



ENEXIS

CHANNELING ENERGY

Annual Report 2014

Reliable and affordable energy

Realising the energy transition together



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Profile of Enexis

Enexis channels energy in the right direction. We transport gas and electricity in the North, East and South of the Netherlands for 2.7 million households and companies. We manage in total 44,700 kilometres of gas pipelines, 137,200 kilometres of electricity cables and 77,500 stations.

The grid operator is responsible for the gas and electricity grid. It manages, maintains and modernises the energy grid through which the supplier delivers electricity or gas to consumers at home or to companies.

Servicing area

Electricity grid ⚡

Gas grid 🔥

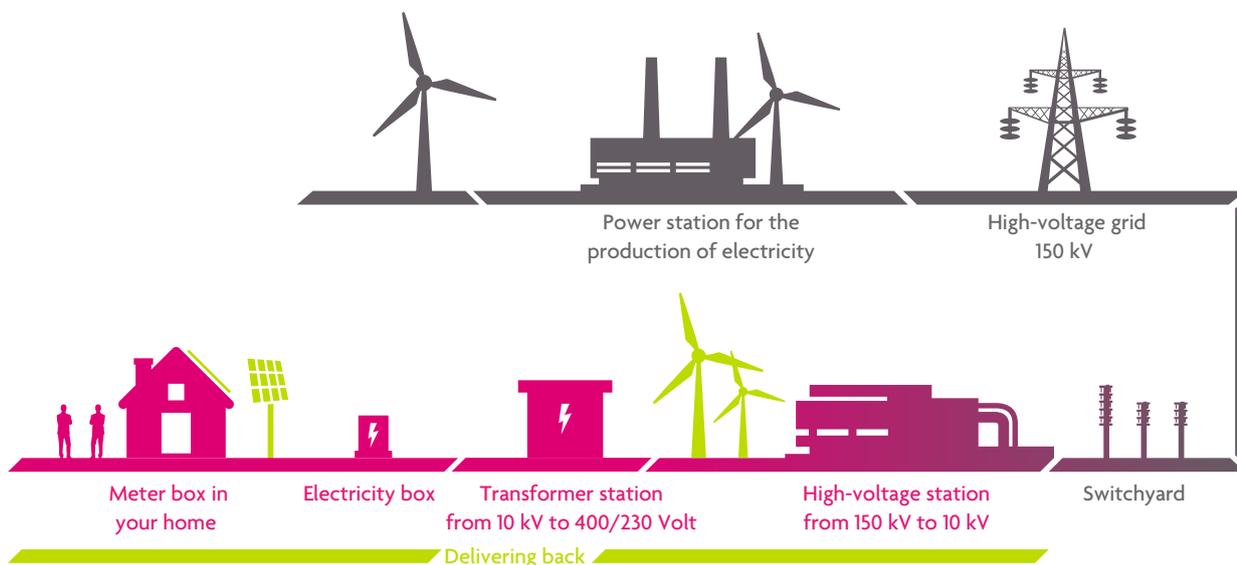


The energy chain

The energy chain is becoming increasingly dynamic. In addition to power stations, more and more consumers and companies are delivering the energy that they produce themselves back to our energy grids. We ensure that our grids can handle the demand and the supply and that energy is distributed as efficiently as possible. For example from windmills to households or charging points for electric vehicles. The shift in the energy

supply has made all participants in the energy chain - producers, suppliers, consumers and grid operators, such as Enexis - more dependent on each other. We see this as an opportunity for innovation and another way of working together.

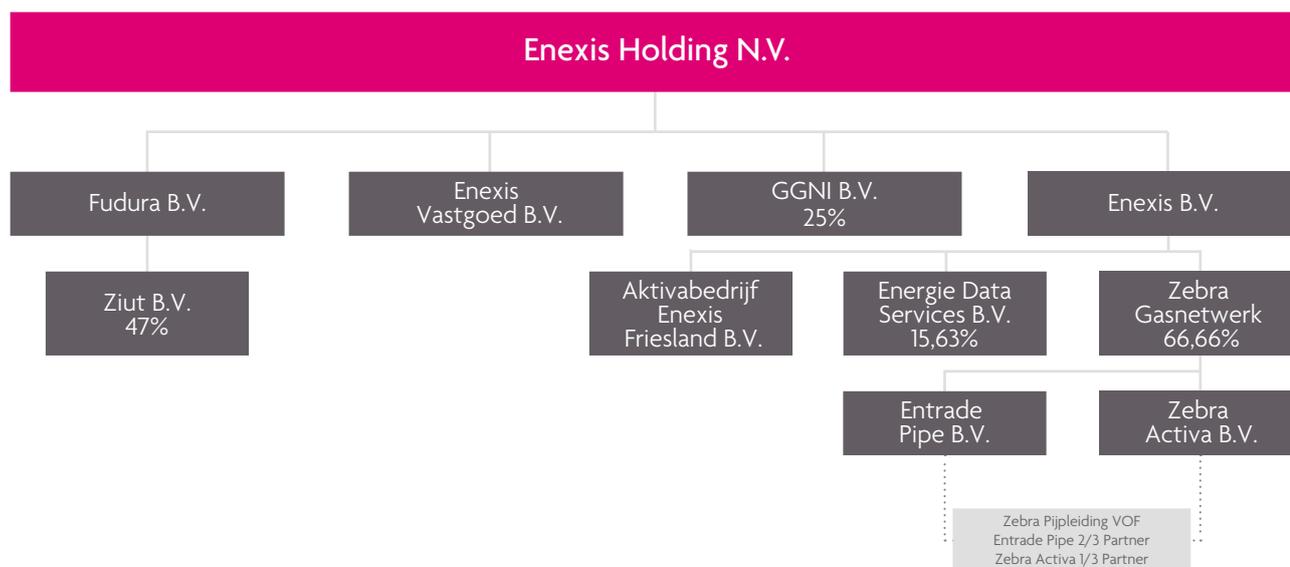
Enexis in the chain



Enexis's History

The Independent Grid Management Act stipulates a strict separation between grid operators and energy suppliers and producers. As a consequence of this Act, Enexis has been an independent company since 2009. Enexis B.V. is a subsidiary of Enexis Holding N.V.

Organisational Chart Enexis Holding N.V.



Enexis's Position

Grid operators have a monopoly position by virtue of the Electricity Act and the Gas Act. Grid operators are the only companies that are authorised to transport gas and electricity in their area, but then within a strict framework. The Netherlands Authority for Consumers and Markets (ACM) supervises both the costs of and the services provided by grid operators.

