

# Schiphol

To Participants Consultation, 30 September 2021

## Minutes Consultation 30 September 2021

Peter Luske

18 oktober 2021

### Attendants:

|                    |   |
|--------------------|---|
| ACN                | Mr Maarten van As   |
| Air Europa         | Mr Tako Trager  |
| Air Lingus         | Ms Valerie Nifhaolain   |
| Belavia            | Mr Nikolai Tananaiko  |
| BARIN:             | Mr Marnix Fruitema  |
| Corendon:          | Ms Audrey Bediako, Mr Maurice Boogerd   |
| Delta Airlines     | Mr Brian Mattingly, Mr Markus Wegner  |
| DHL:               | Mr Karsten Lafin  |
| EasyJet:           | Mr Dimitrios Schoinas, Mr William Vet, Mr Thomas Scriva Marty   |
| El Al              | Ms Janneke de Jong  |
| Emirates           | Ms Talitha Spierings  |
| Etihad             | Mr Jan Verboom  |
| Fedex              | Mr Dennis Kooiman Gomez   |
| IAG:               | Ms Anna Senecka   |
| IATA:              | Mr Manuel Lanuza Fabregat, Mr Cesar Raffo, Ms Anna Gomez Pineda   |
| Jet2.com           | Mr Alexander Pearson, Mr Robert Tarren  |
| KLM:               | Mr Pieter Cornelisse, Mr Jorrit van Opstall, Ms Idris Mattijssen, Mr Rinze Nieuwhof   |
| LOT airlines       | Mr Milosz Madejski  |
| Lufthansa:         | Ms Barbara Klein, Mr Benjamin Holger Koch   |
| Norwegian          | Mr Mika Sihvonen  |
| Qatar              | Ms Margreeth Kappert  |
| Ryanair:           | Ms Regan Tilson   |
| SAS                | Mr Mikael Berg  |
| Saudi Airlines     | Ms Kathryn Dott   |
| Schiphol:          | Ms Birgit Otto, Mr Robert Carsouw, Ms Hanne Buis, Mr Huub Hofstede, Ms Patricia Vitalis, Mr Peter Luske, Ms Mirjam de Boer, Mr Richard Emmerink, Mr Bas Kooij, Mr Maarten Brink, Mr Hanno van Doorn, Ms Bernadette Fransen, Mr Martijn Rijke, Mr. Wilco Sweijen, Ms Marije van Overbeek (minutes), Mr Luuk te Grotenhuis (minutes), Ms Carla de Vor (minutes) |
| Singapore Airlines | Mr Marcel Stuhmer (repr. Airlines cargo), Mr Kunjie Lim   |
| Transavia:         | Mr Arjen Kieskamp, Mr Melchior Looijen, Mr Jeroen Kuijper, Mr Roeland Klerkx  |
| TUI Aviation:      | Mr Maarten Cooreman   |
| United Airlines    | Ms Christa Horvath, Ms Saskia Kale  |

*N.B. The text in brackets [and] is added by Schiphol after the meeting based on received input.*

## Welcome

Ms Otto welcomes everyone to this formal consultation meeting for the airport charges 2022-2024.

She explains that the goal of the meeting is to present Schiphol's charges proposal including a new Aviation Development Plan and to provide an opportunity for airlines to ask questions and put forward and elucidate their statements, as stated in the Aviation Act. The meeting will be as interactive as possible.

Schiphol wants to highlight the confidentiality of the documents shared during pre- and formal consultation. Disclosing confidential information can harm both the commercial position of Schiphol and of the airlines.

## Statements

*BARIN (Mr Marnix Fruitema)*

The past months BARIN has expressed many times its concerns over cost developments at Schiphol and recently expressed its disappointment over the totally unexpected 9%/14%/14% increase of the airport charges for the three years to come.

At the same time Schiphol communicated it reduced, or postponed or cancelled investments, and reduced its workforce significantly with 10%. Schiphol reduced CAPEX relative to their pre-COVID project longlist by over 40%. Schiphol claims it reduced its cost in general.

However, BARIN does not see these results at all coming back in Schiphol's proposals to increase the charges with +40% cumulative over the three years to come. Absorbing only 16% of the settlement claim, versus 84% by the airlines is unacceptable. One can even dispute the 16%, as the total pay back is €991 million; in other words: the contribution of Schiphol is only 7.3%!

