responsible air travel for our passengers. From this starting point, we have an opportunity to 'build back better'. We must ensure that our 'Why' balances the need for connectivity with the need to ensure quality of life for local communities and the environment. We plan to do this by carefully monitoring noise pollution, local air quality and carbon emissions, among other efforts.

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

Schiphol's ambition is to operate the world's most sustainable, high-quality airports. We want our operations to be zero-emissions and zero-waste by 2030 and to eventually function as an energy-positive and fully circular organisation. All the while, we will continue to play a leadership role in driving sustainability across the aviation sector, as we aim for net-zero-emissions aviation by 2050.

Realising our long-term ambitions will depend on our ability to manage the here and now; to adapt to our much-changed operating environment and the many logistical and economic challenges this brings. Until we have greater certainty about the duration of the pandemic and the subsequent recovery process, we must be prepared to embrace uncertainty and adapt to new opportunities and challenges. The traditional qualities of Schiphol and its staff – including our resilience, flexibility and capacity for innovation – will be more important than ever over the coming years as we move closer to our ambition.

Trends and developments

As we work towards Schiphol Group's Vision 2050, it is important we closely monitor trends and developments with the potential to influence our operating environment in the short and long term. We have analysed the current aviation environment and how it will develop in the months and years ahead, and what this means for the airports in our Group.

The COVID-19 pandemic has had a profound impact on the aviation sector, affecting organisations throughout the chain. Some effects may be temporary, while others will have long-term repercussions for passenger behaviour and the actions of companies such as Schiphol. At the same time, underlying trends, namely the shift towards more sustainable aviation approaches, will continue to influence passengers, operators and regulators, and may play an important role in the industry's recovery. Next, we look at some of the key trends being shaped by the pandemic.

A challenging economic environment

The COVID-19 crisis has led economic forecasters to downscale their short-term growth projections, including for countries with a strong history of air travel. Global GDP contracted by 3.5% in 2020 (IMF estimate, January 21), a much sharper decline than witnessed during the economic crisis of 2008-2009. While advanced economies have been heavily hit, China, where the pandemic has been more successfully contained, saw its economy grow by 2.3% in 2020.

Hopes for the introduction of a vaccine against COVID-19 suggest a return to more normal conditions in 2021. Nevertheless, the economic recovery is expected to be long and disjointed in many regions. Meanwhile, some sectors of the economy worst hit by the virus, including aviation, tourism and hospitality, may take longer to return to pre-pandemic levels than others. Dutch travel association ANVR estimates that about 30% of jobs in the Dutch travel sector have disappeared in 2020 alone, with probably more to come in 2021. Many will not be replaced.

Airline trends during recovery

2020’s fall in air traffic, estimated to be 66% year-on-year according to the International Air Transport Association (IATA), has impacted airlines worldwide. Larger ‘legacy’ carriers have been among the worst affected. These flagship airlines typically operate more complex networks. Companies have cut costs through redundancies, while others have also sought state support to weather the crisis. In June 2020, the Dutch government awarded a contingent support package of 3.4 billion euros to Dutch carrier KLM.

In these uncertain times, rather than cancelling routes, airlines appear to prefer to maintain destinations for as long as possible and to adjust their frequencies according to current supply and demand. In keeping with trends observed following previous (economic) crises, carriers will likely begin looking for ways to stimulate demand once travel restrictions start to be phased out, and to rebuild their networks as quickly as possible.

Brexit

For the past three years, Schiphol Group's airports have been preparing for several possible Brexit scenarios. With trade deals between the European Union and the United Kingdom concluding at the end of December 2020, the operational consequences of the Brexit agreement have become clear, and the impact on airline passengers fairly minor.

The UK is Schiphol’s largest foreign passenger market. In 2019, 256 flights ran on average between the UK and Schiphol each day, covering 26 destinations. 10.7 million passengers travelled on these routes, of whom over 26% transferred at Schiphol. In December 2018, the European Commission ruled that UK passengers transferring to an EU airport at Schiphol would continue to be exempted from a second security screening; the so-called 'One-Stop Security' system. As of 1 January 2021, passengers with UK passports can no longer use the automated passport control gates upon arrival; on departure the 'No-Q' gates can still be used. Schiphol has put additional mobile passport control desks in place for arriving UK passengers. Passengers and cargo can expect extra customs checks.

Anticipating the future propensity to travel

The pandemic will have an impact on people’s flying habits. Consumers and businesses have learnt new behaviours during the crisis, embracing more localised ways of working and enjoying leisure time. In 2020, travel restrictions and health concerns saw more people opt for ‘staycations’ in their home countries or to holiday in locations accessible by car or train. Other trends support this outlook: in recent years, some consumers have begun to swap air travel for ‘greener’ transport modes for environmental reasons. Questions also surround demand for business travel, particularly as the reliability of virtual conferencing and other digital tools improves. However, here are early indications that most regular flyers will resume previous habits once it is considered safe to do so. Domestic air travel in major markets such as China and the US has already shown signs of recovery. International passenger volumes also saw a modest recovery in summer 2020 as lockdown conditions were eased, including in Europe and other badly affected regions.

Climate and technology to shape the recovery

The post-crisis recovery period offers an opportunity for aviation to shape a stronger, more cohesive approach to the issue of climate change and sustainability. Aviation-related CO_2 emissions fell due to the pandemic, and industry stakeholders and observers are keen to ensure the industry's footprint does not automatically return to pre-pandemic levels once normal air travel activities resume.

Regulatory developments in recent years offer a platform for a more sustainable aviation future: policies are now in place to offset aviation emissions, including the EU ETS (European CO_2 Emissions Trading Scheme) for aviation and CORSIA (Carbon Offsetting and Reduction Scheme International Aviation). Major European airports have called on the industry to accelerate its efforts to achieve the goals of the Paris Agreement. So far, more than 200 ACI Europe member airports have committed to achieving net-zero emissions by 2050, with Schiphol aiming to meeting this target for its airports by 2030. Meanwhile, we see increased innovation, and progress, in fields such as bio- and synthetic fuels, as well as electric and hybrid aircraft.

At the same time, technology will be an increasingly key industry driver in the post-crisis period, as aviation players reduce headcounts and look to introduce more cost-efficient ways of working. In particular, automation and artificial intelligence (AI) will play an increasingly central role in the passenger journey, replacing manual and people-based services. With increased competition for customers in the post-COVID period, airlines and airports will also continue to collect and analyse data more intelligently to understand passengers and cater to their individual needs. In 2020, Schiphol launched a new Data & Analytics platform and Internet of Things (IoT) self-service platform as part of its Data and AI strategy.

The 'Luchtvaartnota' 2020-2050

In November 2020, the Dutch Ministry of Infrastructure and Water Management (I&W) approved the Civil Aviation Policy Memorandum 2020-2050 (‘Luchtvaartnota’), ‘Responsible aviation towards 2050’, which sets out the Ministry’s vision for the development of Dutch aviation sector over the coming decades. The Luchtvaartnota aligns with the UN Sustainable Development Goals and centres on four areas of public interest in relation to airport capacity: 1) safety, 2) connectivity, 3) living environment and 4) sustainability.

Specific attention is given to the number of commercial flights the Netherlands will be able to accommodate going forward in light of climate change. In its analysis, the Ministry considers, and approves, the steps proposed by the 2019 Dutch Climate Agreement, emphasising the need for innovation and international collaboration to realise the agreement’s objectives. The Luchtvaartnota also considers the impact of the COVID-19 pandemic on air travel. In particular, it highlights uncertainties around how commercial air travel will recover from the crisis, given its potential long-term effect on passengers’ propensity to travel as well as the economy, and the resulting structural changes that may occur.

The government aims to meet the needs of the public interest areas while continuing to promote the long-term development of aviation in the Netherlands. To support this ambition, the Ministry of I&W has published an Action Agenda in tandem with the Luchtvaartnota. The agenda is structured around six themes and sets out several actions for the Dutch aviation sector for the coming five years. These activities will be closely monitored, and evaluated on a yearly basis.

The Luchtvaartnota and the Action Agenda set out a series of priorities for the Dutch government as well as third parties. For Royal Schiphol Group, the most important priorities are:
- **Safety.** Schiphol and the Dutch government should continue working to improve aviation safety, by strengthening collaboration through the Integral Safety Management System (ISMS). A further priority will be the safe integration of drones and other unmanned aerial vehicles (UAVs) into Dutch airspace.
- **Connectivity.** The White Paper recommends the development of a policy framework to evaluate the quality of Amsterdam Airport Schiphol and other Dutch airports. A key element will involve defining the concept of ‘network quality’.
- **Living environment.** The paper stresses the importance of the current programme to reduce the impact of noise disturbance at Schiphol Airport on surrounding communities, as well as efforts to improve air quality in and around Schiphol pending the outcomes of the RIVM study into ultra-fine particles (UFPs). A further priority is the development of a uniform growth development model for future airport agreements.
- **Climate.** To minimise aviation’s contribution to climate change, it is recommended that a mandate be introduced regarding the use of sustainable aviation fuel, together with a cap on aircraft CO_2 emissions. Alongside these national measures, the Dutch government is expected to lobby for a European mandate for sustainable aviation fuel as well as the revision of the EU emissions trading system (EU ETS).
- **Mobility and capacity.** Increased collaboration between Schiphol and the regional airports is a priority in order to maximise future airport capacity. Lelystad's role as an 'overflow airport' is important in this respect. A specific investment strategy will also be developed for each airport, balancing demand for air travel with socio-economic requirements such as housing, accessibility and the environment. Working with Schiphol, the government is studying ways to improve Dutch rail connectivity, so that train travel can help reduce flight capacity on popular European routes.
- **Governance and collaboration.** Cooperation between the government and the aviation sector should be improved, and there should be increased involvement from local communities in aviation-related decision-making. To facilitate this, the establishment of a joint fact base is recommended, so relevant information is more accessible and transparent.

With the resignation of the Rutte-III cabinet on 15 January 2021, the Civil Aviation Policy Memorandum 2020-2050 has been declared controversial, meaning that further discussion and decision-making on the Memorandum and related topics will be done by a subsequent cabinet.

SWOT analysis

Strengths

- Resilient network of destinations
- Strong hub position of Schiphol in Europe
- Sustainability at our premises
- Price-quality ratio
- Economic strength of the Randstad region and attractiveness of airport city
- Financial resilience

Opportunities

- Safe and responsible travel
- Position Schiphol to recover connectivity during period of increased hub competition
- 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 without domestic market
- Capacity shortage during peak hours: terminal, stands and railway station
- Dependency on key airline customers

Threats

- Delay in implementation of Civil Aviation Policy Memorandum
- Lack of international coordination on topics such as COVID-19 and sustainability
- Slower than expected recovery from COVID-19
- Recurring pandemic crises
- Terrorism and cyber threats
- Pressure on cargo volumes due to slot allocation system once traffic recovers

Responding to COVID-19

The COVID-19 pandemic has created new and unexpected challenges for our organisation. Our ambition is to 'build back better', which essentially means preserving the many benefits of aviation for society while reducing the negative effects.

While the nation-wide NOW-scheme has helped Schiphol and many of its aviation partners, we strive to remain financially robust without relying on our shareholders or the government. Where possible, we also support the needs of the airlines and other partners within the 'Schiphol chain'. Only with all parties working closely together we will emerge better and stronger from the pandemic. Schiphol aims to take the lead in stimulating a more effective collaboration between the government, industry and knowledge institutions, so that innovation, investments and policy can reinforce each other. In this way, we will come out of this crisis not just stronger, but also greener.

Crisis management

Schiphol Group has robust foreseeability scenarios in place to be able to respond effectively to an emergency or major disruptive event. However, the unpredictability of the COVID-19 outbreak and its impact on the aviation sector far exceeds previous crises. This makes it difficult to establish effective measures that will ensure safe aviation processes. Schiphol therefore stresses the continuing need for international collaboration to align travel requirements. Our priority has been to keep all Schiphol Group airports open for repatriation flights, cargo and ongoing commercial flights. Indeed, our airports have remained operational during the pandemic, though no commercial passenger flights were scheduled at Rotterdam The Hague Airport between late March and mid June.

Preamble

In late January 2020, with the COVID-19 pandemic affecting air travel to and from China, we began working with the Veiligheidsregio Kennemerland to assess the risk and the potential impact of the new virus on air traffic volumes. It soon became clear that this pandemic was different from previous outbreaks such as SARS or Mexican flu. The Corporate Crisis Team (CCT) was formed, and we began introducing measures to promote hygiene and provide passengers, partners and airport staff with information. We followed the hygiene procedures and guidelines issued by the Dutch National Institute for Public Health and the Environment (RIVM). Various scenarios were developed to prepare our airport operations for the potential escalation of the pandemic.

Orientation

Early March we saw the first passengers infected with the virus arrive at Schiphol. The implementation of hygiene measures, and the communication around this, was intensified. The number of flights rapidly decreased following the air traffic restrictions put in place on 15 March. Schiphol implemented corridors for exit screening, and our Group airports began to prepare for a long and severe decline in traffic volumes. The Dutch government implemented rules for hygiene, limiting groups and requesting office staff to work from home and avoid unnecessary travel. The Netherlands went into a so-called 'intelligent' lockdown.

Core Schiphol

At the end of March, Schiphol experienced an 80% decline in passenger numbers. We reduced our operations to a scaled-down ‘Core Schiphol’, closing part of the terminal for passengers until mid-June. Runway 18L-18R, the Aalsmeerbaan runway, was used for parking aircraft until 6 July. Scaling down allowed us to gain control over our operations and to limit costs. Infrastructure projects were put on hold, though we are able to accelerate

Aircraft parked during 'Core Schiphol'

several construction and maintenance projects in areas of the terminal and airfield that were not in use.

On 7 April, Schiphol received 98% fewer passengers compared with the same day of the previous year. For the first time in our history, we entered code black (an airport status qualification meaning a significant or full shutdown for more than one week). About 230 aircraft were grounded and parked by the piers, on remote stands or on the Aalsmeerbaan runway.

Scaling up

The lockdown lasted until 20 May. A steering group was installed with relevant ministries, Dutch aviation partners such as KLM and Transavia, and regional airports, to prepare for a safe recovery. Schiphol already began preparing scenarios for the efficient and safe scaling up of operations during the lockdown. A national protocol was developed to facilitate safe and responsible travel. The European Union Aviation Safety Agency (EASA) and Airports Council International (ACI) also published protocols, which were integrated into Schiphol's way of working. Schiphol placed an order for 7 million face masks to ensure safe airport operations. As EU travel restrictions were eased in June, the passenger volume of April and May (-97% compared with 2019) improved in July (-80%). In the third week of August, passenger traffic recovered to -74%. The Veiligheidsregio Kennemerland ensured all hygiene measures were in place at the airports. A test facility was opened in the arrivals hall in August for passengers from high-risk countries, before closing in September due to a lack of capacity.

Second wave

Europe entered a second wave of the pandemic in late August. The government introduced new measures and procedures, including the reclosing of food and beverage facilities as from mid October. The Netherlands entered a second lockdown in early November. In mid-December, additional measures were introduced, moving the country into a stricter lockdown. Virtually all countries were classified as orange or red, and all non-essential travel was discouraged until the end of March 2021. Leisure travel stopped. In late December, the mutation of the virus in the UK and South Africa led to additional measures to be introduced, with passengers from both countries temporarily prevented from entering the Netherlands.

On 23 January 2021, more stringent measures were imposed to combat mutations of the virus, including a curfew for Dutch residents as well as the halting of air traffic to and from the United Kingdom, South Africa and South American countries until 22 February. Furthermore, in addition to a PCR test, passengers originating from high-risk countries are obliged to undergo a rapid COVID test within four hours of boarding in order to enter the Netherlands or transfer via Dutch airports. These measures will have an additional impact on airline operations.

Safe and responsible travel

To accommodate an increase in air traffic after the dramatic drop from mid-March to mid-June, Schiphol has developed a protocol to facilitate safe and responsible travel. Schiphol Group's Dutch airports have implemented all measures prescribed by the government and the RIVM to prevent the spread of COVID-19, including social distancing, personal protection via screens and face masks and the mandatary use of passenger health declaration forms.
Before the use of face masks became compulsory throughout the terminal area, Schiphol proactively introduced a requirement for passengers and staff to wear masks in areas where it was not always possible for people to maintain a 1.5-metre distance from each other. In coordination with the municipality of Haarlemmermeer, this procedure made it permissible to deviate from the 1.5-metre social distancing requirement in certain situations, for example during queues at check-in and security and at border control. Schiphol Group staff were deployed as so-called 'Safe Guards' to monitor safe passenger flows in the terminal. Despite these efforts, ensuring adherence to the social distancing requirements has proven difficult at times, and the involved partners have needed to make additional efforts to promote safe travel.

We are also investing in more 'contactless' travel facilities for checking in baggage and short connection transfer and have installed vending machines for personal protection equipment and sanitising service points with UV-C light disinfection. Furthermore, a COVID-19 test facility for arriving passengers from risk-areas was operational from mid-August until mid-September. For several destinations, additional requirements are in place for airlines and passengers during transit. In December, GGD Kennemerland opened an 'XL' COVID-19 testing facility at the P4 parking area at Schiphol. Since January 2021, P4 has also been used as a vaccination centre by GGD Kennemerland.

Financial measures

Royal Schiphol Group is focused on financial and operational optimisation to mitigate the impact of the decline in air traffic and corresponding loss of revenue. We continue to carefully scrutinise our capital projects and operational costs. To support our partners and tenants, we are offering temporary extended payment terms and have deferred increases in airport charges. We have also waived parking fees for permanently parked aircrafts.

Financing and liquidity management

Our conservative financial policy has provided us with the ability to act swiftly to the financial impact of COVID, without resulting in the immediate deterioration of the company's financial position. Despite the various internal financial and operational measures that have been taken, Schiphol Group has been confronted with a sudden significant loss of income – and therefore cash – in combination with an uncertain financial outlook. During 2020, we took various steps to ensure sufficient access to liquidity for an extended period. For example, in April 2020, we issued a 750 million euros green bond, arranged for 400 million euros in additional temporary committed credit facilities with our relationship banks, and did not pay out dividends to shareholders over 2019. Schiphol Group also issued 1.2 billion euros in bonds in September 2020. We refinanced our revolving credit facility (including green elements), increasing the amount to 400 million euros with a 5 year maturity. As such, we now have a strong cash position as well as additional access to committed liquidity, which will enable us to cope with the continuing adverse effects of the pandemic.

Adjustment of investment portfolio

The COVID-19 crisis also affects investment levels at Schiphol. To remain financially robust, we are balancing short- and long-term investments. Investments in airport capacity aimed at future growth have been put on hold, though we continue to invest in safety, maintenance, quality, compliance, innovation and sustainability. Innovations such as Seamless Flow, which aims to introduce facial recognition across all airport processes, remain a priority as they contribute to safe and responsible travel. In 2020, we took advantage of periods of extremely low air traffic to accelerate several innovation- and maintenance-focused projects. The construction of the new pier and the redevelopment of Departure Hall 1 is progressing. Other projects have been postponed, including the construction of the new Schiphol terminal.

Operational cost savings

Schiphol Group reduced overall operating expenses by 20% in 2020, and we aim to make a further reduction of approximately 23% in 2021 and 2022 compared with our original plans. The cost savings are realised across all operating expenses, including services and contracts. Contracts for external and temporary staff were stopped during the early stages of the pandemic.

Schiphol has implemented various further cost-saving measures and made use of the options to defer tax payments. We also received the advance payment under the NOW 1, NOW 2 and NOW 3.1 government grants (Noodmaatregel Overbrugging Werkgelegenheid; temporary governmental compensation for labour costs). Despite these grants, we need to find ways to adapt and improve our organisation in response to the pandemic. These measures so far include lowering our operating costs as well as reducing our full-time employee (FTE) headcount.

In addition to not paying dividends to shareholders over 2019, variable income for management will not be paid for this period.

Recovery scenarios

As the full extent of the pandemic's impact became apparent, we developed a series of scenarios for Schiphol's recovery from the crisis. These were intended to help us navigate the uncertainty, which at that point was at its greatest. Our scenarios contained a quantitative component, showing a range of potential air traffic development pathways depending on the pace and shape of the recovery. We eventually decided to base our operational and capital expenditure budgets on a modest scenario that was neither inherently optimistic nor pessimistic. We kept track of relevant developments and updated our scenarios as necessary. The process also included the qualitative mapping of potential lasting changes with regard to society and the aviation sector as a result of this crisis. Elements of this work can be found in the Trends and developments chapter of this report.

Outlook for 2021 and recovery

At the start of 2021, the situation in the Netherlands remained extremely challenging following the extension of the lockdown and the subsequent tightening of restrictions. The number of new infections remained high and the virus was mutating. Since it remains unclear how the COVID-19 virus will develop, it is difficult to predict the exact scale of the impact from the outbreak on Royal Schiphol Group's business, operational result, prospects as well as financial position over the next months and years, though we know it will be significant. Based on current information, we do not expect passenger volumes to return to 2019 levels before the mid-2020s.

To provide new possibilities for safe and responsible travel in the near future, we work in close cooperation with the Dutch government on a validated test regime. As a first phase, a pilot was launched between Atlanta and Amsterdam in December 2020. A validated, evidence-based test regime might replace travel restrictions and (long)periods of quarantine.

In January, step-by-step vaccination began in the Netherlands. These developments offer optimism that people will be able to travel again over the course of 2021. Broader possibilities for business trips are essential for the recovery of the Dutch economy, as international aviation is the nerve centre of the international economy.

Controlled recovery

We have learnt from the recovery period that followed the 2008 financial crisis, when a rapid rebound in aircraft movements at Schiphol negatively affected our surroundings due to rising noise and air pollution. In navigating the current crisis, we aim for a controlled recovery; instead of seeking an immediate return to pre-COVID levels of commercial air travel, we must recover our lost activity gradually through a carefully planned, step-by-step process. As we restore the quality of our network for our customers, we must also work hard to ensure quality of life and quality of service for our wider stakeholder base and society at large. This will mean prioritising the reduction of noise and emissions as well as making ongoing efforts to improve the living environment and support sustainability.

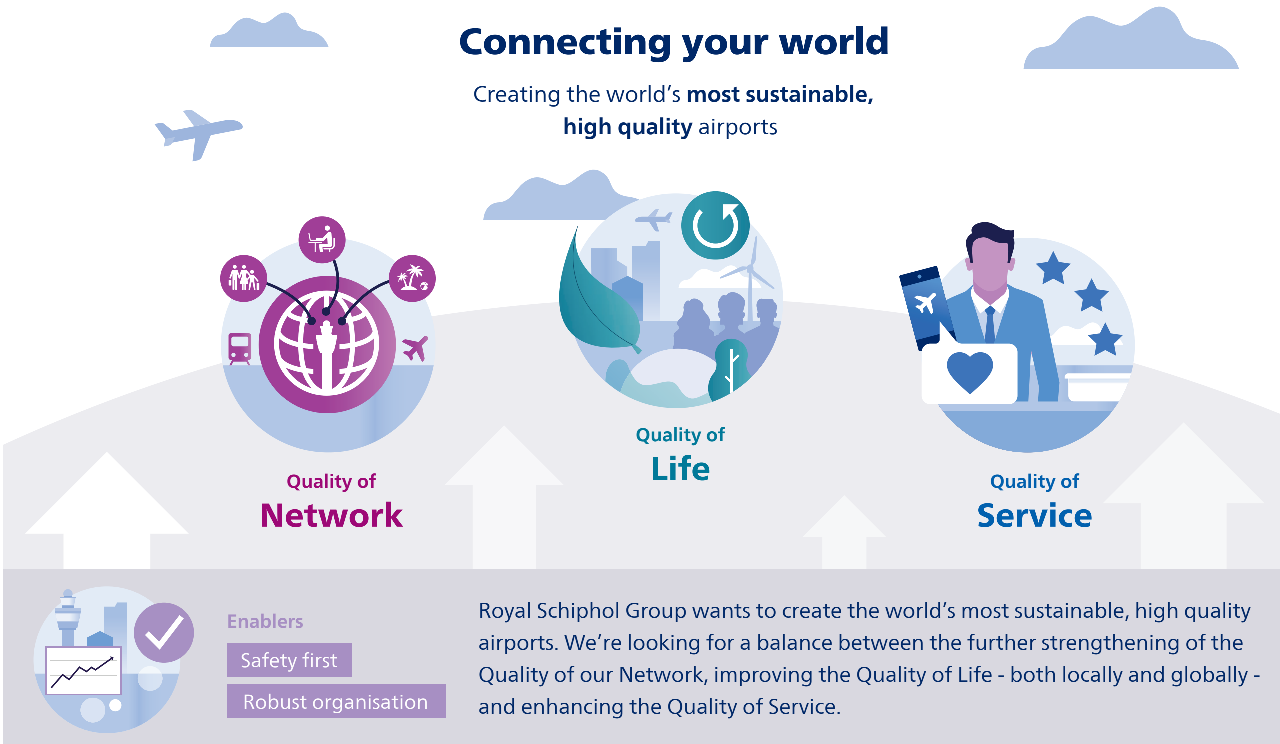
The recovery period will be used to create a new system of conditional and safe development. This will include the deployment of quieter and cleaner aircraft as well as noise-reduction techniques. We will also take steps to improve the living environment and advance a climate agreement for aviation. This will offer perspective to both the aviation sector as well as local residents. Schiphol has launched Project Reset to adapt and improve our organisation in order to fulfil this ambition (read more in Robust organisation and Employment practices).

Our Vision 2050

Royal Schiphol Group's ambition, outlined in our 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.

To create our Vision, we analysed our performance and our future external environment and conducted an extensive engagement process with our internal and external stakeholders. The cornerstones of our Vision, the three Qualities – Quality of Network, Quality of Life and Quality of Service, rest on a foundation of two key enablers: Safety and a Robust organisation. Together, these fundamental pillars will guide our Group through the challenging period ahead.

Vision 2050 lays 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.



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.

Safety

In 2020, Safety took on added significance as an enabler of our three qualities, as the COVID-19 pandemic created new, immediate safety concerns. As an operator of airports, a place where people come together, Schiphol has a responsibility to safeguard the health of passengers, employees and other visitors by carefully managing our facilities and processes. We have done so by implementing hygiene and social distancing measures.

We remain committed to 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. As passenger numbers rose during the period before the pandemic, we introduced a series of safety-focused measures to help support our goals. Our medium-term safety objectives are outlined in the Roadmap Safety Improvement Schiphol put in place by the Integral Safety Management System (ISMS). The shared goals of the ISMS collaboration are to control current safety risks, reduce future risks and create shared opportunities for continuous safety. This integrated approach to collaboration on safety makes the Netherlands a global frontrunner in aviation safety. Our wish is for air travel to remain the safest means of transport; we will do our part by making sure safety remains the highest priority at Schiphol Group.

An important initiative that forms part of the Roadmap is a project to convert Schiphol's Quebec taxiway into a dual-taxiway system. In 2020, we began the first phase of the project, which will have an important bearing on the safety of our airside operations. Going forward, we will continue to implement measures and monitor ISMS's progress while further strengthening our safety culture.

Robust organisation

Schiphol's continued 'robustness' is the second key enabler of our Vision 2050 and our three qualities. We aim to be a financially resilient and flexible and forward-thinking organisation. This involves making the most of the diverse qualities and capabilities of our people and the different airports that make up our Group. As our organisation has grown, we have sought to build on these innate qualities by developing our staff and fostering collaboration and knowledge-sharing between Schiphol teams and employees around the world.

Schiphol's unique brand of robustness has seen our organisation thrive amid the fast-changing aviation environment, and these qualities will be especially important during the coming years. In particular, our flexibility and ability to adapt to changing circumstances will be crucial as we look to weather the COVID-19 crisis and to 'build back better' after the challenges of 2020.

Financial solidity is an essential component of a robust organisation. Schiphol Group's strong financial base has provided a platform to continuously invest in our airport infrastructure and processes year after year. This solidity means we are now well positioned to rebuild following the unprecedented financial impact of the crisis. The recovery process will be guided by Schiphol's reorganisation programme, Project Reset, which will enable us to move forward as a more efficient and future-proof organisation.

Quality of Network

Maintaining a high-quality network is an essential pillar of our Vision 2050. Air connectivity is key to the economic and broader societal wellbeing of the Randstad region and the wider Netherlands. The COVID-19 pandemic has made Schiphol's role in this regard even more important: the Dutch economy is highly globalised, and the recovery of our industries requires strong air transport connections.

The quality of our network was extremely high before the pandemic. However, a sharp decline in air passenger numbers has since led many airlines to cancel routes while others have significantly reduced their flight frequencies. We have managed to maintain the vast majority of our destinations and with them our connectivity. Over time, we aim to fully restore our network in a safe and timely manner by working with airlines and our other industry partners to reintroduce destinations and increase flight frequencies. Key to a swift recovery will be to ensure Schiphol and our other airports operate as safely and healthily as possible. Schiphol also advocates responsible actions on the part of governments and regulators to support the recovery, including sector-wide initiatives such as safe transport corridors, rapid testing and alignment in health and safety practices between airlines and airports.

However, to 'build back better' after the crisis, we must balance the requirement for a high-quality network with the need to ensure quality of service for our customers and safeguard quality of life for local residents and society at large. We must learn from the 2008-2013 credit crisis, when air traffic surged as the global economy recovered and caused Schiphol to quickly reach its 500,000 air traffic movements (ATM) ceiling. We aim to ensure a controlled recovery by restoring flight and passenger capacity in a measured and considered way.

Quality of Life

Schiphol Group aims to operate zero-emissions and zero-waste airports by 2030. As we move towards this goal, we will uphold the principles of the circular economy and ensure a healthy living environment for local residents and communities. The COVID-19 crisis has not altered our ambitions; however, we may need to reassess our approach and the timeframe outlined in Schiphol's Sustainability Roadmap.

We now have an opportunity to make sustainability a central element of our recovery from the pandemic; for example, by introducing additional requirements for airlines, including more frequent fleet renewal and increased use of sustainable fuel sources. As we 'build back better', we must also prioritise the needs of local communities by ensuring noise pollution around the Schiphol site remains well below 2019 levels even when air traffic returns to normal.

Our Vision also sees Schiphol leading the development of a responsible and sustainable aviation sector. The post-pandemic period offers the chance to shape the kind of industry we want to see, and we will continue to work with our partners to accelerate sustainable aviation innovations such as bio-based fuel and electrified transport modes. At the same time, we must continue to advocate sustainable aviation practices and decision-making at a national and regional level. For example, we believe sustainable air travel should be a central element of the European Green Deal to aid the region's economic recovery.

Sustainability will also underpin our cooperation with other major airports; however, it is important that we create a level playing field so that airports are not disadvantaged by pursuing environmentally friendly operations. Consistent, mutually beneficial legislation is needed to make sustainable air travel a reality.

Quality of Service

Schiphol's ambition is to create the most sustainable, high-quality airports. We do this by orchestrating smooth and inspiring passenger journeys, supported by efficient, digitally enabled airport processes. However, Quality of Service extends beyond the immediate traveller experience: our airports are a place where people from all walks of life – travellers, businesses, students and research institutions – can come together. Our real estate and quality business services support the local business community and knowledge economy by connecting people, businesses and ideas from around the world.

While we remain committed to our long-term ambitions, COVID-19 has led us to refocus on our essential services and make safety and reliability the starting point for every customer experience. To ensure this, we will need to improve certain aspects of the service we provide; our on-time performance levels have improved since the outbreak of the COVID pandemic, but we must retain these high standards once normal air traffic volumes resume. The pandemic also leads us to consider the affordability of the services we offer, and it is important that we continue to offer a competitive pricing structure for the airlines and our other customers.

Close collaboration with the aviation chain will be crucial to ensure the needs of our customers are met. Schiphol's newly opened Airport Operations Centre (APOC) will enable Schiphol and its partners (including air traffic control, airlines and ground-handling teams) to jointly manage essential aviation processes and exchange knowledge and data more efficiently. APOC is the first step towards a total airport management approach that will put cross-sector collaboration at the heart of all our airport processes.

Material aspects for stakeholders

Royal Schiphol Group has a diverse stakeholder base that extends from passengers and local residents to aviation industry partners and government authorities. To fulfil our 'Why' of *connecting your world*, we seek to engage with our stakeholders on an ongoing basis. We keep an open ear to their opinions and concerns and maintain a running dialogue on a wide range of matters.

Understanding what matters to our stakeholders

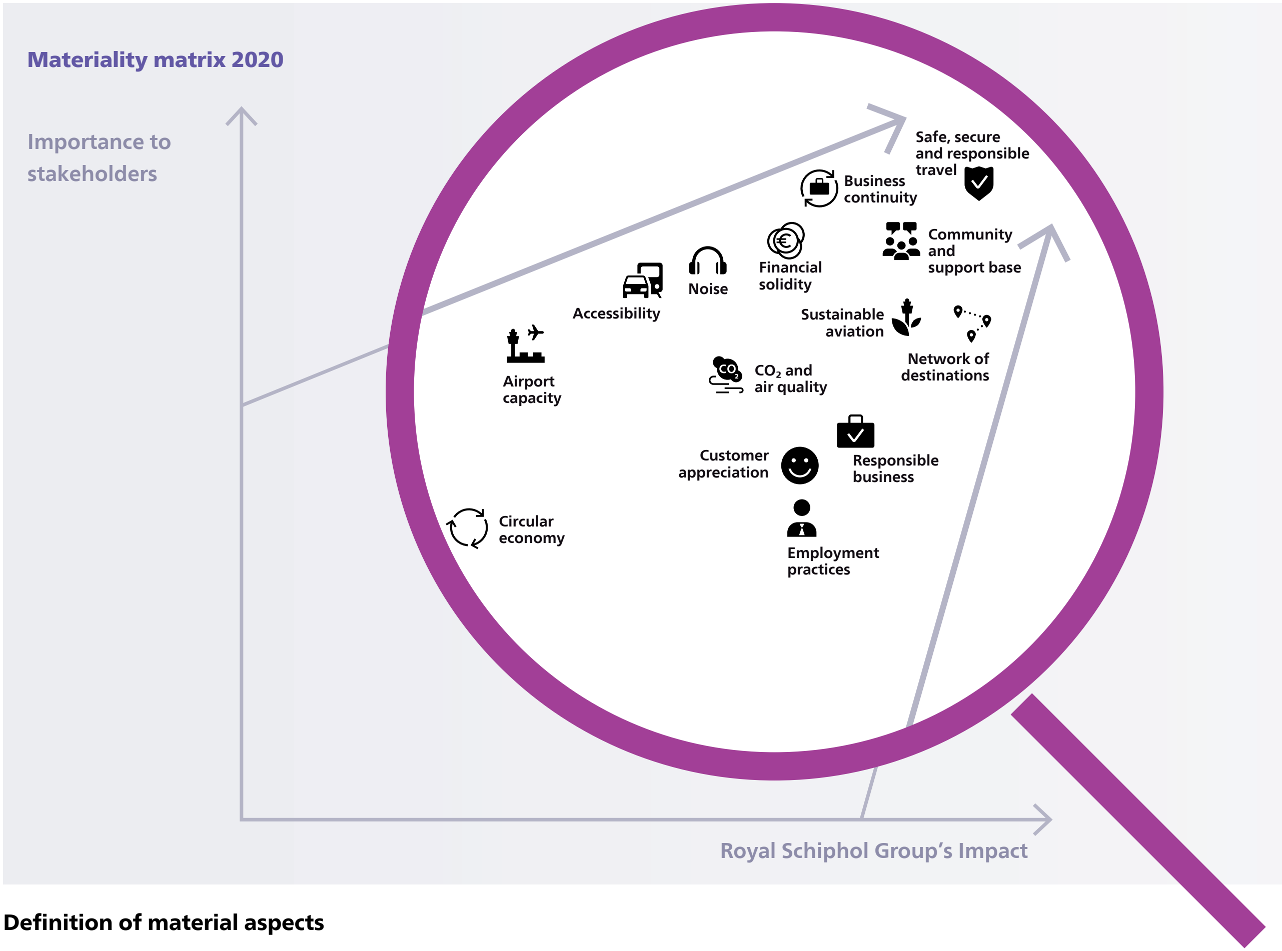
Materiality analysis 2020

We reflect on our performance on the material aspects for our stakeholders in our annual report. Following the GRI guidelines, 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 latter refers to Schiphol's contribution rather than its influence on the aspects. The materiality matrix included in this chapter shows how the aspects score on both axes. We report on the material aspects in the Results chapter, which follows the structure of our Vision 2050. The materiality matrix therefore represents the cornerstone of the annual report and serves as input for strategy and risk-setting. Our value creation model depicts the relationship between our material aspects, strategy and risks.

To identify the material aspects for 2020, we built on the comprehensive analysis performed in 2019 and undertook a light update. As part of the update, we held an internal validation session with colleagues from several departments and of one of Schiphol Group's regional airports to gather input from their encounters with stakeholders. We also took external developments into consideration, including by undertaking media analysis. Schiphol's Management Board approved the materiality matrix for 2020, acknowledging that the matrix provides a fitting overview of the relevant aspects for Schiphol Group and its stakeholders.

Results and context

No new material aspects were identified during our analysis and discussions, though the impact of the COVID-19 pandemic has led us to broaden the scope of the safety and security aspect, which was renamed to reflect our increased focus on safe and responsible travel. This aspect remains the most material. Furthermore, COVID-19 has made some aspects more relevant than others, namely *community and support base, sustainable aviation, responsible business, business continuity, financial solidity* and *employment practices*. This reflects a shift in focus by Schiphol and its stakeholders towards ensuring the airports could continue to fulfil their societal function in times of a pandemic, while at the same time working towards a controlled recovery and improving the living environment.*Network of destinations, accessibility, airport capacity* and *circular economy* showed similar relevance and impact to 2019 and are therefore situated in the same position as last year. *CO_2 and air quality* and *noise* showed similar relevance and impact in absolute terms, but decreased relative to the aspects that have risen. For *customer appreciation*, the relevance to stakeholders also decreased in relative terms, though Schiphol's impact increased due to the measures we took to facilitate safe and responsible travel during the pandemic.



As visualised on the left, the aspects in the materiality matrix are situated in the top-right corner of the matrix and are considered material aspects. The aspects covered in the matrix relate to Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport. Not all material topics are relevant to the regional airports, however, due to the scale and nature of these operations. This means some topics are reported on with regard to Amsterdam Airport Schiphol only, and not to the regional airports.

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_2 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

Noise
Impact of aircraft and ground noise on surrounding communities

Responsible business
Transparent and fair business practices

Safe, secure and responsible travel
Ensuring airport operations and environment facilitate safe, secure and responsible travel

Sustainable aviation
Driving sector-wide sustainable initiatives and international advocacy

Targets 2021

We translate our long-term strategy into a business plan, which also incorporates the budget for the following year. The business plan sets out, 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 and is 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.

Since 2019, Schiphol's target setting has consisted of the 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 for target setting in 2021. The 2021 major deliverables are again grouped in five clusters, which are 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. These major deliverables also relate to the regional airports within the Group.

Targets TPIs 2021

Priorities

Safety

Net Safety Score target 2021: 93
This index takes into account the percentage of days without serious[1] incidents minus the percentage of days with serious incidents[2].

Sustainability

CO_2 emissions Royal Schiphol Group target 2021:-20%[3]
Decrease in CO_2 emissions compared with 2019 levels, taking into account Scope 1 (natural gas and fuels used by own vehicle fleet), Scope 2 (electricity) and selected items of Scope 3 (electricity and natural gas used by third parties in buildings owned by Schiphol Real Estate with their own environmental permits, airside fuels, commuter traffic and business travel by own car or aircraft[4]).

Network

Number of ICA destinations target 2021: 120
The number of direct intercontinental destinations for passengers and cargo[5].

Passengers

Net promoter score target 2021:40
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.[5].

Airlines

On-time performance target 2021: 80%
The punctuality of outbound traffic is the percentage of commercial flights departing on time (based on the sector-wide standard D15)[5].

Local residents

Reputation score target 2021: 7.4
This score is based on reputation surveys and the number of people who have filed one or more reports at Bewoners Aanspreekpunt Schiphol (BAS). The reference for BAS is the average of 2019 and 2020, because this is expected to be a more representative benchmark than 2020 alone.[5].

Employees

Employee Promoter Score target 2021: 45
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 and acquaintances?” 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[5].

Shareholders

Return on equity (ROE) target *2021: -5.1%*
Financial return for shareholders based on net result adjusted for fair value gains and losses on investment property and one-off items divided by average equity[6].

1 Serious incidents are defined as incidents that have led to death, permanent injury or hospitalisation and potential fatal incidents (near miss).
2 The scope of this TPI is Amsterdam Airport Schiphol and contractors.
3 The target of -20% relates to a reduction compared to location-based 2019 CO_2 emissions, including Schiphol Real Estate buildings with their own environmental permit. This baseline is 188kt when calculated with 2019 emissions factors, or 166kt when calculated with 2020 emissions factors.
4 The scope of this TPI is the Dutch airports of Schiphol Group.
5 The scope of this TPI is Amsterdam Airport Schiphol.
6 The scope of this TPI is Royal Schiphol Group.

Our results

Stef (53), 10 years at KLM Baggage Services
‘It’s not only people that travel; luggage does as well and it deserves care’

Our performance in 2020

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 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 2021 therefore again includes TPIs and major deliverables.

TPI performance

Priorities

Safety

Net safety score: 97 (target: 91)

This index takes into account the percentage of days without serious incidents[1] minus the percentage of days with serious incidents[2].

Sustainability

CO_2 emissions Royal Schiphol Group:-18% (target: -3%[3])

CO_2 emissions taking into account Scope 1 (natural gas and fuels used by own vehicle fleet), Scope 2 (electricity) and selected items of Scope 3 (electricity and natural gas used by third parties in buildings owned by Schiphol Real Estate with their own environmental permits, airside fuels, commuter traffic and business travel by own car or aircraft)[4,5].

Network

Number of ICA destinations: 135 (target: 137 ICA destinations,while maintaining 300+ destinations in total)

The number of direct intercontinental destinations for passengers and cargo[6].

Passengers

Net promoter score:39 (target: 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[6].

Priorities

Airlines

On-time performance: 86.4% (target: 71%)

The punctuality of outbound traffic is the percentage of commercial flights that depart on time[6](this is based on the sector-wide standard D15).

Local residents

Reputation score: 7.6 (Target: 7.3)

This score is based on reputation surveys and the number of people that filed one or several reports with Bewoners Aanspreekpunt Schiphol (BAS)[6].

Employees

Employee Promoter Score: 43.3 (Target: 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 and acquaintances?' 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[6].

Shareholders

Return on equity (ROE): -13.8% (Target: 6.3%). Normalised for fair value changes and other one-offs ROE: -12.2%

Financial return for shareholders based on net result adjusted for fair value gains and losses on investment property and other one-off items, divided by average equity[7].

1 Serious incidents are defined as incidents that have led to death, permanent injury or hospitalisation and potential fatal incidents (near miss).
2 The scope of this TPI is Amsterdam Airport Schiphol and contractors.
3 The target of -3% relates to a reduction compared to a location-based CO_2 emissions forecast for 2020, which was first estimated at 188 kt but was revised at 164 kt with the new Dutch emission factors published on January 28th 2020.
4 Please note that Schiphol Real Estate buildings with their own environmental permit are included within the scope of the TPI as of 1-1-2020. These buildings were not included within the scope of the TPI in 2019.
5 The scope of this TPI is the Dutch airports of Schiphol Group.
6 The scope of this TPI is Amsterdam Airport Schiphol.
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 and Return on Equity (ROE). The CO_2 emissions comprise the emissions of our Dutch airports and the ROE concerns Royal Schiphol Group.

We present our performance according to our major deliverables. In 2020, 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 – Net safety score

The 2020 Net Safety Score was 97, above target (91). The number of serious incidents was lower than anticipated, as a result of fewer aircraft movements and passengers, as well as reduced construction and maintenance activities during the COVID-19 period.

Sustainability – CO_2 emissions

The Sustainability TPI was -18%, better than the target (-3%). In 2020, CO_2 emissions were below the level forecast (135 kt CO_2 vs 164 kt CO_2), mainly as a consequence of the COVID-19 pandemic. Due to the installed asset base and the fact that assets need to be operational to provide airport services (e.g. lighting, baggage belts and security systems) including in the case of fewer passengers, the decrease in electricity and gas consumption was not proportional to the decrease in passengers. Electricity and airside fuel consumption were lower than expected given reduced passenger and flight numbers, the implementation of 'core Schiphol' and lower activity at landside buildings. At Schiphol, 2 new ATES also contributed to the lower gas consumption.

Network – ICA destinations

The number of intercontinental destinations served from Schiphol Airport in 2020 (135) was close to the target set before the COVID-19 outbreak (137), though with much lower frequencies than expected. A number of intercontinental destinations were temporarily suspended due to COVID-19 but were gradually resumed later in the year.

Passengers – Net Promoter Score

The Net Promoter Score was 39, above target (38). This performance was driven by process efficiency, cleanliness and improved hospitality. Passengers appreciated the COVID-19 measures implemented at Schiphol Airport. No survey was conducted in the second quarter due to there being too few passengers.

Airlines – On-time performance

On-time Performance was 86.4%, above target (71%). This performance was mostly influenced by the COVID-19 pandemic, with fewer flights, fewer passengers and reduced airspace congestion. Most late-arriving aircraft were able to recover their punctuality during turnaround. Many operational measures were implemented during the year to prevent or offset delays due to the COVID-19 measures (e.g. physical distancing), which also contributed to a good on-time performance.

Employees – Employee Promoter Score

The Employee Promoter Score was 43, above target (41). This performance was driven by high employee engagement, commitment and employership. The survey was conducted between 9 March and 3 April 2020.

Local residents – Reputation score

The Reputation score is based on two pillars:
– The score from the reputation surveys conducted by Motivaction among a panel of Schiphol's local residents (80%). During 2020, local residents gave Schiphol an average score of 7.0.
– The change in the number of people who filed one or more reports with the Local Community Contact Centre (BAS) in the 2020 operational year (November 2019 - October 2020) compared with the 2019 operational year (November 2018 - October 2019). With much fewer flights during the COVID-19 pandemic, the number of people who filed one or more report(s) with BAS decreased by 40%, while we expected an increase. This unexpected massive decrease is then converted into a score of 10 on a scale of 0 to 10 (20%).
As a result, the weighted average Reputation score was 7.6, above target (7.3).

Shareholders – Return on Equity

The Return on Equity (including fair value gains and losses on investment property) was -13.8%. The normalised Return on Equity (excluding fair value gains and losses on investment property and other one-off items) was -12.2%, compared with our +6.3% target.

The lower Return on Equity was mainlt the result of reduced revenues deriving from a significant decrease in traffic due to the COVID-19 pandemic. Reduced revenues were only partly offset by lower operating expenses, thanks to the lower activity level at the airports in combination with saving measures. The COVID-19 pandemic also significantly impacted the performance of our associates and joint ventures (101million euros loss).

Major Deliverables

Twenty major deliverables were set by the Management Board for 2020, categorised within Quality of Network, Quality of Life, Quality of Service and both enablers Safety and Organisation. Despit COVID-19, the results of most of these major deliverables were as expected. Positive results are shown, among others, in relation to the further implementation of the Safety Improvement Roadmap, the finalisation of the Strategic Plan, innovation, Total Airport Management, the Noise-Reduction Plan and the Sustainability Roadmap 2030. The implementation of the Capital Lifecycle, the delivery of the Masterplan, the Seamless Flow pilot and the execution of the CAPEX programme require further attention in 2021.

TPI performance 2020

1 Normalised ROE: -12.2%

Safety

Safety is our top priority as an airport operator and one of two key enablers that support the three qualities of Royal Schiphol Group's Vision 2050. We invest in our safety and security infrastructure and are working hard to develop a strong safety culture that unites Schiphol employees and partners in a common objective.

Air travel is the safest form of transport, and we see it as our responsibility to keep it that way. The airports in our Group face a range of potential day-to-day operational risks, and construction projects present further hazards to customers and staff. Supported by high-quality security processes, we work hard to keep our passengers and staff safe. In 2020, we began implementing hygiene measures to prevent the spread of COVID-19 and increased our use of contactless facilities. In this way, we are helping to ensure air travel remains safe, secure and responsible amid the pandemic.

A safe and secure airport environment relies on different stakeholders working towards the same goal. This collaborative mindset is a key reason why the Dutch aviation sector continues to lead the way on safety worldwide. We also work closely with the Dutch Safety Board (OVV) and external regulators, and we play a central role in sector-wide safety initiatives such as the Integral Safety Management System (ISMS). Schiphol embodies an integrated approach by liaising continuously on safety with airlines, ground handlers and building contractors, as well as the Royal Netherlands Marechaussee and Dutch Customs.

Top performance indicator Safety

Safety

We keep close track of our safety levels and safety performance at our airports through the Safety Index. The index, which is one of our Top Performance Indicators (TPIs), monitors our ongoing Safety performance. Schiphol aims for zero safety incidents across the entire year. The TPI for safety was changed from the Safety Index in 2019 to Net Safety Score in 2020 to better align it with the other TPIs and general safety metrics. The Net Safety Score refers to the percentage of days without serious incidents minus days with serious incidents. A stronger safety performance results in a higher score.

Ensuring safe travel during COVID-19

Schiphol and its partners have introduced a range of measures to ensure the health and safety of all airport visitors during the COVID-19 pandemic, working in close cooperation with relevant Dutch and EU authorities. Measures range from the obligatory use of face masks by staff and passengers to new health and safety procedures at security lanes and border desks and in waiting areas. In addition, we have introduced floor markings to show passengers where to stand to ensure correct social distancing, improved ventilation and cleaning, and installed new sanitising equipment (including UV-C cleaning). Vending machines for face masks and hand sanitisers have also been installed by Schiphol and our business partners.

A process involving digital health declarations and visual observation by airline staff is also in place, and Schiphol is supporting local health authorities with the screening of passengers arriving from high-risk countries. In August 2020, we opened a facility between Arrivals 3 and 4 to test asymptomatic passengers. The initiative was halted after a trial period due to capacity limitations, though we hope to use our learnings in future concepts.

New UV-C sanisiting facilities

Safety culture
Schiphol's Safety Leadership Principles are based on our 'zero safety incidents' ambition and require our leaders to lead by example on safety and to promote an 'open and just' safety culture. Initiatives such as Safety Walks, Safety Moments and Safety Days are increasingly valued and seen as an everyday part of our work. Due to the COVID-19 pandemic, Schiphol's annual Safety Day had to be cancelled and a reduced number of Safety Walks (3) attended by members of the Management Board could take place.

Objectives, tasks, responsibilities, authorities and working agreements for managing health, safety and environmental (HSE) risks at Schiphol are outlined in our company safety management systems. All operational managers are responsible for effectively managing safety risks in their respective processes. The Safety Review Board (SRB), in which the COO and several Schiphol directors are represented, formulates policies and goals to realise the Group's 'Safe performance' strategic objectives. All (near) incidents and potentially dangerous situations on the Schiphol site are recorded in the Schiphol Incident Learning System (SILS), allowing us to analyse incidents and trends and to investigate more serious incidents.