Fudura: Enexis in the commercial market

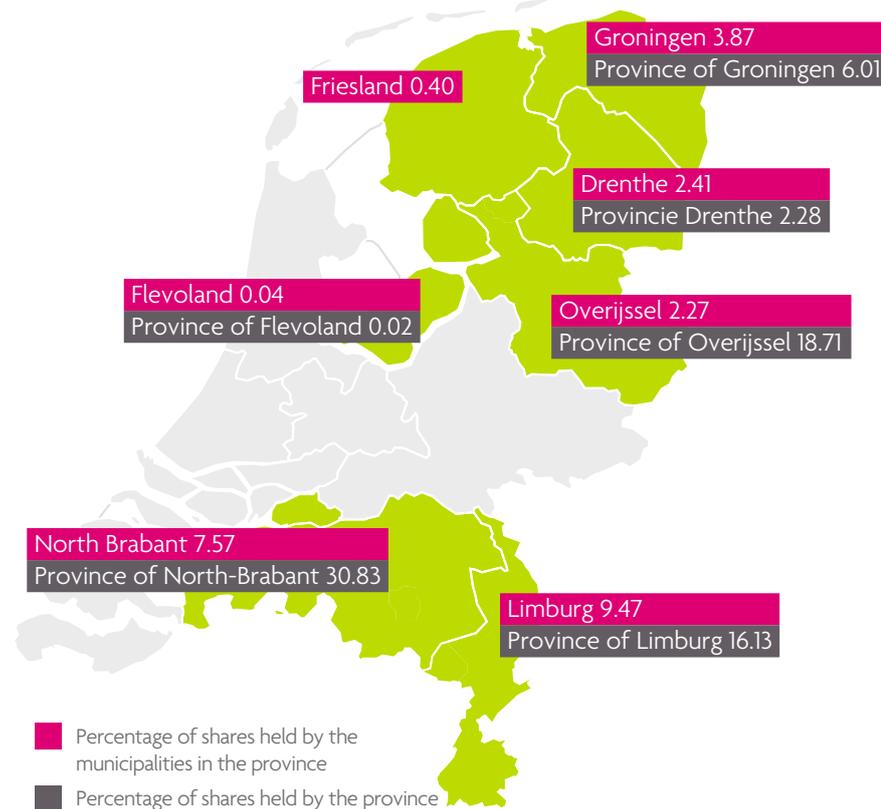
Enexis also operates under the name 'Fudura' in the non-regulated commercial market. Fudura offers additional services to organisations, such as measuring energy flows, design and realisation of infrastructure, rental and maintenance of casings, transformers and switchgear installations and provides advice. Fudura ensures that companies can organise their energy supply efficiently. Fudura is also responsible for non-regulated activities that help organisations increase the sustainability of their energy supply.

Enexis's shareholders

The shareholders of Enexis Holding N.V. are provinces and municipalities in the areas in which we are active.

Enexis shares

(Percentage of shares held by the provinces and the municipalities in the provinces)



Strategy

The Netherlands is on its way to a sustainable energy supply. This leads to a different energy demand and a different division of roles within the chain. Of course, Enexis is also playing its part in this. We respond pro-actively to the changing needs and wishes of our customers and other stakeholders. This is why we defined our strategy more clearly in 2014.

Our reformulated strategy is based on a thorough examination of the trends and developments and an external view on our company. A team of ten people interviewed 65 stakeholders from various strata of society. From consumer organisations and knowledge institutions to shareholders and supervisory bodies. The Energy Agreement for sustainable growth, concluded between employers, sector associations, nature and environmental organisations and the government, was also an important point of departure for us.

Strategy Enexis up to 1 January 2015



Vision and mission

Everybody wants to be able to make use of energy always and everywhere. The efficient consumption of energy from increasingly sustainable production is necessary to realise this. Therefore, we aim to distribute energy in a safe, reliable, affordable and custom oriented manner. And work together with other organisations on a sustainable and responsible energy supply, for today and tomorrow.

Ambition

Enexis holds a monopoly position by virtue of the Electricity and Gas Act. However, we do not want to be perceived as a monopolist. It is therefore our ambition to provide our services in such a manner that our customers think: 'If I could choose, I would choose Enexis'

Reformulated strategy: four pillars, nine core objectives

A healthy ambition is reflected in challenging objectives. We have nine core objectives in total, which we group under the four strategic pillars: reliable, affordable, customer oriented and sustainable. These pillars and core objectives reflect the importance of our various stakeholders and define our task within society.

Policy pillars and objectives

**Reliable**

1. Our reliability and safety will be maintained at the current high level.
2. We have insight into the changing energy supply and we will adapt our grids timely to accommodate these changes.

**Affordable**

3. We are the grid operator with the lowest possible tariffs.
4. Our shareholders receive a reasonable return from the regulated activities.