BARIN is very disappointed that Schiphol is obeying strictly to the directives of the Ministry of Finance; the strict wish to go back to the financial results of 2019 is a ridiculous target in a time where the aviation industry lost and will lose billions and billions of dollars.

A fair contribution of Schiphol to ease the pain, a real and fair balancing act between airport and airlines, is the minimum BARIN can and should expect. Definitely from an airport with a dual till system, definitely from an airport with such impressive own assets, its real estate portfolio, and a potential sale of its 8% stake in CDG generating hundreds of millions of extra income, et cetera et cetera. In other words, plenty of opportunities for Schiphol to contribute significantly!

Schiphol's remark that the "proposed charge intention balances the needs of airlines and Schiphol" is an untrue and false statement.

Last but not least, BARIN is well aware of the proposals of other European airports. It seems Schiphol is not. Airports like FRA, CDG, MAD, VIE, MUC, et cetera keep the rates flat for 2022, or modestly increase. Schiphol's increase is not in line with its priority to "remain an attractive, strong competitive position amongst European airports." It is a contradiction! It will harm the competitive position of the Mainport Schiphol and the investment climate in the Netherlands.

Taking all of the above into consideration, BARIN still expects Schiphol to change its position, and adjust its proposal, so it is finally balancing the needs of airlines and airport.

*IATA (Mr Cesar Raffo)*

IATA expresses its serious concern and disappointment at Schiphol's proposals to increase user charges by 40%. This is unreasonable. Such increases cannot be accepted in normal times, and even less so when the industry is in such a difficult situation as it is now. Something must be done. These proposals must change. We believe that there are several areas Schiphol should review which, if addressed, would lead to a more acceptable price path:

Regarding the settlement, which is one of the major drivers of increases. Schiphol is calculating a settlement of around €1 billion from 2020/21; out of which some € 450 million is being included in the next three years. While IATA appreciates that Schiphol is contributing to cover €72million of it, this is far from enough considering the large increase in charges we are facing. Moreover, it is fundamentally wrong that the airport is seeking to recover such an amount when everyone has suffered from the pandemic.

IATA notes that the airport resists contributing more than the €72 million alleging that such an action would not allow it to reach the desired credit rating of A+. As previously mentioned, this is not required by law, but more about Schiphol's wish to have a "cushion". Such a target drives charges to higher levels than necessary in order to meet unnecessarily high ratios. As an example, Schiphol is targeting an FFO/Debt of more than 15% when somewhere around 10% suffices for A-. This difference matters in terms of charges; the credit rating sought by Schiphol deserves a serious rethink given the current state of the industry.

Moreover, given how much ratios are driving decisions, IATA has asked for the forecasts to understand the assumptions behind them, but so far the airport has resisted. We need to understand if the airport is being too conservative. We would also like to see how Schiphol is treating the net proceeds from the selling of the ADP shares (and the buyout of its own shares) which could be well more than €200 million, since those proceeds could be used to cover the settlement.

What can be done on costs?

Starting with capex: as it has been raised during the entire pre-consultation process IATA is extremely concerned with the high level of investments that is being proposed (circa € 3 billion), especially when it is considered in tandem with the lack of cost control from previous consulted plans. That concern is exacerbated by the fact that it seems to be impossible for Schiphol to substantiate the benefits they expect from some of those investments (i.e. the users have been requesting for months to receive quantitative information about the benefits behind all the digital programs).

In addition, the current proposal includes a long list of so-called "initiatives" with a high level of uncertainty with the expected costs adding up to almost 40% of the overall CAPEX program with some of those initiatives still missing any kind of information (for instance, the very large project related to Terminal South). We find unacceptable that projects with expected costs to be realised during the regulatory period are consulted with such a poor (or even complete lack of) level of information and therefore cannot be considered to have been properly consulted on, much less agreed.

We would like to strongly urge Schiphol to take a critical look at all the projects listed and try to identify ways of reducing the expected costs for such projects. The CAPEX program must be in line with the dire financial situation the industry is in, and this is not currently the case.

Finally, a dedicated comment on Pier A is warranted given the extreme consequences of the almost doubling of the project costs and a 5-year delay on the activation. Airlines cannot be asked to pay for the inefficient management of this project. Users would never have accepted a project like Pier A with an €800 million price tag that was going to be delivered 10 years after its inception. That is an outrageous and completely unaffordable amount. Schiphol needs to own their mistakes and absorb the extra costs.