Integral Safety Management System
Our aviation safety processes are managed and coordinated by the Integral Safety Management System (ISMS), a collaboration involving Schiphol Group and Air Traffic Control the Netherlands (LVNL) as well as airlines, ground-handlers and refuelling services. The ISMS proposes and implements a series of safety improvement measures that collectively form the Safety Improvement Roadmap Schiphol, a working document aligning all parties on shared goals (read more at www.integralsafetyschiphol.com).

The implementation of the Safety roadmap continued throughout 2020, aside from the delay of two projects due to the pandemic, neither of which has any direct safety consequences. The second phase of Doubling taxiway Quebec was rescheduled, supported by a risk assessment in ISMS. Equipment pooling was paused for 6 months, but has continued, led by Schiphol. In addition to the European Union Aviation Safety Agency (EASA)'s recommendations for a safe recovery, a sector-wide campaign was conducted to emphasise the importance of teamwork during the recovery period after the first wave of the pandemic.

In 2020, the ISMS partners implemented the following safety improvements:
- Online pushback procedures (1 January 2020)
- Safety net for take-off and landing from a runway which is not in use (1 March 2020)
- Extension U-platform from 9 to 12 parking positions. (31 March 2020)
- Structural use of three ground controllers during day operations (1 April 2020)
- Measures runway 18C (Zwanenburgbaan runway) (31 October 2020)
- Measures to prevent taxiway take-offs (ongoing) and
- Measures to prevent pushback collisions (ongoing).

These measures have been developed by individual ISMS partners or sector-wide taskforces, steered by the TOP Safety Action Group of the ISMS. The following taskforces were active during 2020:

A fully smoke-free terminal

In April 2020, the terminal at Schiphol Airport became entirely smoke-free, following the closure of all designated smoking areas after Security Control. The decision complies with the 2019 ruling of the Supreme Court of the Netherlands which outlawed smoking areas in Dutch catering outlets. Schiphol could have designated several 'public' smoking areas (i.e. no longer part of a catering outlet); however, we instead opted to realise our ambition to achieve a fully smoke-free terminal in support of our wider health and safety approach.

Runway Safety Team
The Runway Safety Team (RST) is primarily tasked with identifying ways to prevent runway incursions at Schiphol. A runway incursion is defined by the International Civil Aviation Organization (ICAO) as the incorrect presence of an aircraft, vehicle or person on a surface designated for aircraft landings and take-offs. The RST monitors trends and conducts studies to identify locations where runway incursions are more likely.In 2020, no runway incursions (2019: 0) with a potential safety consequence occurred at Schiphol, out of a total of 25 (2019: 30), of which 16 occurred at a single event. To further mitigate the risk of runway incursions, the RST continuously targets specific behavioural and infrastructural causes.

Schiphol Bird Strike Committee
The Schiphol Bird Strike Committee (SBC) monitors and analyses bird strikes at Schiphol, as well as the presence and movements of birds, and develops preventative strategies. As was the case in airports worldwide, the decline in air traffic due to COVID-19 led to an increase in the bird population at Schiphol Airport. Nonetheless, in 2020, Amsterdam Airport Schiphol experienced 6.9 bird strikes per 10,000 air transport movements (2019: 8.2), none of which resulted in a major incident. At Schiphol, the number of birdstrikes per 10.000 flights is derived from the occurrence databases of both Schiphol and KLM.

Ground-Handling Taskforce

Formed of representatives from various ground-handling companies, the Ground-Handling Taskforce aims to minimise risks involving the use of aircraft stands and service roads. In 2020, the taskforce finalised a roadmap for the reduction of ground risks. In 2020, a total of 17 aircraft damages occurred during ground-handling (2019: 14). A number of improvements are now being undertaken or finalised, including the mapping and correcting of all deficiencies in paint markings and road layout, improvement of poor lighting, safety walks by ground handler supervisors and airside authority officers, and ground service equipment pooling. The ISMS also ran two temporary taskforces in 2020, to reduce the risk of pushback collisions as well as the risk of attempted taxiway take-offs.

Other ISMS developments

In 2020, the ISMS completed several safety analyses. These included evaluating the effectiveness of the implemented measures, the development of bow-ties for the top-five flight risks, and specific joint incident investigations relating to an attempted taxiway take-off and the collision of a docking aircraft with an aviobridge. This process has led to the exploration of new safety measures and helped to strengthen existing safety levels.

In accordance with the Covenant Safety Improvement, in 2020 the maturity of the ISMS was independently assessed for a second time based on EASA's Management System Assessment Tool. The ISMS was found to be 'high operating', while certain aspects have already been classed as 'effective', which is industry-leading in terms of cooperation on safety and well above the general standard for aviation safety management systems worldwide. Finally, the Ministry of Infrastructure and Water Management (I&W) conducted a series of external safety evaluations at Schiphol, with mainly positive results.

Compliance with safety legislation

Schiphol has formed public-private partnerships relating to inspections and supervisory duties with the Human Environment and Transport Directorate (ILT) of the Ministry of 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 scored a compliance percentage of 99% on ground-handling inspections, 99% on APU inspections and 99% on temporary obstacles inspections. All are above 90%, meeting our target. Schiphol also monitors compliance with environmental legislation of the 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.

As a Group, we comply with the EASA regulations through regularly undergoing internal and external audits. External audits are performed by the ILT under the 48-months oversight programme as stipulated in EU Regulation 139/2014.

Safety at Work

We work hard to safeguard the wellbeing of airport workers and all those who visit our facilities. Schiphol periodically carries out inventories of risks in the workplace; work-related accidents resulting in absenteeism and 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. However, while measuring lost time is essential, we believe any accident is one too many.

In 2020, Schiphol Airport (excluding the fire department) recorded an LTIF of 0.3 (2019: 1.2), while the LTIF score for the fire department was 29.2 (2019: 15.8). The LTIF for Schiphol was below the previously set limit of 1 while the LTIF of the fire department was above the previously set limit of 22. Over the past five years, the absolute number of lost-time incidents leading to injury at Schiphol Airport including the fire department has fluctuated between 5 and 9, giving an average of 7 (2019: 6.8). 15 lost-time injuries occurred in 2020 as a result of construction and maintenance work taking place at the Schiphol site (2019: 13). In 2020, 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) applies to all construction and maintenance work at Schiphol Airport and the involved Schiphol Group employees and third-party workers, as well as to our passengers and visitors. With this standard, the same (minimum) rules apply for all projects regardless of the location or authorising department. The rules also cover noise control, traffic safety management, restrictions on access to construction sites for unauthorised persons, contingency plans and reporting incidents. In collaboration with our main contractors, the HSE Standard in 2020 was updated to a version 2.0.

Safety of passengers and visitors

96 incidents involving injuries to passengers and visitors at Schiphol were reported in 2020 (2019: 246) that were attended by our in-house emergency response service where necessary. There were no fatal incidents involving passengers, travellers by train or other visitors. We pay close attention to vertical and horizontal walkways, where there is an increased risk of people

COVID-19 testing at the P4 parking area

In December 2020, government testing authority GGD Kennemerland opened a new 'XL' COVID-19 (rapid and PCR) testing facility in Schiphol Airport's P4 parking area. The testing centre has an initial testing capacity of 2,000 people per day, and is available to local residents with symptoms of the coronavirus as well as healthcare workers. Capacity may be scaled up to 15,000 daily tests in the coming months, depending on demand.

In January 2021, the P4 parking area was adapted to accommodate a GGD Kennemerland COVID-19 vaccination centre.

falling. In 2020, we carried out studies to identify this risk and to implement measures such as improved signage and the use of smart cameras.

Security

Security is a crucial part of ensuring safe airport operations. Working closely with our partners, including the Royal Netherlands Marechaussee, Dutch Customs and private security firms, Schiphol complies with relevant security laws and regulations in a customer-friendly, cost-efficient way. As with all airport processes, our 2020 security operations were marked by the COVID-19 pandemic. 94% of Schiphol's departing passengers experienced a waiting time of less than 10 minutes. We continued to invest in projects to further facilitate secure and responsible travel and improve passenger satisfaction.

Security-related construction continues

In 2020, we took advantage of reduced traffic in publicly accessible areas to accelerate long-term construction projects aimed at improving passenger flows in the Schiphol terminal. One such project involves the complete overhaul of security at Departures 1 and includes the construction of a new mezzanine in the departure hall. The first part of the mezzanine opened in December 2020, and 10 of the 21 lanes that will ultimately be in place are now in operation.

In June 2020, we completed a full overhaul of Departures 4. We developed a new, compact security lane for this filter, increasing capacity from five security lanes to six. The lane includes advanced 3D Computer Tomography (CT) cabin bag screening equipment. This makes Schiphol the world's first airport to have all CT scanners installed on all of its security lanes.
Following new European legislation in September 2020, we completed the first stage of a project to replace machines for

10 new security lanes in Departure Hall 1

screening hold baggage with more advanced equipment. Schiphol's border capacity was also expanded with the addition of four desks at the Schengen/non-Schengen border, as well as the expansion of Departures 2 and 3. We expect to finish the installation of four desks in each filter in 2021. We are also improving the automated passport control area. Due to COVID-19, approximately 2.8 million passengers used this option in 2020, down from 13 million in 2019.

Innovations in security

Schiphol is introducing automated technology to replace repetitive manual security tasks. Our goal is to improve security processes, drive compliance and passenger-friendliness and reduce costs. In 2020, we implemented an automated solution for directing passengers to their security preparation positions in departure filters 2 and 3, as part of our wider efforts to introduce self-service security options for appropriate passenger groups. In December, we expanded the use of 3D CT cabin bag screening technology to all passengers departing from Schiphol or transferring from third countries. This sophisticated solution enables passengers to leave laptops and liquids in their bags during security checks.

Creating a seamless passenger process

Security is essential at Schiphol, but it can create bottlenecks for passengers. This is why we are trying to streamline airport processes without compromising security. One such bottleneck is when travellers enter the security lane and have fo find the right spot to put their personal items in the plastic trays. In 2020, almost all our security lanes were fitted with a unique digital assistant that points people to a free spot where they can prepare their baggage for security checks.

In 2020, we continued to develop and test the Seamless Flow programme, a joint venture with Schiphol's aviation partners and the Dutch government that uses facial recognition software, known as biometrics, to identify passengers and improve passenger flows. In 2020, we further developed and tested the Seamless Flow concept in preparation for the the roll-out of the solution at border control.

Cyber security

Schiphol is steadily moving forward with the digitisation of the airport environment, and we must continue to strengthen our cyber security capabilities accordingly. We have established a robust cyber security management system that includes capabilities such as cyber security risk management, security monitoring, incident management, identity and access management and security awareness. In 2020, our cyber security management system helped ensure no incidents with a material impact occurred. Given the increased risk presented by our employees working from home due to the COVID-19 pandemic, we consider this a significant achievement.

New tenders launched

We have tendered the security contracts for the Schiphol hub beyond December 2020. Five vendors have been awarded contracts: CTSN, G4S, I-SEC, Securitas and Trigion. We look forward to working with these partners to ensure the safety and security of our airport.

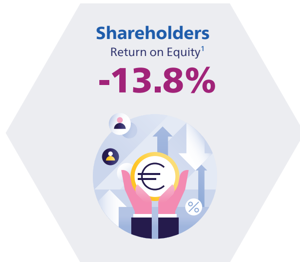
Robust organisation

Being a robust organisation is a key enabler as we work towards our Vision 2050. Schiphol's robustness stems from its high-quality workforce and strong financial base. However, we also value our flexibility, which enables us to react to new opportunities and challenges.

The COVID-19 pandemic has severely tested the long-standing resilience of Schiphol and its workforce. It is a sign of our resourcefulness and adaptability that we have continued to operate safe and reliable services throughout the pandemic. These qualities will be equally important as we look to 'build back better' during the recovery period ahead.

Our strength as a Group begins with the people who make up our organisation. One of our biggest assets is our highly skilled workforce, which we continue to support by developing our talent and by encouraging collaboration and knowledge-sharing between the airports in our Group. Although Amsterdam Airport Schiphol will always be the global hub of our operations, our regional and international airports are important drivers of innovation in fields such as digitisation and sustainability.

Top performance indicator Robust organisation



1 Normalised ROE: -12.2%

Financial solidity is another key ingredient of a robust organisation. Schiphol Group has a prudent financial policy that seeks to maintain strong creditworthiness and absorb the impact of economic shocks and other financially disruptive events. Schiphol has a strong financial base which enables us to continue investing in our airport infrastructure and processes year after

Project Reset: Adapt and improve

Schiphol Group's reorganisation programme, Project Reset, supports our ambition to 'build back better' and reflects the significant impact COVID-19 has had on our operations. The programme also takes into account the views and opinions contributed by our employees in recent years.

Project Reset involves reprioritising our investment portfolio and operational expenditures. We will also make structural improvements to mitigate the anticipated long-term effects of the pandemic on air travel demand and passenger behaviours. The starting point is a simpler, more streamlined organisational structure that involves the merger of several business areas and departments. The new structure will come into effect on 1 March 2021.

We have also set clear operational financial targets for 2021 and 2022. Combined with the wider restructuring process, these targets will require Schiphol to make significant headcount reductions over the coming months (see Employment practices for details on the impact of Project Reset on our employees).

Renewed organisational structure

year. It also makes us well positioned to recover from the COVID-19 crisis, which has had a profound impact on our revenues. To adapt to today's drastically changed aviation environment, we are undertaking a major reorganisation programme with the aim of rebuilding Schiphol as a more efficient and future-proof business.

Business continuity

Our passengers and customers depend on our reliable and resilient airport operations. Crisis and disaster management are therefore top priorities at Schiphol and involve preventing and responding swiftly to accidents or other types of incident. Thanks to robust safety management processes, such incidents have fortunately become less common; nevertheless, major disruptions at our airports in recent years have seen business continuity become an important topic for our stakeholders, while Business Continuity Management is one of our top-10 risk factors.

Schiphol has a cohesive package of measures to maintain robust and reliabile airport processes. Aside from operational emergencies and disasters, we must be ready to manage severely disruptive incidents such as voltage drops or system breakdowns. Given the complexity of the airport chain, these disruptions often have a wide-ranging impact; normal operations cannot always immediately be resumed and it can take days to return to a normal schedule. Schiphol has developed several foreseeability scenarios to effectively respond and recover after a potential emergency, crisis or disruption: mitigation – response – and recovery, learn and review. Our Airport Operations Centre (APOC), which opened in 2020, brings together relevant sector partners within a single control centre. It not only serves to plan the operations of the day, but also looks a week ahead and uses the foreseeability scenarios in case of any kind of disruption.

The COVID-19 pandemic has had an unprecedented impact on our operations. Since the start of the outbreak, even when global air traffic has been at a standstill, our aim has remained to keep our airports open. All Schiphol Group airports have remained operational for emergency, cargo, medic, repatriation flights and essential travel. Read more in Responding to COVID-19.

PFOS contamination

PFOS is a non-biodegradable toxic fluorine which was once frequently used in firefighting foam and other industrial products. Soil assessments at Schiphol conclude there is no significant health risk, though PFOS soil concentrations in certain areas of the airport site exceed the remediation criteria set by the province of North Holland. Schiphol's approach aligns with the regional policy on the reuse of the material. Dealing with PFOS-contaminated soil has become part of normal business operations and we continue to investigate possible cleaning techniques to remove it from the soil. Several high-potential pilots are in progress, though none has proven fully effective so far. In the meantime, we are storing PFOS-contaminated soil at a conditioned location on the airport site. We were able to reallocate approximately 133,000 cubic metres of soil in 2020, with about 71,000 cubic metres currently stored in depots for future reuse or cleaning purposes.

2018 power outage follow up

In April 2018, Schiphol experienced a voltage dip, which resulted in the disturbance of critical operational airport processes. Schiphol Group asked TNO to investigate the causes of the event and provide recommendations to prevent similar occurences, or at least reduce the impact of future incidents on critical processes. All of the recommendations have been implemented. A subsequent audit of the steps taken concluded that TNO's advice had been adequately followed, leading the investigation into the power failure to be concluded.

Managing fuel disruptions

In 2020, Schiphol worked with Aircraft Fuel Supply (AFS) to implement the recommendations of an investigation into the 2019 malfunction of AFS's aircraft fuel system. We also began a continuity meeting cycle to align future plans of all parties involved in fuel tanking. In addition, AFS restructured its fuelling system, so that disruptions can be isolated to specific compartments. In 2021, we will continue the meeting cycle and initiate training sessions on how to integrate the new compartmentation strategy as part of Schiphol's operations.

Climate resilience

The current pace of climate change has the potential to cause substantial disruptions to our operations going forward. Given the urban density of Schiphol airport and the added complexity of being situated four metres below sea level, Schiphol Airport is particularly vulnerable to extreme weather- and climate-related incidents. Schiphol is determined to help limit the impact of climate change and to help keep global temperature rises below the critical 1.5 degrees Celsius limit. However, as climate change is not entirely within our control, we also assess potential consequences of impactful events and gradual changes in climate and take measures to minimise and prevent potential climate-related risks. As addressed by the Task Force on Climate-related Financial Disclosures (TCFD), climate-related risks include both physical and transitional risks.

Despite the challenges presented by COVID-19, climate adaptation remains an important pillar of Schiphol's overall development strategy and is a key theme within our Sustainability Roadmap 2030. In 2020, we undertook further initiatives to mitigate the long-term impact of climate change. These included a joint study with a nearby municipality into a potential zero-emissions zone at Schiphol and we cooperate in studies for the Regional Energy Strategy such as a new solar field in the Schiphol region. Schiphol is also taking steps to limit the possible continuity risk of rainwater flooding, namely rainwater drainage, below- and above-ground water buffers and flood-risk management. When constructing built areas such as airport aprons, 15% of the new surface area should be dedicated to collecting rainwater. In collaboration with the Rijnland Regional Water Authority, Schiphol is piloting an innovative system to temporarily store rainwater under the U-platform and then gradually release it into the Ringvaart water system as required.

Through these investments, we are finding ways to use rainwater more sustainably. In 2020, we launched the 'new water challenge' programme to address all water-related issues, including new developments and current maintenance, through a dedicated steering committee. A key concern is the potential impact of rising water levels due to climate change on the polder that supports Schiphol Airport. The opposite problem, low water levels due to droughts in summertime, presents a major threat to our infrastructure as well as the flora and fauna of the polder. Furthermore, prolonged periods of high temperatures threaten the airport's taxi lanes in terms of potential damage or melting asphalt. Schiphol has proactive measures in place to mitigate heat stress, such as green roofs.

Responsible business

We insist that all Royal Schiphol Group employees act with the utmost integrity. Our approach is supported by a robust, Group-wide compliance and integrity programme which emphasises the close monitoring of staff behaviour and preventing potential risks. Our high standards extend to our third-party relationships; as one of the largest semi-public commissioning authorities in the Netherlands, we work with a wide range of companies and organisations every single day.

Schiphol Group operates both nationally and internationally. We have international partnerships and most of our suppliers are based in the Netherlands. Within this context, we adhere to the OECD guidelines on multinational organisations where applicable. Several human rights elements are embedded within other company policies, and we are developing a separate company-wide human rights policy to formalise our approach. Though not a signatory since 2019, Schiphol Group applies the UN Global Compact Principles.

Acting responsibly in the workplace

As outlined in Schiphol's code of conduct, our priority is to ensure a robust culture of integrity whereby all Group colleagues conduct business responsibly and behave ethically at all times. Employees must refrain from undesirable behaviour, including discrimination, sexual harassment and bullying, and must adhere to all applicable laws and regulations, including competition, public procurement, privacy, fraud, corruption and bribery laws.

Integrity as an integral part of our organisation

The outcome of the annual employee survey on several integrity themes - such as Speak Up, the exemplary role of management, and unwanted behaviour - has resulted in a training plan to ensure teams are trained on integrity in an effective manner. Integrity reports are made to the Integrity Committee, which then investigates the reports and advises the business on the necessary actions to take. The Committee reports to the Risk and Compliance Committee of the Management Board on anonymised findings regarding incidents twice a year and on an important Integrity topic once a year. The Committee also reports to the Supervisory Board's Audit Committee on an annual basis. The Management Board and external auditor are updated between two and four times a year; however, the Management Board is informed immediately in the event of a major/serious incident.

In 2020, 35 issues were reported to the Integrity Committee (2019: 25), none of which concerned bribery, corruption or material fraud. The reports have been investigated and followed up, with the necessary actions taken where appropriate. Our 'Speak up culture' has helped employees to take the step to report issues and implementation of tooling has helped gain insights into the trend of incidents and made it possible to report in more detail.

Procurement activities

Schiphol Group’s procurement operation underwent an important reoganisation in 2019, enabling the shift from a project-driven to a business-driven organisation. The reorganisation sought to extend the added value of the Cost

Outsourcing of Schiphol Telematics

In 2018, we agreed to outsource a large share of Schiphol Telematics' (ST) activities to our technology partners. This supports our strategy of increasing the reliability and agility of ST's services by allowing it to focus on its core competence: working with partners to translate business needs into connectivity and communication solutions.

In late 2019, we contracted three partners: Conscia (for network activities and as service integrator), Allinq (for infrastructure activities) and Orange Cyberdefense (for security activities). In August 2020, ST successfully handed over most of its activities, following extensive preparation to mitigate potential risks to its end customers.

Engineering Centre (CEC) and to establish the Contract Management Centre of Excellence (CMEC). These changes have enabled us to further improve our supply base in terms of its quality, reliability and value for money, allowing us to focus on enhancing time to market and supplier innovation, and on becoming more cost-efficient.

In 2020, we continued to pay close attention to these focus areas, and active cost management became our top priority amid the COVID-19 pandemic. We also continued to harmonise and improve contract management across the Group. We introduced a new contract management strategy, based on our newly standardised policy and methodology, and advised Schiphol departments and teams on creating a robust and reliable contract management process.

COVID-19

The COVID-19 pandemic has created significant financial challenges for Schiphol Group and its supply partners. In 2020, Schiphol initiated a programme of intensive cost management, downscaling commitments and active risk and business continuity planning across its entire supply chain. In close collaboration with our suppliers, we began a rebalancing process to reduce our cost base with a focus on three areas: 1) Scope of service, 2) Quantity of required services, and 3) Price per service. The process has, in turn, led many of Schiphol's suppliers to reorganise their own operations.

New procurement developments

In 2020, we introduced our new Procurement Policy and updated our General Terms and Conditions for suppliers. In addition, a new supplier code of conduct was created and a third-party due diligence programme initiated. We also began implementing the ISO standard for sustainable procurement (ISO 20400). Finally, early 2021 will see the roll-out of a new supplier portal that offers self-service capabilities for creating purchase orders and invoices.

Employment practices

At Schiphol Group, one of our greatest assets is our diverse workforce in the Netherlands and abroad. We continuously develop our talent and promote a healthy, happy and connected workforce. With the COVID-19 outbreak, the need for close collaboration between Schiphol employees worldwide is more important than ever, and enabling communication and 'paying attention to each other' have been key areas of focus during the crisis. We have organised monthly meetings for all staff, hosted by our CEO, and distributed a weekly newsletter. Our intranet is another important source of information for Schiphol employees, and we make sure to update our Q&A websites on a daily basis.

Health and wellbeing

Our first priority is the health and wellbeing of our staff. We have adapted the terminals and offices at our airports to ensure safe and responsible work and travel, and also introduced the Schiphol check-in app to help colleagues familiarise themselves with new regulations and ways of working. Since April, we have also offered COVID-19 tests for our operational staff and aviation sector partners. With Schiphol employees – apart from those working in operational jobs at the airport – working from home throughout most of the year, we launched a website offering tips to help them make the transition to remote working and to stay healthy during the pandemic.

In the first half of the year, we organised webinars on how to maintain good physical and mental health, and psychological support was made available to colleagues feeling worried or stressed. To support our managers and colleagues through the first months of the crisis, we offered online workshops focusing on giving trust, creating accountability, communicating well and building teams while working remotely.

An effect of reduced passenger numbers is that fewer staff are needed to support our daily operations. Colleagues are encouraged to use surplus time for reflection and self-development, and can take advantage of our newly launched MyTalent portal as well as the Online Schiphol Academy.

Employee Promoter Score

The Employee Promoter Score (EPS) is one of Schiphol's TPIs. The EPS metric gives our employees a prominent place in achieving our goals. In 2020, the EPS was measured between 9 March and 3 April. This period coincided with the start of the COVID-19 crisis and this may have had a very slight positive effect on the score. This year's EPS was 43.3, which is an improvement of +4.1 compared with 2019. This exceeded our 2020 target of 41 and allowed us to achieve the World-class Workplace (WCWP) quality mark: the Netherlands' largest independent quality mark for good employment practices.

The results are a reason to be proud, but for the second year in a row we performed below our ambition levels in efficiency, collaboration and learning from each other. Our Management Board has, therefore, decided to do further research on the main factors that help and hinder improvement in these areas. The findings were used as an input for Project Reset and will guide our organisation and employee experience strategies in 2021. Our EPS for 2021 will be measured in May.

The impact of Project Reset on Schiphol employees

Schiphol's reorganisation programme, Project Reset, affects the lives of many Schiphol Group employees. Schiphol will cut approximately 330 positions from our internal workforce of approximately 2,500 full-time employees (FTEs), while many colleagues will also move to new roles as a result of the restructuring process.

Schiphol aims to approach Project Reset in a considerate, honest and transparent manner. We have developed a carefully considered redundancy plan in consultation with the unions. The plan, which contains regulations concerning job losses, vacancies, the reassignment process and agreements surrounding terminating employment, will provide a safety net for colleagues who lose their jobs. Employees will be given support finding new employment via Schiphol's Job Transfer Hub and can also take part in the 'plaatsmakersregeling' (a voluntary redundancy scheme, whereby workers can make their role available to colleagues who would otherwise be let go). We appreciate that many employees make use of this scheme.

The Works Council has played an important advisory role during the development of Project Reset. The input of our employees was sought in developing Project Reset, including through a series of workshops.
Clear and timely communication with all Schiphol staff remains a top priority over the months ahead.

Inclusive business practice

Diversity & Inclusion (D&I) is an important theme at Schiphol Group. Even in the face of this year's crisis, we continued our efforts on this topic. In 2020, we established a D&I Board under the guidance of Schiphol's HR department. The Board brings together various D&I initiatives and has so far worked on defining the next level of our overarching D&I ambition, as well as our specific objectives in relation to bicultural employees and those with difficulties accessing employment. A Youth Community has also been established to address the underrepresentation of young people within the aviation sector. In September, we completed our second year of a mentoring programme in which we matched ten Schiphol Group mentors with mentees to support them. In October, we organised a 'Diversity month' to coincide with national activities centering around Diversity Day on 6 October.

Luchtvaart Community Schiphol (LCS), Schiphol Group and MBO College Airport have developed a new concept for internships, adjusted in light of the limitations imposed by COVID-19, called 'Internship in the mix'. Part of the internship takes place at MBO College Airport and consists of a simulation and an assignment; the other part takes place at Schiphol Airport. The scheme offers students the chance to gain practical experience and also features masterclasses on getting to know the airport and the context in which it functions.

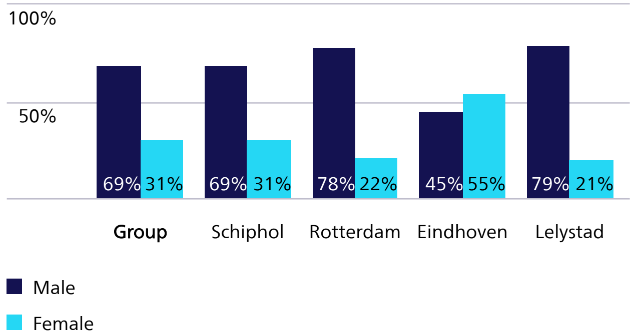
Schiphol's Management Board meets the target set by the Management and Supervision Act, which requires a 30% female presence on the board. Our Management Board has had a 50:50 gender split since 2014, and with the assignment of Ms Hanne Buis in 2020 we have a 75% female presence on the board. The Supervisory Board also met this 30% target up until 2018; however, due to a current vacancy, two of the seven board members are female (28.5%). Ensuring an equal gender split at all levels of the Group and across all roles remains a key priority going forward.

Total workforce in 2020

(Per location, in % of total average FTEs)

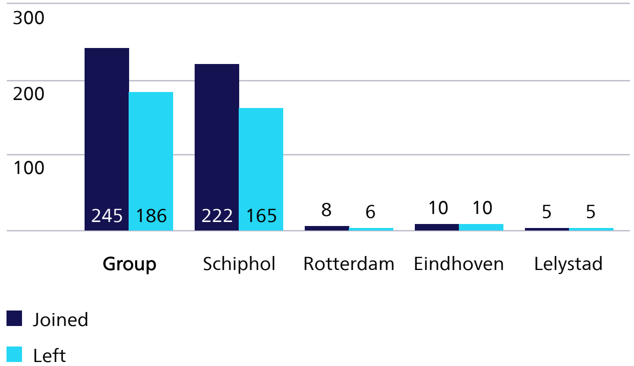
Gender split

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



Employee turnover

(Numbers per location)



Sustainable employability

Schiphol likes to work with people who view our company as part of their career and long-term professional development. We engage with employees to see what they view as their next steps, to add value and learn. In 2020, we joined the so-called 'skills pilot' through which Werkgeversvereniging AWVN, House of Skills and LCS developed a skills passport to provide insight into employees' skills and talents. It gave employees the opportunity to become aware of their skills, and as an employer, we learnt about the talent available in our teams and where we could support further development. We will use the results of this pilot to define the next steps.

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 policy is vital to create, and maintain, a degree of financial resilience in case of unexpected negative events as well as to raise financing for necessary investments. Structural profitability is an important factor in maintaining a strong credit rating. The return generated by Schiphol Group determines not only the extent to which we create economic value for our shareholders, but also the extent to which financial stakeholders believe Schiphol Group is equipped to bear investment risks.

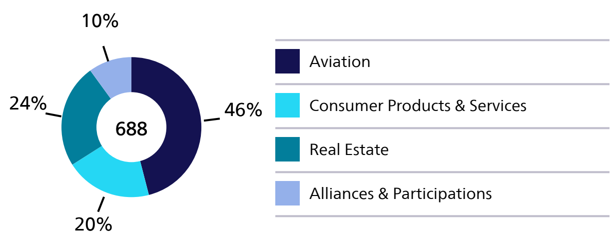
Creditworthiness

Schiphol Group independently raises financing through capital markets and banks. In 2020, we issued 1,250 million euros in green bonds as part of a total 1,950 million euro bond issuance. Additionally, we renewed a standby facility in 2020, leading to the launch of a sustainability-linked revolving credit facility of 400 million euros, which is currently undrawn. Furthermore, to ensure access to liquidity, Schiphol put in place an additional 400 million euros of short-term credit facilities with its key relationship banks. Strong creditworthiness is a prerequisite for safeguarding this ability and the ability to make the necessary long-term investments in capacity and quality. Due to the financial impact of COVID-19 on the aviation sector, the long-term credit rating issued for Schiphol by Standard & Poor's in 2020 was downgraded from 'A+' with a stable outlook to 'A' with a negative outlook. The long-term rating from Moody's remained unchanged at 'A1', but the outlook changed from stable to negative. Schiphol continues to act in line with the (financial) agreements with its investors.

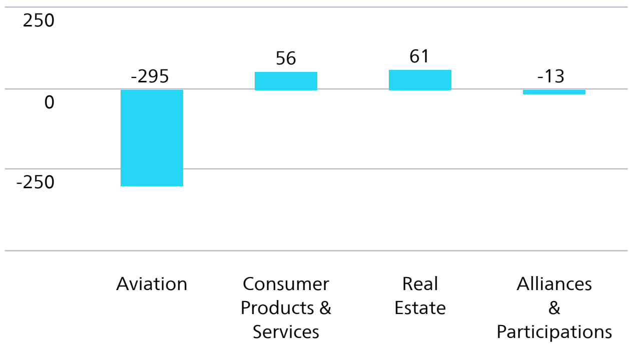
Return

Generating a positive return, in a structural way, is needed to independently raise financing and secure access to the capital markets with favourable conditions. The return requirement applied by the Dutch State, in its capacity as shareholder, consists of a minimum return on equity of 5.6%. A return requirement serves as an additional incentive to operate cost-effectively and generate a higher result through non-aviation activities such as real estate, parking, concessions and international investments. The new Aviation Act contains a mechanism permitting Schiphol Group to lower its airport charges by employing a portion of the return exceeding the minimum return requirement. Over 2020, Schiphol Group has reported a net loss and, therefore, does not satisfy the minimum return requirement.

Revenue 2020
(EUR million)



EBITDA 2020: EUR -196
(EUR million)



Quality of Network

Strong international connections are essential for an open and globally orientated economy like the Netherlands. In recent years, Schiphol has built a thriving network that links people and businesses with destination and opportunities around the world.

The COVID-19 pandemic has severely weakened demand for air travel, and hence the scope and quality of our network. After the excellent connectivity performance of recent years, 2020 brought a sharp reduction in the number of destinations served directly by Schiphol. Many routes continued to operate with severely reduced flight frequencies, further hindering network quality. Our cargo operations have also been severely disrupted by the pandemic, though we have been working with our airline partners to find temporary workarounds, including transporting goods using passenger aircraft.

As the first vaccination programmes against the virus begin, our attention now turns to rebuilding our network. Restoring the Netherlands' international connectivity, including through robust local transport connections to and from our airports, will be a crucial step in the country's economic recovery. As part of our ambition to 'build back better', we will work with airlines and other aviation chain partners to reintroduce routes and flight frequencies in a safe and timely manner.

Top performance indicator Quality of Network

We will continue to pay close attention to passenger health and safety during the recovery period. This includes making sure robust measures are in place to prevent the spread of COVID-19. At the same time, we must remain mindful of the needs of local residents as well as the environment, by working with our partners to minimise the negative effects of air travel on our surroundings.

Network of destinations

Schiphol connects the Netherlands to the rest of the world, linking people and businesses to numerous key destinations around the globe. In 2020, the COVID-19 pandemic led to a significant decrease in passenger traffic at Schiphol Airport, which has in turn affected our connectivity in terms of flight destinations and frequencies. Despite the sharp decrease in traffic, according to the ACI Airport Industry Connectivity Report 2020, we were the best-connected European airport (2019: number 2, behind Frankfurt) and we retained third place for global hub connectivity, behind Dallas Fort Worth and Denver. Since the initial lockdown period in Europe, in March 2020, we have been preparing scenarios for the road to recovery; a core aim is positioning our network to build back better from the current crisis.

Our cargo operations have also been severely affected by the pandemic, albeit in different ways. Much-needed belly freight capacity vanished in 2020 due to a sharp reduction in passenger aircraft movements. Some airlines have responded by increasing their full-freighter operations. Several carriers even began requisitioning passenger aircraft for cargo-only operations, in some cases to transport vital personal protective equipment (PPE).

Traffic and transport in 2020

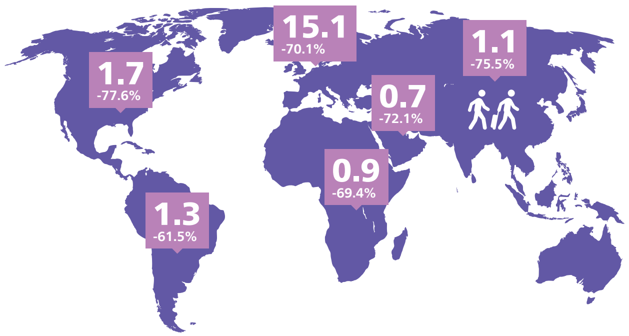
Passengers

In 2020, Amsterdam Airport Schiphol welcomed 20.9 million passengers (down 70.9% year-on-year). The airport recorded a total of 227,304 air transport movements (ATMs) in 2020, a decrease of 54.2% compared with 2019. These passenger and ATM numbers are comparable to the 1990s.

Passenger volumes remained consistent with 2019 levels during early 2020, before Chinese traffic began to decline in late January. By the end of February, COVID-19 had reached Europe, causing passenger air travel to slow significantly. Fuelled by the summer holiday season, July and August brought a recovery in commercial air travel activity. However, a subsequent rise in infections during the autumn, and the resulting travel restrictions, caused flight volumes to decrease again and remain weak into the new year (read more in Responding to COVID-19).

Passenger volumes by continent in 2020

Passenger volume at Schiphol in millions (change versus 2019; excluding transit direct)



Cargo

Schiphol's cargo operations were a relative bright spot for our Group in 2020. Overall air freight volumes dropped mainly due to a shortage of cargo capacity on passenger flights, and cargo became an increasingly important contributor to the quality of our network. This was due to strong demand for certain goods following the start of the first lockdown period in March; many items that would normally have been shipped by ocean freight, such as personal protective equipment (PPE), needed to be transported by air on charter flights - predominantly on full freighters, but we also have seen passenger seats carrying cargo. Moreover, cargo became an important source of income for airlines that predominantly transported passengers, even helping carriers to maintain profitability on hard-hit routes.

Total cargo volume at Schiphol Airport amounted to 1.44 million tonnes in 2020 (a decrease of 8.2% year-on-year), maintaining Schiphol's position as one of Europe's top-five cargo hubs. 71% of the airport's total cargo volume was transported in full freighters. Tonnage moved by full freighter operations increased by 21.0%, while belly freight volumes declined by 42.5%. The number of cargo flights that consisted only of cargo rose by 68% to 23,782.

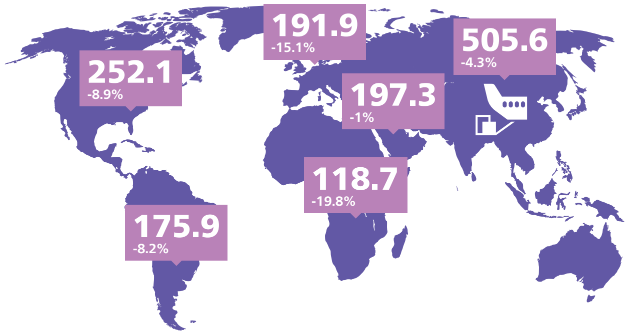
As cargo capacity on passenger flights decreased due to COVID-19, the price of cargo transport increased strongly due to reduced air freight capacity as well as urgent global demand for medical supplies. In response, some airlines adopted a new way of carrying cargo on seats of passenger aircraft, known as 'pax cargo-only' flights. For example, KLM, in collaboration with Schiphol Cargo and Royal FloraHolland, began using passenger flights to support Dutch flower growers whose supply chains had been severely disrupted by the pandemic.

New cargo developments

The Smart Cargo Mainport Programme (SCMP) offers a further example of the Schiphol cargo community working together during the pandemic. One of the SCMP's recent initiatives is a digital pre-notification tool, which aims to minimise physical contact between truck drivers and warehouse staff and to speed

Cargo volumes by continent in 2020

Schiphol cargo x 1,000 tonnes (change versus 2019)



up the export handling process. The tool makes the delivery process, administrative processing and loading/unloading of export goods, safer, more efficient, more sustainable and more reliable, and has proved invaluable, as the 1.5-metre social distancing protocol has forced cargo operators to find new, safe ways of working.

In November 2020, Schiphol Group took full ownership of Cargonaut Holding B.V. after acquiring additional shares in the company. Cargonaut enables the exchange of information across Schiphol's cargo community and is an essential part of day-to-day

The role of cargo becomes more important during the pandemic

Distributing the COVID-19 vaccine

As the world waited for the first COVID-19 vaccines, the Schiphol Pharma Cargo Community was getting ready to be able to rapidly distribute millions of doses. A taskforce led by Air Cargo Netherlands (ACN), Schiphol Cargo and Air France KLM Martinair Cargo, and including shippers, pharmaceutical producers, forwarders, airlines, ground handlers and trucking companies, has made contingencies for up to four possible 'vaccine scenarios' based on different temperature ranges. The priority is to provide a safe and reliable trade route to ensure that vaccines are tamper-proof and handled properly.

cargo operations at the airport. Schiphol plans to renew this system, incorporating suggestions from its users and future-proofing it for the cargo community. This aligns with the Ministry of Infrastructure and Water Management (I&W)'s strategy for digitising cargo transport.

Network and fleet developments

In 2020, Schiphol offered connections to 316 direct destinations worldwide (2019: 332) across 98 countries, which were serviced by 120 airlines. 135 of these destinations are intercontinental destinations, down from 138 in 2019. All 316 destinations were flown to much less frequently than in previous years.

Passenger destinations are measured over a full year and qualify as such if they have been operated with a regular flight for eight consecutive weeks. In 2020, many of Schiphol's destinations were fulfilled during January and February 2020, when air travel was largely unrestricted. Our passenger network was reduced in March and April, before the European network rebounded to a significant degree during the summer holidays. However, the frequency in which each destination was operated was much lower than in 2019. This resulted in fewer connection options for passengers.

In 2020, we welcomed two new airlines: Blue Air began operating flights to and from Bucharest (Romania) and Anadolujet launched a new service to Istanbul (Turkey). Saudia, already a cargo airline at Schiphol, added a passenger service to Jeddah (Saudi Arabia). FlyBe (UK) and LEVEL (Spain) ceased operations at Schiphol and filed for bankruptcy. Poznan (Poland) and Nanjing (China) were among the destinations added to our network in 2020. Notable destinations lost in 2020 were Colombo (Sri Lanka), Mauritius (Mauritius), Tampa (United States) and Dubrovnik (Croatia).

In rebuilding the network, airlines limited operations to their smallest or most efficient aircraft. As a result, older and less fuel-efficient aircraft were grounded for long periods or taken out of service. The most notable example is the Boeing B747-400.

Passenger volumes at Schiphol in 2020

Volumes per airline		Change
KLM	11,335,776	-67.8%
Transavia	1,608,596	-69.9%
easyJet	1,482,893	-75.7%
Delta Air Lines	648,469	-78.6%
TUI fly	442,006	-75.9%
Air France	427,785	-54.4%
Turkish Airlines	356,068	-55.8%
British Airways	333,076	-75.2%
Lufthansa	218,950	-77.3%
Emirates	189,261	-74.8%
Other airlines	3,838,583	-74.3%

Development of market share

The COVID-19 pandemic has a major impact on airports worldwide. Travel restrictions and government policies have varied between countries, causing the ranking of Europe's top 10 airports in 2020 to be reshuffled. For example, Istanbul (2019: 5) overtook London Heathrow, Paris Charles de Gaulle, Frankfurt and Amsterdam (2019: 3) in passenger numbers. In terms of cargo market share, Schipholt moved up one position in 2020, behind Frankfurt and Paris Charles de Gaulle.

Top ten European passenger volumes and market share in 2020

(in millions of passengers, excluding transit direct)

		Change	Market share
Istanbul IST	23.3	-66.0%	12.7%
Paris CDG	22.3	-70.8%	12.1%
London LHR	22.1	-72.7%	12.0%
Amsterdam AMS	20.9	-70.9%	11.3%
Moscow SVO	19.8	-60.4%	10.7%
Frankfurt FRA	18.7	-73.4%	10.2%
Madrid MAD	17.1	-72.3%	9.3%
Moscow DME	16.4	-42.0%	8.9%
Barcelona BCN	12.7	-75.9%	6.9%
Munich MUC	11.1	-76.8%	6.0%

Top ten European cargo volumes and market share in 2020

x 1,000 tonnes of cargo

		Change	Market share
Frankfurt FRA	1,857	-7.4%	15.3%
Paris CDG	1,618	-16.3%	13.3%
Amsterdam AMS	1,442	-8.2%	11.9%
Leipzig LEI	1,378	12.3%	11.4%
Istanbul ISL+IST	1,315	-1.2%	10.8%
London LHR	1,141	-28.2%	9.4%
Liege LGG	1,114	23.5%	9.2%
Luxembourg LUX	906	6.2%	7.5%
Cologne CGN	842	5.3%	6.9%
Malpensa MXP	511	-6.2%	4.2%

Accessibility

In 2020, the number of travellers passing through Amsterdam Airport Schiphol fell dramatically, resulting in empty parking garages, drop-off zones and train platforms, as well as passenger-less buses and taxis. The reduction in traffic enabled us to bring forward and accelerate maintenance work. Given the airport has begun reaching the limits of its landside capacity in recent years, we will continue to use the coming period to improve and modernise our landside infrastructure in preparation for when passenger numbers return to normal levels. An important milestone during 2020 was the completion of the new elevated road structure at the A-area, which increases the 'kiss and ride' zone capacity. It includes the exit roads for the future new terminal and reduces road congestion.

In 2020, the Landside Central Programme (LCP) was initiated for a coordinated and integrated development of the landside projects at Schiphol Centre. We are exploring ways to reorganise landside infrastructure to keep Schiphol accessible in the coming years, taking into account traffic scenarios, trends and developments. To underline our sustainability ambitions, we signed the Green Deal Zero Emission City Logistics, which commits us to making logistics transport to and from the airport more sustainable. In addition, Schiphol, the municipality of Haarlemmermeer and several hotels near the airport agreed to develop an electrified hotel-airport shuttle transport system. Finally, we have introduced a smart digital mobility platform that provides personalised travel advice, as well as information on carbon travel footprint and alternative travel options. This 'Mobility as a Service' platform will be further developed in 2021.

Improving long-term accessibility by rail

Schiphol train station is a key node in the national rail network (ranked fourth in terms of traffic and train-to-train transfers), and rail access is an essential part of the airport's ability to function. Before the pandemic impacted our operations, the train was the primary mode of transport for over 40% of OD passengers and approximately 30% of airport staff. To realise our sustainability ambitions and further develop multimodality, the modal split of public transport should be increased and the substitution of short-haul flights with high-speed rail further enabled (see below).

To improve and increase train connectivity, several Multi-Year Programmes for Infrastructure, Spatial Planning and Transport (MIRT) studies are taking place. The MIRT project for the Schiphol Multimodal Hub (MKS) increases the capacity of the train and bus station at Schiphol Centre. After completing the exploratory phase in 2019, the involved parties have begun working on the MIRT plan elaboration phase, further detailing the design of the Schiphol Plaza, as well as the airport's train and bus station. In addition, ProRail and Nederlandse Spoorwegen (NS; Dutch Railways) will further improve the timetable: in the near future, a high-frequency airport sprinter will serve Amsterdam Central Station and all intercity services will be redirected towards Amsterdam South.

In 2020, a project team led by Schiphol and ProRail began the initial design phase; development of the Multimodal Hub will take place in the years to come following preparatory activities in 2021. The current MIRT MKS design is positioned as a mid term solution; studies show that for the long term additional infrastructure is necessary between Amsterdam South Station, Schiphol and Hoofddorp, the so-called 'core corridor', to accommodate projected public transport demand.

In 2020, we continued two programmes: ZWASH and MASH:

1. MIRT research **ZWASH** (Zuid-West Amsterdam Schiphol Hoofddorp), as part of the MIRT programme S*amen Bouwen Aan Bereikbaarheid* (SBAB), considers optimal solutions for a broad scope of issues, such as urban economic planning and related infrastructure needs.
2. Acceleration initiative **MASH** (Mobiliteitssysteem Amsterdam Schiphol Hoofddorp) was started by a coalition between Schiphol and the VRA (regional transportation authority), the municipalities of Amsterdam and Haarlemmermeer, NS, ProRail and KLM to accelerate decision-making.

These two programmes combined have gathered a broad base of support and momentum for the development of two metro lines. The MIRT board agreed that extending the North South Line is the best, most feasible option for solving current bottlenecks in the public transport network on a regional and national level. This solution entails extending the line from Amsterdam South Station to Schiphol and Hoofddorp and closing the loop of the Amsterdam Circle line. Together, the metro lines deliver much-needed capacity and redundancy of public transportation networks and enable the development of new urban areas. Schiphol Group, regional governments and national companies communicated their intention to contribute 1.025 billion euros for the extensions.

Why fly when you can travel by train?

Schiphol, KLM, Nederlandse Spoorwegen (NS; Dutch Railways), ProRail and the Ministry of Infrastructure and Water Management (I&W) have co-published the 'Action Agenda for Train and Aviation'. The plan demonstrates our shared ambition to strengthen international rail connectivity, to make rail a more attractive alternative to short-haul flights.

Presented to the House of Representatives in early November 2020, the agenda sets out a series of steps to increase the use of train travel as a substitute for passenger flights to and from Schiphol, starting with Brussels, Paris, London, Frankfurt, Dusseldorf and Berlin. Schiphol will continue with efforts to enhance compatibility with air-rail passengers, and will investigate how air-rail substitution can be integrated with existing airport processes.

Parking operations

While we encourage visitors to Schiphol to use public transport whenever possible, ensuring good parking facilities and capacity remains essential for our accessibility. Parking is also important for sustainability: passengers who drive themselves to and from the airport only make two journeys, rather than the four journeys required by a third party to drop someone off and collect them.

The COVID-19 pandemic had a significant impact on our parking operations. We introduced a new parking option at Schiphol Centre so our staff, who could not work from home, could avoid public transport on their commute. At the end of the year, we also made our P4 basic parking facilities available to the GGD Kennemerland to build and operate an 'XL' COVID testing location, with a vaccination centre coming online at the same facility in January 2021. In 2020, we also launched brand-new buses to and from the P3 parking facility, operated by Arriva.

The future of urban air mobility

Schiphol Group helped to establish the Dutch Drone Delta consortium to explore the future of drones and urban air mobility, in partnership with KLM, Air Traffic Control the Netherlands (LVNL), Port of Rotterdam, KPN, a.s.r., RAI, Connekt, Antea Group, Space53, Royal NLR, Achmea, AirHub and Rijkswaterstaat. In June 2020, we undertook a one-week trial of inspection drones in collaboration with LVNL, Dutch Drone Delta, the Royal Netherlands Marechaussee and Transavia.

Quality of Life

Our focus on Quality of Life acknowledges our responsibility for ensuring a sustainable future for aviation. As an airport operator, and a central player in the aviation chain in the Netherlands, Schiphol Group aims to promote safe and responsible air travel, and to safeguard the long-term wellbeing of people and the environment.

Royal Schiphol Group aims to operate the world's most sustainable airports. Building on our current sustainability performance, we have created the 'Most sustainable airports' roadmap, which sets out the actions required to achieve our 2030 objectives, as a next step towards realising Vision 2050. In 2020 we have started to execute the actions of the roadmap.

The pandemic has not blunted our ambitions. In 2020, we continued to work towards our goals. However, we realise that many of the perceived achievements of 2020, including the recent reductions in Schiphol's greenhouse gas emissions and local noise disturbance levels, are due to the current downturn in air traffic. As we work to emerge stronger from the crisis, we have an opportunity to achieve a better balance between the needs of our customers and other stakeholders. These include our local communities but also society at large.

Sustainability is a key priority during the recovery period. We aim to operate our Group airports in a safe and responsible manner and embrace innovation with the potential to support environmentally friendly operations. We must also continue to work with governments, regulators and other leading airports (including those in our Group) to advance the sustainable aviation agenda at a regional and international level.

Top performance indicators Quality of Life

'Most sustainable airports' roadmap

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.

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 at least 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 optimise 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.

Improved balance between communities and airport in 2030

- Improve balance between communities and airports.
- Maintain constructive dialogue to ensure wellbeing and support of our neighbours and boost regional development and economic growth.
- Empower our strongest asset: diverse and motivated workforce.

