By way of a toast
… and a manifesto

Building Back Better

On the occasion of
Royal Schiphol Group's New Year's meeting
on 4 January 2021

Schiphol Group

Schiphol, 29 December 2020

Foreword

At the start of each year, Royal Schiphol Group invites you to a New Year's reception. At the start of 2021, everything is still rather different. Bringing so many people together is unfortunately just not possible. And then to pour champagne while the aviation sector is experiencing the biggest crisis in its history... The upside is that the guests will not have to listen to yours truly giving a speech – compensation for the glass of champagne.

I can't help but say a few words – by way of a toast. So here are some reflections on 2020, 2021 and how the aviation sector can emerge from the crisis stronger, improved and more sustainable: **Building Back Better**.

Also on behalf of Hanne Buis, Jabine van der Meijs, Birgit Otto and the whole Schiphol team,

Dick Benschop

This year was intense, which makes everything even more personal. That's why I decided to mention some people by name. This can be risky, however. There will be people who are pleased to have been mentioned, but there will also be some who wonder why some names were included and why others were not. The reason is that those people mentioned by name represent us all – together, we make Schiphol.

Maurits, Charlotte and Philip

Who are we doing all this for? An important question. The answer is that we are doing it for the Netherlands and for our customers, the airlines and the passengers. While that's true, my answer is also that I am doing it for my children. I think that this will be the case for more of us.

So, together, we are doing it for our children. I have three of them, and the dilemma facing millennials and generation Z is clear to see. They are **hyper-aware** of their lifestyle, the environment, the climate and the future. They are also **hyper-mobile**. The oldest has an American girlfriend. My daughter goes to Taylor Swift concerts in Manchester if Taylor doesn't come to the Netherlands. All of them like to join their parents on holiday and we often discover a new part of the world together.

Even though you often ask yourself what is necessary and what isn't, you still regularly find yourself on the move – by car, by train or by plane. My task, and my generation's task, is therefore to solve the dilemma that the next generations are facing – the tension between discovering the world and conserving the world. That is what drives me.

Because flying means **connecting**. And that's more than just transporting people and cargo. Connecting means bringing different cultures closer together. It brings us closer together. That hopefully allows us to understand each other and the way we live better. Flying connects our world, in more ways than we can imagine. It's also about empathy, tolerance and discovering common values. That's why we need to keep making travel accessible. However, the way we travel must change.

Kate, Andrew and Charles

The leader of GroenLinks Haarlemmermeer gave me the book 'The Doughnut Economy' by Kate Raworth, about the social and planetary limits to our way of life. In Davos, I listened to Andrew McAfee, scientist at MIT in Boston. He wrote about 'More from Less' – how progress actually goes hand in hand with reduced use of natural resources. There is a wide gap between these two analyses, which are more than analyses and actually represent different worldviews.

Likewise, there are pessimists and there are optimists. Charles Mann wrote a book about that: 'The Wizard and the Prophet'. **The prophets** believe that we are depleting the world and that we must return to a different way of life. **The wizards** believe that we can tackle the challenges of population growth, welfare and climate with technology and innovation. I don't pretend to be one, but I do feel at home with the wizards. Innovation makes my heart beat faster. That (usually) makes me an optimist, without closing my eyes to the magnitude of the challenge that we are facing.

In case you are worried that I read too many books and pay too little attention to my company, I can put your mind at ease. I haven't read these books from start to finish – summaries and leafing through work wonders

Mirella and Michiel

You now know what drives me and where I feel at home. Talking about home, I regularly pay visits to Schiphol's **local residents**. The conversations, like the one in Mirella's living room in Uithoorn, are very intense. She belongs to resident's group PUSH. We also met at the Uithoorn town council's meeting about the noise nuisance reduction programme that Air Traffic Control the Netherlands (LVNL) and Schiphol have developed. Michiel van Dorst (LVNL) and I visited different municipalities to clarify how we are using the questions from our surroundings (e.g., 'can't this route be diverted slightly') to come up with a multi-year improvement programme.

It has become clear to me how important it is to talk with our neighbours, not only about norms and numbers (such as how many people experience serious nuisance), but also about people's experiences – these vary greatly. For the people living in the area around Schiphol, and this also applies to other airports in the Netherlands, the airport is both a blessing and a burden.

My meetings with local residents led to the impression of a community with divergence of opinion. A quarter has had enough of planes and noise nuisance. Another quarter is actually rather positive. Fifty percent believes in a balance, but are concerned about the past few years (before the crisis) and wonders whether the balance shouldn't be restored.

There are **innovative developments** – my enthusiasm for which you now know about – for the local area too.