On Opex, Schiphol has run down the clock on this, and only provided relevant detailed information on September 15th, despite our requests throughout the year.

IATA does appreciate the efforts on the reset program, but these do not seem to be as large as claimed when compared to 2019, rather than the 2021 budget made in 2018 with a different traffic forecast. Moreover, there are large increases over the period, from "recalculations" to "higher than inflation increases", and most of all, the effect of Pier A which IATA is extremely concerned about. Again, users cannot be asked to pay for the airport's mistakes.

IATA has raised a number of questions, and will respond in writing once answers are provided. But so far IATA remains significantly concerned, as the underlying message from Schiphol in the so called "finance meeting" was "take it or take it". There is no opportunity to "leave it" due to its monopoly position. IATA hopes that she misunderstood and that Schiphol will make a greater effort to review its costs.

On WACC, given the settlement system, Schiphol is shielded from traffic risk. From the pandemic!. However, it sets its WACC with reference to airports that do not have such risk shielding (partly or fully). Schiphol cannot have it both ways: ask for a settlement and request a reward higher than deserved. This needs to be reviewed.

On Structure. While this does not affect the level of charges, the changes in the structure appears to be driven by the mantra "we need to be seen to be doing something" rather than anything else. So far, no forecasts have been provided on how the changes would affect the aircraft mix, compared to whether they stayed as they currently are.

To summarize, IATA urges the airport to rethink its proposals, as a 40% increase during the recovery phase is unjustified, unreasonable, unhelpful, and counterproductive. Otherwise, IATA will need to seriously consider requesting the ACM's intervention.

This is all IATA has to say for today. A more detailed response will come in a written submission.

*EasyJet (Mr Thomas Scriva Marty)*

Today, all participants are gathered for the presentation of the future of Amsterdam Schiphol Airport, a future that does not look bright in the opinion of easyJet.

EasyJet has been attending all the meetings, deep-dives and pre-consultation meetings, spending with other airlines and airport representatives more 30 hours of consultation. 30 hours of consultation, with as an outcome, exactly the same proposal as what has been presented at early stages late March. During these 30 hours Schiphol has failed to consider users' views and make these meetings real consultations.

Today's proposal is unrealistic and unreasonable. Schiphol aims to pass on airlines and passengers the total cost of the COVID crisis by increasing up to 40% airport charges until end of 2024. When it comes to competitive advantage and peer group, easyJet can tell that she has never seen in Europe such proposal. Paris Airport has increased by 2.5% airport charges in 2021 and will certainly not disproportionately increase it next year, same in Sweden where Swedavia plans to keep charges flat for the next years. At a time when the aviation industry tries to recover by the end of 2024, Schiphol aims to recover as fast as possible, no matter the impact on airlines and passengers demand.

We sincerely regret that Schiphol doesn't seem to be responsible and only plan to take an unfair part of the settlement, when passengers and airlines will need to pay € 1,80 each for the next 3 years. Passengers at Schiphol will have to pay for the COVID crisis.

COVID has been the opportunity to launch savings programs, explained by Schiphol. But those savings and the RESET won't last long, when in 2023 OPEX will be increase over 2019's levels, and the ultra-expensive Pier A will enter into service. We deplore a true lack of costs management by Schiphol. Moreover we are extremely concerned by the billions of Euros estimated for the ADP, and especially the so-called initiatives that are not detailed but already projected to cost €1 billion.

A few questions will end up my statement:

- How can Schiphol consider that increasing airport charges by more than 40% over the next three years is reasonable?
- How can Schiphol consider that €45 per passenger, total airport costs per passenger in 2024, is reasonable?
- How can Schiphol consider that contributing to 16% of hundreds of millions € of settlement is reasonable?
- How can Schiphol consider that increasing airport charges by 40% when ADP (CDG) is only increasing by 2.5% to be reasonable?

*KLM statement (Mr Pieter Cornelisse)*

KLM does not find the proposed increase in airport charges by Schiphol - cumulatively more than 40% - acceptable and appropriate for the next 3 years given the crisis.