We will work with our business and sector partners to implement the above actions. For further information, please refer to 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 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 SDG table for details of how we are working to contribute to the goals and to continuously improve as an organisation.

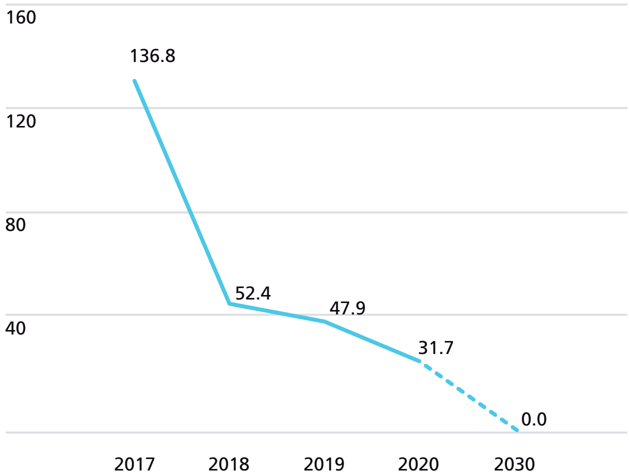
SDG	Contribution Schiphol	Initiatives	Material aspect
SDG 8	**Decent work and economic growth** **8.5** By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. – Number of persons employed at Schiphol site and direct surroundings: 72,000 **8.8** Protect labour rights and promote safe and secure working environments for all workers – LTIF: 0.3	– (International) Alliances and participations – Aviation Community Schiphol – Diversity and Inclusion Communities – The Safety Leadership principles – Anti-discrimination plan	Our international activities Employment practices Safe, secure and responsible travel
SDG 9	**Industrial innovation and infrastructure** **9.1** 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. – Passenger and cargo volumes by mode of transport: 20.9 million passengers -1.44 million tonnes of cargo **9.4** 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. – Energy efficiency level: 7%	– 'Action Agenda for Train and Aviation' – A-Pier is on track for LEED Gold	Accessibility CO_2 and air quality
SDG 11	**Sustainable cities and communities** **11.6** 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. – 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 2020 operating year (well below the European annual mean limit of 40µg/m³).	– Electrification of vehicles towards zero emissions – Schiphol Quality of Life Foundation – Schiphol Multimodal Hub – NotiFly	CO_2 and air quality Noise Community engagement
SDG 12	**Responsible consumption and production** **12.2** By 2030, achieve sustainable management and efficient use of natural resources. – Seperation rate: 50.3% **12.B** Develop and implement tools to monitor sustainable development impacts for sustainable tourism that creates jobs and promotes local culture and products. – Circular economy strategy	– Indicative Building Circularity Index score of 64% for reconstruction security checkpoint 90 – Circular decommissioning of Cargo building 18 finalised	Circular economy
SDG 13	**Climate Action** **13.2** Integrate climate change measures into national policies, strategies and planning. – Energy-positive strategy – Schiphol operates on 100% renewable wind energy	– Partner of Global Centre for Adaptation – Invest in and research into sustainable aviation fuels, e.g. biokerosene factory in Delfzijl and Synthetic Kerosene research at Rotterdam The Hague Airport – Sustainability is integrated within airport charges	Business continuity Sustainable aviation
SDG 17	**Partnerships for the goals** **17.16** 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. – Work closely with partners to achieve net-zero carbon aviation in 2050	– Chair of the Airports Council International (ACI) Wildlife Trafficking Taskforce – Co-initiator of net-zero carbon 2050 resolution ACI Europe – Agreement Dutch Sustainable Aviation – Founding partner of Mission Possible platform of World Economic Forum	Sustainable aviation Material aspects for stakeholders

CO_2 and air quality

Schiphol Group's four Dutch airports are on track to become zero-emissions airports by 2030, while our long-term goal is to be energy-positive by 2050. These science-based targets reflect the urgent need to limit global temperature increases to below 2 degrees Celsius above pre-industrial temperatures. We aim to meet these objectives by becoming a more energy-efficient organisation and by transitioning from fossil fuels to renewable energy sources. In December 2020, we received ISO 50001 certification for all our Dutch airports, representing an important milestone in our energy management ambitions. Schiphol airport's overall energy use fell to a historic low of 1,598 TJ during the year, due to the impact of COVID-19 on our operations. In 2019, Schiphol introduced a sustainability TPI (read more in the TPI performance 2020 section). To achieve our 2030 zero-emissions goal, emissions in the category gas and airside fuels, in particular, will need to decrease as visualised in the graph below.

Towards zero emissions 2030 Amsterdam Airport Schiphol

Realised emissions in CO_2 in kilo tonnes for fuel airside and natural gas



Renewable energy

Renewable energy, including wind and solar power and green gas, supports our carbon-reduction programmes. All electricity purchased by Schiphol Group now comes from wind farms in the Netherlands, while green gas accounts for 21% of our total Group gas purchases and 100% of Eindhoven Airport's gas usage. We aim to eliminate our use of natural gas by 2030.

In 2020, solar panels at Schiphol Airport produced a total of 1,992,782 kWh as we continued to install new solar panel infrastructure around the airport site. 5,400 solar panels have been fitted to the roof of the new P3 car park. They generate more than 20% of the total energy consumed by the airport's parking facilities (equivalent to about 600 homes).

CO_2 management

In 2009, the Airports Council International (ACI) introduced a CO_2 benchmark for airports, which Schiphol helped to develop. In February 2021, Schiphol received approval for its application for the renewal of its carbon-neutral certification (level 3+) within the Airport Carbon Accreditation (ACA) programme for 2019; the eighth consecutive year. The accreditation requires the airport's own activities to be CO_2-neutral. A Gold Standard solar energy project in India has been selected to help offset Schiphol Group's remaining carbon emissions (from natural gas and other fuels).

Energy efficiency

Schiphol Airport's energy efficiency level rose to 7% in 2020, exceeding our 6.3% target. Our energy efficiency target for 2021 is again 6.3%. The recent improvement in Schiphol's energy efficiency performance follows a series of more than 150 individual adjustments the airport environment, including the extension of LED lighting, the replacement of old telecom and IT equipment, and the upgrading of our climate control and heating, ventilation and air conditioning (HVAC) systems throughout the Schiphol site. We also introduced a performance monitoring solution for climate assets in the Schiphol terminal. The heat and cold storage systems in Terminal 3 and The Base now function optimally, which also contributed to a decrease in gas usage compared in 2019.

Schiphol Group's ISO 50001 certification follows the expiration of the 'MJA' (multi-year)agreement between Schiphol and the Ministry of Economics and Climate, which set a minimum 2% energy efficiency target for Schiphol Airport. Our own minimum energy efficiency target is 4%.

Helping our tenants use energy more efficiently

In 2020, we took steps to futher improve energy performance across our real estate portfolio. The multi-tenant office buildings The Base and WTC Schiphol Airport were fitted with a thermal energy storage facility, making them entirely gas-free. The Base D has been awarded BREAAM Certification Excellent, while the WTC Schiphol Airport’s BREEAM certification is expected to be upgraded from 'good' to 'very good'.

Furthermore, as part of the strategy to create a Smart Airport City, we began a pilot to gather real-time insights in the energy performance of five rented office buildings around the airport site. In 2020, we launched the minimum viable product (MVP) and undertook several experiments to support the reduction of energy usage costs and improve tenant satisfaction.

Emissions in our value chain

The majority of CO_2 emissions at Schiphol are caused by third-party (Scope 3) activities, including landings and take-offs, as well as aircraft handling and road traffic around the airport site. CO_2 emissions resulting from kerosene used by aircraft landing at or taking off from Schiphol are included within the Scope 3 emissions figures in the CO_2 table on the next page.

CO_2 emissions at Amsterdam Airport Schiphol

(in tonnes)

in tonnes	2020 Location-based	2020 Market-based	2019 Location-based	2019 Market-based
Scope 1[1]	12,461[2]	9,961[3]	19,037[2]	16,456[3]
Scope 2[4]	74,768[5]	0	101,239[5]	0
Total Scope 1 and 2 CO_2 emissions	**87,229**	**9,961**	**120,276**	**16,456**
Scope 3 - Gas and electricity used by third parties in Schiphol Real Estate buildings (from 2020 on), airside fuel used by third parties, own staff commuter traffic & business trips by air / own car	39,277	39,277	35,417	35,417
Total CO_2 included in TPI Sustainability for Amsterdam Airport Schiphol[6]	**126,506**	**N/A**	**155,692**	**N/A**
Scope 3 - other items[7]	Not available yet	Not available yet	1,205,095	1,205,095
Total Scope 3	**Not available yet**	**Not available yet**	**1,240,512**	**1,240,512**
CO_2 emissions from total kerosene tanked in the Netherlands[8]	Not available yet	Not available yet	12,152,700	12,152,700

1 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_2 emissions from gas includes a correction for standard weather conditions ('graaddagencorrectie'). Without this correction, 2020 location-based CO_2 emissions in Scope 1 would have been 11.507t.
2 Grey gas emission factors have been applied for location based purposes.
3 Since 2019, Amsterdam Airport Schiphol has been purchasing green gas for part of its consumption.
4 Consists of electricity consumption by Amsterdam Airport Schiphol.
5 Grey electricity factors have been applied for location based purposes.
6 Consists of Scope 1, Scope 2 and selected items from Scope 3 (Gas & electricity used by third parties in Schiphol Real Estate buildings (in 2020), airside fuel used by third parties, own staff commuter traffic & business trips by air/own car). The Top Performance Indicator is calculated on basis of the location based approach. The Group CO_2 emissions included in the TPI Sustainability is 135kt , including Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport.
7 Other Scope 3 items are not part of the TPI Sustainability definition and include, among others: electricity and gas consumption by third parties (in 2019), all road traffic to and from the airport and fuels related to aircraft handling and landing and take-off cycle. 2020 data will be reported with one year delay.
8 Source: CBS. 2020 data will be reported with one year delay.

Air quality

Schiphol Group commits to improving air quality in and around our airports and to reducing levels of potentially harmful emissions at the airport sites and in neighbouring communities. Air quality at Schiphol Airport is continuously monitored by the government; the province of North Holland has three air quality meters in the vicinity of the airport and publishes the readings online. Schiphol met all government requirements, which are based on EU directive 2008/50/EG, for this category during the 2020 operating year. In 2021, we will install sensors that provide continuous insights into air quality performance both within the Schiphol site and externally, as well as around our buildings.

We use performance indicators to help maintain a high level of air quality based on input measurements. These include the installation of fixed power units (FPUs) at aircraft stands and the electrification of Schiphol's vehicle fleet. Performance indicators on output are not currently measured, as it is difficult to define clear causal links between third-party emissions – i.e. resulting from motorways or industrial activities, or (urban) background concentrations – and those resulting from our own activities.

Clean mobility

Schiphol supports the use of clean mobility solutions, whether through our own vehicle fleet or those of companies operating on site. We have two objectives: replacing fossil fuel-powered vehicles with zero-emissions alternatives, and reducing fuel consumption.

Buses

In 2015, electric buses began operating on Schiphol's aprons. An additional 16 were introduced in early 2020, which means all 53 buses on airside are now electric.
In total, more than 250 electric buses now operate in the Schiphol region. In November, a new, less-polluting type of bus was introduced to connect the P3 long-stay parking area to the terminal. These buses will be replaced by electric buses in the years to come.

Taxis

Schiphol's official taxi concession holders, the BIOS Group, BBF and Willemsen de Koning, have been using sustainable vehicles since 2014. Together, they operate a fleet of 170 electric Tesla taxi cabs and 30 biogas-powered taxi vans. Other independent taxi operators are required to join the Taxi Control Foundation and have to meet specific sustainability requirements. This additional taxi fleet includes a further 403 zero-emissions vehicles. The total number of electric taxis, 573, is 150 lower than in 2019 as many independent drivers ceased operating due to reduced demand.

Ground Support Equipment

Special vehicles known as Ground Support Equipment (GSE), operate on and around the airport aprons to handle aircraft. While GSE is traditionally powered by fossil fuels, manufacturers now offer a growing range of electrically powered models. Schiphol encourages users to replace GSE powered by fossil fuel with electrically powered equipment. Schiphol invests in additional charging facilities, further to the 750 currently available on airside.

Airlines operating at Schiphol must comply with various requirements related to air quality. For example, aircraft are asked to use only one engine during taxiing and to use fixed power units when available. Schiphol has 243 aircraft stands for passenger aircraft, cargo aircraft and buffer positions. These include 128 aircraft stands with a direct connection to the terminal and 115 stands without a direct connection. In 2020, 78 aircraft stands were equipped with fixed power units, of which 73 aircraft stands were operationally available.

Cleaner fuels

In June 2019, KLM Equipment Services switched from gas to liquid (GTL) fuel and this transition helps to improve air quality on airside. All equipment on airside now operates on this synthetic fuel made from natural gas, which emits hardly any sulphur oxides and enables significant reduction in UFPs as well as nitrogen emissions.

Supporting electric vehicles

To facilitate zero-emissions mobility in publicly accessble areas, Schiphol commits to equipping an average of 10% of its parking spaces for tenants and visitors with charging points.

Ultra-fine particles

Relatively little is known about the health impact of ultra-fine particles (UFPs) and further measurements are needed to accurately determine UFP concentrations in and around the Schiphol site. The Dutch National Institute for Public Health and the Environment (RIVM) is investigating the possible health risks of UFPs to local residents, though an earlier RIVM study gave no indication that mortality rates in local communities differ from socio-economically comparable regions in the Netherlands.

The intermediate results of an RIVM study in 2019 revealed health effects of inhaling UFPs over short periods. The research found that, although exposure to elevated concentrations can reduce lung and heart function in the short term, this does not necessarily lead to long-term health problems. Moreover, there was no evidence to suggest that the UFPs from aircraft affect human health differently to those produced by other sources such as road traffic. The forthcoming study, which runs until end-2021, will identify the UFP exposure of local inhabitants and any associated short-term or long-term health risks. More information is available at https://www.rivm.nl/fijn-stof/ultrafijn-stof.

UFP Action Plan

In anticipation of the RIVM's research results in 2021, Schiphol is taking steps to reduce UFP emissions. The measures will also help to reduce CO_2 and NOx and therefore contribute to our broader sustainability targets. In 2020, we planned to measure concentration levels at Schiphol and Lelystad Airport as part of our joint action plan for UFPs. We have since postponed the study until 2021 in light of the recent decline in flight volumes.

Schiphol is part of 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, will provide insight into the composition of different kinds of UFPs and their health effects. These findings will help us determine UFP emission levels from aircraft engines more accurately. RAPTOR also plans to pool the findings of research on UFPs that have already been conducted by European industry, science and research institutes. Schiphol has launched a research project on mitigating UFPs from the Schiphol site. Its goal is to explore methods to potentially remove UFPs from the air. The first measurements were conducted in late 2020, with the first results expected by mid-2021.

Nitrogen emissions (NOx)

In January 2020, the Advisory Committee on the Integrated Approach to Nitrogen (Commissie-Remkes) 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 suggested internal and external offsetting as an additional mitigation measure. Schiphol is aware of its responsibilities, and together with the wider Dutch aviation sector, we commit to implementing the recommendations, of which the majority are included in our 'Most sustainable airports' roadmap. In addition to NOx, the measures will have a mitigating effect on CO_2 and UFPs, both of which are also prerequisite conditions for Schiphol's future moderate growth.

In November 2020, Schiphol and Lelystad Airport applied for a nature conservation permit ('natuurvergunning') under the Nature Conservation Act ('Wet Natuurbescherming'). Once granted, the permit will confirm that nitrogen emissions and their resulting deposits are within the legal limits. In addition to remaining within the limits, we will continue taking steps to decrease NOx emissions and contribute to a clean and healthy environment. Nitrogen action plan

Sustainable aviation

Sustainability is at the centre of aviation sector discussions on how to move forward after the COVID-19 crisis. Positive steps are already being taken: governments have included clear environmental and sustainability elements in many of the financial support packages awarded to airlines affected by the pandemic. Carriers are also retiring older aircraft sooner than expected and replacing them with cleaner, quieter models. These new developments support the long-term course set out by Royal Schiphol Group together with the wider aviation sector in the Netherlands. Our shared ambition is to reduce carbon emissions generated by the Dutch aviation industry to 2005 levels by 2030. Additionally, Schiphol Group argues to ultimately reach net-zero carbon emissions globally in 2050.

Supporting Single European Sky

Schiphol Group supports the Single European Sky (SES) objective to shorten flight paths and increase flight capacity through the creation of a single, borderless European airspace. Meanwhile, the associated Single European Sky ATM Research (SESAR) programme aims to modernise Europe's air traffic control system and drive efficiency across ground processes, aircraft handling and airport use.

Total Airport Management

Designed by the SESAR programme, the Total Airport Management concept aims to provide smart solutions for future aviation challenges, starting by strengthening cooperation between industry stakeholders. After implementing Airport Collaborative Decision Making (A-CDM) at Schiphol Airport, the next step in developing Total Airport Management will be the introduction of the Airport Operations Plan (AOP), a real-time airport planning system to provide operational managers at Schiphol with up-to-the-minute information to plan for the day ahead. The AOP will help airport staff, air traffic control, airlines and ground-handling teams work together more closely within a common operational picture. Schiphol's new Airport Operations Centre (APOC) will support the introduction of the plan.

Sustainable aviation policy and partnerships

A supportive policy landscape is the cornerstone of a sustainable aviation industry. We welcome the prioritising of aviation-related issues within environmental legislation at European level, namely the industry's inclusion in the European CO_2 Emissions Trading Scheme (EU ETS). Schiphol Group is also one of the founding members of the Mission Possible Platform, which supports the decarbonisation of global aviation and other hard-to-abate sectors. We also take an active role in the Platform's Clean Skies for Tomorrow (CST) initiative, which aims to align the aviation value chain in its transition to sustainable aviation fuels. We expect the European Commission to propose a European fuel blending obligation for sustainable aviation fuel in 2021, which would accelerate development and production. In 2020, we contributed to research led by WEF CST to gather insights about feedstock and (financial) sustainability.

At a national level, Schiphol Group contributes 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 facilitate a 49% reduction in domestic CO_2 emissions by 2030. The outcomes of these discussions will help to form the new 'Klimaatwet' (climate law). Schiphol Group also supported the drafting of the 2018 'Smart and Sustainable' action plan, a multi-year strategy to reduce carbon emissions from international air travel to and from the Netherlands.

Sustainable aviation fuel

Sustainable aviation fuel can be an effective short-term measure to kick-start the decarbonisation of air travel and improve air quality around our airports. Schiphol Group supports the 2030 14% Dutch aviation industry-wide target for sustainable aircraft fuel set by the 'Smart and Sustainable' action plan, and we are directly involved in several projects aimed at accelerating uptake among carriers.

Bio-kerosene plant

In 2020, Schiphol Group continued to provide financial support to an ongoing project to develop a new bio-kerosene plant in the province of Groningen in collaboration with SkyNRG. The plant, which is the first of its kind in Europe, has the potential to deliver about 2% of the aircraft fuel consumed (100,000 metric tonnes per year) in the Netherlands from 2023 onwards, meeting the expected EU mandate for sustainable aviation fuel uptake in 2025.

Research on synthetic kerosene

Schiphol Group has commissioned a study into another sustainable alternative to traditional aircraft fuel: synthetic kerosene. Preliminary work on the design of a pilot facility at Rotterdam The Hague Airport has been performed, in which synthetic kerosene would be produced using carbon dioxide in the atmosphere. Schiphol is looking for public and private funds to support the factory, which has an estimated daily production capacity of about 1,000 litres. To progress this process we have

Trialling sustainable aircraft taxiing

Sustainable taxiing involves towing aircraft from stand to runway using a special vehicle known as the 'taxibot', so that aircraft do not have to use their engines.
In 2020, Schiphol undertook a proof of concept in collaboration with airlines Corendon, Transavia and KLM, and supported by dnata, Air Traffic Control the Netherlands (LVNL) and the Ministry of Infrastructure and Water Management (I&W). The trial included 170 'missions' and eight 'live' flights.

Sustainable taxiing has the potential to reduce fuel consumption by 50-70% and consumes 95% less fuel than taxiing with aircraft engines. This offers a significant environmental benefit, given current estimations that aircraft taxiing contributes to the emission of approximately 130,000 tonnes of carbon and 690,000 kilogrammes of nitrogen in the Netherlands each year. It would also improve air quality and noise-disturbance levels at Schiphol Airport. A feasibility study is expected to be published in early 2021.

Taking a stand against wildlife trafficking

The COVID-19 outbreak has highlighted the urgent need to prevent the spread of transmissible diseases caused by any form of wildlife trade, including trafficking via air transport.

Schiphol Group actively advocates the protection of biodiversity and the prevention of wildlife trafficking. In 2020, Schiphol Group became the new chair of the Airports Council International (ACI) Wildlife Trafficking Taskforce. We also supported TUI fly with the development of its anti-wildlife-trafficking policy and introduced a new e-learning tool for aviation students with the support of Aviation Community Schiphol. In 2021, we plan to work on a joint awareness campaign in consultation with stakeholders from the aviation sector, the government and environmental groups.

formed a coalition with Zenid, a company dedicated to producing sustainable aviation fuel, founded by SkyNRG and Climeworks. Zenid is working towards building the first pilot plant of its kind to pioneer and champion environmentally friendly aviation fuel, which will potentially be located at Rotterdam The Hague Airport.

Neste acquires Aircraft Fuel Supply

In December 2020, Schiphol welcomed the news that the world's leading provider of renewable diesel and sustainable aviation fuel, Neste, had acquired a minority stake in Aircraft Fuel Supply (AFS), the owner and operator of the fuel storage company serving Schiphol Airport. The acquisition will enable Neste to provide airlines with an ongoing supply of Neste MY Sustainable Aviation Fuel™ with immediate effect. Made from sustainably sourced, renewable waste and residual raw materials, Neste's solution has the potential to reduce greenhouse gas emissions by up to 80% compared with fossil jet fuel.

Advancing electric aviation

While fully electric commercial flight is still a far-off reality, we believe in the long-term potential of this sustainable transport mode. Several carriers, including easyJet, have announced plans to begin introducing electric aircraft into their fleet over the coming years. Meanwhile, Rotterdam the Hague Airport is home to the first certified electric aircraft in the Netherlands, the two-seater Pipistrel Velis Electro. There is also growing interest in hybrid and hyrdrogen aircraft technology, which can provide useful fuel reduction. Schiphol is working with knowledge institutions to investigate the potential impact of electric aviation on our airports and how best to prepare for this major transition.

Circular economy

Our goal is to operate zero-waste airports by 2030 and fully circular airports by 2050. We focus on reducing our use of materials and on keeping existing materials in circulation. To support our 2030 zero-waste goal, incoming materials are minimised and residuals are reutilised in high-value applications to the greatest extent possible, without disposal in landfills and with minimised incineration. In terms of our infrastructure, we aim to implement circular designs and reuse construction materials and residuals wherever possible. For our operational residual streams, we aim to minimise, separate and upcycle residuals from everyday food and beverages, as well as offices and aircraft. Our shift to a circular economy aims to preserve and increase the value of existing resources and materials for future use. Besides the clear environmental benefits, circular thinking and acting offers significant advantages for Schiphol and its stakeholders. To realise our goals, we are executing our 'Most sustainable airports' roadmap. The topics ensure that circular design guidelines are embedded in Schiphol's projects requirement database, and many were implemented as part of construction and infrastructure projects taking place at Schiphol Airport over 2020. While a number of projects were postponed due to the pandemic, we will continue to follow circular design principles as standard practice once construction activity returns to normal.

In 2020, Schiphol Group continued to work closely with its suppliers and other partners to promote sustainability and circularity, and to enable the development of relevant knowledge and skills. With many colleagues working from home, we organised a series of workshops and webinars in cooperation with our main contractors, as well as local organisations promoting sustainability and the circular economy. Two highlights were the internally developed training on circularity in projects and a workshop organised by C-creators, an initiative co-founded by Schiphol to advance circular construction in the Amsterdam Metropolitan Area (MRA). The workshop, which looked at the carbon footprint of concrete and explored innovative ways to mitigate this impact, was attended by Schiphol Group colleagues as well as representatives from TNO, Betonhuis, ABT, and our main contractors BAM, Volker Infra and Heijmans. Further workshops, on concrete and asphalt, are planned for 2021.

Applying circular design principles

Doubling taxiway Quebec

In 2020, Schiphol and its contractors followed circular guidelines as part of infrastructural projects related to the doubling of taxiway Quebec. Checkpoint 90, which had to be relocated, incorporates design elements and parts of former buildings that were salvaged during deconstruction. The roof of the new checkpoint uses materials from a former warehouse such as the steel structure of columns and trusses, and cladding, as well as parts of the facade, sanitary facilities, stairs, kitchen, ceilings, walls and doors of the former warehouse were selected for reuse, resulting in an indicative Building Circularity Index score of 64%. Roofing from the deconstructed buildings is also being used as asphalt at Rotterdam The Hague Airport. Cargo building 18 had to move due to the doubling of taxiway Quebec. The circular disassembly was completed in June. The foundation and concrete is being used to build aprons and taxiways; all other building elements will be used in the construction of a new cargo building built seven kilometers away.

Security Checkpoint 90 features 110 tonnes of recycled materials, repurposed from deconstructed buildings. Meanwhile, 17,000 tonnes of concrete granulate is being recycled to pave the doubling of taxiway Quebec.

APOC
Schiphol's new Airport Operations Control Center (APOC) is a flagship facility designed with high sustainability ambitions. With operators in the control room required to maintain excellent concentration levels, it was important to create a healthy environment free from volatile organic compounds (VOCs) through the use of 'cradle-to-cradle' products. The desks used in the APOC have been refurbished, as well as some IT devices.

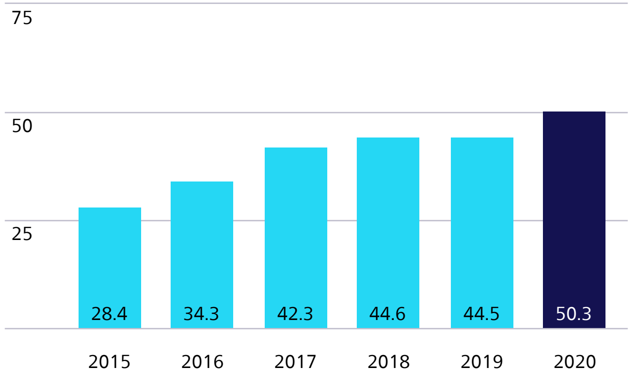
Project Upgrade Piers
Innovative circular solutions have been implemented during the upgrading of all piers. On E-Pier, approximately 400 new fully circular seats have been installed. Another highly visible aspect of this pier is its 2,000-square-meter 3D-printed floor.

Materials passports
A materials passport is a report relating to building materials with the potential for reuse or recycling. The report is based on data provided by our Building Information Model (BIM), a 3D digital model of buildings. Together with our main contractors, Schiphol is working with Madaster on a pilot programme to assess whether the digital model reflects the correct and full data for the materials passport. The information will be used to plan ways to reuse materials more effectively as part of Schiphol's ambition to become a zero-waste organisation by 2030. In 2020, we successfully tested Point Cloud, a 3D scanner to create a digital twin of a part of the terminal building, and all construction projects and modifications will be steadily integrated into BIM over the coming years.

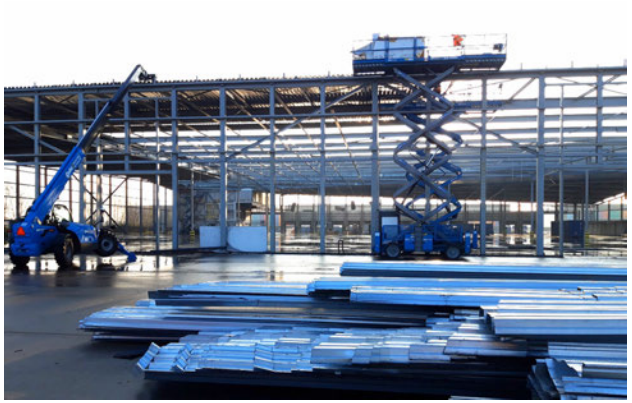
Materials hub
While Schiphol's plan to introduce a 'concrete hub' was postponed due to COVID-19, we are exploring the creation of local building material hubs for regional use in cooperation with the Ministry of I&W and the Municipality of Amsterdam. We will continue our research during 2021.

Residual streams
The separation rate for our operational residual streams (excluding CAT1 aircraft waste) amounts to 50.3%, meeting our previously set target of 50% for 2020. In total, we processed 7.2 million kilos of residual flows in 2020, compared with 15.7 million in 2019. The separation rate increased in 2020 due to fewer passengers while our residual streams decreased, again due to the pandemic. This led us to temporarily suspend many of our ongoing efforts to improve waste separation rates. However, we continued to collect clippings from grass growing on airside at Schiphol Airport, so valuable proteins can be extracted and used in food production. Clippings are also used to make ECOR panels, a non-toxic sustainable alternative to wood- and paper-based materials, which we eventually plan to use in our buildings. Additionally, in December 2020, HMSHost stores at Amsterdam Airport Schiphol switched to using rPET bottles, which consist of 100% recycled plastic, for sales of locally sourced Sourcy bottled water.

Percentage of separated operational residual flows[1]
(per year at Amsterdam Airport Schiphol)



1 from 2018 on the figures exclude CAT1 aircraft waste.

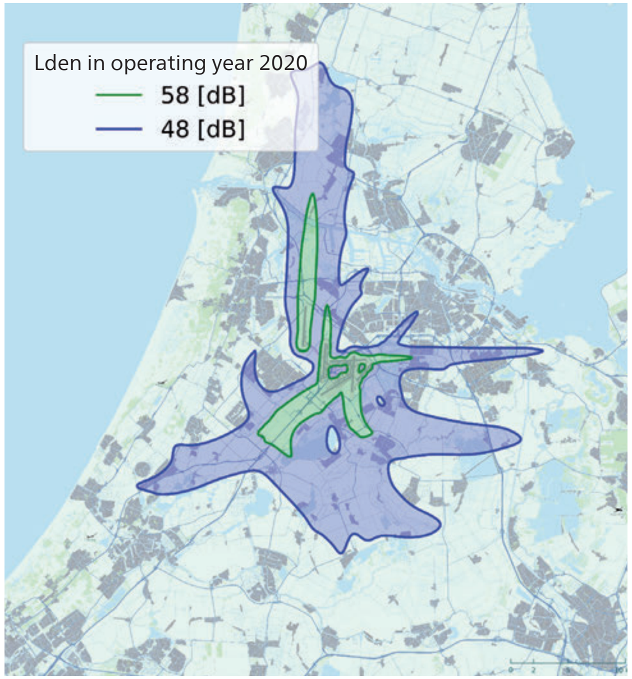


Cargo building 18

Noise

Noise disturbance due to air traffic remained a central topic in our discussions with the local community in 2020. Schiphol adheres to the agreements in place to minimise the impact of our activities on local residents, such as keeping the number of annual air transport movements (ATMs) below 500,000 (of which 32,000 may take place between 23.00 and 07.00). Due to COVID-19, only 272,588 ATMs were recorded during the 2020 operational year (versus 497,303 in 2019); 16,079 were at night. Schiphol is monitoring developments around the pandemic and its impact on air travel. Based on our most recent recovery scenarios, we do not expect the current 500,000 ATM ceiling to be reached before the mid-2020s.

Lden noise contours



Noise disturbance

The Dutch government is working to introduce the New Environmental Standards and Enforcement System (NNHS). The NNHS includes rules regarding the use of preferred runways at Schiphol. It also limits the number of people who may be exposed to severe noise disturbance in communities surrounding the airport, and aims to contain the affected residents within specific noise contours. The NNHS prescribes the 48 dB(A) and 58 dB(A) Lden noise contours. Figure 1 depicts the contours for 2020 (between 1 November 2019 and 31 October 2020) 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.

The limit for the number of severely affected people living within the 48 dB(a) contour is set at 180,000. In 2020, significantly fewer people (51,000) within the contour were considered to have experienced severe noise disturbance (2019: 142,000), which was due to the reduced number of ATMs. Due to low traffic in 2020, the noise contours in the figure got significantly smaller, as did the total number of severely affected people.

Traditionally, two factors influence Schiphol's severe noise disturbance figures: 1) changes in runway use as a result of weather conditions and 2) runway maintenance. These factors require the use of less preferential runways that increase the disturbance to local residents. As a result of low air traffic numbers, several maintenance and construction works could be efficiently (re-)planned and executed to reduce the impact on local residents.

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, offers individuals (particularly local residents) detailed information on daily air traffic volumes, runway usage, flight paths, and airport rules and regulations, as well as general information about living in the vicinity of Schiphol. BAS also registers complainants and complaints (reports), remarks and questions from local residents, presents at community meetings and makes home visits to people experiencing severe noise disturbance. In 2020, the percentage of habitual reporters (individuals submitting more than 500 reports) versus the focus group on which BAS bases its reports (comprising individuals who submit fewer than 500 reports) was comparable with 2019 (0.5%).

In 2020, the total number of reporters within the focus group decreased by 40% to 7,314 (2019: 12,199), whereas the number of reports more than halved. There were two reasons for this decline: first, due to COVID-19-linked travel restrictions, total aircraft movements to/from Schiphol Airport fell by 45% to 272,588 (2019: 497,303); second, the Polderbaan and Kaagbaan

A new approach to sound-proofing

DeNoize, a Dutch start-up, is developing innovative noise-cancelling technology that aims to prevent noise entering people's homes through windows. Although this technology is still in the early stages of development, Schiphol is excited by its long-term potential. We support DeNoize's efforts, which could help to improve the quality of life of local residents.

The aviation sector aims to minimise noise impact

Number and nature of reports to BAS

	Focus group		Habitual complainants	
	2020	2019[1]	**2020**	2019[1]
Number of complainants	**7,314**	12,199	**36**	56
Number of complaints				
Specific reports	**32,564**	64,134	**62,986**	126,521
Period reports	**27,096**	85,310	**4,569**	19,287
General reports	**1,350**	1,667	**200**	1,519
Total number of reports	**61,010**	**151,111**	**67,755**	**147,327**

1 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.

runways (which are less disruptive to local residents) were more regularly available for take-offs and landings than in 2019.

Renewed BAS website and registration system after responsible disclosure

A report on potential security flaws in the BAS registration system (a so-called responsible disclosure) on 22 October 2019 forced BAS to take its website and registration system offline. Reports could still be registered by email and phone and via a temporary website, while questions could still be asked through the usual platforms. A new website was launched in December 2019, with improvements during the year. In July 2020, an updated system for registering reports was introduced.

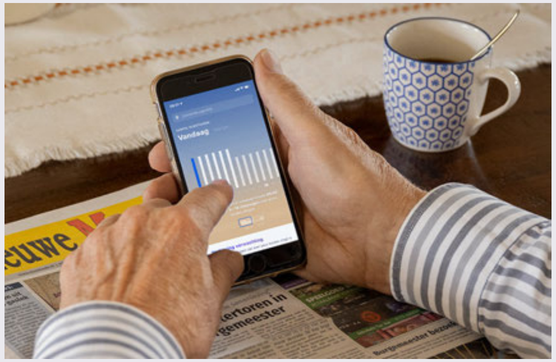
BAS reports 2020

Primary analyses have been presented in an intermediate BAS report at the end of 2020. Advanced research will be carried out by BAS in its annual report, which will be published in 2021. For more information, visit https://bezoekbas.nl/nieuws/vooruitgang-rapportages-bas/

For more information on noise, please visit the following websites:
- Local Community Contact Centre Schiphol (BAS)
- NOMOS
- Schiphol Local Community Council
- Schiphol Quality of Life Foundation

Community and support base

Schiphol strives to be a good neighbour. Even with the minimal levels of air traffic seen during COVID-19, we believe direct engagement and open communication are key to a good relationship. We view online platforms and social media as important tools for engagement and are seeing a positive response from advertising campaigns in local and regional news publications. As a future-looking organisation, we make a special effort to engage with children, students and other young people, particularly with regard to safety and sustainability, as well as other key aviation topics.



Notifly, the forecast for air traffic

Notifly is an app that is being developed to provide Schiphol's local residents with location-based air traffic predictions based on radar data. In 2020, we tested the app extensively with several stakeholder groups to validate and improve the user experience as well as the data the app uses. We expect to launch the Notifly app in early 2021.

Schiphol Local Community Council evaluation – towards a new governance model

The Ministry of Infrastructure and Water Management (I&W) has requested that Mr Pieter van Geel, acting chair of the Schiphol Local Community Council (ORS), evaluate the governance model and advise on the principles for a new model. Mr Van Geel has presented three preliminary models; in 2020, all parties involved were given the opportunity to respond and share their views on future governance principles. Mr Van Geel delivered his final advice in December 2020, in which he proposed a new governance model consisting of a Community Council (*Maatschappelijke Raad*) and an Intergovernmental Programme Council (*Interbestuurlijke Programmaraad*). A governmental decision on how to move forward is expected in summer 2021.

Measures to reduce noise disturbance

In cooperation with Air Traffic Control the Netherlands (LVNL) and with the support of the airlines, a draft programme was developed, minderhinderschiphol.nl, containing a series of measures based on four themes: 1) runway use, 2) aircraft types, 3) flight paths and 4) procedures for day- and at night-time flights. In 2020, three of the 28 measures were implemented. To ensure the programme meets the needs of our stakeholders, Schiphol organised a public consultation. We have received responses from more than 1,000 people, which has provided lots of constructive feedback. Many stakeholders are pleased with the initiative but also see room for improvement. Schiphol will review the feedback alongside LVNL to refine the programme, before presenting it to the Ministry of I&W in early 2021.

Communications with our neighbours

In the interest of open communication, we organised digital, but also 'live', meetings and dialogues with our neighbours. However, we were forced to cancel our traditional ‘Neighbours' days’ due to COVID-19. The physical distancing measures challenge us to strengthen our digital communication with all stakeholders in the vicinity of Schiphol, including our neighbours, town councils and local government bodies, via social media, newsletters and advertisements in local media to join the noise-reduction consultations. The Local Community Contact Centre (BAS) provides Schiphol with insight into the noise disturbance being experienced by local communities and offers residents a forum in which to ask questions.

Air traffic development outlook

In July 2020, when air traffic began to temporarily recover, we began publishing a weekly ‘Schiphol air traffic outlook’ for our neighbours containing projections for air traffic movements and runway use for the following week, as well as a summary of the previous week's figures. This joint initiative with LVNL will continue through the pandemic recovery period.

Aviation Community Schiphol

Schiphol seeks to stimulate regional employment through initiatives such as the Luchtvaart Community Schiphol (LCS: Aviation Community Schiphol), a partnership with KLM, the Regional Training Centres (ROCs) of Amsterdam and Flevoland. LCS promotes a skills-based labour market by organising work- and learning-focused programmes for the aviation industry. Schiphol's participation in LCS supports our core aim of being an attractive regional employer by working as part of an open community.

Since 2019, the core focus areas of LCS have been employability, development and education, and inflow and inclusivity. The community also plays a coordinating role in the Aviation Inclusive programme, an initiative that supports people who are experiencing difficulty accessing employment. Schiphol is as committed as ever to this goal, though due to the COVID-19 pandemic, our focus shifted in 2020 to 'work to work' programmes for Schiphol workers rather than creating new roles.

Supporting local employment

In January, the municipality of Amsterdam, Schiphol Group, the Greater Amsterdam Employers' Service Point (WSP) and LCS entered a three-year partnership to help 750 people into employment at the airport. Before the pandemic, Schiphol provided a relatively large number of jobs for low- to medium-skilled employees; however, the partnership is currently focused on helping individuals working at the airport find jobs in other sectors. To this end, an auxiliary branch (dependence) of the Regionaal Werkcentrum Groot–Amsterdam was created at Schiphol Airport. In addition, Schiphol, in partnership with LCS and MBO Airport Hoofdorp, took on 18 MBO Aviation students as part of a special 'COVID-proof' internship programme.

COVID-proof Internship: digital mixed with live

Local environmental quality projects

Schiphol Quality of Life Foundation

The Stichting Leefomgeving Schiphol ('Schiphol Quality of Life Foundation') oversees two initiatives: 1) an improvement programme focused on area-specific projects, and 2) a programme focused on individual measures, including those aimed at reducing noise-related disturbance. Schiphol has made 20 million euros available to the foundation, with funding also provided by the province of North Holland and the Ministry of I&W. Applications for funds for the individual measures programme will continue to be accepted in 2021, though the foundation will no longer accept applications for area-specific initiatives. In 2021, the foundation will launch a new funding programme focused on techniques and innovations aimed at improving quality of life. Further details can be found at stichtingleefomgeving.nl.

Stakeholder engagement

It is essential that Schiphol maintains a regular dialogue with a wide variety of stakeholders on the topics they deem most important. Due to COVID-19, face-to-face meetings with our stakeholders were largely replaced by online meetings. We also kept our passengers and sector partners informed about the measures and restrictions being developed to deal with the virus.

Reputation research

The feedback from our stakeholders gives us an idea what they think about us. We conduct ongoing research to measure our reputation, which is carried out by Motivaction. From this research, we develop an annual 'reputation score' on a scale of 1 to 10. The score is calculated based on an average of quarterly surveys and provides insight into how people regard Schiphol. Respondents are given questions based on a series of topics: communication, products and innovation, economic contribution to society and financial performance, management, relationship and integrity, corporate social responsibility and good employment practices. This reputation score is an important contributor to our TPI on Local residents.

In 2020, Schiphol maintained a consistent reputation score of 7.0 with local residents and the general public, though with shifts seen in our scores for specific topics. The COVID-19 pandemic tested Schiphol's reputation during the year, while in the response, the decline on the topics of economic contribution and financial performance, and future vision continued. However, our corporate responsibility efforts have steadily been gaining more recognition, and our message of ‘moderate and controlled growth’ has been particularly well received. Corporate responsibility is mentioned most by local residents as an important issue, and reducing noise reduction is also becoming a more prominent concern.

Public appearances

The Schiphol Group Management Board participated in several online meetings during 2020. During the World Economic Forum, Mr Dick Benschop participated in the Policy Session on Clean Skies for Tomorrow. At the World Aviation Festival on 23 September, he talked about rethinking aviation and the importance of innovation and sustainability. He then joined an Airport Keynote Panel on how airports need to rethink their future, given that – based on our current recovery scenarios – it will take until the mid-2020s to rebound fully from the COVID-19 crisis. In January 2021, Mr Benschop was a panel member in the Climate Adaptation Summit in the Netherlands, joined by 32 world leaders, on the subject of resilience of existing infrastructure. Ms Birgit Otto joined the Global Corporate Ladies Event on 8 October to discuss the current situation and ways to maintain control. Ms Jabine van der Meijs was present at the Honorary Discussions of the STAR Management Week organised by the Erasmus University in Rotterdam, and took part in the Transparency Benchmark 'Kristal' event in November.

Collaboration and dialogue in the chain

Schiphol Group collaborates in various partnerships aimed at making the airport industry more sustainable. Besides the mobility climate table and the ‘Smart and Sustainable’ action plan, Schiphol joined Nederlandse Spoorwegen (NS; Dutch Railways), maintenance provider ProRail, KLM and the Ministry of I&W to publish the Air–Rail action plan (read more in Accessibility). At a local level, Schiphol is one of the founding partners of SHARE Haarlemmermeer, a joint initiative formed between businesses and municipalities to build a healthy and sustainable society.

Schiphol Fund

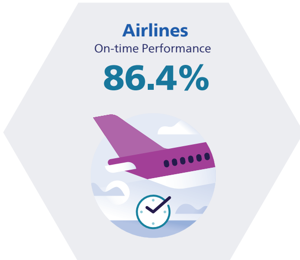
Stichting het Schipholfonds (the Schiphol Fund) donates to non-profit public benefit organisations focused on sport and exercise in the local region. In 2020, the fund's budget was reduced by 20% to 400,000 euros, from which a total of 337,949 euros was donated to 59 initiatives during the year. The Schiphol Fund will have 375,000 euros at its disposal in 2021, a 25% reduction compared with the orginal budget.

Quality of Service

Schiphol strives to provide its passengers and other customers with outstanding Quality of Service at all times. We want to orchestrate a smooth and inspiring airport experience for our visitors. We see innovation as a conduit to support this ambition, alongside our investments in digitally enabled tools and processes.

The COVID-19 pandemic has led us to re-examine our perception of quality and how we provide it, and to prioritise the immediate needs of our customers. Our passengers require safe and responsible travel, and our real estate tenants safe and healthy places to work. Yet despite the pandemic, we continue to explore new ways to ensure Quality of Service and add value to our customers and other stakeholders. Technology is an important enabler of this goal, by allowing us to improve quality in a cost-effective way within the limits of Schiphol's current infrastructure.

Top performance indicator Quality of Service



Adding value for consumers

Ensuring Quality of Service means listening to the needs of our many different customers and finding new ways to engage with those who use our services. In recent years, we have introduced innovative retail and food and beverage concepts and taken steps to deliver a more personalised, connected and technology-driven airport experience. While improving customer engagement remains a long-term goal, in 2020 our first priority was to ensure smooth and safe journeys for our passengers.

Schiphol Media

In 2020, banking group ING renewed its advertising partnership with Schiphol Media until 2022. As important media partner, ING has chosen Schiphol to launch its new brand direction with prominent advertising on all indoor and outdoor passenger bridges.

Expanding our Privium lounge offering

In September, Schiphol opened the doors to its new Privium ExpressLounge for Schengen passengers, located near D-Pier and supplementing the ClubLounge in Departure Hall 1. We also renovated and expanded the Privium Airside Lounge for non-Schengen passengers, which will reopen in March 2021. With these developments, Schiphol is able to offer its Privium Plus members more space and improved comfort through three dedicated lounges (two Privium ClubLounges and one Privium ExpressLounge).

UP TO DO GOOD is a new 450m^2 concept store at Schiphol Plaza that aims to make the world a better, more beautiful place. The store features an extensive range of sustainable design accessories, green fashion labels and Amsterdam coffee house 'De Koffiesalon'. Every purchase also supports one or more charities.

Safe and smart facilities for our tenants

We aim to provide pleasant, productive spaces where people can work and meet safely. In 2020, a key focus was to support our commercial and cargo tenants during the COVID-19 pandemic. We have introduced measures to ensure safe and hygienic working practices in our buildings, including floor markings, informative posters and hand gel dispensers, and paid close attention to technical building installations to ensure a safe and comfortable work environment. We made a complete inventory of all installations, for example, to ensure the healthy recirculation of air, as well as their performance. Schiphol has also agreed a payment plan with our tenants to help them manage the financial impact of the pandemic.

Creating smart and sustainable workspaces

We upgrade and improve our rented facilities on an continuous basis with a focus on improving energy efficiency and supporting sustainability. These renovations directly support Schiphol's goal of becoming a zero-waste and zero-emissions organisation by 2030. We are working with our real estate customers to achieve our ambition, for example by introducing state-of-the-art SMART infrastructure that allows building occupants to monitor and manage their energy use more effectively.

Following the 2015 project to renovate The Base B and C, in 2020 Schiphol began a major renovation of the A tower. The building's office spaces and communal areas are being upgraded, including through the installation of a new climate control system and sustainable LED lighting. Energy-efficient installations will enable energy savings, so that The Base as a whole will achieve an 'A' for energy performance. We also expect The Base A to achieve 'very good' BREEAM certification, as The Base B and C already have. The Base D, opened in 2019, meets BREEAM Excellent sustainability standards.

Technology as a quality enabler

Schiphol believes in the potential of advanced technologies and data-driven ways of working. By facilitating smooth and safe airport processes, technology can help improve the passenger experience and make Schiphol a more flexible, smart and efficient organisation. In 2019, we centralised our IT innovation efforts with an Innovation Board, an Innovation Hub and a connected ecosystem of Innovation Leads. In 2020, we took further steps to digitalise the airport environment. We aim to harness the latest generation of emerging technologies and to maximise the flexibility and reliability of our IT landscape with the use of cloud technology. In 2020, we also began taking steps to upgrade our IT landscape to maintain the most critical airport services. We also introduced a new Data & AI strategy which includes the launch of a new Data & Analytics platform and Internet of Things (IoT) self-service platform. Among other objectives, this will allow us to further develop Cargonaut, Schiphol's recently acquired air cargo information platform (read more in Network of destinations).

Our strengthened IT operation provides the perfect launchpad for new ideas and initiatives. One example is 'Turnaround Insights', a pilot study through which we use deep-learning technology to translate camera images from Schiphol's aircraft stands into usable data to streamline the aircraft turnaround process. The data, which offers insights into processes such as refuelling, pushback, cleaning and catering, will help us better predict and prevent flight delays. During 2019 and 2020, cameras were installed at the aircraft stands at Gate E-19 on a proof-of-concept basis. In 2020, we equipped H-Pier with cameras; the next stage will involve fitting additional piers with cameras and sharing our findings from the Turnaround Insights pilot with airlines and our other partners.

Strengthening our technology partnerships

Schiphol is pursuing new strategic technology partnerships that have the potential to help us become more reliable, agile and digitalised. This year, we published and approved a European tender as part of our ambition to become an autonomous airport within the next four years. We have selected three technology partners to support us. In 2021, we expect to finalise these partnerships and extend our first mandates. Think Group is a new Schiphol Group principle that aims to promote closer collaboration between Schiphol and our regional airports with

Flight transfers made easier

The Short Connection Pass is a seamless and contactless method of managing transfer passengers. Introduced in 2020, this new solution speeds up the flight transfer process for passengers who have less than one hour to make their onward connection.

Self-service information – now in every language

In November 2020, we expanded the self-service units in the information zones at Schiphol Airport to include the 17 most widely spoken global languages. The units were installed in April 2019 and feature online channels and chat facilities. In addition to English and Dutch travellers, most passengers are now able operate the self-service units in their own language.

regard to technology and digitalisation. These closer working relationships will unlock economies of scale in the form of joint purchasing, knowledge sharing and the standardising of technology and data. In 2020, Think Group initiated a new IT and data collaboration, which has led to joint purchases of hardware and software, the centralisation of Schiphol's cyber security capabilities, and the sharing of knowledge and expertise through a 'buddy system'.

Airport capacity

Ensuring Amsterdam Airport Schiphol has sufficient capacity to keep up with demand and provide a safe and efficient quality airport experience has become increasingly challenging in recent years. In response, Schiphol Group is undertaking a series of investments to support our short- and long-term capacity needs. Various large-scale infrastructure projects are in progress, including efforts to expand Schiphol's landside roads and utilities, as well as the construction of a new pier, the redevelopment of Terminal 1 and the doubling of taxiway Quebec. Despite the COVID-19 pandemic, work on these projects continued throughout 2020.

The expansion and redevelopment of Schiphol will continue over years ahead as we look to add new physical capacity to the airport, improve quality and further optimise our processes. Driven by the impact of COVID-19, we began a reassessment of the largest investments scheduled before the pandemic, resulting in a new Mid-Term Plan for Schiphol.

Master Plan

Looking further ahead, we are exploring options for the smart and sustainable development of our airport, as well as several landside accessibility initiatives, of which the progress made on development of the extension of the North-South metroline to Schiphol (and Hoofddorp) is the most important. This extended metroline 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. Our Master Plan defines our vision of the airport of the future, taking into account developments and innovations in aviation and mobility 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, safety and security.

