

Licence granted to

GATWICK AIRPORT LIMITED

by the Civil Aviation Authority

under section 15 of the Civil Aviation Act 2012

on 13 February 2014

Consolidated Version.

Date on which latest changes took effect:

7 July 2025

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Part A: Scope and interpretation of the Licence

A1 Scope

- A1.1 The CAA has made a market power determination under section 7 of the Act on 10 January 2014 that means, for the purposes of section 3 of the Act, Gatwick Airport Limited (the Licensee) is the operator of a dominant airport area at a dominant airport.
- A1.2 The Airport (as defined in sections 66 and 67 of the Act) is London Gatwick Airport.
- A1.3 The Airport Area is those areas of the Airport, that comprise:
- (a) the land, buildings and other structures used for the purposes of the landing, taking off, manoeuvring, parking and servicing of aircraft excluding the aircraft maintenance facilities at hangar 6 maintenance area 1 and hangar 7 maintenance area 2; and
 - (b) the passenger terminals.
- A1.4 The CAA, in exercise of the powers conferred by section 15 of the Act, hereby grants to the Licensee this Licence authorising the Licensee and those persons listed in section 3(3) of the Act, to require a person to pay a relevant charge in respect of airport operation services that it provides at the Airport, subject to the conditions of this Licence.
- A1.5 This Licence shall come into force on 1 April 2014 and shall continue in force until revoked in accordance with Condition B2 of this Licence.

A2 Interpretation

- A2.1 Unless specifically defined within this Licence or in the Act or the context otherwise requires, words and expressions used in the Conditions shall be construed as if they were an Act of Parliament and the Interpretation Act 1978 applied to them. References to an enactment shall include any statutory modification or re-enactment thereof after the date of the coming into effect of this Licence.
- A2.2 Any word or expression defined for the purposes of any provision of Part I of the Act shall, unless the contrary intention appears, have the same meaning when used in the Conditions.
- A2.3 Any reference to a numbered Condition or Schedule is a reference to the Condition or Schedule bearing that number in this Licence, and any reference to a paragraph is a reference to the paragraph bearing that number in the Condition or Schedule in which the reference occurs.
- A2.4 In construing the provisions of this Licence, the heading or title of any

Condition, Schedule or paragraph shall be disregarded.

- A2.5 Where the Licensee is required to perform any obligation by a specified date or within a specified period and has failed to perform, such obligation shall continue to be binding and enforceable after the specified date or after expiry of the specified period, but without prejudice to any rights or remedies available against the Licensee under the Act or this Licence by reason of the Licensee's failure to perform by that date or within the period.
- A2.6 The provisions of sections 74 and 75 of the Act shall apply for the purposes of the publication or sending of any document pursuant to this Licence.

A3 Definitions

- A3.1 In this Licence:
- (a) the Act means the Civil Aviation Act 2012; and
 - (b) the CAA means the Civil Aviation Authority.

Part B: General Conditions

B1 Payment of fees

- B1.1 The Licensee shall pay to the CAA such charges and at such times as are determined under a scheme made under section 11 of the Civil Aviation Act 1982 in respect of the carrying out of the CAA's functions under Chapter I of the Act.

B2 Licence revocation

- B2 The CAA may revoke this Licence in any of the following circumstances and only in accordance with sections 48 and 49 of the Act:
- (a) if the Licensee requests or otherwise agrees in writing with the CAA that the Licence should be revoked;
 - (b) if:
 - (i) the Licensee ceases to be the operator of all of the Airport Area; or
 - (ii) the Airport Area ceases to be a dominant area; or
 - (iii) the Airport ceases to be a dominant airport;
 - (c) if the Licensee fails:
 - (i) to comply with:
 1. an enforcement order (given under section 33 of the Act); or

2. an urgent enforcement order (given under section 35 which has been confirmed under section 36); or
 - (ii) to pay any penalty (imposed under sections 39, 40, 51 or 52 of the Act) by the due date for any such payment,
- where any such a failure is not rectified to the satisfaction of the CAA within three months after the CAA has given notice in writing of such failure to the Licensee, provided that no such notice shall be given by the CAA before:
- (iii) the proceedings relating to any appeal under section 47 of the Act brought in relation to the validity or terms of an order or the CAA's finding or determination upon which it is based are finally determined; or (as the case may be);
 - (iv) the proceedings relating to any appeal under sections 47 or 55 of the Act brought in relation to the imposition of a penalty, the timing of the payment of the penalty or the amount of the penalty are finally determined.

Part C: The commitment conditions

C1 Commitments

- C1.1 The Commitments set out in the Appendix are conditions of this Licence.
- C1.2 The Licensee shall include the Commitments in the Conditions of Use.
- C1.3 In complying with this Condition C1 and the Commitments the Licensee shall, so far as reasonably practicable, do so in a manner designed to further the interests of passengers regarding the range, availability, continuity, cost and quality of airport operation services.