With the current proposal, Schiphol

1. will outpace itself in charge increases compared to other airports in Europe like FRA, MUC, CDG, VIE, ZRH and CPH. These airports will freeze their charges or have moderate increases in 2022;
2. will endanger the competitive position of the Netherlands by ignoring the developments of other hub airports systems like LH/FRA, AF/CDG, IB/MAD and TK/IST;
3. does present the bill with the losses of the airport to the airlines, who already have to carry their own losses. This will endanger the recovery of the airline sector in the Netherlands as a whole. The pain of the COVID-19 crisis should be distributed more proportionally;
4. is ignoring that the settlement system in the Aviation Act is not intended for a crisis like the COVID-19 crisis.

Concluding: given the under-coverage in 2020, as a result of the COVID-19 crisis, KLM can understand some increase in fares, but KLM considers these proposed rate increases by Schiphol to be disproportionate and unwise because they will nip the fledgling recovery in the bud and endanger the position of the Netherlands. Airports in neighbouring countries do not or significantly less, incorporate the effects of COVID-19 in their rates. KLM requests Schiphol to arrive at a different, more proportional, distribution of the pain resulting from the COVID-19 crisis and thus to adjusted rate increases.

In her written view, KLM will elucidate in further detail.

If no substantial changes, which reflect the principle of carrying the burden of these unforeseen circumstances equally, will be visible in the final charges level, KLM has no other option than to take legal steps against the level of the upcoming charges.

*Transavia (Mr Melchior Looijen)*

Transavia strongly supports the previous statements, especially those of BARIN, IATA and KLM. Transavia is of the opinion that the proposed increases are unreasonable, disproportional and therefore unacceptable in times of crisis where the sector is in at this moment. The amount of settlement should be settled in a more fair and balanced way than it is done in this charge proposal.

*TUI (Mr Maarten Cooreman)*

TUI fly fully supports the previous statements.

*Lufthansa (Mr Benjamin Holger Koch)*

Lufthansa Group fully supports the previous statements. The charge increases are incredible and Lufthansa does not know what this will mean for future developments.

*Delta airlines (Mr Markus Wegner)*

Delta airlines supports all previous statements and states that the charge proposal is quite out of line with what the sector is experiencing today.

*Corendon (Mr Maurice Boogerd)*

Corendon fully supports all previous statements.

*Emirates (Ms Talitha Spierings)*

Emirates fully supports previous statements, done by BARIN, IATA and KLM.

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| Management Summary |
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Mr Carsouw thanks the attendants for joining this meeting and for the opening statements.

Mr. Carsouw wants to explain the rationale behind the proposed charges. He does not expect to convince airlines, but hopes to demonstrate that it is the outcome of extensive analysis and considerations. Schiphol is fully aware that the outcome is painful for airlines.

As there is a mixture of people in the meeting (some are already aware of the message out of the pre consultations, others attend for the first time), Mr Carsouw tries to be inclusive to everyone, without spending too much time on repeating the earlier meetings. He goes through pages 4-22 of the Consultation document.

Schiphol is optimizing on three dimensions of quality. After COVID, Schiphol wants to build back better, which means for:

1. quality of network => recovering connectivity and traffic e.g. by optimizing the use of capacity throughout period of low traffic
2. quality of life => reduce emissions and disturbance for direct neighbourhood and contribute to sustainable aviation sector
3. quality of service => improve essential airport services and make the organization more efficient by reducing opex and capex levels and improve the adaptability

It is important to emphasize that although Schiphol needs to produce financial results in the long term, financial health is not an objective, but it is a precondition in achieving the three dimensions of qualities.

COVID meant the same for Schiphol as for the airlines: Schiphol went back in volumes tremendously, roughly to the levels of traffic of 1992 (till a decrease of 80%/90% at some point of time).

Mr Carsouw likes to share a few different lenses about financial stability, that Schiphol is facing at this moment:

1. Credit ratings: Schiphol got a downgrade with a negative outlook from Standard and Poor's and a negative outlook from Moody's. Staying above A- is a key objective (having an A+ is not an objective).
2. Internal Financial Ratios:
  - a. FFO/Debt (free cash flow over debt): used to be at a healthy sub 20%, has turned to negative.
  - b. Leverage (what part of balance sheet is financed by debt): used to be at a healthy sub 40%, has turned to 60%.
  - c. Gross debt: doubled from € 2,7 to € 5,4 billion

Schiphol is aware that airlines are facing the same problems or worse. Important to mention is that in 2020 and 2021 Schiphol has given total support to the airlines by giving voluntary discounts of almost €36 million. These so called relief measures were also appreciated by the airlines.