Mid-Term Plan

Due to the strict financial constraints now facing our Group as a result of COVID-19, a reassessment of Schiphol's scheduled investments is required to establish priorities and minimise capital expenditure. A new high-level Mid-Term Plan (MTP 2030) is being developed, which outlines the updated development direction for 2021-2030. The plan is based on a set of recovery scenarios, by reassessing their necessity, scope, timing and phasing.

The new A-Pier

The new pier and terminal

In 2020, we made further progress in developing the new pier at Amsterdam Airport Schiphol (the A-Pier). With the façade complete, work has continued on the pier's interior: escalators and travellators have been installed and work on the mechanical, electrical and plumbing has progressed. The corridor between the existing B-Pier and the new pier, known as the AB link, is also largely completed, though the refurbishment of the pier's internal areas was postponed due to the COVID-19 outbreak. The new pier will accommodate large and medium-sized aircraft. This will provide a much-needed boost to Schiphol's capacity and will help meet growing demand for new aircraft stands, and gates in particular, once passenger volumes return to pre-pandemic levels. Additional stands for large aircraft will be added to the pier at a later stage. Work on the new Schiphol terminal has been postponed due to COVID-19.

Redevelopment of Departure Hall 1 and Departure Lounge 1

The redevelopment of Departure Hall 1 is well underway. In 2020, the new security filter with the first 10 new security lanes equipped with CT scanners was opened on the mezzanine floor. Passengers travelling without check-in baggage can now directly access the mezzanine through the new no-bag route, freeing up a lot of space at check-in and bag-drop, as well as in the waiting areas. Departure Hall 1 will be completed in the summer of 2021. Furthermore, the renovated KLM Crown Lounge Europe was reopened and the new food & drink outlets and meeting rooms on the third floor have been completed. We also finished the design for the entire renovation of Departure Lounge 1. The timing of construction will be decided upon as part of the review of the investment portfolio.

Additional aircraft stands

In 2020, Schiphol continued to extend, renovate and upgrade its remote-handling positions for both wide-body and narrow-body aircraft. The Uniform platform has been extended with three new wide-body buffering positions. This brings the total number to ten, with two more positions to be added during the next phase. Schiphol also began the modification of the A-Platform to accommodate larger regional aircraft. The platform will accommodate the first category 4 aircraft handling at three stands, increasing to 11 category 4 stands in the years to come. We plan to extend the Sierra Platform at Schiphol East in the future by adding three more positions for cargo aircraft.

Doubling taxiway Quebec
In 2020, we began constructing a new viaduct for an additional taxiway Quebec, as part of our Safety roadmap, which will complete the dual taxiway system to and from Schiphol's runways. To enable construction to begin, we needed to relocate an advertising column, and to demolish several buildings on the Snipweg and Pelikaanweg roads and relocate the occupants. The demolition has been completed and work has begun on the viaduct and new taxiway. We are collaborating with various stakeholders to complete this complex project. The next phase will require further relocation of buildings, though this will be delayed due to reductions in capital expenditure. Several safety assessments prove that this delay has no negative safety consequences for the near future, also given anticipated lower traffic volumes during the coming years.

Customer appreciation

Schiphol aims to be one of Europe's top three hub airports by 2025. This is measured by the Airport Service Quality (ASQ), which compares quality perception levels of medium-to-large hub airports in Europe. By participating in the ASQ survey, Schiphol compares itself with eight other European hubs: Charles de Gaulle Airport (CDG), Copenhagen Airport (CPH), Frankfurt Airport (FRA), Istanbul Airport (IST), London Heathrow Airport (LHR), Madrid Barajas Airport (MAD), Munich International Airport (MUC) and Zurich Airport (ZRH). Because the majority of hubs did not participate in 2020 (or at least not for the full year), no reliable comparison can be made for this year.

In 2020, Amsterdam Airport Schiphol received various distinctions. We received the award for Best Airport in Western Europe and the best website and digital services at the Skytrax World Airport Awards. Schiphol was also voted Best European Airport by the readers of Business Traveller UK for the 31st consecutive year, Best Airport in Europe by Global Traveler for the 3rd consecutive year, received the Canadian Agents' Choice award as Favourite International Airport for the 16th consecutive year, and was named Best Airport-Europe 2020 at the Asian Freight Logistics and Supply Chain Awards. In December, Schiphol was selected as Favorite Airport in Europe by readers of Trazee Travel.

Passenger experience
The COVID-19 pandemic has had a direct impact on the passenger experience and hence appreciation, as emphasis has shifted from experience and comfort to safe and responsible travel. Despite the pandemic, we were able to reach our 2020 Net Promoter Score (NPS) target of at least 38 (before the pandemic, our score was between 37 and 38). Our Net Promoter Score over 2020 was 39. Due to significantly reduced passenger numbers, we did not carry out any measurements in April, May and June.

Our NPS is based on three passenger journeys: the OD (Origin and Destination) Departure, the Transfer and the Arrival. Important drivers such as ambience, ease of wayfinding, hygiene, feeling in control and information provision remained at a good level.

With less crowding in the Schiphol terminal and the care extended to ensure safe travel and hygiene measures, in 2020 we saw improvement in many important drivers of passenger appreciation, namely clarity in the terminal, waiting times for passport control, security and baggage reclaim, comfort at the gates, friendliness of staff and hygiene of toilets. Parking appreciation increased, due to a better value for money perception. As a result, the OD departure process was on target and the NPS of the arrival process was one point above target.

The Transfer process NPS was one point under target, with room for improvement in waiting times, friendliness of staff at security, ease of making connections, the range of shops and the bus transport between aircraft and terminal.

All Dutch airports use customer experience surveys to monitor passenger experience.

Airline customer satisfaction
We receive our customer feedback from channels such as account conversations, quarterly meetings, surveys and journey mapping. This gives us insights into how we can improve our customer experience. After the power failure in the summer of 2019, our airline partners indicated that our communication was lacking. In 2020, we invested heavily in communication and online engagement. Knowing that the unpredictability of the pandemic is particularly hard for airlines, we have kept our partners informed about developments and measures in our operations as well as market trends and forecasts. We also offered relief in the airport charges, and we celebrated small successes with a warm welcome back to airlines. Our dedication and communication were recognised in our October 2020 customer satisfaction survey.

In 2021, we will continue to pay more attention to our internal accountability and effectiveness so we can keep making a difference to our customers. Airport efficiency is an important driver for our airline customers, and our goal is to improve the performance of essential airport services. Our customers expect us to act faster and better take responsibility, take control and take customer needs into account. Customer insights show that there is room for improvement here. The adjustment of our reorganisation, Project Reset, will help us develop into a more decisive and efficient organisation with a clear responsibility for the customer journey, which should also improve airline satisfaction.

Real estate tenant satisfaction
Schiphol Real Estate (SRE) conducts an annual survey to ask our tenants how statisfied they are with the workspaces, services and facilities we provide. In 2020, the survey was not carried out. The 2021 survey will focus on the guidance provided to tenants during the pandemic. We have taken steps to carefully implement 'the 1.5-metre society' in our buildings, including by introducing floor markings, information posters and hand gel dispensers. We have also agreed a payment plan with our tenants in response to the pandemic.

Financial performance

Schiphol Group is adapting to COVID-19 by reducing operational expenses and taking steps to ensure health and safety. Despite the pandemic, we continue to prioritise quality of service, together with sustainability and innovation. In 2020, we took advantage of reduced air traffic to accelerate construction projects, including the redevelopment of Departure Hall 1, while others, such as the new terminal, have been postponed.

In 2020, Royal Schiphol Group's net result decreased to a loss of 563 million euros (2019: profit of 355 million euros). This was due to the significant impact of COVID-19 on our business and the aviation industry as a whole, including a sharp decline in the number of passengers and air transport movements (ATMs). Market developments in the real estate sector were also negatively affected, which led to a decrease in the fair value of Schiphol's real estate portfolio and, as such, a loss on other results from investment property of 64 million euros (compared with a gain of 113 million euros in 2019). Schiphol Group has received advanced payments for the NOW 1, NOW 2 and NOW 3.1 government grants (Noodmaatregel Overbrugging Werkgelegenheid; temporary governmental compensation for labour costs). When adjusting the results of the investment property (mainly non-cash fair value losses) and several other one-off results (including NOW government grants), the underlying net result for 2020 is a loss of 499 million.

Revenue

Revenue decreased by 927 million euros (57%), falling from 1,615 million euros in 2019 to 688 million euros in 2020. Lower revenue was mainly driven by the significant drop in passenger numbers and ATMs as governments worldwide introduced travel restrictions to prevent the spread of COVID-19. The total number of passengers using Schiphol Group's airports decreased by 70.9% to 23.5 million (2019: 80.5 million).

Revenue from airport charges is generated by Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport. In 2020, revenue from airport charges at Amsterdam Airport Schiphol decreased by 68% to 293 million euros (2019: 908 million euros). This is attributable to the decrease in passenger numbers. Pursuant to the Aviation Act, Schiphol Group can settle surplus income from specified income and expenses with the industry.

The number of ATMs at Amsterdam Airport Schiphol decreased from 496,826 in 2019 to 227,304 in 2020. Cargo volumes fell by 8.2% compared with 2019 to 1.44 million tonnes (2019: 1.57 million tonnes).

Passenger numbers at Eindhoven Airport decreased by 69% to 2.1 million in 2020, and the number of ATMs declined by 54% compared with 2019 to 18,882. Revenue from airport charges decreased by 64% to 12.4 million euros. The number of passengers served by Rotterdam The Hague Airport fell by 77% to 0.5 million, while the number of ATMs decreased by 68% to 5,314. These negative developments led revenue from airport charges at Rotterdam The Hague Airport to decrease by 72% to 8.2 million euros.

The total revenue generated by Schiphol Group through concessions decreased by 69% to 68 million euros in 2020. This was mainly due to the reduction in passenger numbers at Amsterdam Airport Schiphol as well as our regional airports. The average retail spend per departing passenger at Amsterdam Airport Schiphol increased by 4.3%, from 12.90 euros in 2019 to 13.45 euros in 2020, due to a different passenger mix compared with the pre-COVID period. The average spend per departing passenger on food and beverage slightly decreased from 4.89 euros to 4.85 euros (a decrease of 0.8% compared with 2019). Total revenue from rents and leases rose by 1.2% to 173 million euros. This increase is mainly attributable to new lease contracts and higher occupancy rates. Schiphol's commercial real estate occupancy rate in 2020 was 95.0% (2019: 91.5%). Total parking revenue decreased by 59.0% to 53 million euros. The decrease in parking revenue at Amsterdam Airport Schiphol by 62 million euros was attributable to reduced numbers of passengers while parking from tenants remained largely consistent. The decline in passenger numbers at Eindhoven Airport and Rotterdam The Hague Airport led parking revenues outside Amsterdam Airport Schiphol to decrease by 15 million euros compared with 2019. Other revenue decreased by 28 million euros, primarily driven by a decline in passengers with reduced mobility.

Revenue

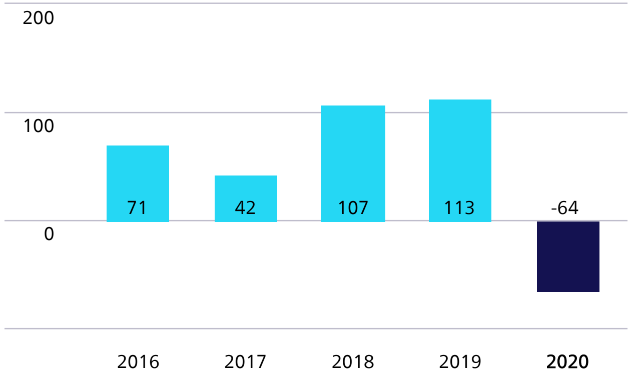
EUR million	2020	2019	%
Airport charges	314	972	-67.7
Concessions	68	217	-68.7
Rent and leases	173	171	1.2
Parking fees	53	130	-59.0
Advertising	12	20	-39.7
Services and activities on behalf of third parties (incl. ST)	15	24	-37.4
Other	53	81	-34.8
Net Revenue	**688**	**1,615**	**-57.4**

Other income and results from investment property

In line with the market developments in 2020, the valuations on investment properties indicate a decline in fair value. The COVID-19 pandemic resulted in unfavourable and uncertain market conditions which led to an increase in the yields and decrease in market rent, causing a decrease in the value of the real estate portfolio of 64 million euros in 2020 (2019: gain of 113 million euros). This decrease is attributable to commercial office buildings. The market developments in the logistics portfolio were stable or slightly positive.

Fair value gains and losses on the real estate portfolio

(EUR million)



Operating expenses and Depreciation & Amortisation

Operating expenses decreased by 209 million euros; from 1,039 million to 830 million euros in 2020. The decrease in operating expenses was driven by various cost saving actions, which were implemented throughout the company to mitigate the steep revenue decline as much as possible. The operating expenses 2020 also included some one-offs, such as the 112 million euros of government support ('Noodmaatregel Overbrugging Werkgelegenheid') and a restructuring provision of 63 million euros. The restructuring follows the new organisation structure to adapt to the economic environment and enable 'building back better'.

Outsourcing and other external costs decreased to 475 million euros in 2020 (2019: 605 million euros), primarily as a result of decreased operational costs due to lower traffic and the downsizing of operations.

Employee benefits include the NOW government grant contributions of 112 million euros and the reorganisation provision of 63 million euros. Excluding these effects, employee benefits increased by 6 million euros, mainly due to higher number of FTE partly offset by not granting the variable bonuses over the results 2020. Total workforce costs, including hired employees, decreased by 14 million euros compared with last year as total workforce costs decreased due to savings actions and downsizing the operation.

Security costs were 42 million euros lower than the previous year, following the lower number of passengers leading to a minimised operation partly compensated by additional surveillance to ensure adherence to the 1.5-metre distance requirements and other COVID-19-related measures.

Depreciation, amortisation and impairment increased by 30 million euros to 324 million euros in 2020. Depreciation is 11 million euros higher due to a higher asset base, impairments were 16 million euros higher and the additions to the doubtful debtors provision were 4 million euros higher.

Operating expenses

EUR million	2020	2019	%
Outsourcing and other external costs	475	605	-21.5
Employee benefits	200	242	-17.4
Security	155	197	-21.5
Other operating expenses	-	-6	>-100
Operating expenses (excl. Depreciation, amortisation and impairment)	**830**	**1,039**	**-20.1**
Depreciation, amortisation and impairment	324	294	10.4
Operating expenses	**1,154**	**1,332**	**-13.4**

Operating result

Operating result

EUR million	2020	2019	%
Aviation	-512	-7	>-100
Consumer Products & Services	16	206	-92.3
Real Estate	9	183	-95.3
Alliances & Participations	-43	13	>-100
Operating result	**-530**	**395**	**>-100**

The operating result decreased significantly in 2020 to a loss of 530 million euros, compared with a gain of 395 million euros in 2019.

The operating result from Aviation decreased by 505 million euros to an operating loss of 512 million euros in 2020 (2019: 7 million euros loss). The decrease in revenues of 649 million euros driven by the significant fall in air traffic due to the impact of COVID-19 are the main reason for the operating loss. The fall in revenue was not fully compensated by the decrease in costs as a large part of the expenses is fixed in the short term. We continued to invest in operational measures to improve health and safety for workers and passengers.

The operating result of Consumer Products & Services fell by 190 million euros in 2020, largely as a consequence of lower passenger numbers. Food & Beverage outlets and many retail stores closed their doors for a large period during the year because of limited passengers and as a health precaution for staff and passengers. Revenue decreased by 208 million euros to 141 million euros in 2020 (a 59% decrease compared with 2019).

The operating result from Real Estate decreased by 174 million euros to 9 million euros in 2020 (2019: 183 million euros). When adjusted for fair value losses on investment property, the operating result from Real Estate increased by 3 million euros in 2020, mainly due to the increase in revenue and cost savings.

The operating result for Alliances & Participations decreased by 56 million euros mainly due to a decrease in revenue of the domestic airports driven by the negative impact of COVID-19.

Financial income and expenses

Net financial income and expenses increased by 8 million euros to 92 million euros in 2020, mainly due to the higher number of borrowings and the conversion of the redeemable preference shares held in Hobart International Airport (TGHC) to interest-bearing and interest-free loan notes.

Share in results of associates

The share in the results of associates decreased from 127 million euros positive in 2019 to a loss of 107 million euros in 2020. The decrease in the share in the results of associates was mainly driven by a decrease in our international activities, which were also impacted by the flight restrictions due to COVID-19 combined with impairments on their subsidiaries, which only is related to Groupe ADP, and additions to provisions.

Share in results of associates

EUR million	2020	2019	%
Groupe ADP	-101	61	>-100
Brisbane Airport Corporation Holdings	-12	34	>-100
Hobart International Airport (TGHC)	2	-	100.0
Other results of associates	3	33	-90.7
Result of associates	**-107**	**127**	**>-100**

Corporate income tax

Corporate income tax amounted to 162 million euros income in 2020, compared with 76 million euros payable in 2019. The negative financial results provide us with a tax benefit, as the losses can be compensated by future benefits. In 2020, the tax burden was lower than the domestic income tax rate of 25%. The lower tax burden was mainly attributable to the application of the participation exemption to the results of associates and joint ventures. The effective tax benefit for the 2020 financial year is 22.2%. The lower effective tax benefit is also attributable to the aforementioned application of the participation exemption.

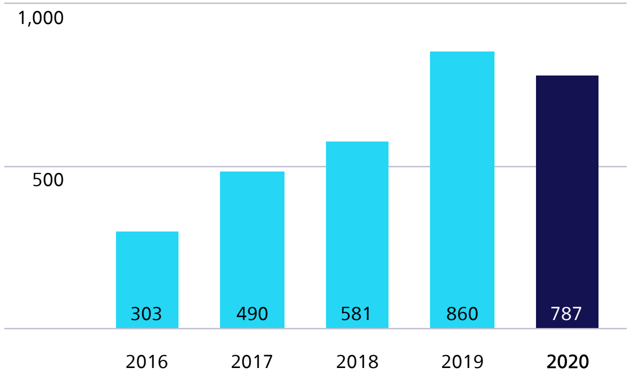
Net result

As a result of the developments mentioned above, the net result for 2020 decreased by 918 million euros to negative 563 million euros (2019: 355 million euros). The return on equity (ROE) amounted to negative 13.8% in 2020 (2019: 8.3%).

Investments

In 2020, Schiphol invested 787 million euros, a decrease of 9% compared to 2019, as a result of managing the investment portfolio following the COVID-19 pandemic. The 2020 capital expenditures include the acquisition of strategic land positions. Excluding these items total capital expenditures decreased 21% compared to 2019 and approximately 25% compared to original plans.
The most significant investment in 2020 are:
- development of the new pier;
- redevelopment of Departure Hall 1;
- execution of the multi-year maintenance plan at airside and in the terminal;
- acquisition of strategic land positions;
- upgrading piers; and
- completion of the dual taxiway system.

Schiphol Group investments
(EUR million)



Movement in the consolidated statement of financial position

Schiphol Group's balance sheet total increased by 19% to 9,280 million euros (2019: 7,797 million euros). Total equity decreased by 595 million euros to 3,777 million euros, largely due to the accumulated 2020 financial year losses of 568 million euros. No dividends were paid during 2020.

Non-current assets increased by 406 million euros to 7,852, mainly within assets used for operating activities (+115 million euros) and assets under construction or development (+334 million euros due to high capital expenditure) and investment property (-65 million euros due to a decrease in fair values, -15.4 million euros due to impairments and +45 million euros net capital expenditure).

Current assets increased by 1,078 million euros compared with 2019, largely as a result of an increase in cash and cash equivalents (including deposits) of 1,068 million euros. The increase is mainly due to cash generated from (green) bonds issued by Schiphol Group for an amount of 1,950 million euros. Of this total amount received, 470 million euros are held in bank deposits, 525 million euros in short term money market investments and 111 million euros was used to repay loans. The financing was raised to secure sufficient access to liquidity in order to fund investments and to cope with the COVID-19 impact on the financial performance of the group.

Cash flow developments

In 2020, cash flow from operating activities decreased by 680 million euros to an outflow of 157 million euros. This was due to the negative operating result as a consequence of the COVID-19 pandemic.

Total cashflow from investing activities amounted to an outflow of 1,292 million euros in 2020, compared with an outflow of 782 million euros in 2019. Net cash flow from operating and investing activities – free cash flow – amounted to an outflow of 1,449 million euros in 2020, compared with an outflow of 259 million euros in 2019. In addition, due to the significant cash inflow coming from financing activities, Schiphol invested 470 million euros in deposits.

Cash inflow from financing activities amounted to 2,048 million euros (2019: 27 million euros inflow), mainly as a result of 2,075 million euros in net new financing (balance of repayments and borrowings). Net cash flow in 2020 amounted to an inflow of 598 million euros (2019: 232 million euros inflow) as a result of the aforementioned negative developments in the operating result and positive cash flow from financing activities. Consequently, the net cash balances increased from 155 million euros at the end of 2019 to 753 million euros at end-2020.

Financing

The total amount of outstanding loans and lease liabilities rose by 2,081 million euros in 2020 to 4,866 million euros (2019: 2,785 million euros). The increase was mainly the result of 1,950 million euros in (green) bonds issued as part of the Euro Medium Term Note (EMTN) programme during April and September 2020 to secure sufficient access to liquidity for investments and manage the impact of COVID-19 on Schiphol's financial performance. It is possible at present to raise funds of up to 4.0 billion euros under our EMTN Programme, of which 3,870 million euros has been issued.

In addition, Schiphol Group has a Euro Commercial Paper (ECP) programme with a current limit of 1 billion euros. Schiphol Group also has a number of committed undrawn facilities exceeding 1 billion euros with BNP Paribas, ABN Amro, ING, Natwest Markets, BNG, EIB, SMBC and Rabobank. Of these facilities a total amount of 400 million euros have been put in place for a short period of time as a response to COVID-19 and are expected to mature in 2021. The solid financing position provides Schiphol with significant access to liquidity in order to cope with the negative impact of COVID-19 on the business as a whole.

Ratios

The most important financing ratios set out in our financing policy are the leverage ratio, FFO/total debt and FFO/interest coverage ratios. Funds From Operations (FFO) relates to cash flow from operating activities adjusted for operating working capital. In 2020, FFO decreased from 536 million euros to139 million euros negative. The FFO/total debt ratio reached 3.0% negative at the end of 2020, compared with 19.2% at the end of 2019.

The FFO/interest coverage ratio in 2020 was 0.58x negative, a decrease from the 7.5x recorded in 2019. 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 2020 financial year, Schiphol group's leverage ratio (interest bearing debt to total equity plus interest bearing debt) stood at 56.3% (2019: 38.9%).

Economic regulation

Schiphol's income is differentiated between regulated and non-regulated flows in what is known as a (hybrid) dual-till system. Rates for aviation activities at Amsterdam Airport Schiphol and Eindhoven Airport are regulated, the other regional airports are not regulated. The amounts Schiphol can charge are restricted to the costs associated with primary airport operations including security and related infrastructure.

Under the current Aviation Act, which took effect on 1 July 2017, Schiphol's charges are set every three years. The first three-year charge period covers 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.

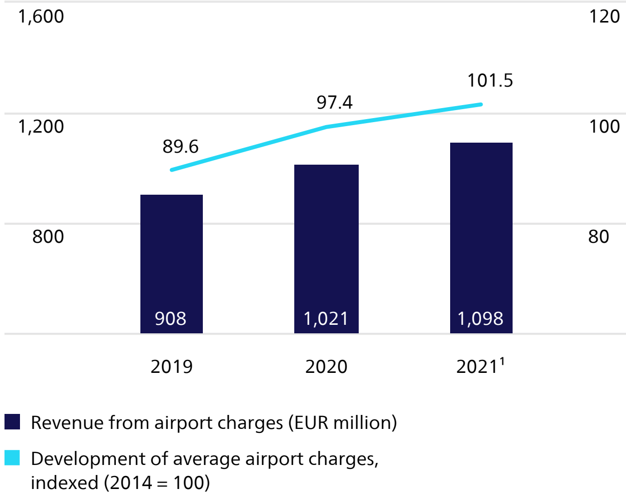
The return on aviation assets, the regulatory asset base, has been capped at the regulated weighted average cost of capital (WACC) determined for the three-year period, on which the 10-year interest rate on Dutch government bonds has a considerable impact. This means Schiphol Group's return on aviation investments depends on the general development of the interest rate. For the 2019-2021 charges period, the regulated WACC is 2.71% (after tax).

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

Airport charges 2019-2021

After consultation with the airlines, the charges for the first three-year period 2019-2021 were set on 31 October 2018, to come 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, which is a consequence of necessary investments and operational costs to accommodate envisaged passenger growth. The airport charges relate to the agreed turnover (charges) which was based on the consulted volume that was determined in 2018. Lower traffic is resulting in less turnover (airport charges) which is causing a difference in the settlement.

Consulted airport charges (2019-2021)
(EUR million)



1 Charges for 2021 can be subject to changes due to settlements of 2019 results, in line with aviation regulation.

The average increase of 7.9% annually for 2019-2021 includes 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 (airport and governmental) and parking charges. The charges are adjusted every year based on settlements of the previous year. Schiphol set the (adjusted) charges for 2021 on 30 October 2020. As a result of the 2019 settlement, the charges for 2021 will increase by 5.0% instead of 4.2%.

COVID-19 and relief measures

In response to the COVID-19 crisis, Schiphol has, in its airport charges, taken various actions to support the airlines. The costs of these measures are fully for Schiphol's account and will not be settled afterwards. The following measures were taken in 2020:

- From 1 April 2020 until the end of June 2020, Schiphol did not invoice the charges increase as consulted on 31 October 2018 (and adjusted on 31 October 2019);
- From 1 April 2020 until 1 January 2021, Schiphol extended the payment terms to 60 days;
- From 1 April 2020 until 1 July 2020, Schiphol did not invoice parking charges for aircraft;
- From 1 July 2020 until 1 January 2021, Schiphol applied a discount of 25% on landing and take-off charges;
- From 1 July 2020 until 1 January 2021, Schiphol applied payment discounts for payments within 30 days (-/- 3%) and payments within 45 days (-/-2%);
- From 1 October 2020 until 1 January 2021, Schiphol applied a discount of 50% on parking charges.

Measures put in place by Schiphol in 2020 to support airlines in 2021 are:

- From 1 January 2021 until 1 April 2021, Schiphol applies a discount of 12,5% on landing and take off charges;
- From 1 January 2021 until 1 April 2021, Schiphol applies payment discounts for payments within 30 days (-/- 2%) and payments within 45 days (-/-1%) and continues to apply a discount of 50% on the parking charges;
- The airport charges increase of 5.0% provided for 2021 (effective 1 April 2021) will not be invoiced for six months (from 1 April 2021 until 1 October 2021).

Dutch aviation tax

An aviation tax of 7.845 euros per departing passenger is levied as of 1 January 2021.
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 in 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	2020	2019	%
Total revenue	321	969	-66.9
Operating expenses	616	772	-20.2
EBITDA	**-295**	**197**	**-249.6**
Depreciation	217	204	6.1
Operating result	**-512**	**-7**	**7141.1**
Average fixed assets	3,185	2,796	13.9

	Aviation			Security		
EUR million	2020	2019	%	2020	2019	%
Total revenue	217	618	-64.9	104	352	-70.4
Operating expenses	377	472	-20.1	238	300	-20.5
EBITDA	**-161**	**145**	**-210.7**	**-134**	**52**	**>100**
Depreciation	169	163	3.2	48	41	17.6
Operating result	**-330**	**-18**	**-1714.1**	**-182**	**11**	**>-100**

Direct destinations from Schiphol **316**

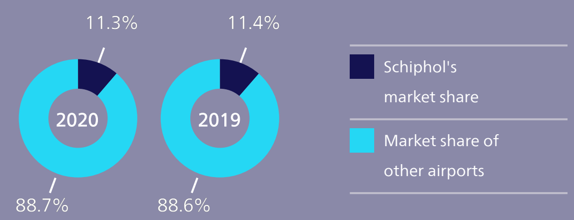
2019: 332

IR rate for baggage handling (amount of baggage items delayed per 1.000 passengers) **5.4**

2019: 16.9

Schiphol's market share in passenger volume

in Top-10 European airports



Punctuality of air transport movements

(%)

Aviation (continued)

Operating result

The COVID-19 pandemic had a large impact on the operating result from Aviation, wihich in 2020 decreased from a loss of 7 million euros in 2019 to a loss of 512 million euros. Revenues decreased by 649 million euros, mainly due to the significant decline in passenger volumes and air transport movements (ATMs).

Expenses decreased by 156 million euros due to a combination of factors, including a decrease in security and cleaning costs due to the decrease of (mainly departing and transferring) passengers, costs of outsourced work, the NOW government grant contributions, and adapting and improving to the current situation by implementing costs saving measures where possible.

Aviation has implemented support measures to business partners, such as providing discounts on charges, extending payment terms and discounts on early payments. With a regulatory WACC of 2.71% (after tax), the maximum allowed return on net assets is limited.

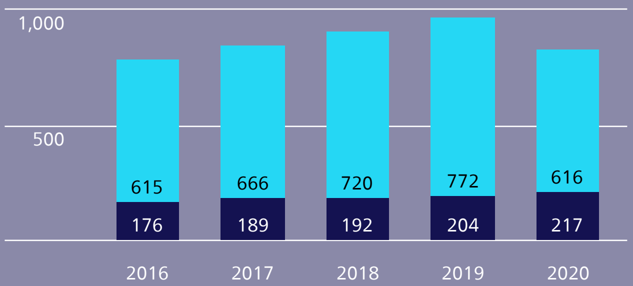
Adapting to the new reality

In the coming years the focus will be to reduce costs in relation to much lower (passenger) traffic while continuing to deliver value for money to all passengers and maintaining quality and performance. The biggest reductions in costs will be in decreasing future investments in capital expenditure as certain projects, such as the new terminal, have been postponed. Workforce costs will also be reduced in the near future due to the restructuring of Schiphol Group to adapt to the current economic environment and supporting "building back better". In addition to this maintenance costs and other external expenses were reduced, balancing lower costs levels with service levels.

This will enable recovery in the coming years with structurally lower costs.

Aviation business area costs

EUR million

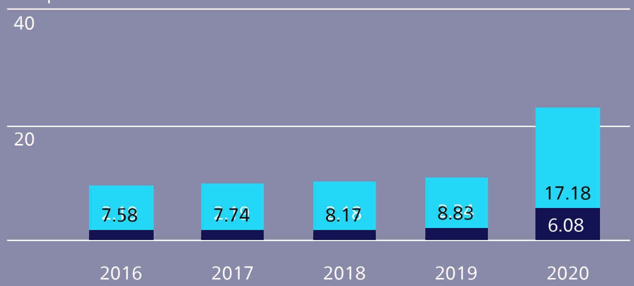


Depreciation & amortisation

Operating expenses (excl. D&A)

Costs per WLU (Aviation)

EUR per WLU



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	2020	2019	%
Total revenue	141	349	-59.6
Operating expenses	85	108	-21.7
EBITDA	**56**	**240**	**-76.6**
Depreciation	40	35	16.0
Operating result	**16**	**206**	**-92.3**
Average fixed assets	511	452	13.3

EUR million	2020	2019	%
Concessions	55	188	-71.0
Parking fees	43	105	-59.0
Rents and leases	16	19	-12.7
Advertising	11	19	-40.1
Other revenues	15	17	-11.2
Total revenue	**141**	**349**	**-59.6**

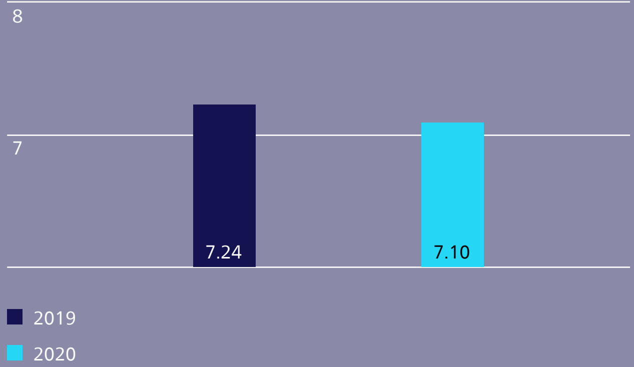
Spend per passenger on airside at Schiphol

€ 18.30

2019: € 17.79

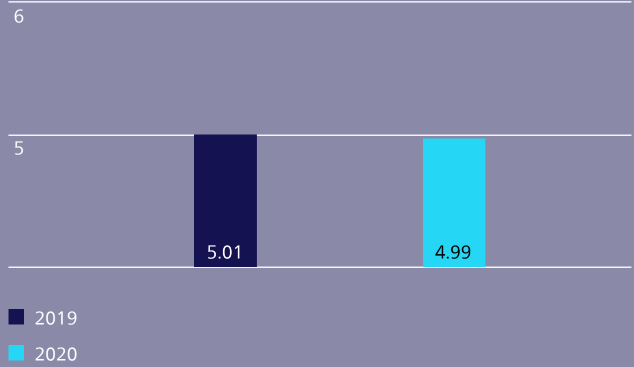
Public parking revenue per arriving passenger

(EUR per arriving passenger OD/NL)



Concession income

(EUR per departing passenger)



Consumer Products & Services (continued)

Operating result

In 2020, the operating result from Consumer Products & Services decreased significantly by 190 million euros, as well as concessions ,due to the fall in passenger numbers. Food & Beverage outlets and shops on both land and airside were closed for long periods during the year. Spend per passenger is 18.30 euro, which is slightly higher than in 2019.

Public parking and car rental concessions also showed a lagre decline. At the end of 2020, P4 basic parking facilities were made available for the operation of an 'XL' COVID testing location, followed by a vaccination centre in January 2021.

Operating expenses decreased by 23 million euros, mainly as the result of lower commercial expenses, outsourcing and passenger numbers.

We have put huge efforts to collaborate with all our business partners to navigate this unprecedented situation. Support is being provided by agreed payment plans. Priority during 2020 was to ensure that safe and hygienic working practices are in place in the buildings, including floor markings, informative posters and hand gel dispensers. We also paid close attention to technical building installations to ensure a safe and comfortable environment.

Making time valuable

Our guests remain the central focus of everything we do; we aim to make their stay a the airport a safe and pleasant one. We keep our eyes open for new forms of mobility and digital innovations to enhance the customer experience. One of the hightlights of 2020 is the opening of the new Privium ExpressLounge for Schengen passengers on the D Pier.

Spend per departing passenger at Schiphol (in EUR)

	2020	2019	Growth
Retail airside	13.45	12.90	4.1%
Food & beverage airside	4.85	4.89	-0.9%
Total	**18.30**	**17.79**	**2.8%**

Number of outlets at Schiphol

	Airside	Schiphol Plaza
Food & beverage	71	28
Retail	106	39
Services	19	8
Total	**196**	**75**

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

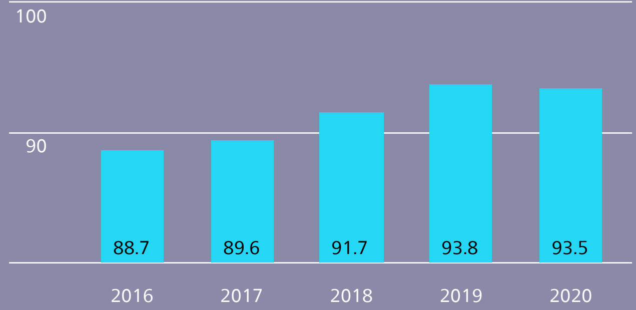
EUR million	2020	2019	%
Total revenue	194	188	3.2
Other income and results from investment property	-64	113	>-100
Operating expenses	68	92	-26.3
EBITDA	**61**	**209**	**-70.6**
Depreciation	37	23	59.6
Impairment (incl. reversals)	16	2	>-100
Operating result	**9**	**183**	**-95.3**
Average fixed assets	2,271	2,209	2.8

EUR million	2020	2019	%
Investment property: buildings, including service charges	93	91	1.4
Investment property: land	35	32	8.3
Operating property, including service costs	54	51	5.8
Other	12	14	-11.0
Total revenue	**194**	**188**	**2.9**

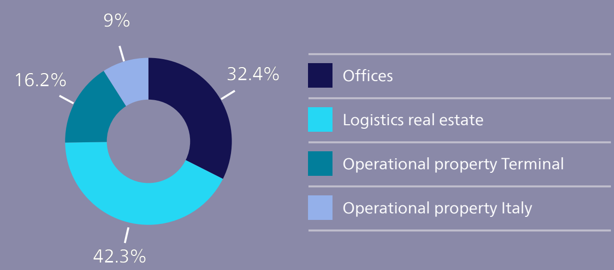
Real Estate average physical occupancy rate **95.0%**

2019: 91.5%

Average occupancy rate of offices
(%)



Real estate portfolio per category
(% of total real estate portfolio of 673,066 m²)



Real Estate (continued)

Operating result

The operating result from the SRE business area decreased by 174 million euros in 2020, to 9 million euros. When adjusted for other income and results from investment property (64 million euros negative in 2020 compared with 113 million euros positive in 2019), the operating result increased by 3 million euros. Market developments in the real estate sector were negatively affected by the COVID-19 pandemic, which led to a decrease in the fair value of Schiphol's real estate portfolio . Due to long term contracts, effects of the pandemic are not shown yet on the occupancy levels as it reached historic highs during 2020 with an average occupancy level of 95% (2019: 91.5%) achieved across Schiphol’s total commercial and operational real estate portfolio. This is also reflected in total rental income, which rose by 3.2%. EBITDA decreased as a result of the 64 million euros fair value loss. Operating expenses decreased by 24 million euros due to slightly lower service costs and stricter measurements which were put in place to reduce costs as part of cost management. The majority of the impairment of 16 million euros relate to an impairment to the amount of 14 million euros on land positions held for future development at Schiphol Oost.

SRE supported the commercial and cargo tenants during the COVID-19 pandemic by introducing measures to ensure safe and hygienic working practices in all buildings.

Schiphol has also agreed on a payment plan with the tenants to help manage the financial impact of the pandemic.

Commercial real estate

SRE achieved an average occupancy of 93.5% in 2020 (2019: 93,8%) for the commercial real estate portfolio. Schiphol began a major renovation of the A tower of The Base. The building's office spaces and communal areas are being upgraded, including the installation of a new climate control system and sustainable LED lighting. Energy-efficient installations will enable energy savings to enable The Base to achieve an 'A' for energy performance.

Logistics real estate

Schiphol’s logistics real estate portfolio consists of first- and second-tier warehouses. In 2020, the average occupancy rate across the logistics portfolio was 98,5% (2019: 94,7%). This is as a result of an increase of 5,893 leased square metres in comparison with 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. With an occupancy of 91% (2019: 86%), the terminal offices contributed 61 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 29 million euros on an annual basis.

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.

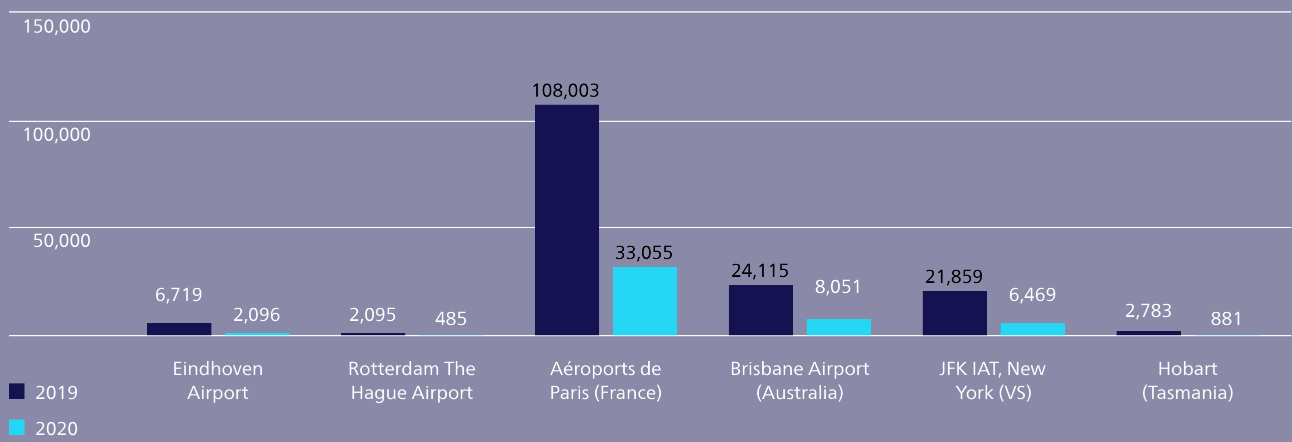
Alliances & Participations

EUR million	2020	2019	%
Total revenue	131	206	-36.2
Other income and results from investment property	-0	-0	>-100
Operating expenses	144	165	-12.6
EBITDA	**-13**	**41**	**-131.2**
Depreciation	30	28	7.7
Operating result	**-43**	**13**	**-430.6**
Share in result of associates, including interest income	-103	102	-200.9
Average fixed assets	1,557	1,435	26.3

	Regional airports		International airports		Other activities		Total	
EUR million	2020	2019	2020	2019	2020	2019	2020	2019
Revenue	39	108	11	12	81	86	131	206
Operating result	-47	12	5	6	-1	-4	-43	13
Share in result of associates	-	-	-110	95	-	-	-110	95
Interest income	-	-	6	7	-	-	6	7
Total result	**-47**	**12**	**-100**	**108**	**-1**	**-4**	**-147**	**115**
Average asset base	313	284	1,153	1,073	91	78	1,557	1,435

Number of passengers

(x 1,000)



Alliances & Participations (continued)

The total result for Alliances & Participations amounted to a loss of 141 million euros in 2020. The decrease of 256 million euros compared with 2019 was due to the negative impact of COVID-19 on the results of the regional and international airports.

Regional airports

In 2020, Eindhoven Airport's operating result decreased with 33 million euros to a loss of 14 million euros as a result of a 69% decline in the number of departing passengers. Rotterdam The Hague Airport's operating result also fell by 23 million euros to 16 million euros amid a 77% decline in the number of departing passengers.

Lelystad Airport's operating loss was 9 million euros, a decreased of 0.8 million euros compared with 2019.

International airports

Groupe ADP's negative contribution to Schiphol's financial results was 101 million euros in 2020 (2019: positive 61 million euros). When adjusted for fair value gains or losses (equivalent to 4.5 million euros loss in 2020 and 14 million euros gain in 2019), the operating result decreased by 162 million euros. Brisbane Airport's contribution to Schiphol's financial results decreased to a loss 4 million euros in 2020 (2019: 42 million euros). JFK's contribution to Schiphol's financial results decreased to 4 million euros. Hobart Airport contributed a result of 2 million euros. This includes the adjustment to the fair value of the interest-free loan notes (7 million euros) in the investment carrying amount of THGC.

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 2020, Telematics' operating result remained constant at 1 million euros. The operating result for Schiphol Utilities fell from 3 million euros to a nill result.

Overhead allocated to all the three segments decreased from 17 to16 million euros to million euros.

Total result of regional airports (EUR million)

	2020	2019
Eindhoven Airport	-14	19
Rotterdam Airport	-16	7
Lelystad Airport	-9	-8
Allocation of overhead	-10	-7
Total result	**-48**	**12**

Total result of international airports (EUR million)

	2020	2019
Groupe ADP, Paris	-101	61
Brisbane Airport	-4	42
JFKIAT, New York	4	6
Hobart International Airport	2	1
Allocation of overhead	-2	-2
Other	0	-1
Total result	**-100**	**107**

Total result of other activities (EUR million)

	2020	2019
Schiphol Telematics	1	1
Utility services	0	3
Allocation of overhead	-2	-8
Total result	**-1**	**-4**

Our regional airports

Eindhoven Airport

Key figures	2020	2019	change
Number of passengers	2.1 million	6.7 million	-68.8%
Direct destinations	79	89	-10
Air transport movements	18,882	41,438	-54.5%
TPI CO_2	4.3 kt CO_2	6.4 kt CO_2	-33%
TPI Net Safety Score	98.4	-	-
TPI On-time performance	86.8%	69.4%	+17.4%
TPI Net promoter score[1]	41	26	+15
TPI Employee promoter score	25	14	+11
LTIF	0	0	-
Runway incursions	6	8	-2
Bird strikes per 10,000 air transport movements	7.9	11.6	-3.7
Percentage of operational waste separated[2]	19%	21.0%	-2%

1 Concerns average of the months in 2020 in which there was enough passenger traffic to measure the NPS
2 Including CAT1 aircraft waste

Like the other Schiphol Group airports, Eindhoven Airport spent 2020 adapting to COVID-19 and its consequences. The initial impact of the pandemic included the cancellation of flights to Northern Italy, quickly followed by a significant reduction of our flight schedule. Flight numbers fell by more than 95% during the peak of the first wave, though airlines continued to operate services to European countries that were still supporting commercial air travel. Flights to other destinations were reinstated after the restrictions were lifted, and the airport processed the same number of flight movements in July and August as it had done shortly before COVID-19 reached the Netherlands.

Eindhoven Airport continued to operate against a background of government measures and sector plans, as well as our own measures to provide a safe and responsible travel service for passengers. The measures were proactive and tailor-made for our airport. For example, from June, access to the airport terminal was limited to passengers and airport personnel. The terminal was temporarily opened to the general public in the autumn, presenting our retail and hospitality partners with an opportunity to improve sales.

While responding to the many day-to-day operational and financial challenges, we were able to maintain a long-term perspective. In 2019, Eindhoven Airport took a further step towards its objective to focus on quality over quantity by helping to make the Brainport region, in which it operates, a better place. In 2020, we sought to continue to add value to the region by focusing on connectivity, community engagement and innovation. Meanwhile, our focus on sustainability remained as strong as ever.

To strengthen its contribution to the development of the Brainport region, Eindhoven Airport has assumed four roles:

We are a connector
Despite the pandemic, Eindhoven launched new passenger destinations to Italy, Cyprus, Albania, Poland and the UK. The airport facilities were also expanded with a new self-service check-in and bag tag kiosks, and the meeting point for passengers with reduced mobility was redesigned.

We are a first-class gateway
2020 saw the opening of the redeveloped terminal forecourt, which includes Airport Boulevard. Furthermore, the permanent ‘Feel the Vibe at Eindhoven Airport’ exhibition was opened in collaboration with the Van Abbemuseum and the airport took part in the international GLOW Light Festival. We also expanded our partnership with PSV Eindhoven football club and embarked on a long-term partnership with social organisation ‘Samen voor Eindhoven’.


Eindhoven Airport

We are a good neighbour
Eindhoven has further demonstrated its commitment to improving the surrounding region by permanently removing night-time flights (defined as flights between 23.00 and 04.00) from its flight schedule. This coincides with the introduction of a new pricing policy that will come into effect in 2023 to encourage airlines to modernise their fleets. The airport also extended the freeze on flight movements (2020-2021) to 2022. Read more about all our community engagement efforts in Samen op de Hoogte.

We are an inspiring testing ground
In 2020, logistics company Vanderlande selected Eindhoven Airport as its innovation testing site. We also strengthened our partnership with Eindhoven University of Technology and became more actively involved in various innovation projects within Schiphol Group.

Read more at www.eindhovenairport.nl.

Lelystad Airport

Key figures	2020	2019	change
Air transport movements (general and business aviation)	76,955	97,387	-21.0%
TPI CO_2	0.5 kt CO_2	0.5 kt CO_2	-2%
TPI Net safety score	81	N/A	-

Under the 2008 Alders Agreement, Lelystad Airport is intended to serve as an overflow airport for Schiphol for non-mainport traffic. The airport will eventually accommodate up to 45,000 air transport movements (ATMs) a year, as part of a plan of steady, controlled growth.

Lelystad was due to open for commercial air traffic in November 2020, before being postponed for at least 12 months due to COVID-19. Subject to approval by the new parliament, the opening is now scheduled for November 2021 after which aircraft serving the airport will be able to access higher flight paths, reducing noise-disturbance. The opening is contingent on the amended Airport Decree and the approval of the air traffic distribution rules. A solution regarding the Council of State's ruling on the Integrated Approach to Nitrogen (Commissie-Remkes) is also required (see CO_2 and air quality). Lelystad Airport and the Ministry of Infrastructure and Water Management (I&W) have finished all formal preparatory work needed to fulfil these requirements in time for the proposed November 2021 opening date. In November 2020, Lelystad Airport applied to the Environmental Conservation Act for a nature conservation permit, completing the steps required for government approval.

Lelystad is fully prepared for commercial aviation. All necessary infrastructural work was completed in 2018 and 2019, including the installation of air traffic control services by Air Traffic Control the Netherlands (LVNL) and the Ministry of Defence's Air Force Command (CLSK). During 2020, airport staff and current general aviation airport users became familiar with the new air traffic control procedures as well as the new general aviation routes associated with the forthcoming commercial air traffic routes. 2020 saw the completion of facilities for the Royal Netherlands Marechaussee and Dutch border police in the passenger terminal, as well as the new airport fire station.

Preparatory work has also been undertaken to improve access to the airport via car and public transport. This includes the expansion of the A6 motorway and the creation of a new exit road, as well as the development of an e-bike route to and from the airport. A concession for an express rail link with Lelystad Centrum station has also been agreed, as well as a contract with Fastned to install rapid charging points for electric cars.

In 2020, Lelystad Airport registered 77,000 ATMs, a decrease of 21% from 2019. Though also linked to COVID-19, the decline was primarily due to the departure of the Martinair Flight Academy, which is now based at Groningen Airport Eelde. Since 1 January 2020, all notifications regarding noise-disturbance related to the airport are formally registered. The notifications are followed up by reports, which are then discussed with local residents. Lelystad also analyses the notifications to support the development of new noise-reduction measures.

Sustainability and community engagement

Lelystad Airport has been designed as a sustainable airport and been awarded 'Gold' category LEED certification. Sustainable construction methods were used to build the new terminal and to widen and lengthen the runway. The latter project resulted in saving 500 tonnes of CO_2 emissions. We aim to make the region energy-neutral or even energy-positive. To this end, we have partnered with the province of Flevoland, the municipality of Lelystad, the Zuiderzeeland water authority and Lelystad Airport Business Park to transform wastewater from aircraft and other sources into raw materials, which can be used to create renewable energy in the form of biogas or heat. Sourcing of a raw materials processing plant at Lelystad Airport Business Park is being investigated. Together with the province, the municipality, utility Liander, the Lelystadse Boer (a collective of 70 local farmers) and Lelystad Airport Business Park, we started an initiative to generate renewable energy and supply it to local users.


Lelystad Airport

Lelystad Airport participates in the Lelystad Challenge, an initiative that aims to improve the local environment and address important social issues. In December 2019, together with the province of Flevoland and the municipality of Lelystad, we signed the Cooperation Agreement for a Futureproof Airport Environment, which aims to explore opportunities and address bottlenecks in renewable energy, climate action, health, ecology and the economy.