- The Notifly app will provide residents with a 24-hour air traffic forecast for their location. This contributes to transparency and predictability.
- The municipality of Haarlemmermeer developed a pilot for construction methods to control noise based on research by TU Delft.
- The Aalsmeer municipality is drawing up plans for the Stommeer neighbourhood that will include professor Tjeerd Andringa's approach to improving people's experience of noise.
- DeNoize is a high-tech start-up that is working on a smart window system that will prevent the majority of outside noise, be it from road traffic or aircraft, from coming through the window.
- Technology also makes improvements in the airspace possible, such as curved approach routes at night (going around residential areas) and approaches from higher altitudes.

Pieter, Johan and Marcel

I would have really liked to leave 2020 behind us by setting off lots of fireworks. It's a year we will never forget – 'back in the times of corona, do you remember?'. The **impact** on our lives and on our living conditions is significant. For Schiphol, it started in January with the reports from Wuhan. How is the virus going to spread? What does this mean for aviation? At the beginning of February, during the second weekly crisis meeting, we decided to order extra face masks.

Our first concern was to understand how the virus spread and what we had to do to **protect** travellers and employees. This remained top priority throughout the year. Passengers had to deal with the health declaration, maintaining a 1.5-metre distance, wearing a face mask and vigorously washing their hands. We were busy navigating all this during those first few weeks but, as international regulations evolved, we managed. Feedback from travellers was also important. In general, it was positive.

Plummeting air traffic between the beginning of March and mid-April made it clear that we had found ourselves in unchartered territory – with just 3% of the passengers compared with 2019.

What was left were aircraft carrying cargo and flights repatriating people back home, including to the Netherlands. Cargo took centre stage in 2020 and played an important role in the transportation of medical supplies, which now includes vaccines. KLM dramatically reduced their flight schedule but carried on performing these essential tasks. The terminal was almost empty, and planes were parked outside, including on the Aalsmeerbaan Runway.

Hidden behind these historic scenes is **a tale of corporate and personal woe**. Many people's contracts came to an end. Some airlines, such as EasyJet and Transavia, temporarily stopped flying. These are the second and third biggest airlines at Schiphol and they are also important for our airports in Eindhoven and Rotterdam.

Benno and Pamela

Here at the airport, we are well aware that we are in dire straits, but also that the airlines have been hit just as hard. The same goes for many more businesses: the security companies, the handling agents, the food and drink establishments, the retailers, the cleaning companies and our real estate leaseholders. These include independent entrepreneurs, like Benno Leeser of Gassan and Pamela de Boer of Aviflora – the place to buy tulips at Schiphol! **Together, we make Schiphol.** They and everyone else are working extremely hard, and often with great ingenuity, to navigate this situation. The municipalities of Haarlemmermeer and Amsterdam belonged to the regions that experienced the biggest economic contraction in the second and third quarters of 2020. In Amsterdam, Schiphol's decline coincided with that of tourism, the hospitality sector and culture.

‘Dealing with uncertainty wisely’

It's an ominous feeling, right down to your stomach, when your business declines like this. You can’t fall back on memories of the last time it happened. This was completely new. You do feel straight away that this requires close collaboration within the company. There was a strong need to discuss and assess our approach with colleagues, advisors, friends, other CEOs and our own Supervisory Board. After a few weeks, I gave myself a new mission statement: deal with uncertainty wisely. It struck me how acknowledging **uncertainty helped** – simply saying ‘I don’t know' when you don’t know.

The feeling that this crisis would have a long-lasting impact on aviation emerged fairly quickly. With the help of scenarios, we started to take measures: cash and liquidity management, cuts to operational expenditure and adjusting the investment programme. This last part was quite difficult. The huge financial hole was staring us in the face, and yet you have to look ahead at the next steps.

We formulated **three objectives**:

1. Solving the financial issue ourselves, without relying on support from shareholders and the government. The NOW scheme to help us and other parties at Schiphol to pay salaries was of course very welcome.

2. Balancing short and long-term investments, motivated by the idea that we want to emerge from the crisis stronger. Growth investments, like in the new terminal, were halted, but investments in safety, maintenance, quality, innovation and sustainability continue at a relatively fast pace. Everyone can see the works around the A4 motorway where a new taxiway is being made – one of the measures from the Safety Improvement Schipholroadmap. Innovation projects such as ‘Seamless Flow' (with facial recognition throughout all airport processes) remain a priority. The taxibot test (sustainable taxiing) carried on and is to be continued.

3. Where possible, we provide support for the needs of the airlines and our other partners in the Schiphol system. We need everyone.

In the end, we called this: **Building Back Better**. The support from Paris and The Hague for AirFrance-KLM was an important sign in this regard.