Modification of the Commitments

- C1.4 The Licensee shall not modify the Commitments otherwise than in accordance with the terms of the Commitments and the Licensee shall inform the CAA of any modifications it has made as soon as reasonably practicable.
- C1.5 The Licensee can make modifications to the Commitments under Condition C1.4 at any time.
- C1.6 Where the CAA makes any changes to the conditions of this Licence under section 22 of the Act, the Licensee shall, as soon as reasonably practicable and subject to the outcome of any appeal to the Competition and Markets Authority under section 25 to 30 of the Act, make any necessary

consequential changes to the Conditions of Use.

Definitions

C1.7 In this Condition C1:

- (a) the Commitments are the commitments made by the Licensee to airline users of London Gatwick Airport as set out in the Appendix to this Licence and amended from time to time under Condition C1.4.
- (b) the Conditions of Use means the Gatwick Airport Conditions of Use, published by the Licensee as defined in the Appendix.

Part D: Financial Conditions

D1 Financial Resilience

Certificate of adequacy of resources

- D1.1 The Licensee shall at all times act in a manner calculated to secure that it has available to it sufficient resources including (without limitation) financial, management and staff resources, to enable it to provide airport operation services at the Airport.
- D1.2 The Licensee shall submit a certificate addressed to the CAA, approved by a resolution of the board of directors of the Licensee and signed by a director of the Licensee pursuant to that resolution. Such certificate shall be submitted within four months of the end of the Licensee's financial year and shall include a statement of the factors which the directors of the Licensee have taken into account in preparing that certificate. Each certificate shall be in one of the following forms:
 - (a) "After making enquiries based on systems and processes established by the Licensee appropriate to the purpose, the directors of the Licensee have a reasonable expectation that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, any amounts of principal and interest due under any loan facilities and any actual or contingent risks which could reasonably be material to their consideration, sufficient financial and other resources and financial and operational facilities to enable the Licensee to provide airport operation services at London Gatwick Airport of which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate."
 - (b) "After making enquiries based on systems and processes established by the Licensee appropriate to the purpose, the directors of the

Licensee have a reasonable expectation, subject to what is said below, that the Licensee will have available to it, after taking into account in particular (but without limitation) any dividend or other distribution which might reasonably be expected to be declared or paid, any amounts of principal and interest due under any loan facilities, and any actual or contingent risks which could reasonably be material to their consideration, sufficient financial and other resources and financial and operational facilities to enable the Licensee to provide airport operation services at London Gatwick Airport of which the Licensee is aware or could reasonably be expected to make itself aware it is or will be subject for a period of two years from the date of this certificate. However, they would like to draw attention to the following factors which may cast doubt on the ability of the Licensee to provide airport operation services at London Gatwick Airport for that period.....”

- (c) “In the opinion of the directors of the Licensee, the Licensee will not have available to it sufficient financial or other resources and financial and operational facilities to provide airport operation services at London Gatwick Airport of which the Licensee is aware or of which it could reasonably be expected to make itself aware or to which it will be subject for a period of two years from the date of this certificate.”

D1.3 The Licensee shall inform the CAA in writing as soon as practicable if the directors of the Licensee become aware of any circumstance which causes them no longer to have the reasonable expectation expressed in the then most recent certificate given under Condition D1.2(a) or (b).

D1.4 The Licensee shall obtain and submit to the CAA with each certificate provided under Condition D1.2 a report prepared by its Auditors stating whether or not the Auditors are aware of any inconsistencies between, on the one hand, that certificate and the statement submitted with it and, on the other hand, any information which they obtained during their audit of the relevant year end accounts of the Licensee.

D1.5 If the Licensee or any of its linked companies (or, where applicable the directors and officers of any of those undertakings) seeks, or is advised to seek, advice from an insolvency practitioner or any other person relating to:

- (a) the Licensee’s financial position or ability to continue to trade; or
- (b) that linked company’s financial position or ability to continue to trade, only to the extent that it would affect the Licensee’s financial position or ability to continue to trade;

the Licensee must inform the CAA within 3 working days.

Restriction on activities

D1.6 The Licensee shall not, and shall procure that its subsidiary undertakings shall not, conduct any business or carry on any activity other than:

- (a) the Permitted Business; and/or
- (b) any other business or activity for which the CAA has given its written consent for the purposes of this Condition, such consent not to be unreasonably withheld or delayed.

Ultimate holding company undertakings

D1.7 The Licensee shall procure from each Covenantor a legally enforceable undertaking in favour of the Licensee in the form specified by the CAA that that Covenantor will:

- (a) refrain from any action, and procure that every subsidiary of the Covenantor (other than the Licensee and its subsidiaries) will refrain from any action, which would then be likely to cause the Licensee to breach any of its obligations under this Licence;
- (b) promptly upon request by the CAA (specifying the information required) provide to the CAA (with a copy to the Licensee) information of which they are aware and which the CAA reasonably considers necessary in order to enable the Licensee to comply with this Licence.