What did Schiphol do to respond to the crisis:

1. Reduce operational costs, also visible in results of HY21.
2. Rebalancing the investments as presented in the ADP; although significantly, the investments levels are lower compared to plans before

3. Support aviation and business partners financially
4. Work on Balance sheet to stay somewhat stable at least

In reaction on the element of deteriorating its competitive position in the statements, Mr Carsouw points out that it is important to look at the starting point. Schiphol is right now by far the airport with the lowest rates, comparing to the other large European hub airports. Furthermore, even in a good year, Schiphol does not make any profit on the Aviation Business. That is different from e.g. CdG-Paris, which starts with a healthy result on the Aviation Business and therefore has a stronger buffer to absorb losses.

It means that Schiphol starts at a zero buffer, and it means also that with the proposed tariff increases, Schiphol will stay close to (and in some scenario's below) the second cheapest hub airport in Europe (CdG-Paris). That is part of the reason why Schiphol is of the opinion that the proposed tariffs are balanced.

When setting the charges, the starting point for Schiphol was that it wants to achieve two objectives that pull in different directions:

1. Maintain the position as a high value European hub airport: keep tariffs comparable or lower and keep investing looking forward
2. Recover financial health gradually and overtime: moving back to the direction of the targets of financial ratios in which reasonable speed for recovery.

Mr Carsouw is of the opinion that Schiphol follows a balanced approach when looking at the figures (details on page 16). Schiphol will lose €1,6 billion revenues in 2020 & 2021, of which Schiphol was allowed to settle € 841 million lost Aviation revenues in the coming tariff period according to the existing regulations. Schiphol agrees with airlines that the existing regulations were never intended for such a crisis. Due to intervention with the regulator, Schiphol succeeded to have adjusted the existing regulation in response to the crisis. Many scenarios have been discussed, but in the end the regulator agreed with spreading the settlement over a longer period of time. This means that € 390 million of the allowed settlement of €841 million is postponed to the next three years consultation of 2025-2027. Furthermore, Schiphol is intended to give a voluntary contribution of €72 million, which leads to a net settlement of €379 million for the coming tariff period 2022-2024, out of lost revenues of €1,6 billion. That is why Mr Carsouw is of the opinion that it is a balanced proposal indeed.

Moreover, in 2022 Schiphol proposes a negative settlement, that means an amount to pay back to airlines combined with a voluntary contribution. This means that Schiphol is budgeting on a €59 million loss in 2022 on Aviation Business.

Schiphol has tried to be as transparent as possible on cost development, as this is clearly an important point. The costs per departing passenger develop over time from a bit below €20 per passenger (consultation budget 2021) to a bit above €20 per passenger (consultation budget 2024). That is the outcome of a number of increases such as Indexation, Maintenance, New Activities and Pier A, offset by a reduction of costs of about €2 per passenger due to project Reset and efficiency measures. Mr Carsouw is of the opinion that Schiphol has done all efforts to be as efficient as possible.

As the result of all actions mentioned above (controlling the costs, spreading the settlements and making a voluntary contribution) the charge proposal is calculated on +9% in 2022, +14% in 2023 and +14% in 2024.

Mr Carsouw states that Schiphol is not overly eager in recovering financial health at the expense of airlines. The leverage ratios will even in 2027, after absorbing settlements from 2020 and 2021, be at a minimum level or still below that level. This demonstrates that Schiphol is patient in recovering the financial health. If Schiphol does less than proposed, than there is a risk that credit-ratings lose patience with negative consequences for the cost of capital, that indirectly affects airlines.

Mr Carsouw ends with page 22. Schiphol has been modelling what will happen to the competitive position, what will be the impact on the traffic and what will other airports do. Clearly, there are still many uncertainties. It is unfortunate that Schiphol has to fix the rates now for the next three years. Although discussed with the regulator, Schiphol does not have the possibility of setting charges year by year. Out of its analysis, Schiphol expects that the effect on the competitive position and traffic will be limited, mainly because

of the high competitive starting point. Mr Carsouw emphasizes that his view is certainly not meant to downplay the pain that is caused by the tariff increase, but to demonstrate that Schiphol is trying to be thoughtful in the trade-off that has to be made and that the proposal is balanced.