Thinking in terms of opportunities

Even though you know in theory, it is still remarkable to see how people are capable of seizing opportunities in times of crisis. While we were scaling down to a core Schiphol in the spring, the ‘opportunities team' saw to it that projects and maintenance works that are very difficult to carry out at a busy airport were brought forward.

When it became evident that it was necessary for our organisation to reduce in size, **Project Reset** was set up. That involves making adjustments and improvements, and such an intervention gives rise to mixed feelings. The case for change is clear, but the pain is too. Hundreds of jobs will be lost. At the same time, a feeling of pride emerges because this is being done 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. This gives us all the feeling that we are not only working in a special place, but also in a special company. Also from home.

At the start of **2021**, we will still be in a **very difficult situation** in the Netherlands. The lockdown has been extended and tightened up. The number of infections is high and the virus is mutating. Emotions are running increasingly high, demonstrating just how tough this is. Everyone has been asked to follow the advice, including travel advice, and the rules. Schiphol has been asked to ensure strict monitoring and enforcement.

Thinking in terms of opportunities, I do see **light at the end of the tunnel**. The government, supported by employer’s organisation VNO-NCW, has been working hard to get testing capacity in the Netherlands sorted. That means that there will soon be testing capacity that will make social activities possible. Not just travel, of course, but luckily also travel.

Whereas in the first half of this year the big question was how high-risk travel really is (fortunately, it turned out not to be that risky), attention shifted from travellers to travel restrictions and quarantine measure in the second half of the year. The lack of international coordination and the sometimes suddenly changing regulations didn’t help.

The combination of **testing travellers from code orange countries** before they fly and then five days afterwards and the end of quarantine will provide new possibilities for safe and responsible travel. In December, a pilot was launched between Atlanta and Amsterdam. That system can soon replace travel restrictions and (long) periods of quarantine. With the availability of certified rapid tests, there are new prospects.

And then of course there's the good news about the **vaccines** and the step-by-step vaccination of the Dutch public starting from January. Despite the gravity of these times, I see new perspectives emerging. Over the course of 2021, people will feel the joy of being able to travel again. Broader possibilities for business trips are essential to the recovery of the Dutch economy. International aviation is the nerve centre of the international economy.

Jurgen, Jeroen and Cora

From a **political** perspective, aviation is a hot topic. Municipalities (Jurgen Nobel is a councillor in Haarlemmermeer), Provinces (Jeroen Olthof is a deputy in Noord-Holland) and the Minister of Infrastructure and Water Management (Cora van Nieuwenhuizen) are all involved. The way in which that involvement is organised could do with some improvement. The interesting advice that Pieter van Geel recently gave will hopefully offer new possibilities for the structure of consultations.

From an **aviation** perspective, politics is a hot topic. Some measures (ticket tax – not greener, just an extra burden) are being taken, but the ones agreed upon in the Coalition Agreement that should be providing the aviation sector with perspective (especially now) are long overdue. Fortunately, the Aviation Memorandum was published in November. It is now up to the government to settle the Schiphol Airport Decree, revise our airspace and finalise the procedures concerning Lelystad Airport

What lessons have we learned?

The political and societal debate about aviation has become rather stuck. Thinking in terms of the opportunities that the COVID crisis presents allows us to take a step back and **reflect**. In 2017, Schiphol reached the limit of 500,000 aircraft movements and the question about what was next became urgent. Although we don't precisely know, we can expect that after COVID it will take until at least 2024 or 2025 before this level is reached again. In recent years, the human environment has asked for the development of Schiphol to be put on hold until 2023. This has been achieved in an unexpected way, and will probably be surpassed. How are we going to use this time?

One of the lessons from the past is related to the recovery and growth in the number of aircraft movements at Schiphol after the 2008 financial crisis. This growth was too fast and led to undesirable consequences for our surroundings. A different approach is therefore needed for the post-COVID recovery. We've called it controlled recovery.

Another lesson is that growth in itself should not be the objective. It's about a new concept of public and private interests in which **quality** takes centre stage. In Royal Schiphol Group's 2050 vision, we demonstrated that this involves the quality of the network – connecting the Netherlands with the world, the quality of life (it needs improving) and the quality of our airport.

While there's a lot of uncertainty regarding how swift the recovery will be – which changes we'll be seeing in the behaviour of people and companies – the direction we need to take is clear. It should be possible, in light of this direction and the extra breathing space we have been given, to construct a **new societal and political consensus.** That's something we would really like to contribute to. To put it simply, this basically means that we want to maintain the advantages that we have accrued while demonstrably minimising the disadvantages (the external effects). I am convinced that this approach will be widely embraced.

And now back to the prophets and the wizards. The prophets will want to take a different path. We need the wizards, whether they are working at TU Delft or at The Royal Netherlands Aerospace Centre. However, the approach that has been described is not the stuff of dreams for the future. We must prove, step-by-step, that it is possible and build trust as a result.