D1.8 Such undertaking shall be obtained within seven days of the company or other person in question becoming a Covenantor and shall remain in force for so long as the Licensee remains the holder of this Licence and the Covenantor remains a Covenantor.

D1.9 The Licensee shall:

- (a) deliver to the CAA, within seven days of obtaining the undertaking required by Condition D1.8, a copy of such undertaking;
- (b) inform the CAA as soon as practicable in writing if the directors of the Licensee become aware that the undertaking has ceased to be legally enforceable or that its terms have been breached; and
- (c) comply with any direction from the CAA to enforce any such undertaking.

Definitions

D1.10 In this Condition D1:

- (a) the Covenantor means a company or other person which is at any time an ultimate holding company of the Licensee;

- (b) a linked company means any company within the Licensee's Group where the financial position of that company or its inability to continue to trade would have an adverse effect on the Licensee's financial position or ability to continue to trade;
- (c) Permitted Business means:
 - (i) any and all business undertaken by the Licensee and its subsidiary undertakings as at 1 April 2014;
 - (ii) to the extent that it falls outside Condition D1.10(c)(i), the business of owning, operating and developing the Airport and associated facilities by the Licensee and its subsidiary undertakings (including, without limitation, any and all airport operation services, provision of facilities for and connected with aeronautical activities including retail, car parks, advertising and surface access and property development letting and management development thereof); and
 - (iii) any other business, provided always that the average over the term of the Commitments of any expenses incurred in connection with such businesses during any one financial year is not more than 2% of the value of the shadow Regulatory Asset Base at the start of the financial year;
- (d) the shadow Regulatory Asset Base means the asset base calculated annually in accordance with guidance issued by the CAA from time to time and provided to the CAA on a confidential basis.

Appendix: Commitments by Gatwick Airport Limited

Definitions

‘Airport Charges’ means charges for the landing and taking off of aircraft, the parking of aircraft and the departure of passengers.

‘Airport User’ means any Operator or other person using the facilities at the Airport other than as a Passenger.

‘Bilateral Contracts’ means any contract relating to Airport Charges payable between an Operator and Gatwick Airport Limited other than the Conditions of Use.

‘Conditions of Use’ constitute an offer by Gatwick Airport Limited to permit the use of its facilities on the terms set out therein. The use of any facilities at the Airport whether airside or landside other than as a Passenger constitutes acceptance of the Conditions of Use. It is intended that the Conditions of Use constitute a contract as between Gatwick Airport Limited and each and every Airport User in relation to obligations relevant to them.

‘Core Service Charges’ means those charges referred to in Appendix I of the Schedule of Charges set out in the Conditions of Use as may be varied from time to time in line with these commitments with the exception of any charges levied in respect of whole plane cargo flights, positioning flights and general and business aviation.

‘Core Service Rebate’ is the amount payable by Gatwick Airport Limited to Operators paying Core Service Charges for commercial passenger services operated under the Conditions of Use or similar charges for commercial passenger services under the terms of Bilateral Contracts where the application of the Core Service Standards have not been waived or replaced.

‘Core Service Standards’ are standards for services and facilities in connection with the landing, parking or taking off of aircraft at the Airport to be subject to penalties / rebates as defined at Annex 1 to Schedule 2.

‘Core Service Standards Rebate Level’ is the amount payable by Gatwick Airport Limited for failure to meet its Core Service Standards.

‘Gross Yield’ means the Gross Revenue divided by the total number of Passengers using the Airport in any Relevant Year.

‘Maximum Gross Yield’ for a Relevant Year or ‘(Myt)’ is defined as the Underlying

Gross Yield (Ut) plus the Permitted Security Cost (St) as such terms are defined in Schedule 1.

‘Operator’ in relation to an aircraft means the person for the time being having the management of that aircraft.

‘Passenger’ means any persons carried on an aircraft with the exception of the flight crew and cabin staff operating the aircraft flight.

‘Permitted Security Cost’ reflects changes in the required security standards at the Gatwick Airport Limited and is defined at Schedule 1: Price Commitment.

‘Relevant Year’ or **‘t’** means the period of twelve months ending on 31 March in each year and **‘t-1’** means the year immediately preceding **‘t’**.

‘Service Rebate Percentage’ is the maximum penalty / rebate payable by Gatwick Airport Limited for failure to meet its Core Service Standards and is defined at Schedule 2: Service Commitment.

‘Special Assistance Services’ means the special assistance services described in the Special Assistance Gatwick Airport Directive and General Advice Notice.

‘Underlying Gross Yield’ is the Maximum Gross Yield minus the Permitted Security Cost.