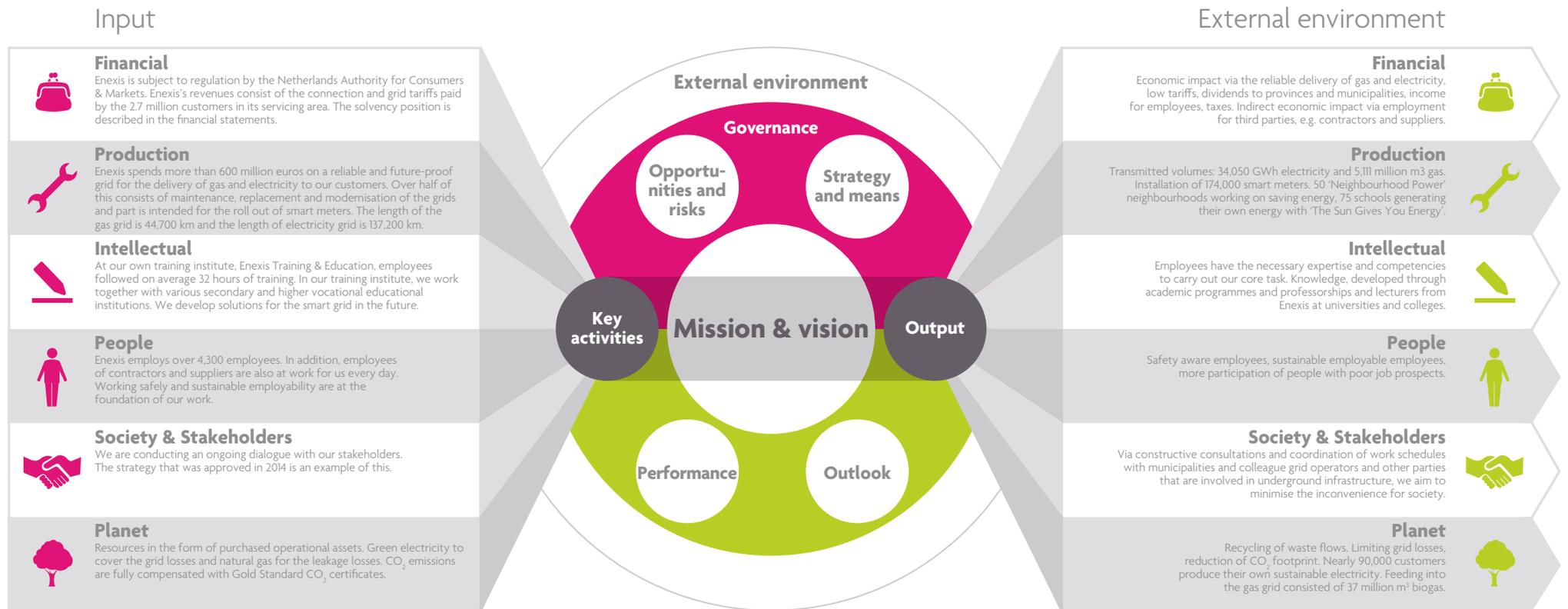
**Customer oriented**

5. Customers who have had contact with us, value us with a 7.5.
6. We are transparent and we make our data available to the maximum extent.

**Sustainable**

7. We bring partners, government bodies and our expertise together in the realisation of the Energy Agreement.
8. We stimulate customers actively to save more energy than the smart meter costs.
9. We operate emission neutral. We ensure that 14% of the grid and leakage losses are additionally sustainably produced in the Netherlands.

Value creation model 2014



Objectives and performance

	Target ultimo 2014	Actual 2014
Reliability		
Annual outage time electricity (JUD)	≤ 22.4 minutes	17.7
Number of 'Neighbourhood Power' ¹⁾ neighbourhoods	≥ 50 neighbourhoods	53
Number of 'The sun gives you Energy' ²⁾ schools	≥ 75 schools	118
Reduction ³⁾ CO ₂ emissions vehicle fleet	≥ 5%	1.4%
Reduction ³⁾ CO ₂ emissions business trips and commuter traffic	≥ 5%	5.4%
Customer satisfaction		
Score random sample among low-volume and high-volume customers	> 7.6	7.8
Score on seven process measurements ⁴⁾	6 of the 7 process measurements Q4 2014 ≥ target	4 of 7
Employees-HSE		
Number of fatal accidents	0	0
DART-rate own employees	≤ 0.43	0.60
DART-rate third parties	< 0.91	0.90
Number of reports of undesired events	> 2,000 reports	2,100
Follow-up of undesired events	≥ 80% handled within 3 months	80%
Financial		
Profit for the year	≥ EUR 259.5 mln	EUR 265.5 mln
Controllable costs and revenues	≤ EUR 386.3 mln	EUR 370.1 mln

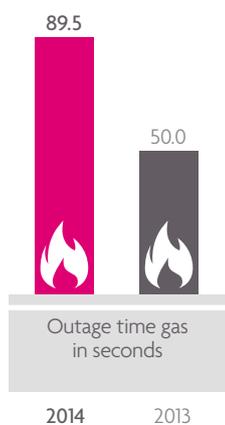
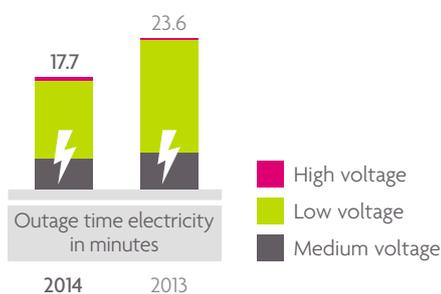
1. More information on Neighbourhood Power [Buurkracht] is to be found in the chapter Report 2014, Sustainable, 'We stimulate customers to save energy.'

2. More information on The sun gives you energy [Van Zon Krijg je Energie] is to be found in the chapter Report 2014, Sustainable, 'We stimulate customers to save energy.'

3. Compared to 2013.

4. 1: customer service low-volume customers, 2: customer service high-volume customers, 3: standard connections, 4: customised connections, 5: public lighting, 6: complaints and claims and 7: roll-out of smart meter (external).

Key data



The net footprint is zero. The remaining emissions are compensated with Gold Standard certificates.

Revenue

In millions of euros

1,402.1

2013: 1,385.7

Gross investments

In millions of euros

461.4

2013: 470.7

Profit for the year

In millions of euros

265.5

2013: 239.1

Balance sheet total

In millions of euros

6,417.0

2013: 6,264.9

Dart-rate Enexis

Safety index

0.60

2013: 0.54

Electricity grid ⚡

137,200 km

2,683,000 connections

34,050 GWh



Gas grid 🔥

44,700 km

2,083,000 connections

5,111 Mm³





Peter Vermaat and Maarten Blacquière (left)

‘Enexis is a partner in the energy transition’

Chief Financial Officer Maarten Blacquière acted as the ad interim Chairman of the Executive Board of Enexis up to 1 August 2014. Peter Vermaat became chairman on this date. Together, Blacquière and Vermaat look back on 2014 and look ahead to the future. What are they proud of and what could be improved?

To get straight to the point: how do you look back on the past year?

Blacquière: ‘We have done a lot of work together and we have achieved good results again.’ ‘For instance, we have more than achieved our objectives in 2014 as well where it concerns the reliable and safe delivery of energy. And as a result of further cost savings, we were able to limit the increase of our tariffs by, on average, 1%. The efficiency gain that we realised in our organisation with the improvement programme of Infra Services led to a production improvement and a cost reduction in 2014. We also made good progress in the field of sustainability. For example, our initiative Neighbourhood Power [Buurkracht] is a success. With this initiative, we support home owners who take energy saving or sustainability measures collectively. We have been successful in most areas of our strategy. Therefore, we are very positive about 2014.’ Vermaat agrees: ‘I have only really started working at Enexis since 1 August 2014. However, based on the activities and results that I have seen, I can confirm this positive feeling.’

Enexis has defined its strategy more clearly. The shareholders approved this reformulated strategy on 10 April 2014. What are the most important differences compared to previous years?

‘The most important difference is that we are much more explicitly focused on sustainability’, Vermaat explains. ‘Enexis has already done a lot in this area; however, as a grid operator, we can and we want to contribute even more to the realisation of the Energy Agreement. This is why it is important to address sustainability specifically in the strategy and to formulate objectives for sustainability.’