Building Back Better – a manifesto

The ambition:

1. Connection

The Netherlands is one of the most well-connected countries in the world. The **strong network** of air and railway connections is very important for the economy, business climate and employment. Tens of thousands of people work at Schiphol and the regional airports. Our airports are where business trips, family visits and holidays begin. And even in times of crisis, important cargo is transported by air.

2. Certainty

The current crisis is a time to reflect, learn lessons and adjust the direction we're moving in. The crisis offers us the chance to forge ahead with a new path in social debate, including political decisions that put an end to the constant uncertainty felt by all those involved: local residents, governments and the aviation sector.

3. Sustainable hub

Making international aviation more sustainable (with the Netherlands **leading the way**), the importance of the network that connects the Netherlands with the rest of the world, the concept of Schiphol as a multimodal hub and improving quality of life – these are all widely shared ambitions. And the top priority in all of these dimensions is safety.

4. Controlled recovery

One of the lessons we have learned from the past came with the recovery and growth in aircraft movements at Schiphol after the 2008 financial crisis. This growth was too fast and led to undesirable consequences for our surroundings. That's why controlled recovery is necessary; not going straight back to pre-Covid levels, but a gradual, step-by-step recovery while continuing to work on nuisance reduction, the living environment and sustainability. The recovery period (actually a respite) will be used to create a new system of conditional and safe development, with the deployment of quieter and cleaner aircraft, nuisance-reduction, improvements to the human environment and implementation of a climate agreement for aviation. This will give perspective to both the aviation sector and local residents.

5. Collaboration

Government, industry and knowledge institutions are going to **work together** more effectively so that innovation, investments and policy can reinforce each other more effectively too. This is how we will be able to emerge from this crisis not just stronger, but also greener.

The measures:

6. Multimodal hub

Schiphol, together with partners like NS, is further developing into a multimodal hub where all forms of **(international) transport** converge – from bicycles to Unmanned Aerial Vehicles. The high-speed connections are being reinforced. The extension of the North-South railway line to Schiphol and Hoofddorp means more scope for international rail transport. The landside accessibility of the regional airports is being improved too.

7. One single airport system

As far as possible, we treat the **Dutch airports** as **one system**. We are bolstering Schiphol's function as a multimodal hub and providing space for cargo flights. Lelystad Airport, Rotterdam The Hague Airport and Eindhoven Airport are regional airports of national importance. They all focus on activities that add value to the regional economy and travellers in the surrounding area. The Dutch government sets parameters in which the airports can develop, which also applies to Maastricht Aachen Airport and Groningen Aiport Eelde. Local residents and local and regional officials are actively involved in establishing these parameters.

8. Reduction

The conditions for allowing aviation to develop are **demonstrable reductions in noise nuisance and CO2 emissions**. This is an incentive for innovation. The amount of night flights at Schiphol will gradually be reduced to 25,000. This is being monitored by the Human Environment and Transport Inspectorate.

9. Innovation

Enhanced sustainability begins by encouraging the deployment of quieter and cleaner aircraft, and establishing a European fuel blending obligation for **sustainable aviation fuel**. The Netherlands is supporting the production of sustainable fuel on home soil - also an economic opportunity. A **national research and development programme** focusing on three topics – the aircraft, the aircraft and airport operation and fuels – is being set up. With R&D in the development of (radical) technological innovations, the Netherlands can have a global impact on making aviation greener. This programme will be partly financed by ticket tax revenues. Schiphol may look like an infrastructure company, yet is becoming more and more like tech company propelled by data management and AI.

10. Quality of life

The government, the province and Schiphol are going contribute towards the pledged **human environment fund**. The fund will facilitate investments in the quality of life around Schiphol, including insulating homes (also against ground noise), quality boosts to area developments and innovations like noise-reducing construction methods and soundscaping.

11. Europe

In order to better facilitate our shared ambitions regarding quality and sustainability, the Netherlands is committed, at a **European level**, to:

- changes to European slot regulations in order to deal with network quality and sustainability more effectively;
- a strong impetus for sustainability through an ambitious Green Deal, including a fuel mixing obligation for greener aviation fuel and a clear approach to taxation and the use of revenues to make the sector more sustainable;
- creating a Single European Sky.

The toast

Schiphol represents connection: with the world, with our surroundings and with you. We make sure that our airports are the inspirational starting point of people's journeys and we have been doing so for more than 100 years. We do this in a safe way and with the best people. In proud association with our partners, customers and stakeholders. With our passion, we give substance to meaningful travel.

On behalf of Birgit, Hanne and Jabine, and all colleagues at Royal Schiphol Group, I wish you a healthy and positive 2021! And we say that filled with energy and filled with confidence.