Introduction

1. This Appendix sets out the commitments made by Gatwick Airport Limited for the period from 1 April 2025 to 31 March 2029 (the **‘Term’**). Gatwick Airport Limited will reflect these commitments in its Conditions of Use published in each year during the Term.

Price commitment

2. Gatwick Airport Limited’s maximum average annual rate of increase in the Underlying Gross Yield (i.e. the Maximum Gross Yield excluding the Permitted Security Cost) will be no more than CPI-1% for the first two years of the Term (01 Apr 25 – 31 Mar 27) and no more than CPI for the second two years of the Term (01 Apr 27 – 31 Mar 29), subject to the Underlying Gross Yield not reducing in nominal terms in the first two years of the Term. The Underlying Gross Yield ceiling remains a year-by-year limit rather than an average measured over the Term.
3. Gatwick Airport Limited will comply with the price commitments set out in Schedule 1 throughout the Term.
4. Gatwick Airport Limited will provide Operators with comprehensive information and consultation on the evolution of airport charges on an annual basis.
5. Gatwick Airport Limited commits to seek to increase the capacity and resilience of its airfield infrastructure and include details of its plans to do so annually as part of its capital investment plans. It further commits to continue to bear the cost

and risks incurred during the Term developing these plans, securing necessary Government approvals, and implementing the necessary projects. These include the potential projects to maximise the use of the existing main runway and to bring into routine use the existing Northern Runway.

Service standards commitment

6. Gatwick Airport Limited commits to continue maintaining good service delivery for its passengers and airlines for the Term and will remain financially incentivised to do so through the continuation of the Core Service Standards regime which it will continue to operate for the Term. The Core Service Standards are set out in Annex I to Schedule 2.
7. The Core Service Rebate is the amount payable by Gatwick Airport Limited to Operators paying Core Service Charges for commercial passenger services operated under the Conditions of Use or similar charges for commercial passenger services under the terms of Bilateral Contracts where the application of the Core Service Standards have not been waived or replaced if it fails to meet the Core Service Standards Rebate Level as set out in Annex I to Schedule 2 and calculated in accordance with Schedule 2 paragraphs 1 and 2. In any Relevant Year the Service Rebate Percentage shall not exceed 7% of revenue from Core Service Charges payable by Operators in the Relevant Year.
8. The Core Service Rebate shall be paid quarterly, within one month of the end of each quarter (being June, September, December, March). The rebates shall be calculated by terminal (with the exception of special assistance, runway and community app availability which will be calculated at an airfield level and the same percentage applied to both terminals) by month and allocated to the Operators that used the terminal pro-rata with the Core Service Charges payable in that month.
9. Rebates payable in respect of a Relevant Year will be based on a forecast of Core Service Charges revenue for that Relevant Year, for each terminal. To the extent that actual revenues differ from forecast revenues, rebates will be recalculated and under- or over- payments of rebate will be reconciled and paid or invoiced (as appropriate) to the Operators by no later than 31 August following the Relevant Year, one month after the deadline for Gatwick Airport Limited to publish its price monitoring report for the Relevant Year to the CAA.
10. The Airline Service Standards are set out in Annex II to Schedule 2. An Operator that has not met the applicable Airline Service Standards Target Level as set out in Annex II to Schedule 2 will have its entitlement to Core Service Rebates reduced, in accordance with paragraph 3 of Schedule 2.

Continuity of service plan, operational and financial resilience commitment

11. Gatwick Airport Limited shall prepare and at all times maintain a continuity of service plan. The plan shall describe such legal, regulatory, operational and financial information that an administrator, receiver, or new management might reasonably be expected to require, in addition to the aerodrome manual and other statutory or regulatory documents which Gatwick Airport Limited is required

to maintain, in order for it to efficiently carry out its functions and to remain compliant with its aerodrome licence. Gatwick Airport Limited shall provide the CAA with details of any material variations to the continuity of service plan.

12. Gatwick Airport Limited will develop and maintain an operational resilience plan which will set how it intends to operate an efficient and reliable airport to the levels required by the Core Service Standards or otherwise agreed with users and, in particular, how it will secure the availability and continuity of airport operation services, particularly in times of disruption. Gatwick Airport Limited will consult annually on the resilience plan with all interested parties including the CAA. Such plans and any amendments will have regard to any relevant guidance issued by the CAA.
13. Prior to publishing any plans or other documents under paragraph 12, Gatwick Airport Limited shall consult all relevant parties on those plans or documents in a fair and timely manner providing consultees with an adequate level of information.
14. Gatwick Airport Limited shall so far as is reasonably practicable coordinate and cooperate with all relevant parties at the Airport to meet the requirements of this operational resilience commitment and shall at least twice a year hold a meeting to which all relevant parties or organisations representing them shall be entitled to attend to discuss any issues pertinent to this operational resilience commitment.
15. All providers of air transport services and ground handlers shall use best endeavours to cooperate with Gatwick Airport Limited in implementing the plan(s).
16. During periods of service disruption Gatwick Airport Limited shall use reasonable endeavours to coordinate the communication of operational information and to ensure the provision of timely, accurate and clear information about its operations to Passengers of air transport services as well as information as to their rights under denied boarding regulations.
17. The Directors of Gatwick Airport Limited will provide an annual confirmation of adequate financial resources to operate the Airport and provide the Core Services.
18. Gatwick Airport Limited shall not amend, vary, supplement or modify or concur in the amendment, variation, supplementation or modification of any of its finance documents in respect of credit rating requirements (whether in each case in the form of a written instrument, agreement or document or otherwise (a '**Variation**')) unless it has given prior written notice thereof to the CAA).
19. Gatwick Airport Limited shall, as soon as reasonably practicable notify the CAA of the possibility of any such Variation; and provide a summary of the executed change. The provisions of this condition shall not apply to any administrative or procedural variation.