Promoting local sustainable employment is one of Lelystad's core values, and the airport aims to hire at least 30% of its workforce from within a 30-kilometre radius. An additional 163 local jobs are being created during the construction phase of the airport and with the eventual opening to commercial air traffic. Lelystad is also working with Stichting Campus Amsterdam Lelystad Airport (SCALA) and the regional training centre, ROC van Amsterdam, to offer training initiatives and work placements at the airport or with its partner companies.

Read more at www.lelystadairport.nl.

Rotterdam The Hague Airport

Key figures	2020	2019	change
Number of passengers	**0.5 million**	2.1 million	-76.9%
Direct destinations	**36**	50	-14
Air transport movements	**5,314**	16,683	-68.1%
TPI CO_2	**3.8 kt CO_2**	5.2 kt CO_2	-26%
TPI On-time performance	**89%**	N/A	-
TPI Net promoter score	**47**	31	+16
TPI Employee promoter score	**13**	11	+2
Net safety score [1]	**4.4**	N/A	-
LTIF	**0**	0	-
Runway incursions	**8**	10	-2
Bird strikes per 10,000 flight movements	**1.2**	4.8	-3.6
Percentage of operational waste separated [2]	**37.8%**	37.7%	+0.01%

1 The net safety score of Rotterdam The Hague Airport concerns the number of runway incursions and birdstrikes per 10,000 air transport movements. This KPI, therefore, does not follow the same definition as the net safety score TPI.
2 Excluding CAT1 aircraft waste.

2020 saw a sharp decline in passenger numbers at Rotterdam The Hague Airport. The airport temporarily closed for commercial traffic between the third week of March and 18 June, though it remained open for government-chartered flights and flights diverted from other airports. Business jet services also operated throughout April, May and June. Meanwhile, police and trauma helicopter traffic was virtually unchanged at 5,852 air traffic movements (ATMs) in 2020. The noise contour within which the airport operates also remained unchanged during the year.

The reduction in the number of passengers as well as destinations enabled an improvement in the airport's On-Time Performance rating and Net Promotor Score as day-to-day activity levels fell. CO_2 emissions have not decreased accordingly, however, given that many airport activities, including maintenance and fire safety, are not impacted by passenger numbers. Certain airport operations are also less efficient when there are fewer passengers.

Despite the impact of the pandemic, we welcomed many successes over the year, including the completion of a renovated departure hall, a new campus, a new fire brigade fleet and a modern fire station. First, a new central security filter, complete with advanced screening equipment, was brought into use in January. This important innovation enables faster security checks while promoting passenger safety.

At the end of the summer, the airport fire brigade received three brand-new firefighting vehicles known as 'crash tenders' from the Rosenbauer company, coinciding with the creation of a sustainable fire station within the same period. At the end of the year, the renovated departure hall was brought into use. The hall has been extended by ten metres towards the apron, creating additional space for passengers, and will officially open before summer 2021.

We also strengthened our relevance to the surrounding region and made significant strides towards our sustainability and innovation ambitions. From autumn 2020, Rotterdam The Hague Airport supported an aviation-focused student campus, the Albeda Rotterdam The Hague Airport College, where students can undertake their internship in a 'live' airport environment.

In November, Minister for Infrastructure and Water Management (I&W) Cora van Nieuwenhuizen unveiled the Netherlands' first officially registered electric aircraft at our airport. The Pipistrel Velis Electro is permanently based at the airport, can carry a pilot and one passenger and stays airborne for up to 50 minutes.

Rotterdam The Hague Airport has also progressed with the construction of a new solar park parallel to the airport runway. The park will consist of 34,000 solar panels, producing an estimated 14 MWp per year. Following an agreement made in December 2020, preparations have been undertaken next to the runways, with construction to begin in 2021. In November 2020, the GGD Rotterdam-Rijnmond opened a major COVID-19 testing pavilion at the P3 parking facility. In January 2021, the pavilion became one of the first locations in the Netherlands to offer vaccinations against the virus.

Rotterdam The Hague Airport

Rotterdam The Hague Airport welcomes these regional initiatives. We believe they help to further connect our airport with our neighbours and the local community. In the years to come, we remain fully committed to our strategy, which is based on four pillars: 1) the ultimate passenger experience, 2) optimising and sustaining performance, 3) connecting with the region, and 4) RTHA as an innovation partner.

Read more at www.rotterdamthehagueairport.nl.


Solar park at Rotterdam The Hague Airport

Our international activities

2020 has been a challenging year for our international activities, as COVID-19 had an unprecedented impact on traffic. Every airport has implemented extensive measures to ensure the safety of passengers and staff, reduce spending and ensure the continuation of vital operations during the pandemic.

Royal Schiphol Group's Knowledge Networks Programme has enabled the airports to share knowledge and expertise on best practices related to COVID-19. This has delivered valuable insights for individual airports and strengthened our role as a world-leading airport operator.

Despite the pandemic, our diversified international portfolio proved its value, and our international activities made a positive cash contribution to the Group.

The 'Group of Airports' concept will continue to be an important focus. The one-year extension of our HubLink strategic partnership with Groupe ADP to negotiate a long-term extension, and the partnership with Oaktree to explore opportunities in North America are building blocks for our international activities going forward.
The table shows Schiphol's relationships with each of the airports in our Group.

Participations of Royal Schiphol Group

Airport	Passenger numbers	Change	Our role
Brisbane Airport, Australia	8.1 million	-67%	Shareholding of 19.61%
Groupe ADP, Paris, France	33.1 million	-69%	Cross-shareholding of 8%
- Charles de Gaulle	22.3 million	-71%	
- Orly	10.8 million	-66%	
JFK Terminal 4, New York, USA	6.5 million	-70%	Management contract
Hobart International Airport, Australia	0.9 million	-68%	Shareholding of 35%

Brisbane Airport

Brisbane Airport has been strongly impacted by the crisis and the closure of international and state borders in Australia. The COVID-19 outbreak led to a significant decline in passengers of 6.2 million (80.2%) in March to June compared with the same period in the prior year. In 2020, Brisbane Airport served 8.1 million passengers, a decline of 66.6% compared to 2019. However, in December Brisbane's domestic schedule has slowly returned to 75% of pre pandemics, which shows a stronger recovery than airport peers at other continents, including Europe.

A major milestone was the opening of Brisbane Airport's new runway on 12 July 2020. The $1.1 billion privately funded project started eight years ago and is the largest project since the modern Brisbane Airport opened in 1988. The airport also expanded its network with new international services to San Francisco and Tokyo (Haneda).

Read more at: www.bne.com.au.

Brisbane Airport

Groupe ADP (Aéroports de Paris)

Groupe ADP is one of the world's largest airport operators, overseeing the three airports of the Paris region and involved in 24 airports globally, including its 49% stake in Indian operator GMR Airports, which was acquired in July 2020.

Traffic has decreased significantly across all airports in the group as a result of the COVID-19 pandemic. In 2020, the group served 33.1 million passengers, a decline of 69% compared with 2019. Paris-Charles de Gaulle and Paris-Orly Airports recently received the ACI Airport Health Accreditation (AHA) for prioritising safe and healthy travel.

In 2020, Schiphol Group and Groupe ADP extended the industrial cooperation agreement ('HubLink') by one year until December 2021 with the aim to investigate a new long-term industrial cooperation agreement.

Read more at: www.parisaeroport.fr.

Paris Charles de Gaulle

Hobart International Airport

Hobart Airport is the ninth-largest airport in Australia, handling 0.9 million passengers in 2020.

As the major gateway to an island state, Hobart Airport is in a strong position to be a key economic driver for the state of Tasmania. The airport has been able to convert on the opportunity for the state to benefit from the increased demand for domestic travel following the opening of the state borders. Because of this, combined with such a strong network rebuild, the airport expects to return to 2019 volumes relatively swiftly.

The crisis has also provided opportunities such as the introduction of two domestic airlines: Sharp Airlines (flying intrastate between Hobart and King Island & Flinders Island) and Link Airways (Canberra).

The airport is also progressing plans to convert on international opportunities such as potential international services to New Zealand starting in early 2021.

Read more at: hobartairport.com.au.

JFKIAT (JFK Terminal 4, John F. Kennedy Airport, New York)

JFK International Air Terminal LLC (JFKIAT), an affiliate of Schiphol Group, has been the operator of Terminal 4 at John F. Kennedy International Airport since 1997, driven by the mission to become one of the most innovative air terminals in the United States.

In February, JFKIAT, PANYNJ and Delta Air Lines Inc. reached an agreement for an expansion and renovation of T4. Because of COVID-19, JFKIAT, together with Delta Air Lines and PANYNJ, will reassess the scope and timing of a terminal redevelopment project.

JFKIAT launched several innovative technology initiatives in 2020. In January, T4 became the first air terminal to partner with Google to bring the Google Assistant's interpreter mode real-time translation technology to customers. JFKIAT also worked closely with US Customs & Border Protection (CBP) to implement simplified arrival processes, leveraging T4's and CBP's biometric facial matching technology to allow for a more seamless customer experience for exiting and entering the US.

Read more at: www.jfkairport.com.

Aruba Airport (Queen Beatrix International Airport)

Aruba Airport, managed and operated by Aruba Airport Authority N.V., has a strategic cooperation agreement with Schiphol Group. Schiphol 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.

Aruba is embarking on 'Gateway 2030', a major expansion project worth 300 million US dollars, with Schiphol sharing its expertise to ensure the venture is completed 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-clearance facility operated from Aruba Airport that services flights to the United States.

Read more at: www.airportaruba.com.

Hobart International Airport


JFKIAT Terminal 4


Aruba Airport

Governance

Stefanie (29), 5 years at Hago Airport Services
‘Passengers are more friendly in times like these; we all feel we have to be there for each other’

Report of the Supervisory Board

The Supervisory Board supervises and advises the Management Board in setting and achieving the strategic objectives of Schiphol Group. In this report, the Supervisory Board explains the way it has fulfilled its role over the past year.

Annual Report

The annual report is prepared by Schiphol Group's 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. Since the net result depicts a loss as a consequence of the impact of the COVID pandemic on the passenger numbers and in accordance with the conditions set in relation to the NOW-scheme, it will be proposed that no dividend over 2020 will be distributed to the shareholders[1].

The financial statements will be submitted to the General Meeting of Shareholders for adoption on 13 April 2021. The Supervisory Board proposes that the Management Board will be granted discharge in respect of the management carried out, that the Supervisory Board will be granted discharge for the supervision exercised and that the financial statements will be adopted.

A. Supervision

2020 was a year with an unprecedented impact on the company and the organisation due to the COVID-19 pandemic. Traffic numbers dropped fast and significantly, leading to a substantial decrease in revenues. The Supervisory Board has been closely involved in addressing the major challenges during this period. From March 2020, extra Supervisory Board meetings were held to discuss the developments and challenges. The Supervisory Board serves as a sounding board for the Management Board during this period of uncertainty and crisis management. A frequently discussed topic was the dilemma between the need to invest to remain competitive and the financial position of the company.

The Supervisory Board and the shareholders were regularly informed on COVID-related topics such as health of staff (business continuity), scenario planning (short and long term), and operational and financial impact.

Schiphol Group's focus is now on recovery, by way of safe and responsible travel. The recovery scenarios have been shared with the Supervisory Board. The company and its partners took multiple measures to enable safe and resonsible travel, such as information for passengers, monitoring social distancing and the obligation to wear a face mask, improved ventilation in the terminal, intensified cleaning and the installation of sanitising equipment.

Schiphol Group is further investigating testing possibilities such as 'rapid testing' at the airport, exit screening, testing on arrival

1) Contrary to what is stated in the Annual Report 2019, the Supervisory Board proposed that no dividend over 2019 would be distributed given the financial impact of COVID-19. The shareholders approved this proposal during the Annual General meeting in April 2020.

and corridor testing, and is working on further international collaboration and alignment.

Main points of attention

Financial position

The COVID pandemic has had an enormous impact on the financial position of Schiphol Group. With revenues substantially decreasing, the Management and Supervisory Board discussed the importance to act urgently and decisively. Several measures were successfully implemented to reduce the cost base in a responsible manner. Financial scenarios were shared with the Supervisory Board on a regular basis.

Funding and liquidity

To cope with the immediate, and envisaged, financial impact of COVID-19, Schiphol Group issued almost 2 billion euros in bonds and arranged for additional committed financing facilities to secure sufficient access to liquidity for an extended period. The Supervisory Board approved this approach. The funding plans have been discussed extensively with the Audit Committee. A new, temporary, Liquidity & Solvency Committee, consisting of the CFO, two Corporate Finance Managers and representation of the Audit Committee, has been established to monitor and financial manage the short- and longer-term liquidity and solvency of Schiphol Group.

Capital expenditures

In March and April, Schiphol Group reassessed its capital expenditures (capex) portfolio for 2020 to address the financial impact of COVID-19. It was required to find a new balance between business demand and the available budget for capex. This resulted ultimately in a 25% reduction in 2020 compare to budget. For the 2021 capex, Schiphol Group will continue to strike a balance between business demand and the group's financial profile. The company prioritises safety and hygiene measures and continues to invest in compliance, maintenance, safety, sustainability, quality of service and innovation. The construction of the new pier, the redevelopment of Departure Hall 1 and the doubling of taxiway Quebec are progressing. Other projects, including those increasing capacity such as the construction of the new terminal, have been paused. Trigger points are built in to determine when these deferred projects will be reinitiated. The Supervisory Board challenged the Management Board to come up with strong strategic rationales.

Operating expenditures

Schiphol Group set a target to reduce operating expenditures (opex) in 2020. This target has been achieved. The company set further targets for 2021 and 2022: an ongoing reduction of 20-25%. In addition to savings in services and contracts, a reduction in the number of job positions within the organisation was unavoidable. The reorganisation (Project Reset) was implemented, simplifying the organisation, increasing its efficiency and robustness and preparing it for the future with the aim to adapt and improve. The Supervisory Board was regularly updated on the progress and concluded a diligent process was followed, with care for the Schiphol employees and the involvement of the Works Council. The Supervisory Board will closely monitor the expected objectives of Project Reset during 2021.

Relief measures

To support its business partners, Schiphol Group implemented several relief measures for the airlines, tenants and other partners. For instance, aircraft parking fees were temporarily lifted at Amsterdam Airport Schiphol and tenants were given discounts and extended payment terms. The Supervisory Board was closely involved in this decision-making and emphasised the importance of finding the right balance between providing support to business partners and the financial position of the company.

Core Schiphol

At the end of March, Core Schiphol was implemented. With Core Schiphol, operations at Amsterdam Airport Schiphol were minimised following the substantial decrease in passenger numbers. As traffic increased towards the summer, operations were scaled back up. The Supervisory Board considers it important that the airlines are served flexibly and with high quality. It was, therefore, key that the process was well prepared and well executed in terms of safety and flexibility.

The substantial decrease in traffic numbers and the Core Schiphol scenario led to several opportunities in relation to maintenance and projects. Schiphol Group capitalised on these opportunities. The activities were executed faster, with increased efficiency and at a lower cost as a result.

Strategic Plan

The 2021-2025 Strategic Plan was discussed with the Supervisory Board in August and October 2020 and approved in December 2020, after consulting the shareholders in September 2020. The Strategic Plan sets the ambition to recover as strongly as possible from the COVID pandemic and lists the most important steps towards realising the Vision 2050; creating the world's most sustainable, high-quality airports. The plan sets four strategic goals for the coming years: (1) recover connectivity (Quality of Network); (2) reduce emissions and noise disturbance (Quality of Life); (3) improve essential hub services (Quality of Service); and (4) enhance the efficiency, adaptability and resilience of the organisation (Enablers). The Supervisory Board asked the Management Board to consider the competitive position of Schiphol Group in relation to the strategic goals.

Development of the Group

In November 2020, the Dutch government published the Civil Aviation Policy Memorandum 2020-2050 ('Luchtvaartnota'), which contains the concept of conditional growth of the number of air traffic movements at Amsterdam Airport Schiphol. The further development of Amsterdam Airport Schiphol will be subject to noise-disturbance reduction and reducing emissions: CO_2 emissions must be halved by 2050 compared with 2005 levels. The company has already published a noise-disturbance reduction plan and initiated a plan for an improvement of the regional living environment, a regional investment fund and a plan for the reduction of ultra-fine particles. These plans were all discussed with the Supervisory Board.

In the short term, the Dutch government is focusing on the legalisation of the current regulatory framework (Airport Decree) to legalise the yearly cap of 500,000 air traffic movements (ATMs), including new rules and an enforcement system (‘Nieuwe normen- en handhavingsstelsel Schiphol’; NNHS). This is currently in the final phase. The Civil Aviation Policy Paper also confirms the ambition of opening Lelystad Airport. The Supervisory Board was updated on the political decision-making regarding the Airport Decree (LVB I) and Lelystad Airport regularly.

Nitrogen

Schiphol Group has been working intensively on nature conservation permit applications ('Wnb-vergunningen') for all Schiphol Group airports in the Netherlands. Applications were filed on 1 October 2020 with the Ministry of Agriculture. The Ministry is expected to publish the draft decisions in Q1 2021. The nitrogen crisis has created uncertainty for Schiphol Group. The Supervisory Board believes good progress has been made in creating clarity in this complex matter.

Strategic issues and projects

Schiphol projects

The Supervisory Board, specifically the Capital Programme, Operations and Investments Committee, has been updated on the running projects regularly. In September, the shareholders were also updated on the major projects, with two Supervisory Board members in attendance.

A-Pier

The new pier (A-Pier) is in the middle of the construction phase. Due to the complex nature of this project, the Capital Programme, Operations and Investments Committee is closely involved; the project was discussed on a monthly basis addressing issues relating to construction, budget and progress.

Departure Hall 1

Delivery of the redevelopment of Departure Hall 1 is well on its way. Finalisation of the project is expected in Q1 2021. This project will improve the operational performance by increasing security and flow capacity and being able to comply with new security regulations.

Dual taxiway system

The development of the Completion of the Dual Taxiway System project (Project Quebec) has been stable, from both a financial and timing perspective. As a result of the reassessed capex portfolio, Schiphol Group will continue with the construction of the partial dual taxiway, including the viaduct and the connection on the west side of the airport, but will delay the completion of the dual taxiway system by 24 months.

International developments

COVID-19 also has a material financial impact on Schiphol Group’s international alliances and shareholdings as well. Schiphol Group has contact with its alliances on a frequent basis to support each other and to exchange experiences. International developments are closely monitored.

On 1 December 2020, the alliance between Schiphol Group and Groupe ADP expired. Schiphol Group and Groupe ADP decided to extend the alliance for one year under the same conditions. The cooperation has provided financial and strategic value for both Schiphol Group and Groupe ADP. Schiphol Group and Groupe ADP will use 2021 to discuss extension of the cooperation after December 2021.

Chipshol

In May 2020, Schiphol Group reached a full and final settlement regarding the Chipshol Groenenberg claim. The Supervisory Board has been informed on the settlement and is content with the closure of this matter after a long period of litigation.

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. The following project proposals were approved by the Supervisory Board in 2020:

- *Acquisition of land:* together with Volker Wessels, Schiphol Group bought several plots of land from Chipshol located at Badhoevedorp-South/Schiphol Northwest. The acquisition will enable better accessibility of the airport in the future.
- *Development Office Building P22*: in order to secure new tenants at Schiphol, Schiphol Group will develop new office building at the airport.
- *Renovation fire brigade stations:* to comply with construction laws and regulations and to provide for an optimal environment for the fire brigade, the existing fire stations Rijk, Sloten and Vijfhuizen will be rebuilt and renovated.

Other topics

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 meetings with the Works Council. These meetings were considered to be of great value and experienced positively. The respective Supervisory Board members have reported back to the full Supervisory Board and, if necessary, to the Management Board on these meetings.

Conflict of interest

There were no transactions in 2020 involving conflicts of interest on the part of Management Board members, Supervisory Board members, shareholders or the external auditor that were of material significance to Schiphol Group and/or relevant parties.

B. Quality Assurance

Members

At year-end 2020, 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 is currently aiming to include an eighth member and expects to nominate a female candidate at the Annual General Meeting 2021. Safeguarding a balanced gender split within the board is a key priority in this process. The Management Board had three female and one male members at year-end 2020. With the appointment of Robert Carsouw as CFO on 1 April 2021, the gender split is fully equal. Schiphol Group runs a development and leadership programme to ensure that both men and women can advance into senior management and executive positions. Schiphol Group aims to achieve a balanced composition of the various bodies in terms of gender, experience, age, professional background and nationality. For further personal details on each member of the Supervisory Board, be referred to 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 to the Supervisory Board Rules). The overview below indicates the fields of knowledge represented by each Supervisory Board member.

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 Edward Arkwright, who is Deputy CEO at Groupe ADP.

Mr Arkwright has French nationality; Mr Mikael Olsson has Swedish nationality and Mr Declan Collier has Irish nationality. The other members have Dutch nationality.

Since April 2020, Mr Bert van der Els has been appointed as advisor to the Supervisory Board and the Capital Programme, Operations and Investments Committee on the basis of a consultancy agreement, focusing on capex projects and related matters.

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 nitrogen, the world after the COVID-19 pandemic, the passenger journey, total airport management, enabling technology outlook and data & AI strategy.

Distribution of fields of knowledge among the members of the Supervisory Board

	L. Gunning-Schepers [1] (Chair)	J.G. Wijn (Vice-Chair)	E.R.P. Arkwright	S.G. Brummelhuis	D. Collier [1]	R.J. van de Kraats	A.B.M. Olsson [1]
Year of birth and nationality	1951, Dutch	1969, Dutch	1974, French	1965, Dutch	1955, Irish	1960, Dutch	1957, Swedish
First appointed in	2014	2012	2016	2018	2018	2015	2015
Fields of knowledge							
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			•		•		

1 CEO experience

C. Other matters

Appointments and reappointments

Management Board members

On 1 May 2020, Ms Hanne Buis succeeded Mr André van den Berg as Chief Projects & Assets Officer (CPAO) and member of the Management Board. The Supervisory Board considers Ms Buis very well suited for this position. She has broad experience within Schiphol Group in large capital projects, and local and national stakeholder and project management and airport operations.

The first term of Ms Jabine van der Meijs as Executive Vice-President and Chief Financial Officer expires on 30 April 2021. Ms Van der Meijs has chosen not to be reappointed for a second term. Mr Robert Carsouw has been appointed as her successor, starting 1 April 2021.

The Supervisory Board thanks Mr Van den Berg, who has made a significant and valuable contribution to the airport for 12 years.

Supervisory Board members

At the general meeting of 14 April 2020, Mr Joop Wijn was reappointed as a Supervisory Board member for a third term of one year effective June 2020. Mr Wijn is a highly valued member of the Supervisory Board, in part due to his financial and political experience and his contribution as member of both the Audit Committee and the People Committee.

By means of a resolution outside a general meeting, Mr Edward Arkwright was reappointed as a Supervisory Board member for a second term of office effective August 2020 following the agreements made between Groupe ADP and Schiphol Group.

The composition of the People Committee changed in 2020, as shown in the table below. Ms Simone Brummelhuis has become an additional member to the committee following the legal obligation that Supervisory Board members appointed pursuant to the recommendation of the Works Council, automatically serve this committee.

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)			•
Liquidity & Solvency Committee		•			•	•(c)	

Attendance in 2020

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	11 of 11	10 of 11	9 of 11	11 of 11	11 of 11	8 of 11	11 of 11
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	n/a	n/a	n/a	15 of 15	15 of 15	n/a	15 of 15
People Committee	10 of 10	8 of 10	n/a	8 of 10	n/a	n/a	10 of 10
Safety, Sustainability & Stakeholders Committee	3 of 3	n/a	n/a	3 of 3	n/a	n/a	3 of 3
Liquidity & Solvency Committee[1]	n/a	1/1	n/a	n/a	1/1	1/1	n/a

1 Only informal.

Meetings

The Supervisory Board met on 11 occasions in 2020. The Management Board members attended all of those meetings. Prior to the regular meetings, the Supervisory Board held private consultations. The various committees held 31 formal meetings in total in the course of 2020. Please see the schedules below for a full overview of the number of meetings per committee and the attendance of Supervisory Board members.

In addition to these meetings, the Chair and the other members of the Supervisory Board discussed issues with the Management Board on several occasions. Various 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 Supervisory Board committees

Audit Committee

The Audit Committee held three meetings in 2020. The committee spoke with the Chief Financial Officer (CFO), senior controllers and the internal and external auditors on a number of topics including the annual financial statements, the annual report, the interim figures and the associated press releases, the external auditor's management letter, the annual report on regulated activities (Aviation, Security), risk management, internal controls and the internal and external audit outcomes and plans. On top of that, the committee spoke with business leaders about how they control their business especially in light of COVID-19. In 2020, the Audit Committee paid specific attention to the liquidity and funding requirements of the organisation as a consequence of COVID-19. The committee also paid extra attention to risk management including discussion on the risk register review at both the half year and full year and a deeper information-sharing session in relation to two top ten risk categories: IT including cyber security, and project execution. In order for the committee to gain more insight into the business and its controls, a deep dive was done on the Business Area Consumer Products & Services. Other topics such as integrity, the Digital Finance Program and capex controls were also discussed during the Audit Committee meetings. Prior to every Audit Committee meeting, the Chairman held a separate discussion with the external auditor (KPMG Accountants N.V.) and the internal auditor. After every meeting, the Audit Committee had private 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 held monthly meetings. The committee met 15 times in 2020. The main focus of the committee has been the major projects, specifically A-Pier and the reassessment of the capex portfolio. The committee received quarterly updates on the status and progress of the major projects. On top of that, the committee was informed about the Landside Central project, the Visual Quality Plan and the Masterplan. The committee received monthly updates on the operational and commercial developments in relation to COVID-19 and was informed about Total Airport Management (Joint Capacity Management and Airport Operations Centre), the passenger journey and the security tender. As of 1 January 2020, the committee advises the Supervisory Board on approval of preliminary investment decisions of all asset-related projects. In 2020, the committee advised in favour of all submitted preliminary investment decisions.

People Committee

The People Committee held ten meetings in 2020. The main focus of the committee has been the succession of the Supervisory Board, the succession of the Chief Commercial Officer (CCO) and Chief Financial Officer (CFO) and Project Reset. Mr. Van de Kraats was involved in the appointment of the CFO as well, given his role as chair of the Audit Committee. Other topics were 2019 performance and variable remuneration, NOW scheme, 2020 objectives, the My Schiphol Survey results (in relation to the Employee Promotor Score) and diversity & inclusion.

Safety, Sustainability & Stakeholders Committee

The Safety, Sustainability and Stakeholders Committee met three times in 2020. Much attention was paid to safety in a broad sense. The HSE reports, COVID-19 in relation to health measures and the top ten safety risks were discussed. All serious incidents were discussed with the committee and follow-up actions were taken. The committee also discussed the 'undermining' at the airport extensively. The committee was updated on aviation sustainability (aviation fuels) several times (as part of the Roadmap 'Most Sustainable Airports'). The topics 'hindrance reduction plan' ('*hinderreductieplan*') and nitrogen were also discussed. The committee notes an improvement in the relationship with all stakeholders, which is considered to be positive.

Liquidity & Solvency Committee

A new, temporary Liquidity & Solvency Committee, consisting of the CFO, two Corporate Finance Managers and most of the Audit Committee members, has been established to ensure proper liquidity management on both the short and longer-term. The committee met informally once in 2020. In December 2020, the decision was taken to make this committee a formal, temporary committee of the Supervisory Board.

Meetings	Number[1]
Supervisory Board	11[2]
Additional Supervisory Board meeting without Management Board members attending	4[3]
Audit Committee	3
Capital Programme, Operations & Investments Committee	15
People Committee	10
Safety, Sustainability & Stakeholders Committee	3
Liquidity & Solvency Committee	0
Total	**42**

1 These numbers only include formal meetings.
2 Including several ad-hoc meetings on the COVID-19 situation.
3 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, as it believes the Management Board has done its utmost to safeguard the (financial) position of the company by taking the measures needed without losing sight of safety, compliance, innovation and sustainability. A special word of thanks is expressed to all who kept Schiphol Group running, including its employees, co-workers and business partners in this uncertain and challenging year.

Schiphol, 18 February 2021

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 ONVZ
- Chair of the KHMW
- Chair of the Supervisory Board of RegMed XB
- Chair of the Board of Governors of the Prins Claus Chair
- Member of the Supervisory Board of the Eindhoven University of Techology
- 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
Third term expires in 2021

- Member of the Supervisory Board of a.s.r. N.V.
- Former 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
Second term expires in 2024

- 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

- Director at Borski Fund.
- Member of the Supervisory Board of Mediahuis Nederland
- Member of the Supervisory Board of Rabo Amsterdam

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 Belfast City Airport.
- 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 the Goldschmeding Foundation
- Member of the Advisory Board of Suitsupply B.V.
- Advisor to the Supervisory Board of Hema B.V. (until 1 February 2021)
- 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 Renumeration Committee and the Corporate Responsibility Committee
- Member of the Supervisory Board of Ikano S.A.
- Member of the Board of Directors of Lindengruppen AB
- Former member of the Board of Directors and Vice Chair of Volvo Cars Group
- Former President & CEO of IKEA Group/Ingka Holding B.V.

Management Board

D.A. Benschop
(1957, Dutch nationality)

President & CEO
Since 1 May 2018
First term expires on 30 April 2022

- Chair of the Board of Oranjefonds Foundation
- Non-executive member of the Board of Directors of Brisbane Airport Corporation PTY Ltd[2]
- Non-executive member of the Board of Directors of Groupe ADP[2]
- Co-Chair of the Schiphol Security and Public Safety Platform
- Member Daily and General Board VNO-NCW
- Member Supervisory Board Stichting Bevordering kwaliteit leefomgeving Schipholregio
- Member Amsterdam Economic Board

Responsibilities
- Corporate Affairs[3]
- Corporate Legal[3]
- Human Resources[3]
- Regional airports

H.L. Buis
(1976, Dutch nationality)

Member of the Management Board and CPAO
Since 1 June 2020
First term expires on 31 May 2024

- Supervisory Board member Stedin Holding N.V.
- Supervisor Dutch Bach Association
- Secretary to STAK W.Th. Zandstra Beheer B.V.
- Member of the board of the Hoogeschoolraad Erasmus University

Responsibilities
- Asset Management [4]
- IT & Data[4]
- Schiphol Projects[4]
- Strategy & Airport Planning[5]
- Pier A Project [4]

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 Brisbane Airport Corporation PTY Ltd[2]
- Non-executive member of the Board of Directors of Groupe ADP[2]
- Non-executive Director, Supervisory Board member & Chair of the Audit Committee of Kendrion N.V.
- Member of the Supervisory Board and Chair of the People and Remuneration Committee of Koole Terminals Holding B.V.

Responsibilities
- Finance[3]
- Procurement & Contracting[3]
- Risk & Audit[3]
- Schiphol International [4]

B.I. Otto
(1963, Dutch nationality)

Member of the Management Board and COO
Since 1 September 2014
Second term expires on 31 August 2022

- Supervisory Board member of Eindhoven Airport N.V.
- Supervisory Board member Royal FloraHolland U.A.
- Chair of Schiphol Security and Public Safety Steering Group
- Member of the Schiphol Security and Public Safety Platform
- Chair of the Joint Sector Safety Review Board
- Board member ACI Europe
- Board member Next Generation Infrastructures
- Supervisor of the Dutch Federation of Professional Soccer Organisations

Responsibilities
- Airport Operations[4]
- Safety, Security & Environment[4]
- Schiphol Commercial [4]

2) It should be noted that any remuneration earned by Management Board members in relation to (supervisory) board postions in group companies is received by the company and not by the individual Management Board members.
3) Governance structure: Support.
4) Governance structure: Operate.
5) Governance structure: Plan & innovate.

Badro (51), 23 years at Schiphol Taxi
'From the moment a passenger gets in my cab, it feels like I'm on a journey with them'

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 system ('*structuurregime*') and four shareholders: the State of the Netherlands, the municipality of Amsterdam, Groupe ADP and the municipality of Rotterdam.

General

Schiphol Group's corporate governance structure is based on Dutch law. Since 2004, it has applied the Dutch Corporate Governance Code (based on the 'comply or explain' principle). The company's internal regulations comprise of the Management Board rules and the Supervisory Board rules, 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 at www.schiphol.nl on the Investor Relations page, under Royal Schiphol Group.

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 Projects and Assets Officer (CPAO). The members of Schiphol Group's Management Board share responsibility for the management of Schiphol Group and for general affairs within Schiphol Group and at its group companies. Notwithstanding this, each member has accepted responsibility for a particular portfolio, which has been approved by the Supervisory Board.

The portfolio of the Management Board members was reallocated on 1 October 2020 as a result of a new organisational structure. The CEO's portfolio includes strategy and innovation, as well as corporate, public and legal affairs, human resources and the Dutch regional airports. The CFO is responsible for finance, risk and audit, international activities, procurement and contracting. The COO's portfolio includes all commerce-related activities, safety, security and environment, and airport operations. The CPAO's portfolio has been expanded with strategy and airport planning and now includes asset management, IT and data, Schiphol projects and Pier A.

Supervisory Board

The Supervisory Board is responsible for the supervision of Schiphol Group's management and general affairs. In addition, the Supervisory Board supports the Management Board with 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 prepares and discusses the Supervisory Board's decision-making on Group financing, the internal risk management and control systems, as well as on the integrity and quality of the financial reporting.
2. The Capital Projects, Operations & Investments Committee prepares and discusses matters relating to the Supervisory Board's decision-making on the approval of preliminary investment decisions for asset projects requiring the Supervisory Board's approval (as stated in the Articles of Association and internal regulations). The committee is closely involved in the major projects (i.e. the A-pier) as well as the (general) operational and commercial developments at the airport (i.e. the passenger journey and total airport management).
3. The People Committee prepares and discusses the Supervisory Board's decision-making on nominations, appointments and remuneration. The committee also engages in diversity and inclusion as well as succession planning and employee-related matters.
4. The Safety, Sustainability and Stakeholders Committee prepares and discusses the Supervisory Board's decision-making in respect of safety-, sustainability- and stakeholder-related matters.

In December 2020, the ad hoc Liquidity & Solvency Committee was established. The committee provides a clear overview of the impact of the COVID-19 pandemic on the short-term liquidity of Schiphol Group as well as the long-term solvency of the company. In addition, the committee discusses the options Schiphol Group has at its disposal to manage the impact of the pandemic.

The committees meet independently and carry out preparatory work as governed in the charters, which are part of the Supervisory Board rules. The committees report on the outcomes 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 at www.schiphol.nl.

Corporate Governance Structure

Securities transactions

Even though Schiphol Group shares are not listed on a stock exchange, the company does have regulations governing inside information, the holding of securities and securities transactions, as the company issues 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 Dick Benschop and Ms Jabine Van der Meijs currently hold a board position at Groupe ADP. In that capacity, both hold one share in the capital of Groupe ADP, as required by the articles of association of Groupe ADP.

The (Deputy) Company Secretary is the central officer referred to in the regulations governing inside information, the holding of securities and securities transactions. The insider dealing policy was updated in 2020. Furthermore, a committee was established to monitor compliance with the Market Abuse Regulation.

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 Strategy and Airport Planning 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 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, and our sustainability strategy focuses on the following areas: Energy positive, Circular Economy, Sustainable aviation and Communities. We collaborate with partners on these themes and senior management of the departments who have the most impact regularly discuss these themes to ensure the fulfilment of sustainability ambitions that transcend the individual department. Workshops regarding sustainability are regularly scheduled throughout the company to create awareness.

We aim to operate zero-emissions and zero-waste airports by 2030 and to operate circular and energy-positive airports by 2050. Each quarter, the Management Board discusses sustainability developments in general and progress on the roadmap towards achieving our 2030 goals. 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 greatest extent possible, a selection criterion in Schiphol Group's tender processes.

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 sessions take place regularly, and will continue to take place over 2021.

In January 2020, the ACM concluded that both Schiphol Group and KLM comply with the commitments and competition law in general. The ACM identified areas with room for improvement in relation to the commitments. We started following these up in 2020 and will continue to do so in 2021.

Safety and environmental risk control

Schiphol Group implements its objectives, tasks, responsibilities, authorisations and working agreements regarding safety control and environmental risks through safety management systems. The safety manager is accountable for the development and maintenance of the safety management system. All system-related improvements are included in the annual HSE plan.

Safety is a line responsibility: all operational managers are responsible for effectively managing safety risks in their respective processes. Schiphol's HSE organisation is responsible for providing the operational departments with the necessary support to identify and manage safety risks, and it must ensure suitable systems, procedures and methodologies are in place.

The COO and relevant senior management are represented in the Safety Review Board (SRB). The SRB monitors the airport's progress on its safety goals and performance and monitors compliance with all HSE regulations, including European Aviation Safety Agency (EASA) requirements.

Safety is a chain responsibility at Schiphol. Our sector partners work together within the Integral Safety Management System (ISMS) framework to identify, monitor, analyse and mitigate safety risks that affect more than one industry party.

Compliance with legislation

Line mangers are responsible for compliance with HSE legislation and regulation and must organise a supervisory system to monitor this. The HSE organisation independently assesses whether the line supervision has been adequately organised and functions as intended.

Complying with European aviation safety rules requires continuous attention. The EASA compliance monitoring manager monitors and coordinates EASA compliance via the Compliance Monitoring Group.

Schiphol also has a public-private partnership with four government bodies in safety and environmental legislation inspections and supervisory tasks: Human Environment and Transport Directorate, Rijnland Water Board, the Omgevingsdienst Noordzeekanaalgebied (North Sea Canal Environment Agency) and the Royal Netherlands Marechaussee. This covers activities such as monitoring aviation safety threats, inspecting the use of auxiliary power units (APUs), supervising ground-handling activities and monitoring airside traffic safety.

Table responsibilities material aspects[1]

Material aspect	Final responsibility	Challenges	Efforts to meet challenges included in
Network of destinations	COO	– Travel restrictions due to COVID-19 – Competition from other airports	Network of destinations
Airport capacity	COO CEO	– Maintain operations during construction – Dutch Aviation White Paper – Opening of Lelystad Airport	Airport capacity
Accessibility	COO CPAO	– Improve accessibility by road and rail – Extension of the North-South metro line	Accessibility
Safe, responsible and secure travel	COO	– Ensuring safe and responsible travel environment during and after COVID-19 – Development of safety culture – Seamless Flow	Safe, responsible and secure travel
Customer appreciation	COO	– Maintain and enhance quality perception (despite COVID-19 measures, construction and renovation)	Customer appreciation
Noise	CEO	– Establish living environment fund – Expected higher hindrance perception during and after air traffic recovery from COVID-19	Noise
CO_2 and air quality	CEO	– Development into zero-emissions airport in 2030 – Research/developments in fine and ultra-fine particles	CO_2 and air quality
Sustainable aviation	CEO	– Initiatives in the chain promoting innovation and sustainability – Development of sustainable aviation fuels	Sustainable aviation
Responsible business	CFO	– Effective and professional contracting practices – Compliance and promotion of integrity	Responsible business
Circular economy	CPAO	– Development into zero-waste airport in 2030 – Develop circular assets and reduce waste	Circular economy
Community and support base	CEO	– Improved balance between community and airport – Strengthen support for sustainable development	Community and support base
Financial solidity	CFO	– Pressure on financials as a result of COVID-19 – Maintain good credit ratings	Financial solidity
Business continuity	COO	– Business continuity during and after COVID-19 – Complexity of processes – Involvement of other sector parties	Business continuity
Employment practices	CEO	– Restructuring of organisation – Diversity and inclusion are self-explanatory	Employment practices

1 This overview is not exhaustive.

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.

In 2020, the Management Board was composed of the following persons:

	Position	Term	Term ends on
Dick Benschop	CEO	First	1 May 2022
Jabine van der Meijs	CFO	First	30 April 2021
Birgit Otto	COO	Second	31 August 2022
André van den Berg	CCO	First	31 March 2020
Hanne Buis	CPAO	First	31 May 2024

Mr Dick Benschop and Ms Jabine van der Meijs have a fixed-term employment contract with Royal Schiphol Group N.V.. Ms Birgit Otto and Ms Hanne Buis are employed by Royal Schiphol Group N.V. on the basis of an open-ended employment contract, as they were already employed by Royal Schiphol Group before joining the Management Board. Mr André van den Berg was also employed with an open-ended employment contract. He chose not to be reappointed for a second term. His term ended on 31 March 2020 and his employment contract was terminated as of 1 September 2020, after 12 years of service at the company. The Supervisory Board introduced the new Management Board role of Chief Projects and Assets Officer (CPAO) (replacing the CCO role), for which Ms Buis was appointed. The first term of Ms Van der Meijs expires on 30 April 2021. She has chosen not to be reappointed for a second term. Mr Robert Carsouw has been appointed as her 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 Business Plan. In addition to the financial objectives, Schiphol Group has formulated strategic and public objectives as reflected in various 'Top Performance Indicators' and 'major deliverables'.

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 on variable remuneration.

Remuneration package structure

A summary of the employment arrangements and the amounts constituting the total remuneration of each Management Board member in 2020 are provided below.

Fixed salary

Based on the current remuneration policy, the CEO's fixed salary[6] amounts to 443,604 euros in total. In 2020, no indexation has been implemented as a result of the financial impact of the COVID-19 pandemic. With regard to the other Management Board members, the maximum fixed salary is 85% of the CEO's. This salary, in 2020, was as follows:

	Position	Total fixed salary (EUR)
Dick Benschop	CEO	443,604
Jabine van der Meijs	CFO	377,064
Birgit Otto	COO	377,064
André van den Berg[1]	CCO	251,376
Hanne Buis[2]	CPAO	219,954

1 Until 1 September 2020.
2 As of 1 June 2020.

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 in nature (maximum of 14%) and related to the financial results achieved (maximum 6%). The variable remuneration for the employees of the company is also derived from this.

The variable remuneration is subject to a clawback clause. Therefore, the Supervisory Board has the possibility of adjusting variable pay retrospectively in certain cases.

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 2020 (as reflected in the major deliverables and the Top Performance Indicators) as approved by the Supervisory Board. The targets contribute to:

– the progress and achievement of Schiphol's long-term strategic objectives; and
– 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. The percentage brackets have been adjusted, reflecting a more balanced spread.

ROE achievement percentage	STI percentage
Less than 75%	0%
75% - 85%	2%
85% - 95%	3%
95% - 105%	4%
105% - 115%	5%
115% or more	6%

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.

Variable remuneration 2019

Due to the financial impact of the COVID-19 pandemic on the company, the members of the Management Board proposed to the Supervisory Board that the variable remuneration over 2019, due in 2020, would not be paid out. The Supervisory Board agreed with this proposal.

Pension arrangements

Schiphol Group's pension plan, which is an average earnings scheme, is administered by Algemeen Burgerlijk Pensioenfonds (ABP). The premium due 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 110,111 euros[7]. 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 74,908 euros in 2020 (2019: 83,430 euros), based on the assumption that all employees work 40 hours a week. The actual median is lower.

6) Fixed gross annual salary, including holiday allowance.
7) The maximum amount for tax purposes applicable in 2020.

This amount compared with the total labor cost borne by the company in relation to Mr Benschop in 2020, totalling 523,498 euros (2019: 594,921 euros), equates to a remuneration ratio of 1:7.0 (2019: 1:7.2).

Management Board Remuneration for 2020

Despite the unprecedented impact of the COVID-19 pandemic on the company, Schiphol Group performed relatively well with regard to its qualitative targets. The performance has been reviewed and evaluated by the People Committee and the Supervisory Board. However, in accordance with the conditions set in relation to the NOW-regulation and in view of the financial situation, no variable remuneration will be awarded over 2020 to the Management Board.

The total remuneration received by Management Board members in 2020 is specified in the Section: Remuneration for Management Board members section of the financial statements.

The 2021 Management Agenda, consisting of 8 TPIs and 20 'major deliverables', has been adjusted to the current circumstances and is approved by the Supervisory Board.

Supervisory Board Remuneration

General

Due to the financial impact of the COVID-19 pandemic on the company, no indexation is applied on the Supervisory Board’s remuneration. The remuneration levels for the SB members therefore remain the same as the 2019 levels. 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 and each member of one of the other committees is entitled to 5,409 euros per annum.

The actual remuneration for Supervisory Board members in 2020 was as follows:

Remuneration component	Amount (EUR)
Chair of the Supervisory Board	39,486
Members of the Supervisory Board	25,963
Audit Committee members	6,491
Committees members	5,409

Remuneration of the Supervisory Board for 2020

Information on the remuneration of the Supervisory Board for 2020 can be found under 'Related parties' in the notes to the consolidated financial statements.

Schiphol, 18 February 2021

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

As an airport owner and operator, our risk profile is determined by executing these roles in line with the national interest and expectations, particularly relevant in a year in which safe, reliable and available travel 24/7 has been and will continue to be critical. This all has to take place in an effective and efficient manner, also being adaptable to change, not only to changes that could be expected (such as changing environmental, security and safety regulations, increased sustainability focus) but also those required in response to COVID-19. This has included, for example, the need for the organisation to adapt and improve (Project Reset), and to review capex and opex levels and additional funding requirements.

Risk appetite

The applicable risk appetite for each risk category (in accordance with the COSO framework) is defined by the Management Board, steering decisions on the degree of risk willing to be accepted for Schiphol to achieve its objectives. Our risk appetite throughout 2020 remained unchanged compared with the prior year.

Risk Grouping (COSO)	Risk Appetite	Description
Strategic	moderate	We recognise that a balance is needed between our socio-economic role (low risk acceptance) and our commercial ambitions (higher risk acceptance).
Operational	very low	Our primary focus is ensuring continuity of operations in a safe and secure manner regardless of circumstances. Risks that threaten this continuity are, therefore, to be reduced as much as possible, resulting in a very low risk appetite.
Financial and Reporting	low	Maintaining our credit rating of at least ‘A’ (S&P) is key, which entails ensuring a solid financial position, transparency and reliability of financial reporting. Our risk appetite for financial and reporting risk is, consequently, low.
Compliance	very low	We strive to comply with all applicable laws and regulations; particular with a focus on those needed for continuity of our aviation activities and business requirements such as EASA, health and safety, security environmental, competition, tendering, and privacy & information security laws.

Schiphol's enterprise risk management approach

Managing our risks through clear risk identification and effective internal control mechanisms with actions taking place for further control maturity requires both explicit ownership and role clarity. Our approach for Enterprise Risk Management (see overview) has been improved in 2020 by:

- explicitly linking each top ten risk category to Schiphol's value creation model including objectives and TPIs,
- making both risk and control ownership explicit, and
- consistently applying the ERM approach, including risk and control assessments for all top ten risk categories.

Risk management framework

1. Identify

- Risks identified by the business
- Risk dialogues with senior management
- Alignment of risk categories with Value Creation Model
- Risk categories and underlying risks are reviewed by the Risk & Compliance Committee and agreed with the Management Board, bi-annually
- Explicit risk ownership

2. Measure

- Risk appetite discussed with and determined by the Management Board
- Standard risk management methodology established for Top 10 risk categories and underlying risks

3. Manage

- Mitigating actions (controls) are established for identified risks
- Actions plans are established when (additional) controls are needed for (further) risk mitigation
- Explicit mitigating controls and action plans ownership

4. Monitor

- Effectiveness of mitigating actions (controls) and action plan status are monitored across three lines of defence: 1) Business, 2) Risk function, 3) Management review and internal audit
- Risk function, as guardian of ERM, reviews risk management effectiveness and drives improvement

5. Report

- The Risk function reports bi-annually to the Risk & Compliance Committee and thereafter to the Management Board and Supervisory Board on the Top 10 risk categories, underlying risks and effectiveness of mitigating actions (controls)
- ERM framework and cycle improvements approved

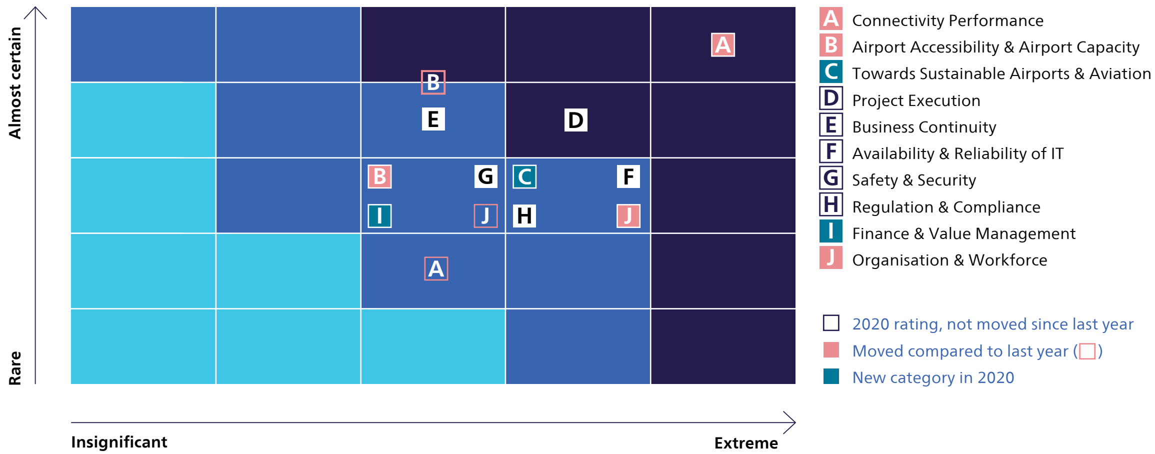
Embedding a risk-conscious culture as part of managing our business

The top ten risk categories: an enterprise risk assessment

The assessment of our top ten risk categories is visually portrayed in the risk matrix that shows per risk category the likelihood of risk occurrence and risk impact. Potential impact can be measured financially (e.g. more than 25 million euros EBITDA) or non-financially (e.g. impact on our reputation). The positioning of each top ten risk category in the matrix is the residual risk reflecting the effectiveness of our mitigating actions (controls). Movements shown represent the changes in risk position since 2019. Additions, updates and removals of the top ten risk categories and underlying risks' descriptions reflects the evolving nature of risks in managing our business. Two new categories were added in 2020. The first was 'Towards Sustainable Airports & Aviation', reflecting our sustainability ambitions. The second, 'Finance & Value Management', demonstrates heightened financial and value focus largely due to COVID-19-induced uncertainty.