Blacquière adds: 'The manner in which we have reformulated the strategy is also exceptional. Enexis employees spoke with 65 of our stakeholders about what they see as important developments and what they expect from Enexis. From these interviews, it also became apparent that our shareholders and other stakeholders clearly see a role for Enexis in achieving the Energy Agreement. We then defined our strategy more clearly based on the developments that we see and the input that we received from our stakeholders. As a result, it is a broad-based strategy and we are proud of this. Therefore, we have formulated our objectives as promises to our customers and other stakeholders.'

Which trends and developments do you observe that could influence Enexis?

Vermaat: 'The most important is, of course, the energy transition. This has a huge impact on our infrastructure. Energy is increasingly being produced locally and the demand and supply of energy will diverge increasingly and more and more often on a regional level. We have to prepare for this pro-actively. For example, by making use of new technological possibilities in the field of smart grids. In addition, we would like to stimulate and support our customers and other organisations in their efforts to save energy and thus to contribute to the achievement of the Energy Agreement. We do this by sharing knowledge, expertise and data and by entering into a dialogue and bringing parties into contact with each other. As a grid operator, we are the central hub and, moreover, we are an organisation with a strong commitment to society. A good position to act as a partner in the energy transition.'

'In addition, customers have increasingly high expectations where service, safety and reliability are concerned and there is pressure to lower our tariffs', Blacquière explains. 'This is why we have chosen reliable, affordable, customer oriented and sustainable as our four pillars within our reformulated strategy. And in order to realise our objectives in these areas, we have to have our internal affairs in good order. Working safely and efficiently and the development and the welfare of our employees therefore have our constant attention.'

Working safely has your constant attention, but unfortunately the incidents this year exceeded the target. How do you see this?

Vermaat: 'I can be brief about this: this is a disappointment and we are concerned about this. We have done a lot in the past year to ensure that working safely becomes even more top of mind. For instance, we have organised workshops for all our approximately 4,300 employees to increase their safety awareness. In the workshops, a lot of attention was paid to attitude and behaviour in the area of working safely. Unfortunately, the number of incidents has risen compared to 2013 and exceeds our target for 2014. Our technicians are eager and want to solve problems quickly. Of course, we are happy with that. However, customer friendliness or efficiency can never be a reason to work unsafely. Therefore, our motto is: you work safely, or you don't work. We prefer that a technician stops the job because a situation could be unsafe than that he continues the job because of time, costs or the wishes of bystanders or customers. Fortunately the incidents in 2014 did not lead to fatal accidents or serious injuries, but two of our employees were unable to work for a longer period. Which is two too many. We are pleased to see that safety awareness has increased. For instance, we have received a lot more reports of risky situations in 2014 than in 2013. We regard this as very positive. We now have to increase the safety awareness structurally and behave differently and more conscious where working safely is concerned. We must call each other to account on this and help each other. That cannot be realised from one day to the next. Therefore, we will continue to focus strongly on this area in 2015.'

You qualify the reliability of the energy grids as good in 2014. Nevertheless, your customers have experienced a number of outages.

'Outages are very inconvenient for our customers. By investing in our grid, we seek to prevent outages in as far as possible. However, we can never completely rule out outages. Sometimes, we are also impacted by circumstances that we cannot control. The gas outage in Enschede around Whitsun, for example, was caused by a leak in the water supply system. When an outage occurs, we do everything in our power to remedy this as quickly as possible, so that the period that our customers do not have gas and electricity remains as short as possible. Investments in technology such as distribution automation contribute to this', Vermaat states.

Investments have favourable consequences for the reliability of the grids, but possibly less favourable consequences for your customers' wallet?

Blacquièrè: 'In any case, customers are protected by the maximum tariffs that have been set by the Netherlands Authority for Consumers and Markets (ACM). We think it is good that our customers are protected. In spite of our monopoly position, we also want to offer our customers the lowest possible tariffs. Therefore, we are very critical about what we spend and we try and save costs where possible. We prefer not to charge the maximum tariff permitted by the ACM. In 2012, 2013 and 2014, we did not charge in total 241 million to our customers that we could have charged according to the ACM. We do our best to also remain under the maximum tariffs in the future.'

On the one hand, cutting costs and, on the other hand, moving to new office buildings and renovations in 2014. That appears contradictory ...

'It may appear contradictory, but it isn't', Blacquièrè states. 'The relocations to new office buildings and the renovations of office buildings combine sustainability and cost savings. The office buildings enable the New Way of Working, as a result of which we require fewer square meters. In addition, we have taken all sorts of measures to make the buildings more energy efficient. As a result, we cut back on costs and reduce our CO₂ emissions.'

Solving outages as quickly as possible and working safely at the same time. Investing in the future and at the same time offering sharp rates to customers. These are areas of tension. What other dilemmas or challenges did you face in 2014?

Vermaat: 'Of course, every day we are confronted with challenges and dilemmas. For instance, experienced technicians leave the company because they have reached their retirement age and it is difficult to find good new technical personnel. At the same time, the position of meter reader will cease to exist due to digitisation and the roll out of the smart meter. We also have to work even more efficiently and adjust the structures within our organisation to this. We have to do the same amount of work or even more work with less people. However, we wish to avoid as much as possible that employees become redundant. Investing in sustainable employability is therefore also a topic that we have paid a lot of attention to in 2014 and that we will also continue to pay a lot of attention to in the coming years. The online platform Development Square [Ontwikkelplein] is a good initiative in this area in 2014. With this online platform, we facilitate our employees so that they can work on their own development and sustainable employability.'

Safety and sustainable employability will be specific attention points for you in 2015. What are other important attention points for the coming year?

Vermaat: 'In addition to specific attention to safety and sustainable employability, we will continue along our current path and we will continue to work on our four pillars: reliable, affordable, customer oriented and sustainable. We will continue to invest in our grids in order to maintain the current level of reliability and safety and to ensure that they are ready for the future. And we will continue to reduce costs. Exchanging service areas with other grid operators is an important opportunity in this field. This results in synergy and therefore cost savings and also provides clarity for our customers. Of course, the roll out of the smart meter as from 1 January 2015 is an important agenda item in order to provide even better support to our customers in reducing their energy consumption and realising cost savings. And with the programme 'Customer in Control' [Klant aan de Knoppen], we aim to increase the convenience for customers and give our customers more control. In the field of sustainability, we are fulfilling the role of partner in the energy transition more and more explicitly. For instance, we aim to stimulate and support more and more home owners via our Neighbourhood Power [Buurkracht] initiative. We are also continuing to work on further reducing our own CO₂ emissions. For example, we are re-examining our mobility policy. And in order to achieve these objectives, the further development of the leadership role of the management is an important attention point in 2015.'

And what are the challenges for the longer term?