Investment and consultation commitment

20. Gatwick Airport Limited shall maintain the Airport to comply with all applicable safety and environmental requirements and to maintain and develop the infrastructure of the Airport to ensure the Core Service Standards are met.
21. Gatwick Airport Limited commits to invest at least £120m in 2018/19 prices per year on average over the Term.
22. Gatwick Airport shall invest at least £1.2bn in 2018/19 prices during the period commencing 1 April 2019 and ending 31 March 2029, save where paragraph 23 applies.
23. Gatwick Airport Limited may invest less than £1.2bn in 2018/19 prices during the period commencing 1 April 2019 and ending 31 March 2029 if consent to such a proposal is given in writing by:
 - a. Operators carrying at least 67% of Passengers in the 12 months immediately preceding the date on which Gatwick Airport Limited notified Operators of its proposal to invest less than £1.2bn (during the period commencing 1 April 2019 and ending 31 March 2029); and
 - b. Operators representing at least 50% of the Operators responding in writing.
24. Gatwick Airport Limited will undertake consultation in relation to the capital investment to be undertaken during the Term in accordance with the capital investment consultation framework set out in the Conditions of Use.

Financial information commitment

25. To ensure there continues to be the provision of sufficient information for Operators to understand whether charges are reasonable, Gatwick Airport Limited will ensure that throughout the Term it provides either through its statutory accounts or through a separate audited statement a level of disclosure in relation to operating costs, revenues, fixed asset base, depreciation and capital expenditure equivalent to the level of disclosure in its Annual Report and Financial Statements for the year ended 31 December.

Schedule 1: Price Commitment

1. For the purposes of this Schedule, in addition to the definitions set out at the start of the Appendix, the following definitions apply:
 - 1.1. **'Actual Gross Yield'** means the Gross Yield determined following the completion of a Relevant Year.
 - 1.2. **'Actual Net Yield'** means the Net Yield determined following the completion of a Relevant Year.
 - 1.3. **'Core Services'** means such services and facilities in connection with the landing, parking or taking off of aircraft at the Airport for which a standard is set in Annex 1 to this Schedule.
 - 1.4. **'Gross Revenue'** means the sum in a Relevant Year of:
 - 1.4.1. revenue arising from Core Service Charges for relevant commercial passenger services operated under the terms of the published airport tariff set out in the Conditions of Use; and
 - 1.4.2. revenue arising from charges equivalent to the Core Service Charges for relevant commercial passenger services operated under the terms of Bilateral Contracts, but substituting for the actual revenue received the revenue that would have been received if such services had been offered and charged under the terms of the Schedule of Charges set out in the then applicable Conditions of Use but excluding revenue from any other charges not included within the definition of Core Service Charges whether levied under the terms of the Conditions of Use or under the terms of Bilateral Contracts or separate commercial arrangements.
 - 1.5. **'Net Yield'** means the Gross Yield adjusted to reflect the impact of discounts and marketing support offered under Bilateral Contracts.
 - 1.6. **'Planned Gross Yield'** refers to the Gross Yield assumed at the time the Core Service Charges for the Relevant Year were set, as detailed in Gatwick Airport Limited's annual charges consultation documents. The Planned Gross Yield shall not exceed the Maximum Gross Yield.
 - 1.7. **'Qt'** means the total number of Passengers using the Airport in a Relevant Year.
 - 1.8. **'CPI t-1'** means the percentage change (positive or negative) in the CPI All Items Index (D7BT): Jan 2015=100 published by Office for National Statistics between August in year t-1 and the immediately preceding August.
 - 1.9. **'St'** means the permitted security cost per passenger in Relevant Year t, if any, being: the aggregate of:

1.9.1. 90% of the amount by which the increase, or decrease, in security costs at the Airport in year t, which arise as a result of a change in required security standards at the Airport, exceeds £1.75m; and

1.9.2. the cost of installing new hold baggage screening equipment in order to meet the requirements of the Department for Transport, the European Commission or other aviation security regulator with the cost in year t calculated by amortising the capital costs and associated funding costs over the assessed life of the equipment, in equal annual amounts divided by the total number of Passengers using the Airport (Q_t). A methodology for recovering the costs associated with the EDS Standard 3 project was consulted on with the airline community in 2016. Full details can be found in '2017/18 Airport Charges Consultation, New Hold Baggage Screening Equipment, Explosive Detection Systems (EDS) Standard 3' published by GAL on 6 June 2016 and '2017/18 Airport Charges Consultation, New Hold Baggage Screening Equipment, Explosive Detection Systems (EDS) Standard 3, Decision Advice' published by Gatwick Airport Limited on 2 September 2016.