Classification of Schiphol's risks following the implementation of control measures

Risk = Likelihood x Impact (Impact is both financial impact and impact on reputation)



Top ten risk categories explained

	Risk grouping (COSO)	Top ten risk category	Risks relating to	Mitigating actions & action plans	Risk category movement	TPI link
A.	**Strategic**	**Connectivity performance**	Structural airline industry changes, competing airports, slot allocation mechanism and declining airport attractiveness	– Quality of Network roadmap including Strategic plan for post-COVID-19 recovery – Passenger journey and airline journey roadmaps	↑	ICA Destinations Net Promoter Score
B.	**Strategic/ operational**	**Airport accessibility & capacity**	Growth in (peak time) passenger volume and mobility, new security and/or health requirements and/or big (organised) events	– Landside central programme – Sector crisis management	↓	On-time Performance Net Promoter Score
C.	**Strategic**	**Towards sustainable airports & aviation**	Suboptimal sustainability ambition and results	– Sustainability roadmap	–	Reputation Score CO_2 Emissions
D.	**Operational**	**Project execution**	Project delivery and benefits not realised within time and budget, e.g. due to unclear or changing project requirements, lack of resources, bankruptcy of critical partners or inadequate organisational integration, asset information or contract management. Also construction safety incidents	– Capital Lifecycle Process clarification and roll-out – Project Reset – PE Gold Standards development & implementation – Lessons learnt – Contractor performance management	=	All TPIs
E.	**Operational**	**Business continuity**	Operational disruptions e.g. due to : – Failure of technical assets, IT systems and/or power and/or insufficient data quality – Dependency on airlines and other sector partners, lack of contract compliance or bankruptcy of business partners – Asset integrity – Extreme weather conditions and results of climate change – Drones, big events and calamities such as pandemics, volcanic cloud	– Business Continuity Management (KOPSS) – Sectoral crisis management and resultant action plans – Contractor performance management – Project Reset – IT disaster recovery plan – Multi-year planning power investments – Data & AI roadmap – Integral Fire Safety Plan 2.0 – Climate change action plan review – Drone detection system	=	On-time Performance Net Promoter Score
F.	**Operational**	**Reliability & availability of IT & data**	IT service disruption due to: – Failing IT system and/or change process including human failure – Cyber attack – Chain complexity and actions of an external partner – Insufficient data quality	– Project Reset – IT Disaster recovery plan – Cybersecurity roadmap – IT Supplier Management – Data & AI roadmap	=	On-time Performance Net Promoter Score
G.	**Operational**	**Safety & security**	– Runway incursion and bird strikes – Terrorist and/or cyber attacks – Fire, construction failures and construction safety incidents – Uncontrolled crowd dynamics	– Integral fire safety plan – Wildlife hazard management plan – Integrated safety programme – Safety construction standards – Landside security mitigation measures	=	Net Safety Score

	Risk grouping (COSO)	Top ten risk category	Risks relating to	Mitigating actions & action plans	Risk category movement	TPI link
H.	**Compliance**	**Regulation & Compliance**	Non-compliance with internal and external codes and/or laws and regulation such as related to EASA, competition, tendering, telecom, privacy and environment	– Code of conduct – Compliance training – Contract management & procurement authorisation guidelines – Compliance monitoring & resulting actions	=	Reputation Score
I.	**Strategic/ financial reporting**	**Finance & value management**	Lack of liquidity and low earnings, executing projects not strategically aligned, nor fully capturing benefits of digital and innovation and in sufficient/untimely adaptation to change enterprise-wide. Material financial reporting errors and fraud are also included.	– Project Reset – Business planning cycle including scenario analyses – Opex & Capex Portfolio focus – Additional funding – Capital Lifecycle Process	–	Return on Equity
J.	**Organisation**	**Organisation & workforce**	Suboptimal organisation, lack of staff attraction and retention, too high workforce cost	– Project Reset – Employee Satisfaction Survey – Schiphol Branding	↑	Return on Equity Employee Promoter Score

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 (Finance) 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

Brigitte (55), 28 years at Schiphol Group, current work includes scheduling and coordinating Safe Guards
'Personal attention makes the difference, especially in times like these'

Reporting guidelines

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

Our annual report is drawn up with due regard to the most relevant international reporting guidelines and best practices regarding non-financial information. We elaborate on the elements of the EU directive regarding non-financial information in section Disclosure on EU Non-Financial Reporting Directive in this report, and we report in accordance with the Global Reporting Initiative (GRI) Standards (core option) of the Global Reporting Initiative. The corresponding GRI Content Index indicates where in this report information can be found about the indicators that are relevant to our business operations. The GRI sector supplement for airports has also been applied. Furthermore, our annual reporting is inspired by the International Integrated Reporting Council framework as can be seen through our Value creation model as well as other elements of our reporting. We have also 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 SDG KPIs and our activities supporting these goals, please refer to Quality of Life in Our results. Annual reports of state shareholdings are required to participate in the Transparency Benchmark, which is a benchmark study commissioned by the Ministry of Economic Affairs and Climate Policy. Schiphol has been participating in the benchmark since 2006 and won the *Most transparent annual report* prize for our 2018 Annual Report.

With the rise of numerous frameworks and reporting standards for non-financial information, we welcome the efforts of the World Economic Forum and its partners in developing *Stakeholder Capitalism Metrics and Disclosures*. The set of metrics and disclosures revolve around the principles of governance, planet, people and prosperity, and builds upon the existing body of work in the non-financial disclosure field. We address a variety of the notions set out in the document by our current non-financial disclosures, such as GRI, IIRC and the SDGs as described above.

Reporting method

Our ambition is to create the world's most sustainable and high-quality airports. The results regarding our financial, operational and social performance are presented in a single annual report. Our annual report and the related data and content are structured according to our Vision 2050, which consists of three qualities – Quality of Network, Quality of Life and Quality of Service – and two underlying enablers, safety and a robust organisation. Our eight Top Performance Indicators (TPIs) are linked to our Vision 2050. The Corporate Governance section of the report sets out how we have organised sustainability governance. 2020 was coloured by COVID-19, and the impact on the aviation sector was particularly severe. However, our sustainability ambitions and goals remain unchanged (read more in Quality of Life on our roadmap towards achieving our sustainability goals by 2030). In addition to this report, information is available online via schiphol.nl and schiphol.nl/cr.

Over 90% of our activities take place at Amsterdam Airport Schiphol. Where possible, the definitions and reporting processes of Schiphol Airport, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport have been aligned 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 to ensure its reliability. However, Schiphol Group acknowledges that some information may be based on assumptions.

Scope

In our 2020 Annual Report, we report on the results achieved in relation to the material aspects as outlined in the materiality matrix. This helps us clarify the impact and relevance of the disclosed information to readers. In 2020, we performed a light update of our materiality assessment, which can be read in the section on Material aspects for stakeholders. The topics in the materiality matrix relate to Amsterdam Airport Schiphol, Rotterdam The Hague Airport, Eindhoven Airport and Lelystad Airport. However, not all material topics are relevant for the regional airports due to the scale and nature of the operations of the airports and therefore some topics are not reported on for the regional airports. 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 2020, 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, which are geared towards their local environment and consistent with Schiphol Group's vision. 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 material aspects over which Schiphol Group has full control. Performance reported in these areas also concerns our partners in the chain where relevant.

Drafting and data gathering process

Schiphol Group begins drafting its annual report in autumn. Based on the internal materiality analysis, theme experts are tasked with compiling textual input or data for each material aspect. The internal annual reporting team and external copywriters then compile the draft text of the annual report. The relevant indicators are reviewed internally by specialists and Finance. The text is discussed in several rounds by the annual report committee, which consists of the Chief Financial Officer (CFO) and representatives from Finance, Corporate Legal, Strategy and Airport Planning, Corporate Affairs, Corporate Risk and Audit Services. In December, a well-advanced initial draft is submitted to the Management Board, after which the external auditor starts the review process. After the inclusion of the final financial and non-financial results, the texts and financial statements are submitted for approval to the Management Board and the Supervisory Board. Schiphol Group's independent external accountant finally signs off. The auditor provides limited assurance on selected socio-economic information and the allocation of the proceeds of our green bonds as presented in this report.

Comments or questions regarding the 2020 Annual Report can be directed by email to investor_relations@schiphol.nl.

Stakeholders

We maintain a regular dialogue with our stakeholders to understand their needs and interests. The nature and frequency of these communications are diverse as are the material aspects that are covered. The table below lists contact moments for consultations with our stakeholders. This overview is not exhaustive. The results achieved for each material aspect are included in the Results chapter.

Stakeholder	Material aspects	Consultation	Impact on Schiphol policy
Airlines		– Consultation process – Schiphol Operational Consultation – Schiphol Local Community Council (ORS) – ACN – Cargo community meeting	– Facilitating safe and responsible travel – Sustainable development of Schiphol beyond 2020 – Opening of Lelystad Airport to accommodate non-Mainport-related traffic
Passengers		– Continuous research – ASQ Benchmark – NPS – Customer Contact Centre – Social media	– Facilitating safe and responsible travel – Efforts to improve traveller journey incl. first and last mile, drive-in, check-in, smart parking, natural wayfinding, Seamless Flow, No-Q passport control – Meet expectations of new generations
Local residents		– Schiphol Local Community Council – Local Community Contact Centre Schiphol (BAS) – Schiphol Quality of Life Foundation – Living room conversations – Continuous reputational research	– Employment – Education and training – Schiphol Fund – Noise-reduction plan
Sector partners		– Integral Safety Management System (ISMS) – Runway Safety Team – Netherlands Control Group for Bird Strikes (NRV) – Schiphol Security and Public Safety Platform – Smart and Sustainable plan – APOC	– Facilitating safe and responsible travel – 'Zero-emissions' and 'Zero-waste' by 2030 – Initiator of the Airports Sustainability Declaration – ISMS to strengthen safe operations in conjunction with all chain partners – Collaboration in CDM/SESAR

Stakeholder	Material aspects	Consultation	Impact on Schiphol policy
Government bodies		– Regional municipalities – Province of North Holland – Ministry of Infrastructure and Water Management (I&W) – Ministry of Finance – Ministry of Economic Affairs and Climate Policy – Royal Netherlands Marechaussee – Dutch Customs	– COVID-19 measures – New Environmental Standards and Enforcement System – Regulations – Security measures – Civil Aviation Policy Memorandum – Climate table on sustainable aviation – Brexit measures
Financial stakeholders		– General Meeting of Shareholders – Investor Relations meetings and roadshows – Annual rating review meetings – Meetings with relationship banks	– Focus on cost control – Monitoring the creditworthiness of the Group – International activities – Capex outlook – Sustainable development of Schiphol beyond 2020
Business partners		– Tenants' consultation platform – OSO – Cooperation programme with NS (Dutch Railways), ProRail, Ministry of Infrastructure and Water Management – Marketing fund	– Facilitating safe and responsible travel – Airside electric charging – Circular construction practices – Safe working campaigns for main contractors – Personalised offering
Employees		– Works Council – Aviation Community Schiphol – Aviation Inclusive – Trade unions	– Facilitating safe and responsible travel – Project Reset Restructuring – Collective work agreement – Vitality programme for shift workers – Social return
Network and special interest organisations		– SMASH – World Economic Forum – Airports Council International (ACI) – Amsterdam Economic Board – C-creators – Global centre for adaptation – SkyNRG – SHARE – 'Anders Reizen' Coalition	– Collaboration and knowledge sharing – Prevention of wildlife trafficking – Net-zero-carbon aviation – Sustainable commuter and travel policy Schiphol Group
Knowledge institutions		– Knowledge and Development Centre – TU Delft – MVO Nederland – RIVM – TNO – NLR	– Adaptation of take-off and landing procedures – 'Zero-waste' by 2030 – Monetisation of investment decisions – Digital airport: personal and relevant communication to improve passenger journey and reduce stress – Research into synthetic kerosene at Rotterdam The Hague Airport

GRI Content Index

GRI guidelines for sustainability reporting

Ref.	Description	Chapter	Information and reference	External assurance section
Strategy				
G102-14	Statement from senior decision-maker	Message from the CEO		No
G102-15	Key impacts, risks, and opportunities	Trends and developments		No
Corporate profile				
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: 1,416 Consumer Products & Services: 118 Real Estate: 63 Operating Unit ICT: 262 PLUS: 122 Staff: 483 Amsterdam Airport Schiphol total: 2,470 Entities Lelystad Airport: 51 Eindhoven Airport:83 Rotterdam The Hague Airport: 107 Other information is not material	Yes
G102-41	Collective bargaining agreements		91% 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	Responding to COVID-19 Socio-economic accountability		No Yes
G102-11	Precautionary principle	Risk management	See also: http://www.schiphol.nl/nl/jij-en-schiphol/pagina/een-duurzame-toekomst	No
G102-12	Externally developed economic, environmental and social charters, principles or other initiatives		Multi-Year Agreement, Diversity Charter, 'Aviation Inclusive' collaboration project, Smart and Sustainable action plan	No
G102-13	Membership of associations and/or national or international interest organisations	Supervisory Board Management Board Socio-economic accountability	Industry association Airports Council International, Amsterdam Economic Board , World economic Forum	No No Yes

Ref.	Description	Chapter	Information and reference	External assurance section
Material topics				
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
Stakeholder involvement				
G102-40	List of stakeholder groups engaged by the organisation	Material aspects for stakeholders Socio-economic accountability		Yes 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 Socio-economic accountability		Yes 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 stakeholders Socio-economic accountability Community and support base		Yes Yes Yes
Reporting details				
G102-50	Reporting period	Socio-economic accountability	01-01-2020 - 31-12-2020	Yes
G102-51	Date of most recent previous report (if any)	Published on 9 March 2020	www.schiphol.nl/nl/schiphol-group/pagina/jaarverslagen/	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
Governance				
G102-18	Organisational governance structure	Report of the Supervisory Board Corporate Governance Supervisory Board Management Board		No No No No
Ethics and integrity				
G102-16	Values, principles, standards, and norms of behaviour	Responsible Business		Yes
G102-17	Mechanisms for advice and concerns about ethics	Responsible Business		Yes
Management approach				
G103-1	Topic boundary within and outside the organisation for each material subject	Material aspects for stakeholders Socio-economic accountability		Yes Yes

Ref.	Description	Chapter	Information and reference	External assurance section
		Value creation model		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_2 and air quality Circular economy Community and support base Safe, secure and responsible travel 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
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 Partially No Yes
Material topics				
Network of destinations				
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): 20,881,464 European: 15,122,741 Intercontinental: 5,758,723 OD passengers (total): 12,096,950 European OD: 9,414,994 OD Intercontinental: 2,681,956 Transfer (total): 8,784,514 European transfer: 5,707,747 Intercontinental transfer: 3,076,767 Transit-direct passengers: 5,130	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): 227,304 Cargo flights (commercial): 23,782 Passenger flights (commercial): 203,522 General aviation (non-commercial): 14,102 Night-time flights (total): 8,752	Yes
AO3	Cargo volume	Network of destinations	Amsterdam Airport Schiphol: 1,441,521,495 kg	Yes
	Number of ICA destinations	TPI performance 2020		Yes
Accessibility				
	Accessibility	Accessibility	This topic is qualitatively evaluated	Yes

Ref.	Description	Chapter	Information and reference	External assurance section
Airport capacity				
	On-time performance	TPI performance 2020		Yes
Customer appreciation				
	Net Promoter Score	Customer appreciation TPI performance 2020		Yes Yes
Sustainable aviation				
	Sustainable aviation fuel contribution	Sustainable aviation	This topic is qualitatively evaluated	Yes
Noise				
AO7	Number of people living in noise-affected areas	Noise	In the 2020 Usage Forecast, it was anticipated that >115,000 people would experience severe noise disturbance at levels of 48 dB(A) Lden or higher. Ultimately, the actual number was 51,000. The usage forecast for 2020 is also available online.	Yes
	Reputation Score	TPI performance 2020		Yes
CO_2 and air quality				
G302-4	Saving energy	CO_2 and air quality		Yes
G305-1	Greenhouse gas emissions - Scope 1	CO_2 and air quality TPI performance 2020		Yes Yes
G305-2	Greenhouse gas emissions - Scope 2	CO_2 and air quality TPI performance 2020		Yes Yes
G305-3	Greenhouse gas emissions - Scope 3	CO_2 and air quality TPI performance 2020		Yes Yes
G305-5	Reduction of greenhouse gas emissions	CO_2 and air quality TPI performance 2020		Yes Yes
	Air quality composition	CO_2 and air quality SDG table	Air quality is monitored by the government through the National Air Quality Cooperation Programme.	Yes
Circular economy				
G306-2	Total weight of waste by type	Circular economy	This disclosure refers to the GRI Effluents and Waste 2016 version. 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

Ref.	Description	Chapter	Information and reference	External assurance section
Community and support base				
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: www.bezoekbas.nl	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 2020 did not require any relocations of local residents. For the relocation of tenants of commercial buildings, please refer to chapter Airport Capacity.	Yes
	Reputation Score	TPI performance 2020		Yes
Safety and security				
AO9	Number of animals involved in wildlife strikes per 10,000 air transport movements	Safe, secure and responsible travel Our regional airports	Bird strikes are material	Yes Yes
G403-9	Lost Time Injury Frequency (LTIF)	Safe, secure and responsible travel Our regional airports	Lost Time Injury Frequency and absenteeism are material	Yes Yes
	Net Safety Score	TPI performance 2020		Yes
Financial solidity				
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 787 million euros in 2020. 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.	No
G203-2	Insight into and description of significant indirect economic consequences, including their scale	About us and our Why Financial solidity Financial performance		Yes No No
	ROE	TPI performance 2020		Yes
Responsible business				
	Number of issues reported to the integrity committee	Responsible business		Yes
Business continuity				
	Business continuity	Business continuity	This topic is qualitatively evaluated	Yes
Employment practices				
G401-1	Number of new employees and staff turnover	Employment practices	Division into categories is not material	Yes
	Employee promoter score	TPI performance 2020		Yes

Non-Financial Information disclosure

Topic	Subtopic	Section reference
Business model		About us and our why
Relevant environmental matters	Policies pursued	Quality of life CO_2 and air quality Sustainable aviation Circular Economy Noise Community and Support Base
	Outcome of policies	Quality of life CO_2 and air quality Sustainable aviation Circular Economy Noise Community and Support Base
	Principal associated risks and mitigation	Risk Management
	Key performance indicators	Quality of life CO_2 and air quality Sustainable aviation Circular Economy Noise Community and Support Base
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

Topic	Subtopic	Section reference
Relevant human rights matters	Policies pursued	Responsible business
	Outcome of policies	Responsible business
	Principal associated risks and mitigation	Risk Management
	Key performance indicators	Responsible business
Relevant anti-corruption and anti-bribery matters	Policies pursued	Responsible business
	Outcome of policies	Responsible business
	Principal associated risks and mitigation	Risk Management
	Key performance indicators	Responsible business

Assurance report of the independent auditor

To: the Management Board of Royal Schiphol Group N.V.

Report on the review of the socio-economic reporting included in the annual report 2020

Our conclusion

We have reviewed the socio-economic reporting in the Annual Report 2020 (hereafter 'Annual Report') of Royal Schiphol Group N.V. (hereafter 'Schiphol Group') based in Schiphol, the Netherlands, for the year ended 31 December 2020 (hereafter 'the socio-economic reporting'). 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 prepared, in all material respects, in accordance with the reporting criteria as described in the 'Reporting criteria' section of our 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 2020', 'Safety', 'Robust organisation' (paragraphs 'Business continuity', 'Responsible business' and 'Employment practices') 'Quality of Network', 'Quality of Life', 'Quality of Service' 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'. The socio-economic reporting is disclosed in the Annual Report.

The socio-economic reporting comprises a representation of the policies of Schiphol Group with regard to corporate social responsibility and the thereto related business operations, events and achievements during the year.

Basis for our conclusion

We performed our review 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting 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 Annual Report.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the socio-economic reporting and for the socio-economic reporting as a whole. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

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.

KPMG

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 is in accordance with the applicable criteria as described in the 'Reporting criteria' section of our report, 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 summarised in the section 'Socio-economic accountability' on pages 103 and 104 of the Annual 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, amongst other things, responsible for overseeing the Schiphol Group reporting process.

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 to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. 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:

- Performing an analysis of the external environment and obtaining an understanding of relevant societal 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, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- 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, amongst 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;
  - 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 presentation, structure and content of the socio-economic reporting;
- Considering whether the socio-economic reporting as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We have communicated with the Management Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

The Hague, 18 February 2021

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 was the first European airport, and among the first airports worldwide, to issue a green bond. In 2020, we issued two additional green bonds, with a value of 500,000,000 and 750,000,000 consecutively. Our sustainable finance efforts highlight our ambitions regarding sustainability.

This document comprises our 2020 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 bonds: green buildings and clean transportation.

Green buildings as per December 31, 2020	#
Number of buildings with A label[1]	14
Number of buildings with B label[2]	3
Number of buildings with BREEAM (Very Good, Excellent or Outstanding) certificate	5
Number of buildings with LEED Gold certificate[3]	2

1 Of which one building that has been refurbished, resulting in at least two steps improvement in energy label up to EPBD label A.

2 Eligible under the Green Bond Framework (2018) and the Green Finance Framework (2020) as this concerns refurbished buildings with at least two steps improvement in energy label up to at least EPBD label B.

3 Concerns buildings that are currently under construction or not fully operational.

Clean transportation as per December 31, 2020	#
Number of Electric buses airside	51
Number of charging stations	1,140

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

Issuer | Royal Schiphol Group N.V.
Issue date | 6 April 2020
Currency | EUR
Tenor |9 years
Issued amount | 750,000,000
ISIN | XS2153459123

Issuer | Royal Schiphol Group N.V.
Issue date | 8 September 2020
Currency | EUR
Tenor | 12 years
Issued amount | 500,000,000
ISIN | XS2227050379

Green bond allocation reporting[1]

Portfolio date: 31 December 2020

Eligible Green Project Portfolio

Category	Amount (EUR) [1]
Green buildings	1,506,462,414
Clean transportation	20,155,889
Of which; Electric buses - airside	12,187,844
Of which; Other [2]	7,968,045
Total eligible Green Project Portfolio	**1,526,618,302**

1 Concerns the book value as per December 31, 2020 and is either the fair value (investment property) or cost price minus depreciation (operating assets).
2 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.

Green funding

Instrument	Issuance date	Due date	Principal	Amount (EUR)
XS1900101046	5 November 2018	5 November 2030	EUR 500m	500,000,000
XS2153459123	6 April 2020	6 April 2029	EUR 750m	750,000,000
XS2227050379	8 September 2020	8 September 2032	EUR 500m	500,000,000
Total Green Funding				**1,750,000,000**

Percentage of Eligible Green Loan Portfolio Allocated (usage)	115%
Percentage of Net Proceeds of Green Funding allocated to Eligible Green Loan Portfolio	87%
Eligible Green Loan Portfolio – Unallocated	EUR -223,381,698
Current value of expected eligible green buildings (currently under construction) [1]	EUR 366,447,752 [2]

1 Please note that our current buildings under construction, will be categorized as green building upon finalisation.
2 On top of this amount, significant additional eligible assets are expected within 24 months from our latest bond issue in September 2020

1) **This section is within the scope of the KPMG assurance engagement**

Impact reporting[2]

Green buildings

Category	Eligible portfolio (EUR)	Share of total financing	Total annual energy (GJ) savings	Total annual electricity (kWh) avoidance	Total annual gas (m3) avoidance	Total annual CO_2 (tonnes) avoidance	Total annual electricity production (kWh)
a[1]	b[2]	c[3]	d[4]	e[4]	f[4]	g[4]	h[4]
Green buildings	1,506,462,414[5,6]	86.1%[7]	98,655	7,177,913	1,103,138	5,386	167,007

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 See methodology and assumptions for definition
5 Please note that our current buildings under construction, with a current book value of €366,447,752, will be categorized as green building upon finalisation.
6 Share of refinancing at bond issue was 100%, excluding the unallocated amount.
7 1.2% of the total financing applies to clean transportation for which no specific impact indicator is currently available.

2) **This section is not within the scope of the KPMG assurance engagement**

Methodology and assumptions

As described in our Green Bond Framework (2018) and Green Finance Framework (2020), 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[3]: Platinum, Gold
   b. BREEAM[4]: Outstanding, Excellent, Very Good
   c. EPBD[5]: 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 2020 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 'Current value of expected eligible green buildings'. This means that only the value of the part that was built as per 31 December 2020 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.

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 2020 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.

[3] 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.
[4] BREAAM (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.
[5] EPBD is the Energy Performance of Buildings Directive, which is an European directive to enforce measurement of energy performance of building.

Impact indicators

For the impact indicators total annual energy (GJ) savings, total annual electricity (kWh) avoidance and total annual gas (m3) avoidance, the following methodology and assumptions apply:

- The reported values concern 2020.
- The savings and avoidances reported are consistent with the methodology for the obligation under the MYA (Meerjarenafspraken energie-efficiëntie) 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 2020 figures are yet to be submitted to the Netherlands Enterprise Agency.
- For the CO_2 calculation of electricity (kwh) and gas (m3), the relevant emission factors from 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.

KPMG

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 2020

Our conclusion

We have reviewed the Eligible Green Project Portfolio in the Annual Report 2020 (hereafter ‘Annual Report’) of Royal Schiphol Group N.V. (hereafter Schiphol Group) based in Schiphol, the Netherlands, for the year ended 31 December 2020 (hereafter ‘the Portfolio’). 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 prepared, in all material respects, in accordance with the reporting criteria as described in the ‘Reporting criteria’ section of our report.

The Portfolio is included in the section ‘Green bond progress report’ (paragraph ‘Green bond allocation reporting’) in the chapter ‘Socio-economic accountability’ as disclosed in the Annual Report.

Basis for our conclusion

We performed our review in accordance with Dutch law, including Dutch Standard 3000A ’Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie). 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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Reporting criteria

The Portfolio 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 Portfolio are the ‘Eligible investments per category’ as described in the Schiphol Green Bond Framework (2018) and Schiphol Group Green Finance Framework (2020) as disclosed and further described in the ‘Methodology and assumptions’ on pages 117 and 118 of the Annual Report.

Materiality

Based on our professional judgement we determined materiality levels for each relevant part of the eligible green project portfolio. When evaluating our materiality levels, we have taken into account quantitative and qualitative considerations as well as the relevance of information for both stakeholders and the company.

Limitations to the scope of our review

The Annual Report contains other information besides the Portfolio. Our review did not extend to this other information and this report does 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 applicable criteria as described in the ‘Reporting criteria’ section of our report.

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, amongst other things, responsible for overseeing the Schiphol Group reporting process.

KPMG

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 to determine the plausibility of information and vary in nature and timing, and are less in extent, compared to a reasonable assurance engagement. 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:

- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the Portfolio;
- Obtaining an understanding of the reporting processes for the Portfolio, including obtaining a general understanding of internal control relevant to our review, but not for the purpose of expressing a conclusion on the effectiveness of the company's internal control;
- 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. These procedures included, amongst others:
  - Reviewing the second opinion from Vigeo Eiris which addresses the applicability of the reporting criteria used in the preparation of the Portfolio;
  - Reviewing the Green Evaluation from Standard & Poor's (S&P) which addresses the applicability of the reporting criteria used in the preparation of the Portfolio;
  - Interviewing relevant staff at Schiphol Finance Department and Schiphol Real Estate responsible for the Green Bond management, reporting, and providing and consolidating the Portfolio;
  - Reviewing, on a limited test basis, relevant internal and external documentation, based on limited sampling, to determine whether the information in the Portfolio is plausible in line with the Reporting criteria.

We have communicated with the Management Board and the Supervisory Board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

The Hague, 18 February 2021

KPMG Accountants N.V.

R.R.J. Smeets RA

Financial Statements

Kimberley (28), 6 years at HMSHost, including 1 year at Silverscreen restaurant
'Attending to the passenger and serving them high-quality food makes me feel part of their journey'.

Consolidated financial statements

Company financial statements

Other Information

Consolidated statement of income for the year ended 31 December 2020

(in thousands of euros)	Note[1]	2020	2019
Revenue	1	688,276	**1,614,674**
Other results from investment property	2	-64,459	112,858
Cost of outsourced work and other external costs	3	629,722	802,126
Employee benefits	4	200,303	242,466
Depreciation, amortisation and impairment	5	324,208	293,664
Other operating expenses	6	-	-5,828
Total operating expenses		**1,154,233**	**1,332,427**
Operating result		-530,416	**395,105**
Financial income		7,397	10,523
Financial expenses		-99,495	-94,844
Financial income and expenses	27	**-92,098**	**-84,321**
Share in result of associates and joint ventures	12	-107,247	127,192
Result before tax		**-729,761**	**437,976**
Income tax expense	11	162,016	-75,913
Result for the year		-567,745	**362,062**
Attributable to:			
Non-controlling interests		-5,115	6,952
Shareholders (net result)		-562,630	355,110
Basic earnings per share (in euros)		-3,023[2]	**1,908**
Diluted earnings per share (in euros)		-3,023[2]	1,908

1 The notes are an integral part of these consolidated financial statements.
2 Result attributable to shareholders / number of shares

Consolidated statement of comprehensive income for the year ended 31 December 2020

(in thousands of euros)	Note[1]	2020	2019
Result for the year		-567,745	**362,062**
Foreign currency translation differences	19	-2,755	5,997
Changes in fair value on hedge transactions	19	-5,233	443
Share of OCI of associates after taxes	12, 19	-21,622	-6,321
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:		-29,610	**119**
Remeasurements of defined benefit liability	19	2,019	-4,011
Share of OCI of associates after taxes	12, 19	-0	-4,160
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:		2,019	**-8,171**
Other comprehensive income for the year		-27,591	**-8,052**
Total comprehensive income for the year		-595,336	**354,011**
Attributable to:			
Non-controlling interests		-5,115	6,952
Shareholders (net result)		-590,221	347,059

1 The notes are an integral part of these consolidated financial statements.

Consolidated statement of financial position as at 31 December 2020

(in thousands of euros)	Note[1]	31 December 2020	31 December 2019
Assets			
Intangible assets	7	149,246	136,425
Assets used for operating activities	8	3,236,980	3,122,072
Assets under construction or development	9	1,312,719	978,734
Investment property	10	1,722,904	1,758,111
Deferred tax assets	11	185,795	68,245
Investments in associates and joint ventures	12	1,067,613	1,170,447
Loans to associates	13	138,628	133,622
Other non-current receivables	14	38,374	78,690
Non-current assets		**7,852,259**	**7,446,346**
Trade and other receivables	15	673,949	180,573
Current income tax receivables	11	465	14,560
Cash and cash equivalents	16	753,449	155,072
Current assets		**1,427,863**	**350,205**
Total assets		**9,280,122**	**7,796,551**

1 The notes are an integral part of these consolidated financial statements.

(in thousands of euros)	Note[1]	31 December 2020	31 December 2019
Equity and liabilities			
Issued share capital	17	84,511	84,511
Share premium	17	362,811	362,811
Retained profits	18	3,392,067	3,954,697
Other reserves	19	-112,958	-85,368
Equity attributable to owners of the company		**3,726,431**	**4,316,650**
Non-controlling interests	20	50,271	55,386
Total equity		**3,776,702**	**4,372,036**
Borrowings	21	4,403,874	2,609,582
Employee benefits	22	63,281	55,202
Provisions	23	36,251	48,777
Deferred tax liabilities	11	11,752	13,359
Other non-current liabilities	24	105,086	98,351
Non-current liabilities		**4,620,244**	**2,825,270**
Borrowings	21	444,092	162,880
Current income tax liabilities	11	3,565	1,672
Provisions	23	7,484	-
Trade and other payables	25	428,035	434,693
Current liabilities		**883,176**	**599,245**
Total liabilities		**5,503,420**	**3,424,515**
Total equity and liabilities		9,280,122	**7,796,551**

1 The notes are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity for the year ended 31 December 2020

(in thousands of euros)	Note[1]	Attributable to shareholders Issued share capital	Share Premium	Retained profits	Other reserves	Non-controlling interests	Total
Balance at 31 December 2018		**84,511**	**362,811**	**3,716,968**	**-76,606**	**48,673**	**4,136,357**
Profit for the year		-	-	355,110	-	6,952	362,062
Other comprehensive income for the year	19	-	-	-	-8,052	-	-8,052
Comprehensive income for the year		**-**	**-**	**355,110**	**-8,052**	**6,952**	**354,011**
Payments of dividends	18	-	-	-117,381	-	-222	-117,603
Other		-	-	-	-711	-17	-728
Balance at 31 December 2019		**84,511**	**362,811**	**3,954,697**	**-85,368**	**55,386**	**4,372,036**
Result for the year		-	-	-562,630	-	-5,115	-567,745
Other comprehensive income for the year	19	-	-	-	-27,591	-	-27,591
Comprehensive income for the year		**-**	**-**	**-562,630**	**-27,591**	**-5,115**	**-595,336**
Payments of dividends	18	-	-	-	-	-	-
Other		-	-	-	-	-	-0
Balance at 31 December 2020		**84,511**	**362,811**	**3,392,067**	**-112,958**	**50,271**	**3,776,702**

1 The notes are an integral part of these consolidated financial statements.

	Dividend for 2019, paid in 2020	Dividend for 2018, paid in 2019
Dividend attributable to shareholders (in euros)	-	117,381,000
Average number of shares in issue during the year	-	186,147
Dividend per share (in euros)	-	631

Consolidated statement of cash flow for the year ended 31 December 2020

(in thousands of euros)	Note[1]	2020	2019
Result for the year		-567,745	362,062
Income tax expense recognised in profit or loss	11	-162,016	75,913
Share in result of associates and joint ventures	12	107,247	-127,192
Financial income and expenses	27	92,098	84,321
		37,329	33,042
Operating result		-530,416	395,105
Adjustments for:			
Depreciation and amortisation expenses	5	300,894	289,871
Impairment loss	5	23,314	5,493
Impairment reversal	5	-	-1,700
Result on disposal of investment property	2	-629	1,543
Fair value changes of investment property	2	65,088	-114,401
Other non-cash changes in other receivables and liabilities		-5,193	1,777
Change in employee benefits and other provisions		15,308	-3,992
		398,782	178,590
Operating result after adjustments		-131,634	573,695
Movements in working capital		-13,053	-13,272
Cash flow from operations		-144,687	560,423
Cash flow from operating activities			
Income taxes paid		-53,905	-46,119
Income taxes received		111,888	-
Interest paid		-71,805	-80,946
Interest received		449	1,680
Dividends received on redeemable preference shares	13	-	5,627
Dividends received	12	909	81,853

(in thousands of euros)	Note[1]	2020	2019
Cash flow from operating activities		-157,151	522,520
Cash flow from investing activities			
Payments for intangible assets	7	-37,798	-53,815
Payments for property, plant and equipment	9, 10	-661,998	-756,981
Proceeds from disposals of assets		-	-81
Acquisition and disposal of associates and joint ventures	12	-4,619	-164,395
Share capital withdrawals (contributions) to associates	12	-	8,297
Loans to associates and joint ventures	13	-117,777	-
Repayment on other loans		-	128
Acquisition of redeemable preference shares	13	-	-80,051
Investments in deposits		-470,000	-
Proceeds from deposits		-	265,000
Cash flow from investing activities		-1,292,192	-781,610
Free cash flow		-1,449,343	-259,091
Cash flow from financing activities			
Proceeds from borrowings	21	2,636,122	399,287
Repayment of borrowings	21	-561,095	-211,000
Settlement of derivative financial instruments		-	2,456
Dividend paid	18	-	-117,603
Proceeds from other non-current liabilities		425	589
Payment of lease liabilities		-5,902	-55,324
Cash flows from collaterals		-21,847	9,090
Cash flow from financing activities		2,047,703	27,495
Net cash flow		598,360	-231,596
Cash and cash equivalents at the beginning of the year	16	155,072	386,556
Net cash flow		598,360	-231,596
Exchange and translation differences		-17	112
Cash and cash equivalents at the end of the year	16	753,449	155,072

1 The notes are an integral part of these consolidated financial statements.

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 2020, which ended at the balance sheet date of 31 December 2020. On 18 February 2021, 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 13 April 2021.

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.

Going concern basis of accounting

The COVID-19 outbreak and measures adopted by governments in countries worldwide to mitigate the pandemic's spread have developed rapidly in 2020 and have impacted the operations and cash flows of Schiphol Group significantly. A loss of 568 million euros was recognised for the financial year ending 31 December 2020, mainly as a result of the (air) travel restrictions imposed by governments to contain the spread of the virus. The result was a significant decrease in passenger numbers of 70% and therefore in revenues.

By reducing Schiphol Group's operations and closing part of the terminal during the first months of the crisis, Schiphol reduced its operational expenses (excluding depreciation, amortisation and impairment) with 209 million euros. Schiphol focused on financial and operational optimisation and aims to further reduce the overall operating expenses by approximately 20% - 25% in 2021 and 2022. It was also possible to reschedule runway and terminal maintenance to this quiet period with strongly decreased traffic. As a result of the impact of the pandemic, other projects and investments are being temporised to optimise annual capital spend.

The timing, speed and extend of recovery of the results of operations, prospects and financial conditions in the next few months and years from the impact of COVID-19 is uncertain and difficult to predict. Based on current information and forecasts (scenarios) prepared by management, it is the expectation that passenger volumes will return to 2019 levels around 2023-2025.

Management has modelled a number of different scenarios considering a period of minimum 12 months from the date of authorisation of these consolidated financial statements. The assumptions underlying the scenarios are based on the estimated potential impact of COVID-19 restrictions and regulations and expected levels of passenger numbers and air transport movements, along with management's proposed responses over the course of the period.

The scenarios include the benefits of actions already taken by management to mitigate the downsides brought by COVID-19, such as non-payment of dividends and management bonusses. These scenarios also include the repayments of loans and the investments in capital expenditure. These assume a gradual increase of passenger numbers and air transport movements over the coming years. Several countries and airports are setting-up speed test streets and quarantine areas, which will stimulate air travel in the near future. There is no material uncertainty with regards to scenarios and going concern assumption, but it is based on (significant) judgement. If developments in the near future will negatively differ from expected scenarios, Schiphol can manage the cashflow by controlling the capital expenditure.

Currently, Schiphol has sufficient funding available and raised adequate resources amounting to 2,175 million euros in 2020 from the issuance of (green) bonds under the EMTN programme and facilities drawn to fulfill its debt redemption obligations in 2021 of 856 million euros, while continuing to finance the ongoing operational cash flows and the committed capital investments of approximately 450 million euros. For the year ended 31 December 2020, Schiphol's net current assets amounted to 1,428 million euros, of which 1,223 million euros relate to cash and cash equivalents and short term deposits.

Management therefore expects that Schiphol Group has adequate resources to continue in operations for at least the next 12 months and that the going concern basis of accounting remains appropriate.

Impairment of assets
It was assessed that no impairment is required for CGU Amsterdam Airport Schiphol, Schiphol Airport Retail, Eindhoven Airport, Lelystad Airport, Rotterdam The Hague Airport and the investments in associates in terms of IAS 36 *Impairment of Assets*.

Judgement is required in projecting future cash flows for the CGU and investments given the unprecedented volatility and uncertainty of the effects of COVID-19. The duration and impact of the limitations to operate as a result of COVID-19 is uncertain. The forecasts were prepared under the assumption of a recovery to 2019 passenger volumes within a three year planning horizon. The estimate of value in use was determined by using a pre-tax discount rate in the range of 4% - 7%.

New and amended standards that are mandatory with effect from 2020
There are a number of amendments to standards which are effective as from 1 January 2020 :

- 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).

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 2021 or later
Schiphol Group has not voluntarily applied in advance new or amended standards or interpretations that will not be mandatory until the 2021 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 2021 financial year or later (as stated):
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform (effective 1 January 2021);
- Amendments to IAS 37: Onerous Contracts - Cost of Fulfilling a Contract (effective 1 January 2022) ;
- Annual Improvements to IFRS Standards 2018 - 2020 (effective 1 January 2022);
- Amendments to IAS 16: Property, Plant and Equipment - Proceeds before Intended Use (effective 1 January 2022);
- Amendments to IFRS 3: Reference to the Conceptual Framework (effective 1 January 2022);
- Amendments to IAS 1: Classification of Liabilities as Current or Non-Current (effective 1 January 2023);
- IFRS 17 Insurance Contracts (issued on 18 May 2017, effective from 2023);
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Available for optional adoption / effective date deferred indefinitely).

It is expected that these new and / or amended standards 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 IT applications. Internally developed software is capitalised at the cost of internal and external hours spent on the development and implementation phases of IT 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'. 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 valuators (at 30 June and at 31 December). Land is appraised based on internal valuations and also by independent external valuators. Each year a different part of the land positions is appraised by independent external valuators. 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
IT 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 subsidiairies 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 and joint ventures 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. During 2020, the contractual payment terms was extended with 60 days to assist Schiphol's customers as a result of the negative impact of COVID-19. The payment default days has also been extended. This has not been assessed as a significant increase in risk. 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 cost of inventories is based on the first-in, first-out principle. 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. During 2020, the contractual payment terms were extended with 60 days and payment discounts were provided if settlement took place within 30 or 45 days. These measures were put in place to assist the customers as a result of the impact of COVID-19.

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 2020 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. During 2020, the contractual payment terms were extended with 60 days to assist the customers as a result of the impact of COVID-19.

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. During 2020, the contractual payment terms were extended with 60 days to assist the customers as a result of the impact of COVID-19.

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.

Operating profits

Operating profit is the result generated from the continuing principal revenue producing activities of the Group as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity accounted investees and income taxes.

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.

Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to income, it is presented as part of profit or loss and deducted in reporting the related expense. See note 4. Employee benefits expense. Investment grants, being government contributions to capital expenditure, are deducted directly from the carrying amount of the asset.

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 2020 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.

Going concern assumption (forecasting)

Several assumptions and estimates were made by management in determining the forecasts and different scenarios to be able to conclude on the going concern assumption of Schiphol Group. Judgement is required in projecting the future cash flows, including the duration and impact of the restrictions on the expected levels of passenger numbers and air traffic movements. The assumptions of the estimates are included in more detail in the Accounting Policies for the going concern assumption.

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.

The useful life of an asset should be reassessed if changes in circumstances occur or new information becomes available regarding the remaining useful life. The depreciation period should be the same as the expected usage pattern of the asset. See Note 5. Depreciation, amortisation and impairment expense for the impact of the change in useful life.

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 valuators. 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 valuators. 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. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and explained in the Accounting Policies (Going concern basis of accounting) and Note 12. Investments in associates and joint ventures.

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 Note 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. A restructuring provision was also recognised which include numerous assumptions and estimates with regards to the determination of the provision. Schiphol estimates that the majority of the costs relating to the provision will be realised within a year. For more detailed explanations, refer to Note 4. Employee benefits expense.

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 2020

Additional 61.16% share in Cargonaut Holding

In 2020, Schiphol Group acquired the remaining 61,16% shares in Cargonaut Holding B.V. (Cargonaut) for an amount of 1.99 million euros from the current shareholders. The remaining shares were acquired because the business activities of Cargonaut fits in with the strategy of RSG. It is an essential improvement step for the continuity of a business-critical IT system in the short term and for the long-term development of the international competitive distinction of Cargo Hub Schiphol. Schiphol has held 38,84% of the shares since 1996. The acquisition was finalised at the end of October with effect from 1 November 2020. Cargonaut was accounted for as an associate in terms of the equity method. The acquisition of the additional shares was treated as a step acquisition (business combination achieved in stages) in terms of IFRS 3 *Business Combinations*. The non-controlling equity investment already held in Cargonaut have been re-measured at its acquisition-date fair value and the gain recognised in the income statement.

Acquisition of land

In March 2020, Schiphol Real Estate and Volker Wessel Bouw & Vastgoedontwikkeling Nederland B.V. (VolkerWessels) formed a joint venture and have acquired approximately 90 hectares of land from the development company, Chipshol Holding B.V. These lands are located to the south of Badhoevedorp / Schiphol-Northwest. The total area is split into an area south and an area north of motorway A9. The southern area is primarily a strategic reserve for infrastructure and ancillary aviation purposes. It will be used in order to improve Schiphol's accessibility, such as the future extension of the Noord / Zuid metro line, as soon as this project is greenlighted. The area north of motorway A9 provides ample space for the development of commercial real estate. The commercial development will be performed in a joint venture with VolkerWessels. The acquisition of the southern area of the motorway was structured by acquiring several entities and qualified as an asset acquisition in terms of IFRS 3. Please see Note 12. Investments in associates and joint ventures for additional details.

Acquisition of Chip(s)hol

Schiphol Group (through Schiphol Real Estate) acquired Chip(s)hol III B.V. in May 2020 in order to settle the legal claim in respect of the construction freeze of the land known as the ‘Groenenbergterrein’. This settlement was reached by acquiring the entity that holds the claims. The acquisition qualified as an asset acquisition in terms of IFRS 3.

Update on additional 0.89% 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 concerned both 0.89% of the ordinary shares and 0.89% of the redeemable preference shares and involved a total consideration of 97 million Australian dollars (60 million euros), including initial acquisition costs of 0.5 million Australian dollars (0.3 million euros). The shares were acquired from one of the other shareholders.

At year-end 2019, the fair value adjustments presented were provisional in accordance with IFRS 3. Schiphol Group has received new information within one year of the date of acquisition about facts and circumstances that existed at the date of acquisition. It was noted that balance sheet reclassifications occured in comparison with the figures that were recognised at the end of 2019. It was, however, assessed that there is no material impact on the reported figures and no adjustments are necessary.

Update on acquisition of 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 acquisition concerns both 35% of the ordinary shares and 35% of the redeemable preference shares and involved a total consideration of 299 million Australian dollars (184 million euros), including initial acquisition costs of 5 million Australian dollars (3 million euros). The share was acquired from two of the other shareholders.

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, the assignment was still a work in progress and the fair value adjustments were provisional in accordance with IFRS 3.

New information has been received from Hobart International Airport and the impact thereof has been assessed in terms of IFRS 3. The fair value of the intangible assets were determined and it was further noted that there were some balance sheet reclassifications in comparison with the figures that were recognised in December 2019. It was, however, assessed that there is no material impact on the reported figures.

Apart from the changes mentioned above, additional acquisition costs of 6 million Australian dollars were incurred at the start of 2020 to finalise the acquisition. The total consideration paid for the 35% share in Hobart International Airport amounted to 305 million Australian dollars.

Of the total acquisition cost of 305 million Australian dollars (184 million euros), an amount of 125 million Australian dollars (77 million euros) is allocated to the fair value of the acquired redeemable preference shares. The implied goodwill on acquisition amounts to 166 million Australian dollars (105 million euros) and the fair value of the remaining assets and liabilities in the amount of 14 million Australian dollars (9 million euros).

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.

Effective 1 March 2021, Schiphol Group will be restructured into three business areas: Airport Operations & Aviation Partnerships (previously: Aviation), Schiphol Commercial Services (previously: Consumer Products & Retail and Real Estate) and Alliances & Participations. This will have a material impact on the current reporting segments.

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 2020), there is no geographical segmentation.

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.

2020

(in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
Airport charges	292,751	-	-	21,109	**313,860**
Concessions	9,020	54,735	336	3,731	**67,822**
Rent and leases	404	16,378	181,475	5,129	**203,386**
Parking fees	-	43,147	5,757	6,692	**55,596**
Other activities	18,408	26,627	5,998	94,775	**145,808**
Total revenue	**320,582**	**140,887**	**193,566**	**131,437**	**786,472**
Intercompany revenue	-1,185	-2,296	-31,571	-63,144	**-98,196**
Revenue	**319,398**	**138,591**	**161,995**	**68,292**	**688,276**
Other results from investment property	-	-	-64,414	-45	**-64,459**
Depreciation and amortisation	-216,743	-40,376	-36,924	-30,167	**-324,208**
Impairment[1]	-3,955	-3,384	-15,831	-144	**-23,314**
Operating profit	-511,838	15,783	8,613	-42,975	**-530,416**
Share in results of associates and joint ventures[2]	5,719	-1,761	-1,792	-102,938	**-100,773**
Total assets	4,084,907	667,712	2,699,043	1,828,460	**9,280,122**
Total non-current assets (excl. deferred tax)	3,374,610	551,608	2,229,725	1,510,522	**7,666,464**
Investments in associates and joint ventures	1,954	15,972	136,913	912,774	**1,067,613**
Capital expenditure[3]	581,629	119,769	25,848	59,373	**786,620**

1 This amount is excluding expected credit losses.
2 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.
3 These capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

2019

(in thousands of euros)	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
Airport charges	908,040	-	-	64,295	972,336
Concessions	15,619	188,479	1,210	11,673	216,981
Rent and leases	206	18,754	174,587	4,673	198,220
Parking fees	-	105,208	5,077	21,920	132,205
Other activities	45,248	36,145	6,666	103,564	191,624
Total revenue	**969,114**	**348,586**	**187,539**	**206,126**	**1,711,365**
Intercompany revenue	-2,918	-2,484	-29,177	-62,112	-96,691
Revenue	**966,196**	**346,103**	**158,362**	**144,014**	**1,614,674**
Other results from investment property	-	-	112,949	-91	112,858
Depreciation and amortisation	-204,348	-34,796	-23,134	-27,592	-289,871
Impairment[1]	-	-	-2,334	-	-2,334
Operating profit	-7,069	205,633	183,065	13,474	395,104
Share in results of associates and joint ventures[2]	-1,866	963	33,400	101,781	134,278
Total assets	3,162,869	497,620	2,441,560	1,694,502	7,796,551
Total non-current assets (excl. deferred tax)	2,996,079	471,378	2,312,756	1,597,887	7,378,101
Investments in associates and joint ventures	926	17,809	113,249	1,038,463	1,170,447
Capital expenditure[3]	598,626	74,735	105,537	80,825	859,724

1 This amount excludes expected credit losses.
2 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.
3 These capital expenditures include assets under construction for operating activities, investment properties and intangible fixed assets.