Vermaat: 'In that case, I continue to come back to the four pillars within our strategy.' 'We will also continue to work on this on the longer term. The energy transition remains our most important challenge. If we want to achieve the Energy Agreement in the Netherlands together then we still have a lot of work to do. For instance, in the future, we will have to focus more on making existing homes more energy efficient in addition to new homes. Enexis plays a stimulating role in this.' Blacquièr: 'And it is, of course, the question how things will develop. Will our gas grid be as extensive in thirty years as it is now? How do we provide for the increasing demand for electricity as a result of increasing automation and more electric transport?' Vermaat agrees: 'The big challenge for Enexis is and remains: how do we keep the grids well-balanced for the reliable and safe delivery of energy? We do not yet have answers to all the questions that we are faced with. However, I am confident that we will be able to realise our ambitions and play a major role in the energy transition with our enthusiastic, committed and skilled employees. With this we are helping to prepare the Netherlands for the future.'

2014 at a glance



29 January 2014
King Willem-Alexander opens new Enexis head office 'de Croon' (see page 41)



14 February 2014
 Announcement of the intention to appoint **Piet Moerland** as a member of the Supervisory Board (page 69)

10 April 2014
 Shareholders approve **the reformulated Enexis strategy** (see page 7)

7 June 2014
Outage in gas grid in Enschede (see page 31)



1 August 2014
Peter Vermaat starts as the new chairman of Enexis's Executive Board (see page 68)



10 September 2014
Attero takes green gas hub in Wijster into use (see page 40)

3 October 2014
 Enexis Breda wins award for **Best training company** in the South of the Netherlands (see page 24)



13 November 2014
 Initiative of Enexis and the Province of Limburg for **Econexis house Limburg** in Maastricht (see page 38)

4 December 2014
 Winners of **Enexis Safety Awards** announced (see page 21)



6 February 2014
Enexisinnovatie.nl live: all of Enexis's innovations can now be viewed together on one website (see page 32)



14 March 2014
Enexis Training & Education opens a new location in Hoogeveen (see page 22)

28 May 2014
 Enexis launches the **knowledge platform 'Generated HERE'** together with the Association of Netherlands Municipalities (VNG), Alliander and Stedin (see page 37)



5 July 2014
Electricity outage in Hardenberg (see page 31)

4 September 2014
National Water Savers Day with, among others, Princess Laurentien and Pieter van den Hoogenband (see page 41)



30 September 2014
 Planning **Smart meter rollout** announced (see page 46)

8 November 2014
Electricity outage Midden-Brabant (see page 31)



27 November 2014
 First meeting of **women's network Enexis** (see page 23)

1 December 2014
 Enexis visits smart grid districts with twenty stakeholders in connection with **'Your Energy Moment'** (see page 33)



Key figures 2014

Financial information

amounts in millions of euros	2014	2013	2012	2011	2010	
Result						
Revenue	1,402.1	1,385.7	1,367.0	1,314.6	1,204.2	
Cost of sales	243.0	229.8	235.7	239.1	218.7	
Gross profit	1,159.1	1,155.9	1,131.3	1,075.5	985.5	
Other operating income	20.2	17.8	14.0	11.8	11.4	
Operating expenses excluding depreciation and impairments	435.9	452.4	465.4	412.9	398.7	
Depreciation and impairments	310.1	298.9	285.9	271.9	248.5	
Operating profit	433.3	422.4	394.0	402.5	349.7	
Share of result of associates	1.3	1.2	-10.4	-5.7	4.9	
EBIT	434.6	423.5	383.6	396.8	354.6	
Financial income and expenses	-79.0	-109.0	-91.2	-88.5	-93.8	
Profit before tax	355.5	314.6	292.4	308.3	260.8	
Profit for the year	265.5	239.1	223.7	229.4	193.7	
Financial position (before profit appropriation)						
Net working capital ¹⁾	-73.2	-49.4	-109.3	-137.3	-86.3	
Non-current assets	6,015.0	5,865.1	5,683.9	5,477.9	5,059.2	
Capital employed ²⁾	5,339.9	5,265.7	5,085.0	4,928.5	4,683.8	
Equity	3,516.7	3,370.1	3,244.9	3,130.9	2,963.9	
Total assets	6,417.0	6,264.9	7,023.5	6,358.7	5,911.5	
Ratios						
Solvency ³⁾	%	54.8	53.8	46.2	49.2	50.1
ROIC ⁴⁾	%	8.1	8.0	7.5	8.0	7.6
Return on equity ⁵⁾	%	7.6	7.1	6.9	7.3	6.5
Cash flow						
Cash flow from operating activities	578.1	487.0	540.7	604.9	550.2	
Cash flow from investing activities	-419.6	133.9	-786.3	-514.9	-333.2	
Cash flow used in financing activities	-123.8	-614.7	218.3	-61.1	-79.0	
Cash flow	34.7	6.1	-27.3	28.9	138.0	

1. Net working capital: Total current assets (excluding cash and cash equivalents, excluding current financial fixed assets and excluding deposits) less current liabilities (excluding interest-bearing liabilities, excluding prepayments to be amortised in the next year and excluding derivatives)

2. Invested capital = fixed assets less prepayments (non-current and current) plus net working capital

3. Solvency = Equity x 100% divided by the balance sheet total

4. ROIC = EBIT divided by the invested capital at year-end

5. Return on equity = profit for the year divided by equity at year-end

The grids

	2014	2013	2012	2011	2010
Section lengths (x 1,000 km)					
Electricity grid	137.2	135.2	134.2	133.3	132.3
Low voltage	92.8	90.8	90.0	89.4	88.8
Medium voltage	44.4	44.3	44.1	43.8	43.5
Intermediate voltage	0.1	0.1	0.1	0.1	0.1
Gas grid	44.7	44.8	44.8	44.6	41.3
Low pressure	35.7	35.8	35.8	35.6	32.8
High pressure	9.0	9.0	9.0	9.0	8.4
Stations (x 1,000)					
E-stations	53.0	52.9	52.7	52.5	52.1
G-stations	24.5	24.6	24.6	24.7	24.1 ¹⁾
Number of connections (x 1,000)					
Electricity	2,683	2,672	2,662	2,648	2,631
Gas	2,083	2,079	2,074	2,068	1,908
Transported quantities					
Electricity (GWh) ³⁾	34,050	34,900	35,043	35,079	34,858
Gas (Mm ³) ²⁾	5,111	6,510	6,350	5,788	6,959
Of which biogas ³⁾	37.0	34.0	21.1	10.9	8.0
Product quality					
Outage time electricity (in minutes)	17.7	23.6	21.6	18.9	25.1
High voltage	0.6	0.1	0.1	1.1	3.8
Medium voltage	12.2	17.8	15.2	11.9	15.2
Low voltage	4.8	5.7	6.3	5.9	6.2
Outage time gas (in seconds)	89.5	50	36	69	43

1. As from 2010, gas stations that are not operational are not included in the count.

2. The transmitted amount of electricity concerns an estimate based on the figures of November and the transported amount of biogas concerns an estimate based on the figures of October.