1.9.3. the capital and operating costs of implementing the Department for Transport mandate for Next Generation Security Checkpoints which includes new requirement for screening of passengers and staff and their belongings (i.e. body scanners and C3 cabin baggage technology). The capital costs and associated funding costs will be subject to consultation in accordance with the Conditions of Use and a similar methodology to the amortisation of costs will be adopted as for hold baggage screening as outlined in paragraph 1.9.2.

1.10. '**Ut**' in Relevant Year t, defined as the Underlying Gross Yield:

Where $t=2025/6$ or $t=2026/7$

$U_t = U_{t-1} (1 + CPI_{t-1} - 1\%)$ and,

That if the formula above would lead to $U_t < U_{t-1}$, then $U_t = U_{t-1}$

Where $t=2027/8$ or $t=2028/9$

$U_t = U_{t-1} (1 + CPI_t - 1\%)$

2. Gatwick Airport Limited shall set the Core Service Charges in any Relevant Year to recover the Planned Gross Yield.

2.1. Subject to paragraph 2.3 below, should the Actual Gross Yield be greater than the Maximum Gross Yield, a rebate will be issued to those carriers that paid Core Service Charges or operated under Bilateral Contracts where such contracts adopt the airport tariff as a reference price index in the Relevant Year. For each carrier, the value of the rebate for the Relevant Year will be equal to the Core Service Charges or equivalent paid by the carrier multiplied by the percentage difference between the Maximum Gross Yield and the Actual Gross Yield. Rebates will be issued to carriers by no later than 31 August following the Relevant Year, one month after the deadline for Gatwick

Airport Limited to publish its price monitoring report for the Relevant Year to the CAA.

- 2.2. Should the Actual Gross Yield be less than or equal to the Maximum Gross Yield, no rebates will be due.
- 2.3. The provisions of paragraph 2.1 of this Schedule 2 shall not have effect before the Relevant Year ending 31 March 2023.
3. Any amendment to the Maximum Gross Yield may be made by Gatwick Airport Limited if consent to that amendment is given in writing by:
 - 3.1. Operators carrying at least 67% of passengers (in the 12 months immediately preceding the date on which Gatwick Airport Limited notified Operators of the proposed amendment to the Maximum Gross Yield) on airlines operating at the Airport paying the Core Service Charges or under Bilateral Contracts where such contracts adopt the airport tariff as a reference price index and
 - 3.2. Operators representing at least 50% of the Operators responding in writing.
4. When undertaking the annual consultation on airport charges, Gatwick Airport Limited will publish a comparison of the actual net yield, the Actual Gross Yield and the Maximum Gross Yield for the most recently completed Relevant Year and estimates for the current Relevant Year. Gatwick Airport Limited will also publish the Planned Gross Yield and the Maximum Gross Yield for the Relevant Year which is subject to consultation.
5. Gatwick Airport Limited shall notify the CAA and all Operators at the Airport at least 2 years prior to the end of the Term of its intention with regards to the continuation of commitments, if any, on pricing, service standards, continuity of service, operational and financial resilience, investment consultation and financial information.
6. Gatwick Airport Limited shall make available Core Services to all Operators at the Core Service Charges rate as amended from time to time.
7. Subject to complying with paragraph 6 above Gatwick Airport Limited may offer enhancements or additions to the Core Services either under Bilateral Contracts or at charges separate from the Core Service Charges.

Schedule 2: Service Commitment

1. The Core Service Rebate to Operators in the aggregate in month 'j' shall be calculated as:

Core Service Rebate T-j = Service Rebate Percentage (calculated in accordance with paragraph 2 below) T-j x Annual Core Service Charge T

Where:

Annual Core Service Charge T =

in respect of terminal 'T', in any Relevant Year, is the annual revenue arising from Core Service Charges or equivalent charges under Bilateral Contracts for relevant commercial passenger services operated by Operators under the terms of the published airport tariff set out in the Conditions of Use.