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| The consultation process and pre-consultation process |
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Mr Luske highlight some important dates related to the follow up of this consultation process:

- Airlines have the opportunity to send their written views on the charges proposal before October 13 at the latest. This is 4 weeks after Schiphol has published its proposal on September 15.
- Schiphol will take the written views sent by airlines into account when setting final charges on October 31 at the latest. Schiphol will inform airlines by letter whether their written views have led to a possible adjustment of the proposed charges or not, and the motivation behind its decisions. If Schiphol decides to change its proposal, possible effects of this change on network quality will be addressed as well, all in accordance with the provisions stated in the Aviation Act (Article 8.25da, lid 2)
- After this moment, in case users are of the opinion that the charges and conditions are in conflict with the rules laid down in the Aviation Act, formal complaints can be raised with the ACM until November 28 at the latest.
- Before December 26, The ACM will determine which charges will be deferred based on a request. These charges will not come into effect as of April 1, 2022.
- Within 4 months after requests: the ACM will determine whether charges and conditions conflict with the rules laid down in the Aviation Act.

Schiphol has made a reflection on the entire pre-consultation process that started formally on March 31st and ended with the last pre-consultation meeting on August 31<sup>st</sup>, 2021. Schiphol decided to provide an extensive outline (page 27-32) also for airlines that were not active participants to the pre-consultation process to get a good perspective on the discussions held.

Overall, Schiphol is of the opinion that:

- Together with airlines, Schiphol ran a well-structured process, meaningful and transparent pre consultation process following a similar structure as in 2018. COVID though, has created unusual circumstances to which Schiphol adapted the best way possible.  
Examples of these unusual circumstances are:
  - Airlines requested to postpone the formal setting of the traffic outlook as late in the process as possible;
  - On the other hand there was a need expressed also to try to provide cost details more earlier in the process although there is a clear link between traffic and operational cost;
  - The role of the building block regulatory accounts or 'settlements' was unique, not only for its potential impact but also the need for transparency reasons to incorporate the outlook for settlement 2021 which is yet to be formally set;
  - During the pre-consultation a legislative change was pending (so-called new BeLS). The timely approval or not of this change, was a significant factor which needed to be taken into account and preliminary results were shared with airlines.
- Schiphol clearly defined at the outset, together with airlines, what key topics or 'building blocks' of charge development should be discussed, in what manner and when.



- Throughout the pre-consultation process these key topics have been addressed in a systematic manner, also indicating the dependencies between the topics, the latter often influencing the timing of when topics would be discussed.
- Various meetings and communications (information packs, notes of meetings, responses to inputs) have taken place. Most meetings were pre-arranged at the start, some meetings were additionally added (for example extra deep dives sessions) in direct response to (participants') expressed needs.

#### Q&A / Airline views I

S: Mr Cornelisse thanks Robert and Peter for their presentations. KLM has quite a few comments and observations to make, however, in view of time, KLM does not want to repeat everything KLM has said in the pre consultation meeting of August 31<sup>st</sup>. KLM wants to draw attention to the minutes of that meeting which contain all KLM's comments and furthermore compliments Schiphol with the quality of these minutes.

Q: Mr Looijen has a question about page 16 of the document. There is an amount of € 390 million deducted from the settlement and the question is where does this amount goes to.

A: Mr Carsouw answers that this amount will not be settled during this charge period (2022-2024), but is shifted to the next charge period (2025-2027) and discussion about this claim will follow then. To clarify further, Mr Carsouw adds that the € 72 million voluntary contribution will not be retrieved after three years, while the resting part of the settlement can come back after three years.

Q: Mr van As asks if the charge increases are also applied to full freighters, since the number of full freight was larger than ever.

A: Mr Luske answers that in general the answer is yes, freighters are charged as other airlines. The overall increase of 9%-14%-14% is reflected in several individual charges. In essence, Schiphol only changed the charge structure for sustainability. Other elements such as the existing freight discount did not change in the charge structure.

#### Aviation Development Plan 2022-2026

Ms Buis gives a high-level overview of the Aviation Development Plan (ADP) and states her team is present to answer any questions on the plan. She explains Schiphol is continuously trying to balance between investing on the one hand to make sure that it is able to 'build back better' after the crisis; and ensure that in the long run it can achieve its vision, which has been explained to airlines earlier. At the same time Schiphol recognizes the position the sector is in, and especially airlines – as has been elaborated in the statements of airlines at the beginning of this meeting.