Aviation

	Aviation		Security		Total	
(in thousands of euros)	2020	2019	2020	2019	2020	2019
Airport charges	192,432	563,893	100,319	344,147	292,751	908,040
Concessions	9,020	15,619	0	-	9,020	15,619
Rent and leases	140	-	264	206	404	206
Other activities	14,915	38,067	3,493	7,181	18,408	45,248
Total revenue	**216,507**	**617,579**	**104,076**	**351,534**	**320,582**	**969,114**
Intercompany revenue	-965	-2,023	-220	-895	-1,185	-2,918
Revenue	**215,542**	**615,557**	**103,856**	**350,639**	**319,398**	**966,196**
Depreciation and amortisation	-168,684	-163,495	-48,059	-40,853	-216,743	-204,348
Operating profit	-329,566	-18,167	-182,272	11,098	-511,838	-7,069
Share in results of associates and joint ventures[1]	5,719	-1,866	-	-	5,719	-1,866
Total assets	3,582,193	2,805,412	502,714	357,457	4,084,907	3,162,869
Total non-current assets (excl. deferred tax)	2,959,309	2,657,472	415,300	338,607	3,374,610	2,996,079
Investments in associates and joint ventures	1,954	926	-	-	1,954	926
Capital expenditure	459,510	547,337	122,119	51,289	581,629	598,626

1 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

	Concessions		Parking		Other		Total	
(in thousands of euros)	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Concessions	**51,654**	180,271	**3,076**	8,208	**5**	-	**54,735**	188,479
Rent and leases	**15,875**	18,275	**500**	479	**3**	-	**16,378**	18,754
Parking fees	**-**	-	**43,147**	105,208	**-**	-	**43,147**	105,208
Other activities	**678**	827	**1,419**	1,816	**24,530**	33,501	**26,627**	36,145
Total revenue	**68,207**	**199,374**	**48,142**	**115,711**	**24,538**	**33,501**	**140,887**	**348,586**
Intercompany revenue	**-424**	-509	**-1,747**	-1,798	**-125**	-176	**-2,296**	-2,484
Revenue	**67,782**	**198,865**	**46,395**	**113,913**	**24,413**	**33,325**	**138,591**	**346,103**
Depreciation and amortisation	**-17,783**	-15,752	**-19,219**	-16,185	**-3,374**	-2,859	**-40,376**	-34,796
Operating profit	**17,479**	142,775	**-9,200**	51,049	**7,504**	11,809	**15,783**	205,633
Share in results of associates and joint ventures[1]	**-1,761**	963	**-**	-	**-**	-	**-1,761**	963
Total assets	**270,851**	222,149	**366,916**	252,760	**29,945**	22,711	**667,712**	497,620
Total non-current assets (excl. deferred tax)	**223,754**	210,434	**303,115**	239,431	**24,738**	21,513	**551,608**	471,378
Investments in associates and joint ventures	**15,972**	17,809	**-**	-	**-**	-	**15,972**	17,809
Capital expenditure	**32,144**	32,117	**81,092**	34,482	**6,534**	8,137	**119,769**	74,735

1 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)	2020	2019
Concessions	336	1,210
Rent and leases	181,475	174,587
Parking fees	5,757	5,077
Other activities	5,998	6,666
Total revenue	**193,566**	**187,539**
Intercompany revenue	-31,571	-29,177
Revenue	**161,995**	**158,362**
Other results from investment property	-64,414	112,949
Depreciation and amortisation	-36,924	-23,134
Impairment	-15,831	-2,334
Operating profit	8,613	183,065
Share in results of associates and joint ventures [1]	-1,792	33,400
Total assets	2,699,043	2,441,560
Total non-current assets (excl. deferred tax)	2,229,725	2,312,756
Investments in associates and joint ventures	136,913	113,249
Capital expenditure	25,848	105,537

1 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

	International airports		Domestic airports		Other activities		Total	
(in thousands of euros)	2020	2019	2020	2019	2020	2019	2020	2019
Airport charges	-	-	21,109	64,295	-	-	21,109	64,295
Concessions	-	-	3,731	11,673	-	-	3,731	11,673
Rent and leases	-	-	5,118	4,673	11	-	5,129	4,673
Parking fees	-	-	6,692	21,920	-	-	6,692	21,920
Other activities	11,201	11,920	2,791	5,598	80,783[1]	86,046	94,775	103,564
Total revenue	**11,201**	**11,920**	**39,442**	**108,160**	**80,794**	**86,046**	**131,437**	**206,126**
Intercompany revenue	-78	-77	-1,090	-1,381	-61,977	-60,654	-63,144	-62,112
Revenue	**11,124**	**11,843**	**38,351**	**106,778**	**18,817**	**25,393**	**68,292**	**144,014**
Other results from investment property	-	-	-45	-91	-	-	-45	-91
Depreciation and amortisation	-1,366	-1,388	-16,710	-12,315	-12,091	-13,889	-30,167	-27,592
Impairment	0	-	-4	-	-140	-	-144	-
Operating profit	4,719	5,719	-47,108	12,013	-585	-4,258	-42,975	13,474
Share in results of associates and joint ventures[2]	-104,312	101,783	-	-	1,373	-	-102,938	101,783
Total assets	1,323,551	1,280,876	392,406	319,007	112,504	94,620	1,828,460	1,694,502
Total non-current assets (excl. deferred tax)	1,093,407	1,207,552	324,173	302,185	92,942	88,151	1,510,522	1,597,887
Investments in associates and joint ventures	907,267	1,034,192	-	-	5,507	4,271	912,774	1,038,463
Capital expenditure	3,989	-	39,551	48,559	15,834	32,266	59,373	80,825

1 The other activities include revenues from Utilities (supply of gas, electricity and water) and telecommunication services.
2 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)	2020	2019
Passenger service charges	113,382	394,792
Security service charges	106,328	364,170
Aircraft-related fees	89,670	208,391
Aircraft parking fees	4,480	4,983
Total airport charges	**313,860**	**972,336**

Schiphol Group is significantly impacted by the effects of the COVID-19 pandemic. The measures adopted by governments in countries worldwide to restrict (air) travel to contain the spread of the virus have a material, negative effect on passenger numbers (-71%) and air traffic movements (-55%), and as a result on the airport charges, spend per arriving / departing passenger and parking fees.

During 2020, Schiphol offered rebates to the amount of 14 million euros on airport charges to all the airlines. The rebates include payment discounts for early settlement as well as a 25% rebate on landing and take-off (LTO) charges. Also, 4 million euros of additional support was provided through free / discounted airplane parking.

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. Under the Aviation Act, Schiphol Group must settle surplus income or deficits from specified income and expenses with the industry. 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. Given that 2020 was an exceptional year due to COVID-19 and its challenges, the amount to be settled for 2020 is expected to be a deficit of around 550 million euros. This amount is still insecure due to incidental gains and losses. The final settlement will be included and explained extensively in the Regulatory Accounts 2020 . The Regulatory Accounts 2020 will be published on 31 May 2021 (at the latest). Thereafter, the settlement will be included in the consultation of the Airport charges in coming years.

	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	-19.0	-	-	-	-6.3	-6.3	-6.3
		54.5	**7.4**	**7.6**	**1.3**	**-6.1**	**-6.3**

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)	2020	2019
Shops Retail Airside	33,815	112,539
Food and beverage	12,092	49,078
Oil companies	9,020	15,619
Shops Plaza	5,779	10,220
Other	7,116	29,525
Total concessions	**67,822**	**216,981**

Schiphol Group's Concessions reporting segment, which is part of the Consumer Products & Services business area, had 98 effective concession contracts in 2020 (2019: 108) 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:

	2021	2022	2023	2024	2025	>2025
Fixed lease payments from current contracts (in thousands of euros)	9,591	7,405	5,994	5,371	2,584	3,554
Percentage of contracts that will expire	28%	18%	5%	22%	13%	14%

Revenue of 9 million euros from concessions included in the Aviation segment (15.6 million euros in 2019) and 3.1 million euros in the Parking segment (8.2 million euros in 2019) 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 8.4 million euros (2019: 28.6 million euros).

Rent and leases

(in thousands of euros)	2020	2019
Investment property: buildings, including service charges	99,263	100,187
Operating property, including service charges	43,800	42,810
Investment property: land	29,441	27,517
Intercompany revenue	30,881	27,706
Total rent and leases	**203,386**	**198,220**

Average occupancy in the Real Estate segment was 95% (91.5% in 2019). 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 and Rotterdam The Hague Airport, 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:

	2021	2022	2023	2024	2025	>2025
Fixed lease payments from current contracts (in millions of euros)	148	109	88	65	53	37
Percentage of contracts that will expire	26%	15%	16%	8%	11%	25%

Property management expenses divided into occupied and unoccupied buildings can be broken down as follows:

(in thousands of euros)	2020[1]	2019
Occupied buildings	55,437	60,236
Unoccupied buildings	2,918	5,596
Total property management expenses	**58,355**	**65,832**

1 Please note that a new approach was adopted in determining these expenses. This approach aligns better with the current reporting.

If buildings are partially leased, the property management expenses have been apportioned based on floor area.

Parking fees

(in thousands of euros)	2020	2019
Short-stay parking	11,952	40,246
Long-stay parking	11,082	43,315
Business parking	23,146	24,764
	46,180	**108,325**
Parking at other locations	7,273	21,920
Intercompany revenue	2,143	1,960
Total parking fees	**55,596**	**132,205**

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 5.8 million euros (2019: 5.1 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)	2020	2019
Advertising	11,833	19,632
Telecommunication services	11,027	17,527
JFK IAT related fees	5,709	8,163
Electricity, gas and water	6,742	6,298
Services and activities on behalf of third parties	3,991	6,480
Hotel activities	1,280	3,576
Other operating income	40,053	62,935
Intercompany revenue	65,172	67,012
Total other activities	**145,808**	**191,624**

2. Other results from investment property

(in thousands of euros)	2020	2019
Gain/ (loss) on disposal of land	629	-1,543
Result on sale of property	**629**	**-1,543**
Gain/ (loss) on changes in fair value of buildings	-34,053	69,345
Gain/ (loss) on changes in fair value of land	-29,443	22,012
Gain/ (loss) on changes in fair value of assets under construction	-1,592	22,399
New ground leases granted	-	645
Total fair value gains and losses	**-65,088**	**114,401**
Total other revenues from investment property	**-64,459**	**112,858**

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 valuators 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 valuators. 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 outbreak of COVID-19 has negatively affected economic activity in many sectors. The fair value adjustment to buildings was 34.1 million euros negative in 2020 (2019: 69.3 million euros positive). This fair value decrease is driven by unfavourable and uncertain market conditions specifically for office buildings. Unfavourable market conditions (higher yields) caused the fair value of land to decrease by 29.4 million euros (2019: 22.0 million euros increase). Assets under construction decreased in value by 1.6 million euros (2019: 22.4 million euors increase) as a consequence of the uncertain market conditions.

3. Outsourcing and other external costs

(in thousands of euros)	2020	2019
Security	154,812	197,320
Subcontracted activities	69,927	144,728
Maintenance	132,637	138,279
Hired temporary staff	57,497	92,016
Cleaning	35,040	40,885
Advisory and audit fees	16,904	28,509
Insurance and government levies	25,708	22,583
Energy and water	23,109	22,742
Costs related to investments	21,164	18,495
Commercial expenses	9,269	15,680
Other expenses (such as general expenses, rents and leasing)	83,655	80,891
Total cost of outsourced work and other external costs	**629,722**	**802,126**

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)	2020	2019
Audit of the financial statements	1,171	973
Other audit services	886	774
Total auditor's fees	**2,057**	**1,747**

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, NOW government grant audits and procedures for the EMTN prospectuses. The fees of KPMG Accountants N.V. amount to 1.9 million euros (2019: 1.6 million euros) while the fees for activities performed by other members of the KPMG network amount to 0,1 million euros (2019: 0.1 million euros).

4. Employee benefits expense

The average number of employees at Royal Schiphol Group N.V. and its subsidiaries on a full-time equivalent basis was 2,711 (2019: 2,519).

Schiphol Group has applied for government grants (Noodmaatregel Overbrugging Werkgelegenheid, NOW) for the amount of 112 million euros in total. It consists of NOW 1, NOW 2 and NOW 3.1. The third government grant (NOW 3) became available until 1 July 2021. It consists of 3 periods of 3 months each. Schiphol Group will file for NOW 3.2 and NOW 3.3 for the remaining months when due.

The grants were recognised as deductions to the related operating expenses in the consolidated statement of profit and loss.

These support grants are temporary governmental compensation for labour costs and is granted to companies who lost a substantial amount of income due to the pandemic. Schiphol has to comply to the following conditions for the 2020 financial year with regards to the NOW subsidies: no distribution of dividends, no buy back of shares, no payment of bonuses to the Board and providing of training and development to personnel. Certain aspects with regards to the decrease in revenue

(in thousands of euros)	2020	2019
Short-term employee benefits	89,272	190,360
Post-retirement benefits	37,355	33,033
Other long-term employee benefits	3,937	2,566
Termination and unemployment benefits	63,354	1,344
Other staff costs	6,385	15,162
Total employee benefits	**200,303**	**242,466**

(in thousands of euros)	2020	2019
Salaries	207,712	195,701
Social charges	22,949	20,783
Internal hours capitalised	-29,443	-26,124
NOW government grants received	-111,946	-
Total short-term employee benefits	**89,272**	**190,360**
Pension charges (defined contribution plans)	36,055	32,209
Early retirement benefits	1,300	824
Total post-retirement benefits	**37,355**	**33,033**
Jubilee benefits	751	-196
Long-term management bonuses	-	14
Other employee benefits	3,186	2,748
Total other long-term employee benefits	**3,937**	**2,566**

and personnel development costs relating to the government grants (NOW) are subject to an external audit.

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.

Schiphol management has taken the decision during 2020 that it is required to reset and restructure the whole organisation in order to respond to the negative impact of the COVID-19 pandemic. A reduction of 20% to 25% of the operational costs is required, also including, amongst others, a reduction of the number of employees working at the airports of Schiphol Group. A restructuring provision in terms of IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* to the amount of 63 million euros have been recognised. The provision has been split in 3 parts: the portion allocated to the known employees which will be settled within 12 months are included as part of note 25. Trade and other payables, the portion which include uncertainty and estimates with regards to the number of employees (but which will also be settled within one year) is included in note 23. Provisions and the remaining portion with regards to the unemployment provision is included in note 22. Employee benefits.

5. Depreciation, amortisation and impairment expenses

(in thousands of euros)	2020	2019
Contract-related assets	1,341	1,358
ICT development	11,494	9,486
Software licences	10,859	8,457
Intangible assets	**23,694**	**19,301**
Runways, taxiways and aprons	32,713	30,320
Paved areas and roads	18,541	14,903
Buildings	63,825	62,185
Installations	111,734	113,424
Other assets	46,632	43,010
Assets used for operating activities	**273,445**	**263,841**
Depreciation and amortisation in relation to disposals	3,755	6,728
Impairments related to financial assets	5,163	4,493
Impairments	18,150	1,000
Impairments reversal	-	-1,700
Total depreciation, amortisation and impairments	**324,208**	**293,664**

During 2020 the useful life of some of the assets used for operating activities was reassessed as a result of the impact of COVID-19 on the operations of Schiphol Group. A number of assets were used and will be used on a limited basis due to the decrease of air transport movements for the period 2020 - 2024. This will result in an increase of one year of use in the life of the assets. The impact of the change in useful life amounts to approximately 1 million euros.

The majority of the impairment of 18 million euros relate to an impairment to the amount of 14 million euros on land positions held for future development at Schiphol Oost.

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 and note 27. Management of financial risks and financial instruments.

6. Other operating expenses

No other operating expenses were incurred in 2020.

In 2019, other operating expenses amounted to 5.8 million euros and included the release of an onerous contract provision for the amount of 7.4 million euros.

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
Carrying amount as at 1 January 2019	**33,191**	**21,085**	**16,605**	**30,495**	**101,376**
Movements in 2019					
Additions	-	-	-	53,816	53,816
Completions	-	12,885	11,822	-24,707	-
Amortisation	-1,358	-9,486	-8,457	-	-19,301
Reclassification	-	445	-445	-	-
Disposals	-	-68	-148	-	-216
Exchange differences	752	-	-	-	752
Other	-	6	-7	-	-1
Total movements in the year	**-606**	**3,782**	**2,765**	**29,108**	**35,050**
Analysis as at 31 December 2019					
Cost	39,113	68,475	56,319	59,604	223,510
Accumulated amortisation and impairment	-6,528	-43,608	-36,949	-	-87,085
Carrying amount as at 31 December 2019	**32,585**	**24,867**	**19,370**	**59,604**	**136,425**

(in thousands of euros)	Contract-related assets	ICT development	Software licences	Software under development	Total
Carrying amount as at 31 December 2019	**32,585**	**24,867**	**19,370**	**59,604**	**136,425**
Movements in 2020					
Additions	-	-	-	38,319	38,319
Completions	-	15,683	23,085	-38,768	-
Amortisation	-1,341	-11,494	-10,859	-	-23,694
Reclassification	24	-487	828	537	903
Disposals	-	-62	-65	-	-127
Exchange differences	-2,581	-	-	-	-2,581
Other	-	-	-	-	-
Total movements in the year	**-3,897**	**3,640**	**12,990**	**88**	**12,821**
Analysis as at 31 December 2020					
Cost	36,556	83,609	80,168	59,691	260,025
Accumulated amortisation and impairment	-7,868	-55,102	-47,808	-	-110,779
Carrying amount as at 31 December 2020	**28,688**	**28,507**	**32,360**	**59,691**	**149,246**

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 22.5 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. No indication of impairment was identified for the contract-related assets as Schiphol Group continued to receive the agreed fee during the 2020 financial year.

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
Carrying amount as at 1 January 2019	**394,457**	**494,743**	**1,035,847**	**768,102**	**168,045**	**2,861,193**
Movements in 2019						
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**
Total movements in the year	**48,443**	**32,685**	**47,727**	**101,453**	**30,571**	**260,878**
Analysis as at 31 December 2019						
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**
Carrying amount as at 31 December 2019	**442,900**	**527,428**	**1,083,574**	**869,555**	**198,616**	**3,122,072**
Carrying amount as at 1 January 2020	**442,900**	**527,428**	**1,083,574**	**869,555**	**198,616**	**3,122,072**
Movements in 2020						
Completions	54,477	85,140	72,982	131,107	48,450	**392,155**
Lease	-	-	-	-	10,173	**10,173**
Depreciation	-32,713	-18,541	-63,825	-111,734	-46,632	**-273,445**
Disposals	-	0	-	-422	-3,206	**-3,628**
Reclassification	5	-11,970	380	-3,089	4,325	**-10,347**
Total movements in the year	**21,769**	**54,629**	**9,537**	**15,862**	**13,111**	**114,908**
Analysis as at 31 December 2020						
Cost	974,139	843,379	1,964,360	2,418,128	583,520	**6,783,526**
Accumulated depreciation and impairment	-509,470	-261,322	-871,249	-1,532,711	-371,793	**-3,546,545**
Carrying amount as at 31 December 2020	**464,669**	**582,057**	**1,093,110**	**885,417**	**211,727**	**3,236,980**
During the year, the following projects were (partly) completed:						
Capital Programme: Landside	-	46,765	455	4,006	1,028	**52,253**

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Programme: Major maintenance on aprons, runways and taxiways	27,027	3,591	683	3,178	2,434	**36,914**
Expansion of platform Uniform for buffering	21,454	5,273	-	1,731	112	**28,570**
Major Maintenance Schiphol Real Estate 2020	-	-	-	-	20,528	**20,528**
Programme: Terminal maintenance	-	-	3,867	13,731	572	**18,170**
Dev Busgates WIBO NS at E-Pier	-	470	5,301	8,066	1,753	**15,590**
Staff (Programme: Digital Finance Programme)	-	-	-	-	15,391	**15,391**
Programme: Hold baggage screening (several locations)	-	-	-	10,521	-	**10,521**
Bus shuttle Area A - Terminal Central	-	224	1,236	1,195	6,103	**8,758**
Programme: Other IT Projects	-	-	-	-	7,118	**7,118**
Programme: Landside roads maintenance & Rainwater drainage system	-	5,139	-	102	-	**5,241**
Other	5,995	23,678	61,440	88,576	-6,588	**173,102**
Total completions during the year	**54,477**	**85,140**	**72,982**	**131,107**	**48,450**	**392,155**

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 2020 was as follows:

(in thousands of euros)	Buildings	Other assets	Right of use assets
Carrying amount as at 1 January 2020	**3,129**	**9,943**	**13,072**
Movements 2020			
Additions	-	10,139	**10,139**
Depreciation	-509	-5,153	**-5,662**
Total movements	**-509**	**4,986**	**4,477**
Carrying amount as at 31 December 2020	**2,620**	**14,929**	**17,549**

9. Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities
Carrying amount as at 1 January 2019	**700,043**
Movements in 2019	
Capital expenditure	758,545
Capitalised construction period borrowing cost	6,900
Completed assets	-541,924
Reclassification	55,170
Total movements in the year	**278,691**
Carrying amount as at 31 December 2019	**978,734**
Movements in 2020	
Capital expenditure	716,323
Capitalised construction period borrowing cost	9,702
Completed assets	-386,290
Reclassification	-5,750
Total movements in the year	**333,985**
Carrying amount as at 31 December 2020	**1,312,719**

The capitalisation of construction period interest is calculated by applying a percentage rate determined every quarter on the basis of the leverage ratio. In 2020, the rate varied between 1.5% and 1.6% on an annual basis (2019: the annual rate varied between 1.54% and 1.61%).

(in thousands of euros)	Assets under construction for operating activities
Capital expenditures relate to the following projects:	
Capital Programme	211,865
Purchase of land "Boswandeling"	84,944
Redevelopment Terminal 1	69,476
Completion Dual Taxiway System	47,124
Programme: Major maintenance on aprons, runways and taxiways	38,403
Upgrade Piers (UP)	30,282
Programme: Terminal maintenance	23,821
Rotterdam-The Hague Airport	23,073
Eindhoven Airport	12,968
Programme: Hold baggage screening (several locations)	11,901
Other	162,467
Total capital expenditures in the year	**716,323**

At 31 December 2020, assets used for operating activities and assets under construction or development in respect of Lelystad Airport amount to 47 million euros and 46 million euros respectively. The Ministry of Infrastructure and Water Management aims to allow for the opening of Lelystad Airport for commercial leisure traffic in November 2021. Based on the current status of the regulatory approval process and the actions taken in 2019 and 2020, reflecting the intentions of most relevant parties involved including the Dutch government, management believes that the risk that Lelystad Airport will not be opened for commercial flights in time to recover the investments made, is sufficiently remote as at 31 December 2020. As such, there is no trigger for impairment as of today.

The construction of the new pier and the redevelopment of Departure Hall 1 is progressing. Other projects have been postponed, including the construction of the new Schiphol terminal. Management is assessing the re-initiating of the project closely.

10. Investment property

(in thousands of euros)	Buildings	Land	Assets under construction	Total
Carrying amount as at 1 January 2019	**1,097,612**	**436,104**	**108,569**	**1,642,285**
Movements in 2019				
Capital expenditure	-	-	39,661	39,661
Capitalised construction borrowing cost	-	-	321	321
Completions	73,362	-	-73,362	-
Fair value gains and losses	69,345	22,657	22,399	114,401
Impairments	-	-	700	700
Reclassification	-46,547	-3,648	10,946	-39,249
Other	-8	-	-	-8
Total movements in the year	**96,153**	**19,009**	**664**	**115,826**
Carrying amount as at 31 December 2019	**1,193,765**	**455,113**	**109,233**	**1,758,111**
Movements in 2020				
Capital expenditure	-	-	31,977	31,977
Completed assets	16,412	7,049	-23,461	-
Impairment	-	-	-15,400	-15,400
Fair value gains and losses	-34,053	-29,443	-1,592	-65,088
Reclassification	-1,328	10,795	3,836	13,303
Total movements in the year	**-18,969**	**-11,599**	**-4,639**	**-35,207**
Carrying amount as at 31 December 2020	**1,174,796**	**443,514**	**104,594**	**1,722,904**
Measured at				
Cost model	-	-	46,279	46,279
Fair value model	1,174,796	443,514	58,315	1,676,625

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. The majority of the impairment of 15.4 million euros relate to an impairment to the amount of 14 million euros on land positions held for future development at Schiphol Oost.

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 (13.8 million euros as at 31 December 2020 (2019: 11.8 million euros)) and trade and other receivables (5.0 million euros as at 31 December 2020 (2019: 1.7 million euros)).

As at 31 December 2020, 100% (2019: 100%) of the buildings and 19.4% (2019: 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

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	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
Schiphol Centre						
Offices	**299**	296	**300**	300	**4.8%**	4.6%
Business premises						
Schiphol North and East						
Offices	**145**	152	**157**	160	**7.9%**	7.7%
Business premises						
Schiphol Southeast						
Offices	**145**	170	**142**	142	**10.0%**	9.7%
Business premises	**114**	112	**105**	105	**5.0%**	5.1%
Schiphol South						
Offices	**165**	164	**125**	125		
Business premises	**108**	102	**76**	76	**6.1%**	6.7%
Rotterdam The Hague Airport						
Offices	**154**	149	**159**	160	**6.6%**	6.5%
Business premises	**94**	93	**75**	75	**5.2%**	5.5%

Significant assumptions for buildings

The significant assumptions used in the valuation model comprise:

Buildings

	2020	2019
Inflation rate	1,40% - 2,00%	1,30% - 2,65%
Average market rent development	-6,67% - 0,00%	0,00% - 7,69%
Net initial yield	4,00% - 10,00%	4,00% - 9,70%

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

	2020	2019
Inflation rate	1,40% - 2,00%	1,30% - 2,65%
Discount rate	4,85% - 7,90%	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)	2020		2019	
Profit before tax	-729,761		437,976	
Income tax calculated at the domestic tax rate	-182,440	25.0%	109,494	25.0%
Share in results of associates and joint ventures	26,812	-3.7%	-31,798	-7.3%
Share in results of associates in limited partnerships that are not independently taxable	-464	0.1%	6,343	1.4%
Changes in corporate income tax rate	-9,825	1.3%	-9,030	-2.1%
Different tax rate for foreign subsidiaries / associates	1,548	-0.2%	605	0.1%
Tax losses for which no deferred tax asset has been recognised	-957	0.1%	-	0.0%
Non-deductible impairment shareholder loan	-	0.0%	759	0.2%
Tax results previous years	556	-0.1%	-727	-0.2%
Other	2,754	-0.4%	268	0.1%
Income tax expense in income statement (effective)	**-162,016**	**22.2%**	**75,913**	**17.3%**

The effective tax rate in 2020 was 22.2%, which is 4.9 percentage points higher than 2019 (17.3%). At the end of 2020 the House of Representatives and the Senate approved the *Belastingplan 2021* including an increase of the nominal income tax rate to 25.0% in 2021 onwards. At the end of 2019, it was initially communicated that there will be a reduction of the nominal income tax rate applicable from 2021 under the *Belastingplan 2020* with the income tax rate change from 25.0% to 21.7%. The rate at which an important part of the deferred tax assets and liabilities will be settled is calculated at the current rate of 25.0%. The changes in the nominal income tax rate applicable as from 2021 caused revaluations of deferred tax assets and liabilities. The higher rate at which differences will be settled resulted in a decrease in the income tax expense in 2020 and 2019. As was the case in prior years, the application of the participation exemption to the results of associates decreases the effective tax rate. No deferred tax asset is recognised for the unused tax losses incurred in Italy.

The Corona Tax Reserve was introduced as part of the *Belastingplan 2021*. Schiphol Group is permitted to form a reserve in the 2019 corporate income tax assessment for losses expected to be incurred in the financial year 2020, provided these losses are the result of the COVID-19 crisis. The provisional tax assessment for 2019 has been adjusted to nil. The corona tax reserve should not exceed the total amount of profits for 2019. The tax result for 2019 therefore cannot become negative as a result of this reserve.

The paid income tax for 2019 has been refunded by the *Belastingdienst*, approximately amounting to 48 million euros. Further, the provisional income tax assessment for 2020 has been adjusted to nil because of the expected operational losses. This prepaid income tax has also been refunded by the *Belastingdienst*, approximately amounting to 50 million euros.

The remaining assessed losses (corona tax reserve) amounted to 98.5 million euros (after the set-off against the 2019 profit). This has been recognised as a deferred tax asset. Management revised the estimates of future taxable profits as part of the scenario forecast and concluded that Schiphol Group will recover the deferred tax asset against future taxable profit.

Income tax in the statement of income

(in thousands of euros)	2020	2019
Current income tax		
Income tax current year	45,389	48,608
Income tax for prior years	556	-727
Total current income tax	**45,945**	**47,881**
Deferred income tax		
Origination and reversal of temporary differences	7,674	37,063
Changes in corporate income tax rate	9,825	-9,030
Recognition of unutilised tax losses	98,572	-
Total deferred income tax	**116,071**	**28,033**
Total income tax	**162,016**	**75,913**

2020 - Reconciliation of effective tax rate per tax jurisdiction

(in thousands of euros)	The Netherlands		The United States		Italy		Total	
Profit before tax	-721,649		-4,287		-3,826		-729,761	
Income tax calculated at the nominal rate	**-180,412**	25.0%	**-1,478**	34.5%	**-1,067**	27.9%	-182,958	25.1%
Results of associates	25,872	-3.6%	-	0.0%	-	0.0%	25,872	-3.5%
Changes in corporate income tax rate	-9,825	1.4%	-	0.0%	-	0.0%	-9,825	1.3%
Tax losses for which no deferred tax asset has been recognised	-	0.0%	-	0.0%	1,067	-27.9%	1,067	-0.1%
Tax results from previous years	556	-0.1%	-	0.0%	-	0.0%	556	-0.1%
Other	3,272	-0.5%	-	0.0%	-	0.0%	3,272	-0.4%
Income tax expense in profit or loss (effective)	**-160,537**	**22.2%**	**-1,478**	**34.5%**	**-**	**0.0%**	**-162,016**	**22.2%**

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		437,976	
Income tax calculated at the nominal rate	**107,800**	25.0%	**2,139**	34.5%	**160**	27.9%	110,099	25.1%
Results of associates	-25,455	-5.9%	-	0.0%	-	0.0%	-25,455	-5.8%
Changes in corporate income tax rate	-9,030	-2.1%	-	0.0%	-	0.0%	-9,030	-2.1%
Change in recognised temporary differences	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Tax results from previous years	-727	-0.2%	-	0.0%	-	0.0%	-727	-0.2%
Other	1,026	0.2%	-	0.0%	-	0.0%	1,026	0.2%
Income tax expense in profit or loss (effective)	**73,614**	**17.1%**	**2,139**	**34.5%**	**160**	**27.9%**	**75,913**	**17.3%**

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 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)	2020	2019
Deferred tax assets (fiscal unity)		
Assets used for operating activities	168,842	144,468
Assets under construction or development	54,661	50,811
Derivative financial instruments and borrowings	11,707	11,781
Employee benefits	5,611	5,519
Investment property	-154,623	-145,258
Contract related assets	34	-
Unutilised tax loss	98,572	-
	184,804	**67,322**
Deferred tax assets (outside fiscal unity)		
Investment property	991	**923**
Deferred tax liabilities (outside fiscal unity)		
Contract-related assets	-11,298	-12,626
Derivative financial instruments and borrowings	-454	-732
	-11,752	**-13,358**
Total deferred tax	**174,043**	**54,887**
Non-current (settlement is not expected)	83,274	72,282
Non-current (expected to be recovered or settled after more than 1 year)	89,565	-18,963
Current (expected to be recovered or settled within 1 year)	1,204	1,568
	174,043	**54,887**

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	Unutilised tax loss	Total
Carrying amount as at 1 January 2019	**141,526**	**53,497**	**-117,554**	**13,768**	**4,076**	**-14,301**	**-**	**81,011**
Movements in 2019								
Deferred tax recognised in the income statement	2,942	-2,686	-26,780	-1,651	143	-	-	**-28,032**
Deferred tax recognised in equity	-	-	-	1,065	1,300	-	-	**2,365**
Reclassification	-	-	-	-2,132	-	-	-	**-2,132**
Other movements	-	-	-	-	-	1,675	-	**1,675**
Total movements in the year	**2,942**	**-2,686**	**-26,780**	**-2,719**	**1,443**	**1,675**	**-**	**-26,124**
Carrying amount as at 31 December 2019	**144,468**	**50,811**	**-144,335**	**11,049**	**5,519**	**-12,626**	**-**	**54,887**
Movements in 2020								
Deferred tax recognised in the income statement	24,429	3,850	-9,297	-3,188	343	1,362	98,572	**116,071**
Deferred tax recognised in equity	-	-	-	3,392	-251	-	-	**3,141**
Reclassification	-55	-	-	-	-	-	-	**-55**
Other movements	-	-	-	-	-	-	-	**-**
Total movements in the year	**24,374**	**3,850**	**-9,297**	**204**	**92**	**1,362**	**98,572**	**119,157**
Carrying amount as at 31 December 2020	**168,842**	**54,661**	**-153,632**	**11,253**	**5,611**	**-11,264**	**98,572**	**174,043**

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	-2,755	-	-2,755
Changes in fair value on hedge transactions	-8,625	3,392	-5,233
Remeasurements of defined benefit liability	2,270	-251	2,019
Share in other comprehensive income of associates	-21,622	-	-21,622
Total unrealised 2020	**-30,732**	**3,141**	**-27,591**
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
Total unrealised 2019	**-11,127**	**2,365**	**-8,762**

Current income tax positions

(in thousands of euros)	2020	2019
Income tax receivable		
Fiscal unity	-	14,560
Dutch subsidiaries outside the fiscal unity	465	-
Income tax in foreign jurisdictions	-	-
Total income tax receivable	**465**	**14,560**
Income tax liability		
Dutch subsidiaries outside the fiscal unity	-	-736
Income tax in foreign jurisdictions	-3,565	-936
Total income tax liability	**-3,565**	**-1,672**
Total income tax	**-3,100**	**12,888**

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. Final tax assessments have been imposed and settled for the tax years prior to 2018. 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)	2020	2019
Investments in associates	846,279	976,844
Investments in joint ventures	221,334	193,604
Carrying amount as at 31 December	**1,067,613**	**1,170,447**

Associates

(in thousands of euros)	2020	2019
Carrying amount as at 1 January 2020	**976,844**	**907,118**
Result for the year	-104,968	106,482
Dividends	-	-79,175
Acquisitions	1,988	56,956
Capital contributions	311	-
Capital repayments	-	-6,173
Share of OCI	-21,622	-10,481
Direct equity movement	929	-700
Reclassifications	-7,596	5
Exchange differences	392	2,811
Total movements in the year	**-130,566**	**69,726**
Carrying amount as at 31 December 2020	**846,279**	**976,844**

In March 2020, Schiphol Real Estate (SRE) and Volker Wessel Bouw & Vastgoedontwikkeling Nederland B.V. (VolkerWessels) formed a joint venture (Boswandeling B.V.) and acquired approximately 90 hectares of land from the development company, Chipshol Holding B.V. The total land area is split into an area south and an area north of motorway A9. The acquisition of the southern area was structured by acquiring several entities and qualified as an asset acquisition in terms of IFRS 3. This land is primarily a strategic reserve for infrastructure and ancillary aviation purposes. The northern area was acquired in the joint venture for commercial development purposes and will be performed with VolkerWessels.

Unanimity is required from VolkerWessels and SRE before any business related or strategic decisions can be made in the joint venture. Schiphol Group therefore accounts for its investment in

Joint ventures

(in thousands of euros)	2020	2019
Carrying amount as at 1 January 2020	**193,604**	**69,277**
Result for the year	-2,279	20,712
Dividends	-909	-2,679
Acquisitions	3,823	107,440
Capital contributions	26,806	-
Capital repayments	-819	-2,125
Exchange differences	1,123	1,857
Reclassifications	-0	-5
Other	-16	-874
Total movements in the year	**27,730**	**124,326**
Carrying amount as at 31 December 2020	**221,334**	**193,604**

Boswandeling as a joint venture using the equity method. The investment as at 31 December 2020 amounts to 26.5 million euros.

During 2019, Schiphol group expanded its interest in BACH by 0.89% and acquired a 35% stake in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) in Australia. At the end of December 2019, all information relating to the fair value of the assets and liabilities were not yet known and provisional amounts were recognised in terms of IFRS 3 *Business Combinations*. Schiphol Group has received new information from BACH and TGHC since the last annual reporting period and has assessed the impact thereof in terms of IFRS 3. Please also see Acquisitions in 2020.

It was noted for BACH and TGHC that several balance sheet reclassifications occurred in comparison with the figures that were recognised in December 2019. Additional acquisition costs of 6 million Australian dollars were also incurred in 2020 to finalise the acquisition of Hobart International Airport. The total consideration paid for Royal Schiphol Group's 35% share in Hobart International Airport therefore amounted to 305 million Australian dollar (at 31 December 2019: 299 Australian dollars). It was, however, assessed that there is no material impact on the reported figures as at 31 December 2020.

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.

		2020	2019
Groupe ADP	Paris France	8%	8%
Brisbane Airport Corporation Holdings Ltd (BACH)	Brisbane Australia	19.61%	19.61%
Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC)	Hobart Australia	35%	35%

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.

Since 2008, Royal Schiphol Group has had a long-term industrial cooperation and cross-participation with Groupe ADP. The agreement had an initial duration of 12 years which expired on 30 November 2020. Groupe ADP and Royal Schiphol Group have extended the agreement with 12 months, until 30 November 2021.

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 2020 includes 206 million euros (2019: 206 million euros) of goodwill relating to Groupe ADP and 68 million euros (2019: 68 million euros) of goodwill relating to Brisbane Airports Corporation Holding Ltd (of which 41 million euros relate to 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 2020 includes 106 million euros (2019: 106 million euros) of goodwill relating to Tasmanian Gateway Holdings Corporation Pty Ltd .

In 2020, Groupe ADP contributed a loss of 96.5 million euros (2019: 61 million euros profit) 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.

The share in the results of associates in 2020 includes a loss of 12 million euros from Brisbane Airports Corporation Holding Ltd (2019: 34 million euros profit) and 2.9 million euros loss from TGHC (2019:0 million euros profit). During 2020, management of TGHC elected to change the accounting policies related to the valuation of Investment Property and Property, Plant and Equipment. All assets will be carried at their fair value. These changes in the accounting policy of TGHC are resulting in differences in the measurement of Property, Plant and Equipment (Assets used for operating activities) between Schiphol and TGHC. The result of 7.4 million euros include the adjustment relating to the difference in accounting policies.

The fair value of Groupe ADP derived from the market price of the share at 31 December 2020 is 10.5 billion euros (31 December 2019: 17.4 billion euros). Schiphol Group's share in this is 0.8 billion euros (31 December 2019: 1.4 billion euros). The shares of Brisbane Airports Corporation Holding Ltd and Tasmanian Gateway Holdings Corporation Pty Ltd are not listed on a stock exchange

Several external sources of information indicate the possible existence of impairment as a result of the COVID-19 pandemic. Pursuant with IAS 36 *Impairment of Assets* and the Impairment Policy of Schiphol Group, all investments in subsidiaries, associates and joint arrangements have been assessed for possible impairments by Schiphol Group.

For the period ending 31 December 2020, it was assessed that no impairment is required for Groupe ADP, Hobart International Airport and Brisbane Airport. The fair value of each investment will exceed the invested capital. Judgement is required in projecting future cash flows for the investments (with the exception of Groupe ADP) given the unprecedented volatility and uncertainty of the effects of COVID-19. The duration and impact of the limitations to operate as a result of COVID-19 is uncertain.

The forecasts (with the exception of Groupe ADP) were prepared under the assumption of a recovery to 2019 passenger volumes around 2023-2025. The investment in Hobart International Airport is fairly new as the initial acquisition took place in October 2019. The business case of the impairment analysis is based on key growth assumptions. It is currently assumed that Hobart will recover to the initial acquisition case by 2030. Change in developments can result in an adjustment of the assumptions used in the analysis which might result in an impairment of the investment. Management is timely reviewing the developments and possible impact on the business case. Brisbane Airport has sufficient headroom and the investment is therefore not sensitive for potential impairments. The estimate of value in use was determined by using a pre-tax discount rate in the range of 4% - 7%. The market share price of Groupe ADP is volatile as a result of the impact of

COVID-19 on the business as a whole. Based on the share price as at 31 December 2020, no impairment was required on the investment. It should, however, be noted that a material decrease in the share price can lead to an impairment of the investment.

Associates

	Groupe ADP[1]		Brisbane Airport[2]		TGHC[2]	
(in millions of euros)	2020	2019	2020	2019	2020	2019[3]
Income statement						
Revenues	2,137	4,700	457	525	30	-
Interest income and expenses	-390	206	-76	74	-9	-
Depreciation, amortisation and impairments	-1,071	768	-83	79	-6	-
Income tax	255	294	-32	74	-1	-
Result from continuing operations	-1,123	1,094	76	172	0	-
Other comprehensive income	-245	7	-17	-43	63	-
					-	-
Financial position					-	-
Fixed assets	13,744	13,482	4,224	3,921	395	-
Current assets	1,363	1,329	53	63	6	-
Cash and cash equivalents	3,463	1,982	746	104	12	-
Non-current liabilities	10,997	7,804	3,786	2,899	365	-
Current liabilities	3,360	2,982	303	222	55	-
Equity	4,213	6,007	934	454	-7	-
Equity attributable to owners of the Company	**3,652**	**5,032**	**934**	**454**	**-7**	**-**
Group's share % of equity	292	403	183	89	-3	-
Goodwill	206	206	68	68	123	-
Other adjustments	141	144	-95	15	67	-
Carrying amount as at reporting date	**639**	**753**	**156**	**172**	**187**	**-**

1 Based on the financial statements as at 31 December 2020
2 Based on the financial statements as at 30 June 2020
3 TGHC was acquired in October 2019 and therefore no comparitive figures included as at 30 June 2019

13. Loans to associates and joint ventures

(in thousands of euros)	2020	2019
Carrying amount as at 1 January 2020	**133,622**	**50,678**
Movements		
Acquisitions	-	80,051
Accrued interest	5,957	6,595
Amortisation	263	-
Exchange differences hedging transactions	-	85
Dividend received	-	-213
Other exchange differences	606	2,247
Reclassification to current assets	5,778	-5,778
Expected credit loss	-	-43
Other movements	-7,598	
Total movements in the year	**5,006**	**82,944**
Carrying amount as at 31 December 2020	**138,628**	**133,622**

The loans to associates and joint ventures relate to the Redeemable Preference Shares (RPS) held by Schiphol Group in BACH and Interest-bearing and Interest-free Loan Notes in Tasmanian Gateway Holdings Corporation Pty Ltd (TGHC) in Australia.

The RPS held in TGHC in 2019 was replaced with a mixture of interest-bearing and interest-free loan notes during 2020. It was assessed in terms of IFRS 9 *Financial Instruments* that there is no material impact on the reported figures of 2020 as a result of the replacement. The adjustment to the fair value of the Interest-free Loan Notes of approximately 7 million euros was included in the investment in joint venture's carrying amount of TGHC. This resulted in an increase in the equity value of TGHC and a decrease in the loan to associate with zero impact on the results of Schiphol Group. The maturity date of the loan notes are 31 May 2030. The interest-bearing loan notes will accummulate and pay interest set at 50 basis points above the weighted average cost of senior debt for the TGHC Group.

The RPS for BACH carry entitlement to a cumulative (accummulated) dividends. The terms of the RPS has been amended during the Annual General Meeting of BACH and include changes to the redemption period (from 1 July 2021 until 1 July 2031; extension of 9 years) and the annual dividend rate for the period commencing 1 July 2021.

Under the contractual terms the RPS and loan notes are classified as a loan to an associate and the dividend on these shares is treated as financial income. No dividends or interest have been received from BACH or TGHC during 2020 as a result of the negative impact of COVID-19 on these airports too. The dividends receivable are being accrued for in terms of the agreements. There is no indication of an increase in the credit risk.

RPS and loan notes 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. 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 loan notes held in TGHC which were acquired in October 2019.

The fair value of the loans to associates (including accumulated dividend) at 31 December 2020 is 140.3 million euros (2019: 142 million euros) and the effective interest rate is 10% for the RPS in BACH and 6.3% for the Interest-bearing Loan Notes 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)	2020	2019
Derivatives	11,411	35,500
Lease incentives	13,822	11,803
Prepayments on fixed assets	6,818	6,837
Other loans to associates	3,452	2,489
Purchased long leases	2,602	2,692
Loans to third parties	269	369
Other long term receivables	-0	19,000
Total other non-current receivables	**38,374**	**78,690**

Other loans to associates

(in thousands of euros)	2020	2019
Carrying amount as at 1 January	2,489	**6,889**
Specification of movements in the year		
Accrued interest	-	103
Redemptions	-	-800
Reclassification to/from current assets	1,154	-1,629
Impairment	-	-2,074
Remeasurement	-191	-
Total movements in the year	963	**-4,400**
Carrying amount as at 31 December	3,452	**2,489**

The other loans to associates include a loan of 3.5 million euros to SRE Altaï, which is a joint venture with Groupe ADP involving collaboration in the area of property development. The loan has been re-measured per the requirements of IFRS 9 during the year as a result of a change in the expected cash flows. The re-measurement resulted in an immaterial loss recognised in the profit and loss. The maturity date of the loan remains 31 December 2024 and no collaterals have been granted.

The current portion of the loans to associates, amounting to 2.1 million euros (31 December 2019: 0.8 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.

In 2019, the other non-current receivables included an amount of 19.0 million euros which Schiphol Group paid to Chipshol in 2007, for which additional guarantees have been granted. The claims between Schiphol Group and Chipshol were settled during 2020. Schiphol Group acquired the entity that holds the claims, please see Acquisitions in 2020.

For information on derivatives, see note 27. Management of financial risks and financial instruments.

15. Trade and other receivables

(in thousands of euros)	2020	2019
Cash deposits	470,000	-
Trade receivables	96,996	127,033
Value-added taxes	9,477	18,192
Accrued income	21,044	12,707
Prepaid expenses	19,838	6,827
Receivable from associates	177	5,778
Other loans to associates	2,080	800
Lease incentives	5,022	1,700
Assets held for sale	2,000	2,000
Associates	-	-0
Inventories	-	593
Other receivables	47,315	4,943
Total trade and other receivables	**673,949**	**180,573**

The balance in cash deposits as at 31 December 2020 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 2020 was 0,2%.

Other receivables include an amount of 32 million euros relating to the NOW government grants to be received. 80% of the subsidies were already received, please refer to Note 4. Employee benefits expense.

The dividends on the BACH Redeemable Preference Shares (RPS) is not included in the receivable from associates per 31 December 2020 (2019: 5.8 million euros). For a more detailed explanation, please refer to Note 13. Loans to associates and joint ventures.

The balance in trade receivables includes expected credit losses of 8 million euros (31 December 2019: 4 million euros). For a more detailed explanation, please refer to note 27. Management of financial risks and financial instruments.

Assets held for sale to 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 was expected to be finalised in 2020. Unfortunately due to the negative impact of COVID-19 on businesses worldwide, the sale could not be finalised due to unforeseen circumstances that were not in the control of Schiphol. The initial buyer indicated his continued willingness to continue with the transaction. The requirements per IFRS 5 *Non-current Assets held for sale and Discontinued Operations* with regards to the extension of the period required to complete a sale are met. Management believes that the sale of this associate will be finalised in 2021.

16. Cash and cash equivalents

Cash and cash equivalents amounts to 753 million euros at 31 December 2020 (31 December 2019: 155.1 million euros), with deposits amounting to 587 million euros included with an original maturity of less than three months at the balance sheet date (31 December 2019: 0 million euros). The average interest rate on the deposits reported under cash and cash equivalents as at 31 December 2020 was 0,2%.

Cash deposits whose original maturity exceeds three months (470 million euros at 31 December 2020) are classified as part of note 15. Trade and other receivables.

For a more detailed explanation on the credit risk, please refer to note 27. Management of financial risks and financial instruments.

17. Issued share capital and share premium

The authorised share capital as at 31 December 2020 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 %)
Shareholder:			
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%
Total	**186,147**	**84,511**	**100%**

There were no changes in the issued share capital and the share premium in 2020.

18. Retained profits

Schiphol Group put a proposal to its shareholders to refrain from effecting payment of the dividend for 2019 (the proposed dividend over 2019 was 151.4 million euros, or 813 euros per share). The shareholders agreed to this proposal during the shareholders meeting on 14 April 2020. No dividends will be paid out for the 2019 and 2020 financial years. 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.

Given the legal obligation to recognise a Revaluation reserve and Other Statutory reserves, an amount of 192.1 million euros was added to the Retained profits (2019: 119.1 million euros subtracted) and subtracted from the Revaluation reserve and Other Statutory reserves in 2020 as detailed under note 30. Shareholders' equity.

19. Other reserves

(in thousands of euros)	Exchange differences reserve	Hedge reserve	Share in OCI of associates	Actuarial gains and losses	Total
Balance as at 1 January 2018	**-5**	**-40,959**	**-25,858**	**-9,784**	**-76,606**
Movements in 2019					
Exchange differences	5,997	-	-	-	5,997
Currency and interest hedge JPY loan payable					
Exchange differences on hedged borrowings	-	-5,299	-	-	-5,299
Deferred tax on fair value changes on hedged borrowings	-	1,086	-	-	1,086
Fair value movements on derivatives	-	-5,131	-	-	-5,131
Deferred tax on fair value movements on derivatives	-	1,072	-	-	1,072
Hedging of cash flow interest-rate risk					
Recycling cash flow hedges to profit and loss	-	9,725	-	-	9,725
Deferred tax on recycling cash flow hedges	-	-2,357	-	-	-2,357
Currency hedge AUD loan receivable					
Exchange differences on hedged loans to associates	-	85	-	-	85
Deferred tax on fair value movements	-	628	-	-	628
Other comprehensive income associates	-	-	-10,481	-	-10,481
Equity movement of associates	-	-	-710	-	-710
Actuarial gains and revaluations	-	-	-	-5,311	-5,311
Tax effect on actuarial results	-	-	-	1,089	1,089
Other					
Impact of change in corporate income taxes	-	635	-	212	847
Total movements in the year	**5,997**	**443**	**-11,191**	**-4,011**	**-8,762**
Balance as at 31 December 2019	**5,992**	**-40,516**	**-37,049**	**-13,794**	**-85,368**

(in thousands of euros)	Exchange differences reserve	Hedge reserve	Share in OCI of associates	Actuarial gains and losses	Total
Balance as at 31 December 2019	**5,992**	**-40,516**	**-37,049**	**-13,794**	**-85,368**
Movements in 2020					
Exchange differences	-2,755	-	-	-	-2,755
Currency and interest hedge JPY loan payable					
Exchange differences on hedged borrowings	-	5,740	-	-	5,740
Deferred tax on fair value changes on hedged borrowings	-	-1,246	-	-	-1,246
Fair value movements on derivatives	-	-24,089	-	-	-24,089
Deferred tax on fair value movements on derivatives	-	5,227	-	-	5,227
Hedging of cash flow interest-rate risk					
Recycling cash flow hedges to profit and loss	-	9,725	-	-	9,725
Deferred tax on recycling cash flow hedges	-	-2,047	-	-	-2,047
Currency hedge AUD loan receivable					
Other comprehensive income associates	-	-	-21,622	-	-21,622
Equity movement associates	-	-	-	-	-
Actuarial gains and revaluations	-	-	-	2,270	2,270
Tax effect on actuarial results	-	-	-	-493	-493
Other	-	-	-	-	-
Impact of change in corporate income taxes	-	1,457	-	242	1,699
Total movements in the year	**-2,755**	**-5,233**	**-21,622**	**2,019**	**-27,591**
Balance as at 31 December 2020	**3,237**	**-45,749**	**-58,671**	**-11,775**	**-112,958**

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.