The rebate by each terminal will be allocated to Operators that used the terminal pro-rata with the Core Service Charges or equivalent charges under Bilateral Contracts payable by each Operator in relation to that terminal in that month. The deduction to be made from this rebate amount if an Operator fails to meet airline standards will be calculated as:

Deduction from Core Service Rebate a,T,j = Airline Standard Reduction Percentage (calculated in accordance with paragraph 3 below) a,T,j x Core Service Charge a,T,j

For the avoidance of doubt, the deduction only operates to reduce the Core Service Rebate (if any) payable by Gatwick Airport Limited to an Operator; it cannot result in a payment due from the Operator to Gatwick Airport Limited.

2. The Service Rebate Percentage in month 'j' for each terminal 'T' shall be calculated as follows: Service Rebate Percentage

$$T,j = \sum_i \text{Standard} 2 \times (p_{i,T} / 12) \times (x_{i,T,j})$$

Where:

$p_{i,T}$ = the maximum potential Core Service Standard rebate percentage for standard "i", for terminal "T", as set out in Annex I to this Schedule.

If the standard "i", for terminal "T", in month "j" is greater than or equal to the Core Service Standard rebate level, as set out in column

4 of Annex I to this Schedule then $x_{i,T,j} = 0$.

If the standard 'i', for terminal 'T', in month 'j' is less than the Core Service Standard rebate level, as set out in Annex I to this Schedule, then $x_{i,T,j} = 1$ or 0, if prior to month 'j' there have been any six or more months in a Relevant Year in which the standard 'i', for terminal 'T' was less than the service rebate level, as set out in Annex I to this Schedule. This provision applies in precedence to, and overrides, the provisions above providing for the calculation of $x_{i,T,j} = 1$.

3. Airline Standard Reduction Percentage for each airline 'a' shall be calculated as:

$$\text{Airline Standard Reduction Percentage } a_{T,j} = \sum_{\text{Standard } k} r_{k,T} \times z_{a,T,j,k}$$

Where:

$r_{k,T}$ = the potential Airline Service Standard Reduction Percentage per month for standard 'k', for terminal 'T', as set out in column 4 of Annex II to this Schedule.

$z_{a,T,j,k} = 0$ if the standard 'k', for terminal 'T', in month 'j' is greater than or equal to the Airline Service Standard Target Level, as set out in column 4 of Annex II to this Schedule; or 1 if the standard 'k', for terminal 'T', in month 'j' is less than the Airline Service Standard Target Level, as set out in column 4 of Annex II to this Schedule.

4. Gatwick Airport Limited shall be under no obligation to pay the Core Service Rebate to an Operator which has failed to pay Gatwick Airport Limited any amounts due and owing under the Conditions of Use.

Amendment

5. Any amendment to the Airline Service Standards or the Core Service Standards may be made by Gatwick Airport Limited following consultation with the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee if consent to that change is given in writing by:
- a. Operators carrying at least 67% of passengers (in the 12 months immediately preceding the date on which Gatwick Airport Limited notifies Operators of the proposed amendment) travelling through the Airport on airlines operating at the Airport paying the Core Service Charge or operating under Bilateral Contracts which have not waived or replaced these Core Service Standards provisions; and

- b. Operators representing at least 50% of the Operators responding in writing.

Monitoring

6. Gatwick Airport Limited shall monitor and publish on the Gatwick Airport website a monthly report in relation to certain Airport-wide activities including:
 - a. The Core Service Standards.
 - b. The Airline Service Standards.
 - c. Special Assistance service and notification.
 - d. On-time performance (departures and arrivals).
7. If Gatwick Airport Limited fails to meet any Core Service Standard for any six consecutive months it will prepare an improvement plan to address the failure and will consult with the Gatwick Airline Consultative Committee and the CAA on its proposals and will then implement the improvement plan.

On-time performance

8. Gatwick Airport Limited will continue to seek ways to expand its capacity, resiliently, to meet the growing demand through innovation, investment and process improvements. Gatwick Airport Limited will provide leadership and focus in the drive for on-time performance, while recognising that punctuality is a product of efficient delivery from many organisations; airlines, ground handlers and air traffic controllers, as well as the airport operator.
9. Starting from the IATA Summer 2021 season, Gatwick Airport Limited introduced new service targets to underpin its continuing focus on improving punctuality and operational resilience:
 - a. Average departure punctuality will have a target of at least 70% in the summer season and 75% in the winter season. (Punctuality is defined as the percentage of scheduled flights which depart from their stand no more than 15 minutes and 59 seconds after their scheduled departure time.)
 - b. Gatwick Airport Limited will report to airlines and their ground handlers on the punctuality performance of each season within one month after its conclusion and publish results on its website.
 - c. If the reported seasonal punctuality drops below the relevant

target set out in 9a above, then Gatwick Airport Limited will within three months of the publication of the punctuality performance set out in 9b above consult with the airlines, their ground handlers and Passenger Advisory Group on a root cause analysis of the Airport's and airlines' collective performance over the season, and then develop with airlines a punctuality improvement plan for the following equivalent season. If appropriate, Gatwick Airport Limited may invest in a portfolio of operational incentives and financial incentives for airlines and/or their ground handlers.