Personnel and sustainability

	2014	2013	2012	2011	2010
Personnel					
Number of employees at year-end	4,316	4,294	4,229	4,101	4,061
FTEs at year-end (own personnel)	4,161	4,141	4,072 ¹⁾	3,797 ¹⁾	3,718
Female employees as a % of the total workforce	17.5	17.2	17.7	17.7	19.1
Absence due to illness (%)	4.2	3.8	4.0	4.8	3.9
Number of participants Training & Education courses including exam	20,525	22,589	17,784	14,223	12,378
Number of participants Training & Education courses excluding exam	17,519	17,200	11,101	14,019	-
Employee involvement score (%)	77	81	80	80	-
DART-rate Enexis ²⁾	0.60	0.54	0.49	0.53	0.55
DART-rate third parties	0.90	1.32	0.85	1.09	1.05
Sustainable vehicle fleet					
100% electric passenger cars	28	48	48	29	17
Passenger cars on biogas / natural gas	24	31	30	11	3
Electric passenger cars with range extenders	15	5	-	-	-
Amount of waste (in tons)					
Recycled waste	13,291	11,673	9,673	8,265	6,163
Incinerated waste	1,203	1,189	1,426	1,336	1,362
Dumped waste	927	513	315	430	308
Total	15,421	13,375	11,414	10,031	7,833
Of which hazardous waste (%)	1.0	1.3	3.6	5.8	7.5

1. FTEs based on the contractual working week and the part-time factors based on this. Up to 31 December 2011, the number of FTEs was determined based on a standardised working week. Based on the new definition, the number of FTEs at year-end amounted to 3,926.
2. DART-rate: the DART-rate stands for the number of accidents resulting in absence from work or adapted work per 200,000 working hours.

Customer satisfaction

	2014	2013	2012	2011	2010
Customer satisfaction					
Low-volume consumers	8.0	8.1	7.9	7.9	7.9
High-volume consumers	7.5	7.4	7.3	7.2	7.2
Total	7.8	7.8	7.6	7.6	7.6



The Enexis Way of Working

Enexis can only realise its ambitions thanks to the dedication and commitment of its approximately 4,300 employees. In addition, we pay a lot of attention to the sustainable employability of our employees. Safety, professionalism and leadership are essential in this.

Safety

The topic safety has a high priority at Enexis. We want every employee to return home safe and sound at the end of every day. Sustainable employability is also important. We accomplished a lot in this area in 2014. Unfortunately, the result of our efforts is still insufficient. It is our objective to reduce the number of accidents resulting in absenteeism and adapted work by half in a period of four years. However, there was an increase in 2014 compared to 2013. The DART rate (the number of accidents resulting in absenteeism or adapted work per 200,000 working hours) is 0.6 for 2014 (compared to 0.54 in 2013). This concerns many relatively minor incidents, but two people were also unable to work for a longer period. Furthermore, unfortunately, we also had forty serious incidents that could have resulted in very serious injuries or could have been fatal.

HSEQ results, DART rate and accidents

	2014	2013	2012	2011	2010
Fatal accidents	0	0	0	0	1
DART-rate Enexis	0.60	0.54	0.49	0.53	0.55
DART-rate third parties	0.90	1.32	0.85	1.09	1.05
Workstation visits (internal) ¹⁾	122%	120%	110%	114%	129%
OGB-reports (internal) ²⁾	2,092	817	747	819	864
Evacuation drills ¹⁾	87%	82%	95%	95%	96%

1. Percentage compared to planning.

2. Undesired events.

The cause of many incidents is not following instructions properly. This requires a change in attitude and behaviour among our own employees and among our contractors. We cannot realise this from one day to the next. This is why we focused our activities with regard to safety on the behaviour of people in 2014. Our motto is: you work safely, or you don't work. Quickness or satisfied customers may never come before safety. If an employee is uncertain whether something is safe or not, then he must stop.

95% of our employees attended a workshop on safety in 2014. In particular, the behaviour of the participants themselves was the central issue in these workshops. The operational personnel of Infra Services participated in a second workshop. The focus in this workshop was on the employee's behaviour within his own team, calling each other to account on safety and receiving tips and criticism. Unfortunately, our employees are also increasingly confronted with aggression. We have set up a special training programme to teach our employees how to deal with aggression.

We have also stimulated our employees to report 'undesired events' (near accidents or undesired exposure to the risk of injury). This has led to more than double the number of incident reports in 2014, namely 2,092 compared to 817 in 2013. With this, we achieved our target of two thousand reports. This is positive. It indicates that safety awareness has increased. We believe that this will ultimately lead to a decrease in the number of incidents. We process over 80% of the reports within three months. In this way, we ensure that reporting remains worthwhile.

In addition, during 2014, we communicated structurally and frequently about safety. For instance, we celebrated 'new heroes' - people who stopped a job, because the situation could possibly not be safe. We also drew up a top 10 of safety rules and we facilitated that managers could discuss one rule each month with their teams. We handed out the annual Safety Award for the eighth time at the end of 2014. This year, the focus was on the right attitude towards safety. Wilma Winkelhorst won the internal safety award, the Herman Levelink HSE Award. The Enexis Contractor Safety Award was awarded to Hurkmans & Zonen.

All in all, we have done a lot in the field of safety in 2014. Our activities have resulted in safety now becoming top of mind among the management and management team members. At each meeting of the Executive Board, the Supervisory Board, the management and many management teams, safety is the first item on the agenda. The Health Safety & Environment (HSE) Manager also discusses this subject every month with the Executive Board and the management. Safety will continue to be placed high on the agenda in 2015. We aim to facilitate our middle management even better so that they can do their work well and demonstrate exemplary behaviour. The increased safety awareness that we observe, which is reflected in the increase in the number of reports of undesirable events, bodes well.

Sustainable employability

Enexis has paid a lot of attention to awareness with regard to sustainable employability in 2014 and has stimulated employees to take action in this area. Our aim is fit and healthy employees with a good development ability, so that they are flexible and mobile and are able to make a contribution, now and in the future, to the company and to society.