		Reclassification to profit or loss in next periods			
(in thousands of euros)	Total 2020	< 1 year	> 1 year	> 1 and < 5 years	> 5 years
Forward Starting Rate Swap - refinancing 2013/2014	**20,317**	7,075	13,242	13,242	-
Lehman derivative - settlement 2008	**5,112**	291	4,821	1,163	3,658
Exchange difference on hedged JPY loan	**28,878**	-	28,878	-	28,878
CCIRS derivative hedge Yen loan	**-8,558**	-	-8,558	-	-8,558
Total	**45,748**	**7,366**	**38,383**	**14,405**	**23,978**

		Reclassification to profit or loss in next periods			
(in thousands of euros)	Total 2019	< 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 JPY loan	**-27,797**	-	-27,797	-	-27,797
Total	**40,516**	**7,346**	**33,170**	**22,374**	**10,796**

20. Non-controlling interests

Non-controlling interests at 31 December 2020 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 2020	Carrying amount 2019	Fair value 2020	Fair value 2019	Year of maturity	Interest rate
EMTN programme	3,870,480	1,936,130	4,247,374	2,161,700	2021-2038	1.12%-4.97%
European Investment Bank	639,500	553,500	700,558	618,282	2024-2031	0.12%-4.14%
KfW IPEX-bank	289,702	99,847	306,750	111,829	2024-2028	2.80%
Namensschuldverschreibung	24,918	24,878	28,804	30,020	2023	5.07%
Euro-Commercial Paper (ECP) programma	-	50,000	-	50,000	2020	-0.4%
SMBC short term loan facility	-	50,000	-	50,000	2020	0.0%
Other borrowings	23,366	58,106	24,210	58,502		
Total	**4,847,966**	**2,772,462**	**5,307,696**	**3,080,333**		

(in thousands of euros)	Currency	Face value	Carrying amount 2020	Carrying amount 2019	Fair value 2020	Fair value 2019	Year of maturity	Interest rate
XS1900101046	EUR	500,000	493,157	492,447	560,735	549,205	2030	1.50%
XS0621167732	EUR	438,447	437,250	433,663	445,103	464,539	2021	4.43%
XS1301052202	EUR	400,000	403,215	403,729	441,668	445,828	2026	2.00%
XS0378569247	JPY	20,000,000	158,312	164,041	228,203	233,045	2038	3.16%
XS2069329451	AUD	255,000	161,091	160,061	163,657	166,652	2034	2.89%
XS1437013870	EUR	150,000	149,835	149,805	159,044	157,092	2028	1.12%
XS2019889778	AUD	70,000	44,013	43,721	45,546	45,855	2027	3.09%
XS0983151282	EUR	40,000	39,967	39,961	42,823	46,092	2025	3.08%
XS0997565436	EUR	30,000	29,969	29,964	32,024	34,356	2025	2.94%
XS2019891915	AUD	30,000	18,866	18,739	19,536	19,037	2027	2.40%
XS2153459123	EUR	750,000	745,977	-	866,498	-	2029	2.00%
XS2227050023	EUR	700,000	694,490	-	715,603	-	2027	0.38%
XS2227050379	EUR	500,000	494,339	-	526,935	-	2032	0.88%
EMTN programme			**3,870,480**	**1,936,130**	**4,247,374**	**2,161,700**		

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 4.0 billion euros as required, provided the prospectus is updated annually. The prospectus was updated in May 2020. 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 2020.

At year-end 2020, borrowings under the programme totalled 3,870 million euros (31 December 2019: 1,936 million euros). In April 2020, Schiphol Group issued green bonds to the value of 750 million euros under the EMTN programme. The senior unsecured bonds are due on 6 April 2029 and carry an annual coupon of 2.0%. During September 2020, additional (green) bonds were issued to the value of 1.2 billion euros: 700 million euros with a maturity date of 8 September 2027 and coupon of 0.375% and green bonds to the value of 500 million euros due on 8 September 2032 and coupon of 0,875%. The financing was raised to secure sufficient access to liquidity in order to fund investments and to cope with the COVID-19 impact on the financial performance of the group.

Schiphol has a number of facility agreements with the European Investment bank for a total of 900 million euros of which 639.5 million euros have been drawn at 31 December 2020. Under these facilities, 95 million euros were drawn during the first six month period for the 2020 financial year with a maturity of eight years. 85.5 million euros have been repaid since the start of the agreements up until 31 December 2020 and an amount of 175 million euros is still undrawn. 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 three loan agreements with KfW IPEX-Bank for a total outstanding amount of 290 million euros with a weighted average maturity of 6 years. Two new loan facilities were entered into during the first half of 2020 to the amount of 190 million euros, maturing in 2028.

The following borrowings were outstanding at the end of 2019 and repaid during the 2020 financial year: Euro-Commercial Paper (ECP) programme of 50 million euros, SMBC short term loan facility of 50 million euros, Stena loan of 52.5 million euros and parts of the other borrowings. Additional funding under the ECP programme to the amount of 400 million euros were issued and repaid during the 2020 financial year.

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 900 million euros committed and undrawn financing, consisting of: 400 million euros syndicated and committed facility which matures in October 2025, 100 million euros bilateral committed facility with Bank Nederlanse Gemeenten which matures in January 2023, 300 million euros syndicated and committed facility which matures in October 2021, and 100 million euros bilateral committed facililty with BNP Paribas which matures in November 2021. In addition, Schiphol Group holds three bilateral uncommitted facilities with a combined total of 330 million euros.

Eindhoven Airport has a facility for 60 million euros available to refinance the future capital expenditure and to provide sufficient liquidity to absorb the negative impact of COVID-19. 19 million euros had been drawn as at 31 December 2020. The covenants are not met as at 31 December 2020 and a waiver has been issued by ING. This is as a result of the negative impact of COVID-19 on the results of Eindhoven Airport.

Of the total loans, an amount of 158 million euros has been drawn in Japanese yen (JPY 20 billion). In line with the financial risk management policy, a 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 2020 of 444 million euros (31 December 2019: 163 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 2020 was 1.9% (2019: 2.7%).

The remaining terms of the borrowings as at 31 December 2020 are as follows:

(in thousands of euros)	Total	<= 1 year	> 1 year	> 1 year and <= 5 years	> 5 years
EMTN programme	**3,870,480**	435,362	3,435,118	32,449	3,402,669
European Investment Bank	**639,500**	9,000	630,500	406,000	224,500
KfW IPEX-bank	**289,702**	-57	289,761	99,845	189,916
Namensschuldverschreibung	**24,918**	-39	24,956	24,956	-
Other borrowings	**23,366**	-174	23,540	19,000	4,540
Total borrowings	**4,847,966**	**444,092**	**4,403,874**	**582,250**	**3,821,625**

The movements in borrowings during the year were as follows:

(in thousands of euros)	Borrowings > 1 year	Borrowings <= 1 year	Total
Carrying amount as at 1 January 2019	**2,366,235**	**200,655**	**2,566,890**
Movements in 2019			
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
Total movements in the year	**243,347**	**-37,775**	**205,572**
Carrying amount as at 31 December 2019	**2,609,582**	**162,880**	**2,772,462**
Movements in 2020			
New borrowings	2,236,122	400,000	2,636,122
Fair value movement	-	-	-
Transferred to current liabilities	-436,740	436,740	-
Repayments	-	-561,095	-561,095
Exchange differences	-4,389	0	-4,389
Other movements	-701	5,567	4,866
Total movements in the year	**1,794,292**	**281,212**	**2,075,504**
Carrying amount as at 31 December 2020	**4,403,874**	**444,092**	**4,847,966**

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
Carrying amount as at 31 December 2020				
Provision	29,830	32,375	1,076	63,281
Liability in the balance sheet	**29,830**	**32,375**	**1,076**	**63,281**
Carrying amount as at 31 December 2019				
Provision	31,652	17,161	6,389	55,202
Liability in the balance sheet	**31,652**	**17,161**	**6,389**	**55,202**

The balance in the provision for termination benefits at the end of 2020 includes, among other things, the costs Schiphol Group expects to incur in respect of restructurings in several of its departments. The restructurings were announed in 2018 and the majority of the implementation was completed in 2020. Another restructuring was announed during 2020 as a result of the significant impact of the COVID-19 pandemic on the business. Please see note 4. Employee benefits expense for a detailed explanation.

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. 11.4 million euros included in the other long-term employee benefits relate to the unemployment provision which was recognised as part of the restructuring provision.

The movements in post-employment benefit liabilities during the year were as follows:

(in thousands of euros)	2020	2019
Carrying amount as at 1 January	**31,652**	**26,166**
Total net benefit expense for the year	1,300	1,395
Benefits paid during the year	-852	-1,221
Actuarial changes presented in OCI	-2,270	5,312
Other movements	-	-
Total movements in the year	**-1,822**	**5,486**
Carrying amount as at 31 December	**29,830**	**31,652**

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 2020	31 December 2019
Discount rate	0,35% - 0,5%	0,75% - 0,80%
Return on plan assets	1.90%	1.90%
Inflation	1.50%	2.00%
General salary increase	2.00%	2.00%
Life expectancy	Royal Dutch Actuarial Society's (AG) generation mortality table AG2020, corrected with Mercer experience mortality table	Royal Dutch Actuarial Society's (AG) generation mortality table AG2018, corrected with Mercer experience mortality table
Individual pay rises, depending on age	3,0% (to age 36), 2,0% (to age 47), 1,0% (to age 56), 0,0% (to age 67)	3,0% (to age 36), 2,0% (to age 47), 1,0% (to age 56), 0,0% (to age 67)
Incapacity risk	Derived from national inflow and outflow WGA for larger employers	Derived from national inflow and outflow WGA for larger employers
Termination probability, average over all ages	3.13%	3.13%

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 2021 is 32.2 million euros. ABP's funding ratio was 93.2% as at 31 December 2020 (97.8% as at 31 December 2019).

23. Provisions

(in thousands of euros)	Decommissioning provision	Environmental provision	Onerous contracts	Reorganisation Provision	Other	Total
Carrying amount as at 1 January 2019	**1,716**	**33,561**	**7,400**	**-**	**13,223**	**55,900**
Movements in 2019						
Addition to provision	3,340	1,511	-	-	290	**5,142**
Use of provision	-31	-3,676	-	-	-3,258	**-6,965**
Other	-	-	-7,400	-	-	**-7,400**
Reclassification	2,100	-	-		-	**2,100**
	5,409	**-2,165**	**-7,400**	**-**	**-2,968**	**-7,123**
Carrying amount as at 31 December 2019	**7,126**	**31,396**	**-**	**-**	**10,255**	**48,777**
Movements in 2020						
Addition to provision	-	-	-	7,484	-	**7,484**
Use of provision	-	-2,271	-	-	-255	**-2,526**
Other	-	-	-	-	-10,000	**-10,000**
	-	**-2,271**	**-**	**7,484**	**-10,255**	**-5,042**
Carrying amount as at 31 December 2020	**7,126**	**29,125**	**-**	**7,484**	**0**	**43,735**
Current	-	-	-	7,484	-	**7,484**
Non-current	7,126	29,125	-	-	0	**36,251**
Carrying amount as at 31 December 2020	**7,126**	**29,125**	**-**	**7,484**	**0**	**43,735**

Restructuring of the Schiphol Group was announced during 2020 as a result of the significant impact of the COVID-19 pandemic on the business. A restructuring provision for the amount of 63 million euros have been recognised. Please see note 4. Employee benefits expense. The amount of 7.5 million euros is expected to be settled in 2021.

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 (2019: 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 29.1 million euros (2019: 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.

In 2019, 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 in 2019 under 'Other' was a claim of 10.0 million euros concerning a dispute with Chipshol on the consequences of the ban on the development of the Groenenberg site in place from 19 February 2003 to 28 June 2007. In May 2020, Schiphol Real Estate settled the legal claim (including the 19 million euros prepayment) by acquiring the entity that holds the claims, Chip(s)hol III B.V. This provision was released to the income statement with an immaterial impact. Please also refer to Note 14. Other non-current receivables.

24. Other non-current liabilities

(in thousands of euros)	2020	2019
Prepaid long leases	90,632	84,989
Lease liabilities	12,039	8,716
Unrealised profit on contribution in kind	2,415	3,043
Other	-	1,604
Total other non-current liabilities	**105,086**	**98,351**

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 1.6% (2019: 1.9%).

(in thousands of euros)	Buildings	Other assets	Total
Liability < 1 year	530	5,008	5,538
Liability 1 year and < 5 years	2,129	9,910	12,039
Carrying amount of lease liabilities	**2,659**	**14,918**	**17,577**

The balance in unrealised profit on contribution in kind relates to land contributed to GEM A4 zone West C.V. (2.4 million euros as per 31 December 2020, 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 extend this profit relates to our share in the entity the land is contributed to.

25. Trade and other payables

(in thousands of euros)	2020	2019
Trade payables	138,899	184,962
Accruals	137,679	115,194
Termination benefits	44,538	-
Deferred income	15,765	54,195
Lease liabilities	5,538	4,221
Interest payable	41,629	28,593
Cash collateral JPMorgan	-	21,847
Wage tax and social security contributions	10,349	10,955
Prepaid long leases	3,706	1,863
Other payables	29,932	12,863
Total trade and other payables	**428,035**	**434,693**

Termination benefits relates to a portion of the restructuring provision that have been recognised for the amount of 63 million euros. Please see note 4. Employee benefits expense. The amount of 44.5 million euros is expected to be settled in 2021.

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).

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

Airport charges settlement

Given that 2020 was an exceptional year due to COVID-19 and its challenges, the amount to be settled for 2020 is expected to be a deficit of around 550 million euros. This amount is still insecure due to incidental gains and losses. The final settlement will be included and explained extensively in the Regulatory Accounts 2020 . The Regulatory Accounts 2020 will be published on 31 May 2021 (at the latest). Thereafter, the settlement will be included in the consultation of the Airport charges in coming years.

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 has consulted Haarlemmermeer and residents on the next steps to take. Next steps will be the preparation of the insulation project in 2021 and the realization in the following years. 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 12.1 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.

BN-TAV claims with regards to the construction of Pier A

Several interim claims for additional work ("meerwerk") were received from Ballast Nedam and TAV Construction during the construction of the new Pier A. The amount and outcome are currently uncertain. Discussions are ongoing with BN-TAV, Schiphol and legal representatives to reach an agreement.

Boswandeling (Televerde) claim

As part of the acquisition of Boswandeling J.V., a claim against the municipality of Haarlemmermeer was taken over by the joint venture. Any (financial) contribution resulting from the claim will be used for developing the northern area of the motorway A9.

Soil contamination

PFAS 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 PFAS-contaminated soil when the contamination causes environmental risks. 2019 also saw the introduction of national-level legislation on this issue. The changed local legislation of 2019 and 2020 do not change the way we have to deal with PFAS-contaminated soil. 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 PFAS contamination under existing assets.

Commitments arising from long-term contracts

(in thousands of euros)	Total 2020	< 1 year	> 1 year and < 5 years	> 5 years
Commitments relating to:				
Security, maintenance and cleaning	**1,075,454**	174,065	880,778	20,611
Development of Schiphol (incl. Capital Programme)	**432,155**	328,351	103,804	-
Development of Lelystad Aiport	**7,677**	-	7,677	-
Electricity and gas	**107,529**	10,756	40,631	56,142
Rents and leases (operating lease)	**13,633**	3,504	10,128	-
Other capital projects	**5,176**	2,926	2,250	-
Total	**1,641,623**	**519,602**	**1,045,268**	**76,753**

(in thousands of euros)	Total 2019	< 1 year	> 1 year and < 5 years	> 5 years
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	-
Total	**1,301,047**	**612,270**	**681,385**	**7,392**

Long-term partnership between Dutch construction firms and Schiphol Group

In January 2019 Schiphol contracted BAM, Heijmans and VolkerWessels for the maintenance, renewal and contruction of new infrastructure and real estate at the airport. The total estimated value of the assignment is 2 to 3.5 billion euros over a period of no more than nine years. The commitments under these contracts as per 31 December 2020 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.

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 claim(s) 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.

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)	2020	2019
Interest and other financial income		
Loans to associates	5,957	6,595
Exchange differences receivables from associates	606	2,247
Interest on tax due	95	743
Amortisation on loan notes	380	-
Cash and cash equivalents	295	207
Exchange differences on cash and cash equivalents	41	112
Exchange differences on other assets and liabilities	16	-
Other financial results	7	619
	7,397	10,523
Interest and other financial expenses		
Borrowings	-90,738	-79,914
Derivatives	-9,725	-10,706
Fair value movement loans	-	-4,500
Fair value adjustment on loan notes	-7,324	-
Lease liabilities	-241	-2,342
Capitalised construction interest	9,702	7,220
Exchange differences on other assets and liabilities	-	-4,603
Other financial results	-1,169	-
	-99,495	-94,844
Total financial income and expenses	-92,098	-84,321

Exchange differences on loans to associates concern the Redeemable Preference Shares (RPS) of Brisbane Airport Corporation Holdings Ltd (BACH) and the Loan Notes of 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. 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 loan notes 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 2020, 7.8% of group financing had been drawn in foreign currency: one loan with a carrying amount of 158.0 million euros (JPY 20 billion nominal value) and three loans with a carrying amount of 224.7 million euros (AUD 355 million nominal value) compared with 14.5% of total borrowings (one loan with a carrying amount of 164.0 million euros and a nominal amount of JPY 20 billion and three loans with a carrying value of 222.5 million euros and a nominal amount of AUD 355 million) 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 2020 (after deferred tax). The borrowings in AUD serve as a natural hedge for the RPS of BACH and loan notes of 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 301 million euros as at 31 December 2020 (314 million euros as at 31 December 2019), 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 2020, the positive effect on equity amounts to 2.8 million euros, leading to an increase of the translation reserve from 6 million euros as per 31 December 2019 to 3.2 million euros as per 31 December 2020.

The Redeemable Preference Shares which Schiphol Group owns in Brisbane Airport Corporation Holdings Ltd are reported as part of the 'loans to associates'. 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 loan notes 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 2020, the maximum net position of both parties amounted to 10 million euros (10 million euros as at 31 December 2019) while the market value of the swap was approximately 11.4 million euros positive (35.5 million euros as at 31 December 2019) at Schiphol Group. As at 31 December 2020, Schiphol Group had no liability to JPMorgan (21.8 million euros as at 31 December 2019).

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.

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 111,2 million euros. A 10% decrease in the NIY would increase the value by approximately 137,8 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

						Fair value in thousands of euros	
Type	Counterparty	Interest rate	Currency	Notional amount (x1000)	Maturity date	**31 December 2020**	31 December 2019
Currency swap	JPMorgan	5.64%	JPY	20,000,000	2038	**11,411**	35,500
						11,411	**35,500**
Recognised in the balance sheet under:							
Non-current assets						**11,411**	35,500
Current assets/ liabilities						-	-
						11,411	**35,500**

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 54.6 million euros (1.0%) in the fair value of borrowings. An average increase of 0.5% point in market interest rates would lead to a fall of 52.5 million euros (1.0%) 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 2020, 100% of borrowings were fixed-interest, excluding subsidiaries and associates (31 December 2019: 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 2020, the figure for variable-interest borrowings was 0% (31 December 2019: 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 liquidities 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 2020 was 166.7 million euros (150 million euros as at 31 December 2019). The slight increase of 16.7 million euros is a result of Schiphol Group's significant liquidity at 31 December 2020 and was caused by additional exposure to undrawn credit facilities of 400 million euros. At year end Schiphol Group has a cash exposure of 175 million with AAA-rating, 200 million with AA-rating and 850 million with A-rating bankfacilities. The cash and cash equivalents are devided between different couterparties in order to meet the maximun net position per counterparty.

At 31 December 2020, trade receivables amounted to 97 million euros (31 December 2019: 127 million euros), after a provision for expected credit losses of 7.7 million euros (31 December 2019: 4 million euros) and including 2.9 million euros in security deposits received (31 December 2019: 3 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.

COVID-19 also had an impact on Schiphol Group's trade receivable due to the travel restrictions implemented across the world. In response to the COVID-19 pandemic, management has been performing more frequent reviews of outstanding balances as the industry as a whole has been impacted. During the year ended 31 December 2020, Schiphol Group temporarily extended the credit terms with 30 days to all customers. The average expected loss rates were increased across all credit terms in response to the increase in credit risk.

Schiphol Group holds RPS in BACH and Loan Notes in Hobart. Please see Note 13. Loans to associates and joint ventures for additional information. Both BACH and Hobart indicated that no dividends or interest will be paid out for the 2020 financial year as a result of the negative impact of COVID-19 on these airports too. The dividends and interest receivable are being accrued for in terms of the agreements and will be paid out in the coming years. There is no indication of an increase in the credit risk.

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 2020, Schiphol Group holds 35.0 million euros in bank guarantees and security deposits (31 December 2019: 42.4 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%	74,596	-25	**74,571**
1-30 days past due	-1.6%	13,256	-206	**13,050**
31-60 days past due	-4.6%	5,705	-260	**5,445**
61-90 days past due	-30.6%	1,525	-466	**1,059**
91-180 days past due	-24.1%	2,430	-585	**1,845**
181-365 days past due	-53.5%	2,283	-1,221	**1,062**
>365 days past due	-99.8%	1,646	-1,643	**3**
Bankruptcies	-101.2%	3,277	-3,316	**-39**
	-7.4%	**104,718**	**-7,722**	**96,996**

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 2020, this figure was 9.3% (31 December 2019: 15.8%).

(in thousands of euros)	Total 2020	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	4,847,966	5,494,071	539,787	4,954,284	873,555	4,080,729
Trade payables	138,899	138,899	138,899	-	-	-
Lease liabilities	17,577	17,577	5,538	12,039	12,039	-
Interest payable	41,629	41,629	41,629	-	-	-
Accruals	137,679	137,679	137,679	-	-	-
Total	**5,183,751**	**5,829,855**	**863,532**	**4,966,323**	**885,594**	**4,080,729**

(in thousands of euros)	Total 2019	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	2,772,462	3,253,569	236,373	3,017,196	1,008,812	2,008,384
Trade payables	184,962	184,962	184,962	-	-	-
Lease liabilities	12,937	12,937	4,221	8,716	8,716	-
Interest payable	28,593	28,593	28,593	-	-	-
Accruals	115,194	115,194	115,194	-	-	-
Total	**3,114,147**	**3,595,254**	**569,343**	**3,025,911**	**1,017,527**	**2,008,384**

Financial instruments can be classified as follows, according to the measurement policy applied:

(in thousands of euros)	Level[1]	Total 2020	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value disclosure
Borrowings	1	3,488,199	3,488,199	-	-	3,790,432
Borrowings	2	1,359,767	1,359,767	-	-	1,517,263
Trade payables	n/a	138,899	138,899	-	-	138,899
Interest payable	n/a	41,629	41,629	-	-	41,629
Liabilities		**5,028,495**	**5,028,495**	**-**	**-**	**5,488,224**
Loans to associates	2	-132,850	-132,850	-	-	-140,340
Other loans	2	-269	-269	-	-	-269
Derivative financial instruments	2	-11,411	-	-11,411	-	-
Other loans to associates	2	-3,452	-3,452	-	-	-3,452
Trade receivables	n/a	-96,996	-96,996	-	-	-96,996
Cash and cash equivalents and deposits	n/a	-1,223,449	-1,223,449	-	-	-1,223,449
Assets		**-1,468,427**	**-1,457,016**	**-11,411**	**-**	**-1,464,505**
Total		**3,560,068**	**3,571,479**	**-11,411**	**-**	**4,023,719**

1 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[1]	Total 2019	Amortised cost	Fair value through equity	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
Liabilities		**2,986,016**	**2,933,514**	**-**	**52,502**	**3,241,385**
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
Assets		**-460,663**	**-425,163**	**-35,500**	**-**	**-427,899**
Total		**2,525,353**	**2,508,351**	**-35,500**	**52,502**	**2,813,486**

1 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 loan was repaid in in the first half of 2020 and the impact on the income statement was immaterial. 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. 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)	2020	2019
Operating result	-530,416	395,105
Depreciation and amortisation	300,894	289,871
Impairment loss	23,314	5,493
Impairment reversal	-	-1,700
Result on disposal of investment property	-629	1,543
Other result from investment property	65,088	-114,401
Other non-cash changes in other receivables and liabilities	-5,193	1,777
Change in employee benefits and other provisions	15,308	-3,992
Income tax paid	-53,905	-46,119
Income taks received	111,888	-
Interest paid	-71,805	-80,946
Interest received	449	1,680
RPS receipts	-	5,627
Dividend received	909	81,853
Funds From Operations	**-144,099**	**535,791**

'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 2020. FFO is the cash flow from operating activities adjusted for operating capital. In 2020 FFO decreased from 536 million euros to negative 144 million euros.

(in thousands of euros)	2020	2019
Borrowings	4,403,874	2,615,582
Lease liabilities	12,039	8,716
Non-current liabilities	**4,415,913**	**2,624,298**
Borrowings	444,092	156,880
Lease liabilities	5,538	4,221
Current liabilities	**449,630**	**161,101**
Total debt	**4,865,543**	**2,785,399**

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 2020, equity was 3.777million euros (31 December 2019: 4,372 million euros).

The FFO/total debt ratio and leverage at 31 December were as follows:

	2020	2019
FFO / Total debt	-3.0%	19.2%
Leverage	56.3%	38.9%
FFO interest coverage ratio	-0.6x	7.5x

The FFO interest coverage ratio is calculated by dividing the FFO plus the interest charges relating to borrowings and lease liabilities, amounting to 90.9 million euros in 2020 (82.3 million euros in 2019), by those interest charges. The FFO interest coverage ratio for 2020 was negative 0.6 (compared with 7.5 for 2019). Due to the significant impact of COVID-19, financial ratios as at 31 December 2020 are temporarily out of sync. These ratios will recover to more normalized levels (in line with a single A credit rating at S&P) depending on the recovery of traffic.

Other notes to the consolidated financial statements

Related party disclosures

Related parties

Related parties	Nature of relationship and transactions	Relevant disclosure
Management Board	Management Board remuneration	Related party disclosures
Supervisory Board	Supervisory Board remuneration	Related party disclosures
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 Loans to associates and joint ventures
Tasmanian Gateway Holdings Corporation Pty Ltd.	Joint venture / interest and interest on receivable	Investments in associates and joint ventures Loans to associates and joint ventures
State of the Netherlands	Shareholder/ dividends / government grants (NOW)	Issued share capital and share premium Employee benefits
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)	Remuneration	Committees: Audit	Committees: People	Committees: Safety, Sustainability & Stakeholders	Committees: Capital Programme, Operations & Investments	Total 2020
L.J. Gunning-Schepers	39,486	-	5,409	5,409	-	**50,304**
J.G. Wijn	25,963	6,491	5,409	-	-	**37,863**
E. Arkwright	-	-	-	-	-	**-**
R.J. van de Kraats	25,963	6,491	-	-	-	**32,454**
A.B.M. Olsson	25,963	-	5,409	5,409	5,409	**42,190**
S.G. Brummelhuis	25,963	-	-	5,409	5,409	**36,781**
D. Collier	25,963	6,491	-	-	5,409	**37,863**
Total	**169,302**	**19,473**	**16,227**	**16,227**	**16,227**	**237,456**

(x EUR 1)	Remuneration	Committees: Audit	Committees: People	Committees: Safety, Sustainability & Stakeholders	Committees: Capital Programme, Operations & Investments	Total 2019
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 [1]	25,790	-	-	5,373	5,373	**36,535**
D. Collier [1]	25,790	6,447	-	-	5,373	**37,610**
Total	**168,169**	**19,342**	**16,118**	**16,118**	**16,118**	**235,867**

1 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[1]	Total 2020
D.A. Benschop	443,604	-	32,726	79,894	35,277	591,501
A. van den Berg[2]	267,669	-	20,624	37,931	12,317	338,541
J.T.M. van der Meijs	377,064	-	30,359	49,095	22,242	478,760
B.I. Otto	377,064	-	30,936	56,897	18,088	482,985
H.L. Buis[3]	219,954	-	13,913	9,619	9,931	253,417
Total	**1,685,355**	**-**	**128,558**	**233,436**	**97,855**	**2,145,204**

1 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.
2 until 1 June 2019
3 From 1 June 2019

(x EUR 1)	Salary	Variable remuneration	Pension costs	Pension costs (supplementary)	Other payments[1]	Total 2019
D.A. Benschop	440,123	61,617	29,011	66,124	31,671	628,546
A. van den Berg	374,105	52,375	27,101	43,991	16,038	513,609
J.T.M. van der Meijs	374,105	52,375	27,101	40,100	20,716	514,396
B.I. Otto	374,105	52,375	27,101	43,991	16,889	514,461
Total	**1,562,438**	**218,741**	**110,313**	**194,206**	**85,314**	**2,171,012**

1 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.

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.

The Management Board will not receive any variable remuneration for the 2020 financial year as part of the NOW requirements. The variable remuneration for 2019 was not paid out to the Management Board.

The other payments concern allowances for representation expenses and the employer's share of social security contributions.

With effect from 1 June 2020, Hanne Buis has been appointed as Chief Projects & Assets Officer (CPAO) of Royal Schiphol Group and have formed part of the Management Board. She succeeds André van den Berg, who indicated that he would not serve a second term as Chief Commercial Officer.

For further details, please refer to Management Board remuneration.

Subsidiaries

	Registered in	Direct / indirect interest in %
Schiphol Nederland B.V.[1]	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[1]	Lelystad	100.00
Luchthaven Lelystad Vastgoed B.V.[1]	Lelystad	100.00
Schiphol USA Inc.	New York	100.00
Rotterdam Airport B.V.[1]	Rotterdam	100.00
Rotterdam Airport Holding B.V.[1]	Rotterdam	100.00
Rotterdam Airport Vastgoed B.V.[1]	Rotterdam	100.00
Schiphol International B.V.	Schiphol	100.00
Schiphol Real Estate B.V.[1]	Schiphol	100.00
Airport Real Estate Management B.V.[1]	Schiphol	100.00
Avioport Srl	Lonate Pozzolo	100.00
Schiphol Telematics B.V.[1]	Schiphol	100.00

1 Article 403 of the NCC is applied

The list include the significant subsidiaries to Schiphol Group. 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)	2020	2019
Assets		
Non-current assets	58,563	57,220
Current assets	4,417	5,744
	62,980	**62,964**
Equity and liabilities		
Total equity	50,270	55,386
Non-current liabilities	9,220	272
Current liabilities	3,490	7,307
	62,980	**62,964**

The abridged income statement for this company:

(in thousands of euros)	2020	2019
Revenue	11,327	31,396
Other income and results from investment property	-192	-341
	11,135	**31,055**
Total operating expenses	17,734	21,678
Operating profit	**-6,599**	**9,377**
Financial income and expenses	-221	-125
Profit before tax	**-6,820**	**9,252**
Corporate income tax	-1,705	2,300
Profit for the year	**-5,115**	**6,952**

Events after the balance sheet date

There are no events after the balance sheet date.

Company income statement for the year ended 31 December 2020

(in thousands of euros)	note	2020	2019
Revenue		-	-
Cost of outsourced work and other external costs		36	18
Employee benefits expense		2,177	2,173
Other operating expenses		414	250
Total operating expenses		**2,627**	**2,441**
Operating profit		**-2,627**	**-2,441**
Financial expenses		**-70,880**	**-60,049**
Share in results of associates and joint ventures	28	-100,613	61,075
Share in results of subsidiaries	28	-403,422	337,621
Profit before tax		**-577,542**	**336,206**
Income tax expense		14,912	18,904
Result attributable to shareholders (net result)		**-562,630**	**355,110**

Company balance sheet as at 31 December 2020

(in thousands of euros)	Note	31 December 2020	31 December 2019
Assets			
Investments in subsidiaries	28	3,958,055	4,358,318
Investments in associates	28	634,967	752,860
Derivatives		11,411	35,500
Deferred tax assets		6,773	12,352
Non-current assets		**4,611,206**	**5,159,030**
Receivables	29	4,508,129	1,380,589
Income tax receivable	29	18,110	15,622
Cash and cash equivalents	29	26,469	25,354
Current assets		**4,552,708**	**1,421,567**
Total assets		**9,163,914**	**6,580,597**

(in thousands of euros)	Note	31 December 2020	31 December 2019
Equity and liabilities			
Issued share capital		84,511	84,511
Share premium		362,811	362,811
Retained profits		2,984,360	2,437,118
Other reserves		-112,958	-85,368
Revaluation reserve		683,494	763,956
Other statutory reserves		286,843	398,512
Net result of the year		-562,630	355,110
Shareholders' equity	30	**3,726,433**	**4,316,650**
Deferred tax liabilities		-	7,257
Loans and borrowings - EMTN programme	21	3,435,122	1,940,281
Non-current liabilities		**3,435,122**	**1,947,538**
Current liabilities	32	2,002,359	316,409
Current liabilities		**2,002,359**	**316,409**
Total liabilities		**5,437,481**	**2,263,947**
Total equity and liabilities		**9,163,914**	**6,580,597**

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.

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
Carrying amount as at 1 January 2018	**4,016,686**	**725,526**	4,742,212
Movements in 2019			
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
	341,633	**27,334**	**368,966**
Carrying amount as at 31 December 2019	**4,358,319**	**752,860**	**5,111,178**
Movements in 2020			
Result for the year	-403,422	-100,613	-504,035
OCI Movement	-2,323	-17,280	-19,603
Translation differences	-2,755	-	-2,755
Other movements	8,235	-	8,235
	-400,265	**-117,893**	**-518,158**
Carrying amount as at 31 December 2020	**3,958,055**	**634,967**	**4,593,021**

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)	2020	2019
Income tax receivable	18,110	15,622
Group companies balances	4,508,129	1,380,590
	4,526,239	**1,396,212**

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
Carrying amount as at 1 January 2019	**84,511**	**362,811**	**2,394,104**	**-76,606**	**686,347**	**357,066**	**279,451**	**4,087,684**
Movements in 2019								
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
Total movements in the year	**-**	**-**	**43,014**	**-8,763**	**77,610**	**41,446**	**75,659**	**228,966**
Balance as at 31 December 2019	**84,511**	**362,811**	**2,437,118**	**-85,368**	**763,957**	**398,512**	**355,110**	**4,316,650**
Movements in 2020								
Appropriation of result for previous year	-	-	355,110	-	-	-	-355,110	-
Distribution of dividend	-	-	-	-	-	-	-	-

(in thousands of euros)	Issued share capital	Share premium	Retained profits	Other reserves	Revaluation reserve	Other statutory reserves	Net Result Financial Year	Total
Exchange differences	-	-	-	-2,754	-	-	-	**-2,754**
Movements in hedge reserve	-	-	-	-5,233	-	-	-	**-5,233**
Adjustments to the corporate income tax rate	-	-	-	-	-	-	-	**-**
Net result	-	-	-	-	-	-	-562,630	**-562,630**
Addition statutory reserves	-	-	192,126	-	-80,458	-111,668	-	**-**
Other	-	-	7	0	-5	-	-	**2**
Other comprehensive income from associates	-	-	-	-21,622	-	-	-	**-21,622**
Actuarial gains and revaluations after taxation	-	-	-	2,019	-	-	-	**2,019**
Total movements in the year	**-**	**-**	**547,243**	**-27,589**	**-80,463**	**-111,668**	**-917,740**	**-590,218**
Balance as at 31 December 2020	**84,511**	**362,811**	**2,984,360**	**-112,958**	**683,494**	**286,843**	**-562,630**	**3,726,433**

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

Proposed result appropriation

Schiphol Group put a proposal to its shareholders to refrain from effecting payment of the dividend for 2019 (the proposed dividend over 2019 was 151.4 million euros, or 813 euros per share). The shareholders agreed to this proposal during the shareholders meeting on 14 April 2020. No dividend will be paid out for the 2019 and 2020 financial years.

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)	2020	2019
Group companies	1,532,436	249,181
Borrowings EMTN programme	435,362	-4,036
SMBC short term loan facility	-	50,000
Accruals	34,165	20,911
Other liabilities	396	352
	2,002,359	**316,409**

See note 3. Outsourcing and other external costs to the consolidated financial statements for a breakdown of auditor's fees.

Schiphol, 8 March 2021

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 2020:

Management Board

D.A. Benschop
President & Chief Executive Officer

B.I. Otto
Chief Operations Officer

J.T.M. van der Meijs
Chief Financial Officer

H.L. Buis
Chief Projects & Assets Officer

Other Information

Proposed result 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 2020 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 2020 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 2020 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 2020 of Royal Schiphol Group N.V. ('Schiphol' or the Company) based in Schiphol, as set out on pages 121 to 200. 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 2020;
2. the following consolidated statements for the year ended 31 December 2020: 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 31 December 2020;
2. the company income statement for the year ended 31 December 2020; 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
— 1.0% of average consolidated revenue over the 5-year period 2016-2020

Group audit

— 95% of consolidated revenue
— 94% of consolidated total assets

Key audit matters

— Going concern assumption and disclosure
— Valuation of investments in associates and joint ventures
— Investment property valued at fair value
— Tendering and contracting of assets under construction or development

Unqualified opinion

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 13 million (2019: EUR 13 million). The materiality is determined with reference to the average consolidated revenue over the 5-year period 2016-2020, of which it represents 1.0%. In prior year(s) materiality was determined with reference to profit before tax adjusted for fair value gains and losses. The 2019 benchmark is negative for 2020 and therefore we consider that average consolidated revenues is a more appropriate benchmark to base our materiality on. We have used a 5-year average as the reference instead of the consolidated revenues for the financial year 2020, because the 2020 revenues are significantly impacted by COVID-19 related travel restrictions and we expect that users of the financial statements have a primary focus on the long-term financial performance 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 (2019: 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, Brisbane Airport Corporation Holdings Ltd. and Hobart International Airport Pty. Ltd. We have prepared instructions with procedures to be performed and evaluated the outcome of the procedures performed by other auditors including a review of the findings reported to us. For other group entities, including the activities at Terminal 4 of JFK IAT, Eindhoven Airport, Lelystad Airport and Rotterdam The Hague Airport, we performed specific audit procedures ourselves.

In view of restrictions on the movement of people across borders, and also within significantly affected countries, we have considered making changes to the planned audit approach to evaluate the component auditors' communications and the adequacy of their work. According to our original audit plan, we intended to visit the component Groupe ADP to review the component auditor documentation. Due to the inability to arrange in-person meetings with such component auditors, we have increased the use of alternative methods of communication with them, including through written instructions, exchange of emails, virtual meetings and a virtual file review.

We have performed review procedures or specific audit procedures at other components. Further we have centrally performed audit procedures on the valuation of all group entities ourselves.

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.

For the residual population not in scope we performed analytical procedures in order to corroborate that our scoping remained appropriate throughout the audit.

The audit coverage as stated in the section summary can be further specified as follows:

Total assets

91%	1%	2%
Audit of the complete reporting package	Audit of specific items	Specified audit procedures

Revenue

95%	0%	0%
Audit of the complete reporting package	Audit of specific items	Specified audit procedures

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

With respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Management Board, with oversight by the Supervisory Board. We refer to chapter 'Governance' of the Annual Report where the Management Board included its risk assessment and where the Supervisory Board reflects on this assessment.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We, together with our forensics specialists, evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and we inquired Management Board and the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified 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 and therefore no additional audit response is necessary.

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. We identified the following areas as those most likely to have such an indirect effect:

- Dutch Aviation Act
- European tendering regulation

In accordance with the auditing standard we evaluated the following fraud and non-compliance risks that are relevant to our audit, including the relevant presumed risks:

- management override of controls (a presumed risk);
- potential conflicts of interest when awarding major contracts, scope changes or variation orders regarding operational assets under construction or development;

KPMG

- the preparation of liquidity forecasts (scenarios) supporting the going concern assumption to reflect the projected impact of COVID-19 and related disclosures.

We communicated the identified risks of fraud and non-compliance with laws and regulations throughout our team and remained alert to any indications of fraud and/or non-compliance throughout the audit. This included communication from the group to component audit teams of relevant risks of fraud and/or non-compliance with laws and regulations identified at group level where relevant.

We addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We refer to the key audit matters 'Going concern assumption and disclosure', 'Valuation of investments in associates and joint ventures' and 'Investment property valued at fair value', that are examples of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

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 response to the risks identified

We performed the following audit procedures (not limited) to respond to the assessed risks:

- We evaluated the design and the implementation of internal controls that mitigate fraud risks. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the Company, including retrospective reviews of prior year's estimates. Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- Assessment of matters reported on the (Company's) incident register/whistleblowing and complaints procedures with the entity and results of management's investigation of such matters.
- With respect to the risk of bribery and corruption across various countries, we evaluated the Company's controls and procedures such as due diligence procedures on third parties. We considered the possibility of fraudulent or corrupt payments made through third parties including agents and conducted detailed testing on third-party vendors in high-risk jurisdictions.
- We incorporated elements of unpredictability in our audit.
- We considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- We obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements.

Our procedures to address fraud risks related to the liquidity forecast supporting the going concern assumption and disclosure, tendering and contracting of assets under construction or development, we refer to the key audit matters.

We do note that our audit is based on the procedures described in line with applicable auditing standards. In addition to the requirements of the auditing standards we have performed the following additional procedures:

- Investigation into publicly held information in relation to negative publicity;
- Investigation into side functions ('nevenfuncties') of the Supervisory and Management Board and evaluation of transactions with those entities and other related parties with special attention to procedures, governance and payments done (also in view of possible conflicting interests).

We do note that our audit is not primarily designed to detect fraud and 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.

KPMG

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.

Compared to last year the key audit matter with respect to 'Revenue from regulated airport charges' is not included, due to the significant decrease in airport charges in the financial year 2020.

Going concern assumption and disclosure

Description

As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. The COVID-19 pandemic is an unprecedented challenge for humanity and for the economy globally, and at the date of the financial statements its effects are subject to significant levels of uncertainty. Management prepared a financial and liquidity risk analysis addressing amongst others future compliance with financing conditions as well as the financing and cash requirements to ensure continuation of the Company's operations. We identified a risk of fraud related to potential management bias in preparation of this analysis.

Our response

Our procedures included:

- We evaluated the design and implementation of internal controls related to the liquidity forecasting process and reporting to the Management Board as well as the Supervisory Board and its newly established Liquidity & Solvency subcommittee.
- We considered management's assessment of COVID-19-related sources of risk for the Company's business and financial resources compared with our own understanding of the risks. We considered management's plans to take action to mitigate the risks. This includes the impact of the cost reduction programme and the continuous assessment of the necessity and timing of (un)committed capital expenditure, as well as the funding raised in 2020, the liquidity levels as at 31 December 2020, the requirement to repay matured bonds in 2021 and the presence of available undrawn facilities. We corroborated the assumptions and conclusions included in management's assessment with both the Management Board as well as the Supervisory Board.
- We assessed the reliability of management's process to prepare the forecasted cash flows by performing a retrospective review of previous scenarios and forecasts and by comparing them with market expectations.
- We compared management's analysis to our assessment of the full range of reasonably possible scenarios resulting from COVID-19 uncertainty as well as publicly available sources, such as air traffic expectations published by peers in the sector and IATA as well as lock down expectations and the market impact of the announcements of the availability of vaccines.
- We evaluated and challenged the reasonableness of the assumptions in respect of projected available future cash flows from operating, financing and investing activities, such as projected air traffic numbers, developments in the tenants portfolio, creditworthiness of airlines, phasing of capital expenditure and the maturity date of existing borrowings. We applied professional scepticism in this challenge and considered potential management bias when performing our sensitivity analyses. Our sensitivity analyses included reverse stress testing on the assumptions to evaluate the sensitivity to the liquidity projections in combination with the available funding and (un)drawn facilities.
- We inspected supporting documentation such as contracts and underlying calculations.
- We evaluated the disclosure about liquidity risk and the related going concern assumption as set forth in the notes to the financial statements, including those in the management report, comparing the overall picture against our understanding of the risks.

Our observation

We found the management's assumptions and aforementioned disclosures to be acceptable. However, an audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

KPMG

Valuation of investments in associates and joint ventures

Description

As described in note 12 to the financial statements, Schiphol has recognised EUR 1,068 million of equity stakes in several international airports over the world. COVID-19 has a major impact on the aviation business and therefore on airports and is considered a trigger for potential impairment based on IAS 36. Especially the valuation of stakes in Groupe ADP and Hobart Airport are considered significant to our audit as they include a relative high amount of goodwill or were recently acquired, respectively. Estimation uncertainty and subjective process inherent to valuation in general, could involve complex models and involves significant management judgement in respect to projections.

Our response

Our testing procedures included:

- We evaluated the design and implementation of internal controls related to the valuation process.
- We assessed internal valuation analyses from Schiphol management.
- We involved our own valuation specialists to assess the valuation methodologies applied and assess the reasonableness of market assumptions made by management, such as discount rates used, in a selection of impairment tests.
- We verified accuracy and completeness of key input data. We evaluated the assumptions in respect of projected available future cash flows from operating, financing and investing activities. Where impairment tests were undertaken, we performed sensitivity analyses on the key assumptions that drive the impairment analyses, to understand the impact of changes in certain assumptions.
- We evaluated the adequacy of the disclosure of the impairment analysis as set forth in note 12.

Our observation

We found the management's assumptions and aforementioned disclosures to be acceptable. However, an audit cannot predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to COVID-19.

Tendering and contracting of assets under construction or development

Description

Schiphol is investing substantial amounts in operational capacity. We identified a risk of fraud related to awarding of high value contracts, scope changes or variation orders.

In 2020, some significant scope changes and variation orders with regards to these projects were agreed or under discussion. As disclosed in note 9 to the financial statements, EUR 716 million of capital expenditure was capitalised in 2020 as part of assets under construction or development. 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 432 million per 31 December 2020.

Our response

Our testing procedures included:

- We evaluated the design and implementation of internal controls related to the awarding of contracts and variation orders.
- We evaluated the controls around project risk management and project progress assessment as well as the related governance.
- We performed test of details on a selection of high value scope changes and variation orders, confirming the nature and business rationale for these changes.

Our observation

We observed that for a selection of change orders the appropriate approval process was followed. Schiphol has implemented a new capital lifecycle process which is designed to improve the governance around capital projects.

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 19% of consolidated total assets. As disclosed in note 2 to the financial statements, the unrealised result from revaluation of investment property in the year 2020 amounts to EUR 65 million negative.

The valuation of investment property is complex, contains estimation uncertainty and involves significant management judgement. Schiphol engages independent external valuators 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 valuators.

Our response

Our testing procedures included:

- We examined the design and implementation of internal controls within the valuation process.
- We evaluated the capabilities, objectivity and professional competence of the external valuators engaged by Schiphol. We examined the engagement between Schiphol and the external valuators. Furthermore, we tested the accuracy and completeness of information provided by Schiphol to the valuators. We evaluated and analysed the valuation reports provided by the external valuators.
- We involved our own valuation specialists to assess the appropriateness of the valuation models and key assumptions used. In addition, we 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.

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 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 by the General Meeting as auditor of Royal Schiphol Group N.V. on 10 February 2014, as of the audit for the financial year 2014 and have operated as statutory auditor ever since.

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. This description forms part of our auditor's report.

The Hague, 18 February 2021

KPMG Accountants N.V.

R.R.J. Smeets RA

Supplementary information

Patricio (22) and Zara (21)
From Mexico, travelling to Sweden to study
‘We love that Schiphol is full of innovations’

Historical summary

(in millions of euros, unless otherwise indicated)	2020	2019	2018	2017	2016	2015	2014[1]	2013	2012	2011	2010
Profit and loss account											
Revenue	688	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	-64	113	107	80	71	117	35	3	-13	-	22
Total operating revenue	**624**	**1,728**	**1,616**	**1,538**	**1,506**	**1,540**	**1,473**	**1,367**	**1,340**	**1,278**	**1,202**
Total operating expenses before depreciation, amortisation and impairment	-830	-1,039	-981	-916	-848	-804	-838	-796	-806	-766	-719
EBITDA	**-206**	**689**	**635**	**622**	**658**	**735**	**635**	**571**	**534**	**512**	**483**
Depreciation, amortisation and impairment	-324	-294	-267	-264	-238	-230	-232	-266	-238	-208	-186
Operating result	**-530**	**395**	**368**	**359**	**420**	**505**	**403**	**305**	**296**	**304**	**297**
Financial income and expenses	-92	-84	-90	-86	-91	-89	-86	-90	-88	-91	-115
Taxation, share in operating result of associates and minority interests	55	51	8	12	-18	-38	-43	15	-12	-15	-10
Result on ordinary activities after tax	**-568**	**362**	**286**	**286**	**311**	**378**	**274**	**230**	**196**	**198**	**172**
Minority interests	-5	7	7	6	5	4	2	3	-2	3	3
Net result	**-563**	**355**	**279**	**280**	**306**	**374**	**272**	**227**	**198**	**195**	**169**
Balance sheet											
Non-current assets	7,852	7,446	6,512	6,040	5,818	5,646	5,413	4,929	5,108	5,106	5,000
Current assets	1,428	350	861	615	608	759	415	772	681	681	506
Total assets	**9,280**	**7,797**	**7,373**	**6,655**	**6,426**	**6,405**	**5,829**	**5,701**	**5,789**	**5,787**	**5,506**
Equity	3,777	4,372	4,136	3,978	3,860	3,716	3,453	3,309	3,203	3,175	3,109
Provisions	100	104	106	79	57	56	57	46	44	51	65
Non-current liabilities	4,521	2,721	2,474	2,225	2,172	2,021	1,987	1,576	1,980	1,980	1,762
Current liabilities	883	599	656	373	337	612	334	770	562	581	570
Total equity and liabilities	**9,280**	**7,797**	**7,373**	**6,655**	**6,426**	**6,405**	**5,830**	**5,701**	**5,789**	**5,787**	**5,506**
Operating cash flow[2]	-157	523	526	267	438	508	508	462	399	387	351

1 Comparative figures before 2012 have not been restated due to adoption of IFRS 11
2 For analysis see the cash flow statement

(in millions of euros, unless otherwise indicated)	**2020**	2019	2018	2017	2016	2015	2014[1]	2013	2012	2011	2010
Ratios											
Operating result as % of revenue	**-77.1**	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)	**-13.8**	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 %[2]	**-8.1**	7.5	7.2	7.2	8.2	10.1	8.4	7.2	7.4	7.5	7.3
FFO/Total debt in %[3]	**-3.0**	19.2	18.7	21.6	22.8	22.0	26.5	26.0	24.5	18.5	17.0
FFO interest coverage ratio[4]	**-0.6**	7.5	6.6	6.9	6.8	6.7	6.4	5.8	5.6	4.5	3.8
Leverage[5]	**56.3**	38.9	38.9	35.2	34.9	37.0	35.0	36.2	37.8	37.9	37.2
Figures per share											
Earnings per share	**-3,023**	1,908	1,496	1,503	1,645	2,010	1,461	1,222	1,068	1,045	908
Operating cash flow per share	**-844**	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
Personnel											
Average effective full-time equivalent employees	**2,711**	2,519	2,324	2,180	2,063	2,000	2,039	2,058	2,087	2,115	2,328

1 Comparative figures before 2012 have not been restated due to adoption of IFRS 11
2 As from 2006: Operating result + result and interest associates / average of equity and interest-bearing debt
3 As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management
4 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
5 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_2 emissions

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

BCI
BCI (Building Circularity Index) is a way to determine the circularity, by taking into account amongst others the circularity of the products that form a building, the origins and future possibilities of materials used, and the possibilities of disassembly. BCI is in line with the definition of Alba concepts

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 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, eleminating 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

MVP
A minimum viable product is a version of a product with just enough features to be usable by early customers who can then provide feedback for future product development. A focus on MVP development can avoid lengthy and unnecessary work

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

WLU
Work Load Unit indicator (WLU: one passenger or 100 kilogrammes of cargo), a method to measure the developments of costs

Zero-waste
We have reached our ambition to be zero-waste when Incoming materials are minimised and residuals are reutilised in high-value applications, as high as reasonably possible, without disposal in landfills and minimising incineration

Published by

Royal Schiphol Group
P.O. Box 7501
1118 ZG Schiphol
The Netherlands

www.schiphol.nl
www.annualreportschiphol.com

Published on 8 March 2021

Editors

Royal Schiphol Group, Schiphol, the Netherlands
Narrative Labs, The Hague, the Netherlands

Design and execution

C&F Report, Amsterdam, the Netherlands

Project support

Report Company, Soest, the Netherlands

Creation and publication software

Tangelo Software B.V., Zeist, the Netherlands

Photography

Royal Schiphol Group, Schiphol, the Netherlands

Cover picture

On the cover, we see a picture of Jan (25), who has been working at handling company Menzies for 3.5 years:
'It's a beautiful, dynamic workplace where I get many opportunities to grow and develop'