Last year, as was recognized in the statements, Schiphol reduced its investments by almost 40 percent. That result was achieved by an extremely stringent approach, leading to investments being prioritized on value drivers. In the current Aviation Development Plan, Schiphol focuses on investments that contribute to 'asset reliability', 'compliance', 'risk reduction' and capacity investments that assist and help in resolving existing capacity bottlenecks. As explained before, Schiphol is not investing in creating a lot of additional new assets to allow for future growth. Those investments have been postponed.

The difficulty in this balancing act is that some airlines ask to invest more and other airlines ask exactly the opposite, to invest less. Schiphol thinks in this investment portfolio, which is quite extensive, a right balance is found between both investing and recognizing the position of the airlines. Also within the investment portfolio, Schiphol thinks it has struck the right balance. Ms Buis reaffirms she is open to answer any questions airlines might have.

Subsequently, Ms Buis elaborates on the changes made in the current version of the ADP as compared to last ADP shared for the pre-consultation meeting of 31 August 2021.

The most important change that Schiphol made relates to the information shared on 'initiatives' and 'projects'. For the airlines that have not been present during the pre-consultation sessions, Ms Buis briefly explains the difference. When composing the ADP, Schiphol took notice of earlier feedback received by airlines on changes in the portfolio and projects. These changes, as well as changes in budget, were sometimes very confusing for airlines. Therefore, Schiphol distinguished between initiatives that are in an early stage and projects that are already more mature. Two categories, where:

1. 'Initiatives' are functional problems for which solutions need to be developed. Initiatives are at an early stage of development. Due to the high levels of uncertainty regarding initiatives, Schiphol proposed during pre-consultation not to provide highly uncertain financial indications of each initiative but to calculate a general capex amount for all initiatives, to be delivered after 2024 combined.
2. 'Projects' are fully developed investments that are concrete and are further in their lifecycle. For all individual projects Schiphol provided financial details like capex and EOPs.

For all initiatives that will come operational during the charges period, Schiphol did include financial figures in the last pre-consultation. By proposing not to provide highly uncertain figures on initiatives that are expected to become operational after 2024, Schiphol thought this would do airlines a favour, trying to avoid pseudo preciseness (in Dutch: 'schijnzekerheid').

Listening to the feedback of airlines during pre-consultation this was not the case at all. Whilst Schiphol tried to be more precise by splitting 'initiatives' and 'projects', airlines gave feedback this split up was not appreciated at all. Therefore, in the current ADP, Schiphol provided EOP and capex estimations for all 'initiatives' also the ones at a very early conception stage in the lifecycle'. That is a major change compared to the previous concept of the ADP discussed during last pre consultation meeting on August 31.

Still, there are two initiatives that do not have an EOP estimation: (1) Terminal South, which is planned for delivery in 2027, and (2) a concept for a 'Rail-Air connection for the baggage handling system', which is just an idea at this moment. For the latter Schiphol knows it will have to do something, also for its sustainability goals and ambitions, but it does not yet know exactly what. Schiphol will discuss with the airlines what kind of solutions should and can be looked for. Ms Buis continues to explain the other changes that we made in the ADP:

1. The planning of the Completion Dual Taxiway System (VDR) phase 1B project has been changed following additional insights from a safety assessment that was conducted in the sector. The possibility of this change following the safety assessment has already been indicated during the pre-consultation sessions.
2. The initiative Pier C has been excluded from the ADP, based on the interlinkage with VDR and the high levels of uncertainty of the scope for Pier C. Schiphol knows the pier is end-of-life and it will have to invest at some point in time, but to maintain an acceptable investment level Pier C has been placed outside of the scope of the current ADP.
3. As announced in the last pre-consultation meeting, the Aviation-part of the project 'Refurbishment Lounge 2' is introduced in the current ADP.

Ms Buis thinks although a number of changes have been made compared to the last concept discussed with airlines, the total number of changes is limited. Ms Buis reiterates she and her team are happy to take any remaining (detailed) questions airlines might have.

#### Q&A Round II

Ms Otto asks if there are any questions on the Aviation Development Plan (ADP). No questions are asked. Ms Otto asks if there are any questions on the other documents and materials supplied. No questions are asked.

#### Closing

Ms Otto asks the participants if someone has final questions, statements or comments. No one uses this option.

Ms Otto thanks the participants for attending this very important consultation meeting and thanks them for all the statements and questions. She closes the meeting.