For instance, Enexis has brought thirty people together from all layers in the organisation to work together on sustainable employability. They took the initiative for a supporting awareness campaign, so that employees could continue to work healthily. They also developed a peer-to-peer coaching programme for managers and an employability scan, videos about sustainable employability and professionalism and practical things such as a customised shovel. Based on the employability scan, the employees receive a report specifying their employability in a number of fields. Based on this, the employees can discuss their employability options with their managers. 556 people filled in the scan in 2014. The customised shovel is an example of an initiative of employees of Infra Services. A tall technician can now choose a shovel with a long handle, so that his back will not start bothering him. In total, approximately three hundred people within our organisation act as ambassadors for sustainable employability.

All initiatives have been grouped together on the online platform Development Square [Ontwikkelplein], which was launched in September 2014. Our employees can find inspiration, tools and means here to work on their own development. It is our aim in 2015 that at least 25% of our employees start working actively on his or her sustainable employability. Each employee has a development budget at his or her disposal of maximum 1,500 euros every three years.

Another step in this area is that we have converted our social plan, in cooperation with the Works Council and the trade unions, into social policy. We now offer a springboard instead of a safety net. Two years before the time that redundancy could possibly occur, we start working together on finding a new job at Enexis or elsewhere. The employee assumes his or her own responsibility in this and Enexis provides support.

Expertise

Enexis's technical personnel have at least an intermediate vocational education diploma. In the coming years, we will be facing an outflow of technicians who will be retiring and a limited availability of new technical personnel. We are putting a lot of effort into recruiting and retaining new skilled personnel. We also do this through our own vocational school. To this end, we work together closely with the Koning Willem I College in Den Bosch, Deltion College in Zwolle and Zadkine in Rotterdam. With our vocational school, we offer vocational high school graduates in the age group 18 to 25 the possibility to learn a skill and to obtain an acknowledge intermediate vocational college diploma on level 2 or 3. We opened a new Training & Education centre in Hoogeveen in March 2014. We also offer our technicians good employment conditions and development possibilities to ensure sustainable employability. In the coming years, we will take additional initiatives to support our employees in their efforts to become and to remain skilled employees.

Enexis training and education

	2014	2013
Days of classroom training sessions (including exams)	3,807	4,139
Days of classroom training sessions (excluding exams)	2,471	2,397
Average number of training hours total	32	36
Average number of training hours (male)	37	na
Average number of training hours (female)	10	na
Number of participants in classroom training sessions (including exams)	20,525	22,589
Number of participants in classroom training sessions (excluding exams)	17,519	17,200
Number of participants in e-learning courses	16,375	8,213
Participants leadership college (in days)	505	451
Participants vocational school	20	26
Number of exam participants	3,370	5,472

Leadership

The right leadership is essential in order to achieve our objectives and in order to continue to play our role in society. To work on this, we started a peer-to-peer coaching programme for managers in 2014 and we organised management development programmes and leadership days for various groups of managers. We use the outcomes of our employee satisfaction survey to measure the effectiveness and we have initiated improvement programmes. The most important thing is to motivate, retain and support our employees and boost their confidence. In addition to a directional role, the manager also has a coaching role for our employees. We will reformulate our vision on leadership in 2015 and we will develop targeted leadership programmes in accordance with our vision. We will focus mainly on facilitating our middle management. Important themes in this process are safety, integrity, diversity and the Enexis Way of Working, i.e. the manner in which we work together within Enexis.

Improvement programme Infra Services

In 2013, we started an improvement programme in our Infra Services department, which is Enexis's operational organisation. The objective of the reorganisation was to improve the efficiency within the department. This restructuring of the organisation was completed in 2014. With this improvement programme (see also the section on Affordability) everyone is now in the right place to achieve our objectives.

Management traineeships

In 2014, a group of eight management trainees were welcomed into our organisation (four men and four women). The trainees are becoming acquainted with our organisation during a period of two years by working on various projects. After which, they will be moving on to various managerial and specialist positions.

Diversity

The first meeting of Enexis's new women's network 'SHE' [ZIJ] took place in November 2014. Forty female colleagues from various parts of our organisation got together and discussed diversity and applied this to Enexis. There are interesting opportunities in all aspects of diversity for Enexis and Enexis underlined the importance of diversity. This is why the topic will be given more attention in 2015. We want to make sure that our workforce is a good reflection of society. An important part of this is to satisfy the requirements of the Participation Act which will come into force in 2015. We formulated policy for this area in 2014, which we will implement in 2015.

Challenge

As a semi-public company, Enexis is a social company. Therefore, we employ 29 people with poor job prospects. For Enexis, the Participation Act means that the company must have around 215 extra jobs (of 25 hours a week) for people with poor job prospects by 2026 at the latest. We are going to take up this challenge. Based on our social character, we think it is important that as many people as possible can continue to participate and do not become side-lined. This requires that we take a creative approach to the available jobs and coaching possibilities within Enexis.

Works Council

Enexis has opted for a new structuring of the employee participation model together with the Works Council. This new structure is in line with the way we wish to work together within Enexis. This implies that decision-making takes place there where this has an impact on the team level, between the division committees and the management for strategic and policy-related issues and the Executive Board. In this manner, we make good use of everyone's expertise and knowledge. Working together, dialogue, trust and personal development are the accompanying spear points. The Works Council has a number of permanent committees including: Safety, Health, Welfare & Environment, Social Policy & Organisation and Finance. The Works Council represents 100% of Enexis's employees.

Awards 2014

- ◆ Fourth place SatisAction/NRC Best Employer
- ◆ CRF Top Employers
- ◆ Enexis Breda, Best training company of the South of the Netherlands
- ◆ Second place for Sustainable 'Crown on the Work' [Kroon op het Werk]
- ◆ Nominated for Digital Recruitment Award

More information about Enexis's personnel and organisation is provided in [facts and figures](#).



Reliable

Energy flows are changing in the Netherlands. Customers are consuming less gas, are increasingly generating their own energy locally and are supplying energy instead of only consuming energy. In addition, there is a need for flexibility and storage capacity for when energy is needed, but the wind is not blowing or the sun is not shining. It is our task to ensure that energy is always available for people in a safe manner. Both now and in the future.