10. For avoidance of doubt, it is the responsibility of airlines operating at Gatwick Airport to ensure that they procure sufficient ground handling resources to enable them to operate their schedule and deliver baggage to their customers in a reasonable time. Gatwick Airport Limited will design any measures to not disadvantage those airlines who already run a resilient operation at Gatwick Airport.

Annex I: Core Service Standards (Rebates)

	(1) Standard	(2) Metric	(3) Target Level	(4) Maximum potential rebate (both terminals, unless noted)
(i)	Passenger satisfaction measures			
	Departure Lounge Seat Availability	Moving Quarterly Average QSM score	4.0	0.20%
	Cleanliness		4.0	0.20%
	Way-Finding		4.1	0.20%
	Flight Information		4.2	0.10%
	Passenger Wi-Fi		4.0	N/A
	Assisted Travel (Special Assistance)	Moving Quarterly Average Assisted Travel survey	4.0	N/A
(ii)	Security			
	Central Passenger Search	Times <5 Minutes & Times <15 Minutes	95% 98%	1.0%
	Central Passenger Search ¹	Day when single time slice > 30 Minutes	Single event per day	0.05% per day (0.7% max per month)
	Staff Search (Atlantic and Jubilee)	Times <5 Minutes	97%	0.175%
	Staff Search (Terminals)	Times <5 Minutes	97%	0.175%
	External Control Posts Search	Times <10 Minutes	95%	0.35%
(iii)	Passenger operational measures			
	Passenger Sensitive Equipment (General)	% Time Available	99%	0.05%
	Passenger Sensitive Equipment (Priority)	% Time Available	99%	0.30%
	Inter Terminal Shuttle System	% Time 1 Car Available & % Time 2 Cars Available	99% 97%	0.50% (NT)
(iv)	Airline operational measures			
	Stands	% of required occasions (arriving aircraft)	99.5%	0.15%
	Jetties	% of required occasions (arriving aircraft)	99%	0.30%
	Pier Service	Moving annual average % passengers pier served	95%	0.50%
	Fixed Electrical Ground Power	% of required occasions (arriving aircraft)	99.5%	0.15%
	Runway Availability and Capacity	Dual metric which considers: a) the physical condition of the runway and b) local ATM flow restrictions resulting from lack of resources (e.g. air traffic controllers) or failure of equipment (e.g.	Single event metric	Depends on duration: 15 mins to 45 mins (£100,000) > 45 mins (£200,000) Maximum annual penalty 0.5%

	(1) Standard	(2) Metric	(3) Target Level	(4) Maximum potential rebate (both terminals, unless noted)
		navigation aids) directly within the control of Gatwick Airport Limited		
	Self-Serve Bag Drop Availability		TBD ²	0.10%
(v)	Baggage Measures			
	Arrivals Reclaim (Baggage Carousels)	% Time Available	98.5%	0.40%
	Outbound Baggage	OBP Daily	98%	0.175% daily (0.7% max per month across both Outbound Baggage metrics)
	Outbound Baggage	OBP Monthly	99%	
(vi)	IT Measures			
	Flight Information Display Screen system	% Time Available	99.9%	0.10%
	Community App Availability	% Time Available	99.5%	0.10% (Airport level)
(vii)	Assisted travel (Special Assistance)			
	Assisted Travel (Special Assistance)	ECAC arrivals target achievement (monthly)	98% pax in: 20 mins (notified) 45 mins (un-notified) ³	0.30% (Airport level)
	Total			7.25% (NT) 6.75% (ST)

¹ In a day when the single time slice is greater than 30 minutes the maximum daily penalty is 0.05% with a maximum monthly penalty of 0.70%.

² Software updates are due from the equipment supplier at the end of March 2025 to enhance availability reporting capabilities and ensure accuracy ahead of GAL's proposals for the new metric.

³ ECAC arrivals targets are set out in CAA [CAP1228](#).

Calculation and measurement of the Core Service Standards will be undertaken in accordance to the 'Gatwick Airport Core Service Standards Handbook' annexed to the Conditions of Use, as published by Gatwick, which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.

Annex II: Airline Service Standards

(1) Standard 'k'	(2) Metric	(3) Target Level	(4) Reduction Percentage
Check-in performance – queue time	Times <30 Minutes	95%	1.0%
Arrivals bag performance – last bag on carousel	Times <55 Minutes (large aircraft) Times <40 Minutes (small/medium aircraft)	95%	0.50%

Calculation and measurement of the Airline Service Standards will be undertaken in accordance the 'Gatwick Airport Airline Service Standards Calculation Guide' annexed to the Conditions of Use, as published by Gatwick, which may be amended from time to time by agreement between Gatwick Airport Limited, the Gatwick Airline Operators Committee and the Gatwick Airport Consultative Committee.