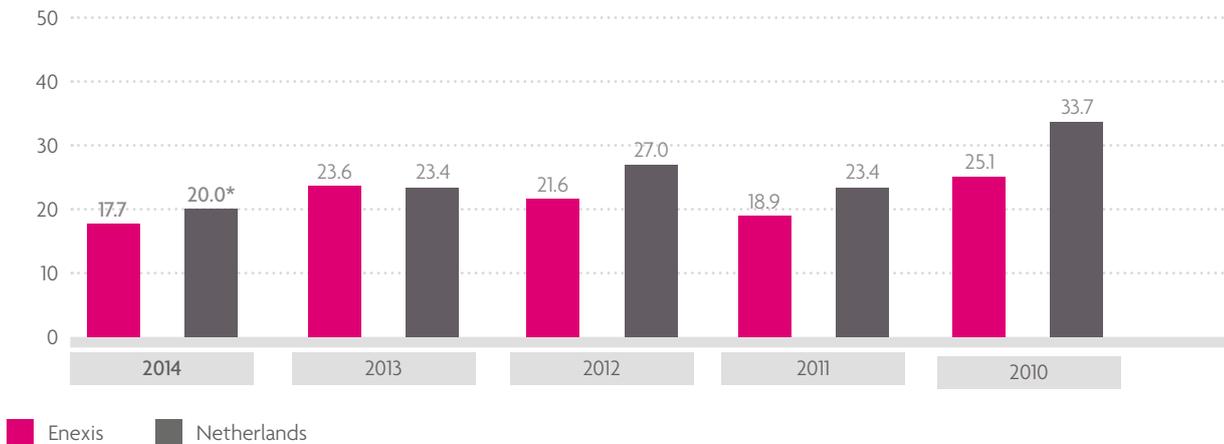
Our objectives within our strategic pillar Reliable are:

- ◆ Reliability and safety will be maintained at the current high levels.
- ◆ We have insight into the changing energy supply and we will adapt our grids timely to accommodate these changes.

Reliability and safety at the current high level

As far as the reliability of our electricity grids is concerned we look back on a successful year. The reliability was higher than in the previous year. The number of outage minutes for electricity amounted to 17.7 in 2014 (compared to 23.6 minutes in 2013). In connection with a large gas outage in Enschede, we scored lower for the delivery of gas in 2014 than in 2013. The number of outage seconds increased as a result of this outage to 89 (compared to 50 seconds in 2013).

Annual outage time per E-connection due to High, Medium and Low Voltage outages 2010-2014 (in minutes per connection)



* Score of the Netherlands 2014 is an estimate.

Outage time electricity and gas per region in Enexis's servicing area in 2014

	Electricity (in minutes) ¹⁾	Gas (in seconds)
Friesland	12.6	56.0
Groningen/Drenthe	28.1	25.9
Limburg	13.0	21.7
Overijssel/Flevoland	16.4	363.3
Noord-Brabant Oost	11.0	18.7
Noord-Brabant West	18.7	40.5
Total	17.1	89.5

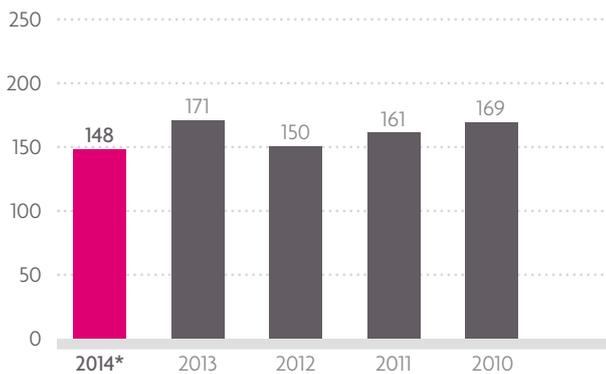
1. The figure excludes high voltage.

The above table shows that there are differences between regions as far as outage duration is concerned. These differences have become smaller in recent years due to extra investments by Enexis in the areas where the gain with regard to reliability is the highest. With the exception of the incident in Enschede.

Safety in the gas grid

In addition to reliability, Enexis also assesses the safety of its gas grids with the Safety Indicator Gas Grids [Veiligheidsindicator Gasnetten (VIG)]. This indicator measures the relationship between gas leaks and the probability that these leaks lead to incidents and/or accidents. The VIG score up till now is 148 (an improvement compared to 171 in 2013). We can determine the final VIG score for 2014 at the end of the first quarter of 2015.

VIG score (Safety Indicator Gas Grids)



* The final score of the VIG is calculated at the end of the first quarter 2015.

Asset Management

Keeping the grids safe and reliable and avoiding outages and accidents demands good maintenance and judicious investments. As grids have a long life, we should not only look at today but also at the longer term. Enexis analyses the long-term developments every two years in a strategic asset management plan. Based on this plan and the specific developments in the regions, we draw up an annual work package for maintenance, replacement and renewal of our grid. In this manner, we cater to the needs of our customers and we make sure that the grids are reliable and ready for the energy transition. In addition to carrying out work at our own initiative, we also carry out work at the request of customers (customer-driven investments). For instance, new connections or expansion of capacity.

Investments in the grids

Amounts in millions of euros	Gross investment				
	2014	2013	2012	2011	2010
Electricity					
Standard connections ¹⁾	21.5	22.1	25.6	29.9	31.0
Customised connections ¹⁾	19.2	22.2	22.9	22.0	20.9
Grid expansions	89.0	94.7	122.8	132.1	140.8
Reconstructions	25.8	27.2	29.6	30.4	23.4
Replacements	37.1	40.4	33.9	26.0	22.9
Other	14.0	11.1	17.7	7.0	7.9
Total electricity	206.6	217.7	252.5	247.4	246.9
Gas					
Standard connections ¹⁾	6.9	7.6	9.0	10.6	9.9
Customised connections ¹⁾	1.8	2.0	2.1	2.6	2.4
Grid expansions	15.2	16.4	15.2	9.8	12.2
Reconstructions	20.0	17.0	18.7	16.0	14.5
Replacements ²⁾	104.6	94.5	83.3	75.0	58.1
Other	2.1	1.3	1.6	1.1	1.5
Total Gas	150.4	138.8	129.9	115.1	98.6
Total Electricity and Gas	357.0	356.5	382.4	362.5	345.5

1. As was the case in previous years, the economic situation (lower customer demand) was also the cause of the decrease in investments in standard and customised connections and expansions of the grid in 2014.

2. The replacement investments, in particular in gas, increased further in 2014.

The customer's interests and affordability are leading in the execution of asset management. It is our aim that the work that we carry out creates as little inconvenience as possible. To this end, we coordinate our activities with municipalities, colleague grid operators and other parties that are active in underground infrastructure. We also make sure that the investments really produce added value. Investments must result in a considerable improvement for safety or reliability.

The certification of the Asset Management department NTA 8120, PAS 55 and NEN-EN-ISO 9001 expired in 2014. A newer version of the NTA 8120 was introduced in 2014 and the PAS 55 (a British standard) was replaced by the international NEN-ISO 55001. Enexis Asset Management was directly involved in the establishment of this international standard. In 2014, Asset Management arranged for the re-certification NEN-EN-ISO 9001 for three years and the certification NTA 8120 and NEN-ISO 55001. This certification applies to all of Enexis, including the operational organisation Infra Services. The certificates were signed in 2015.

Activities in 2014

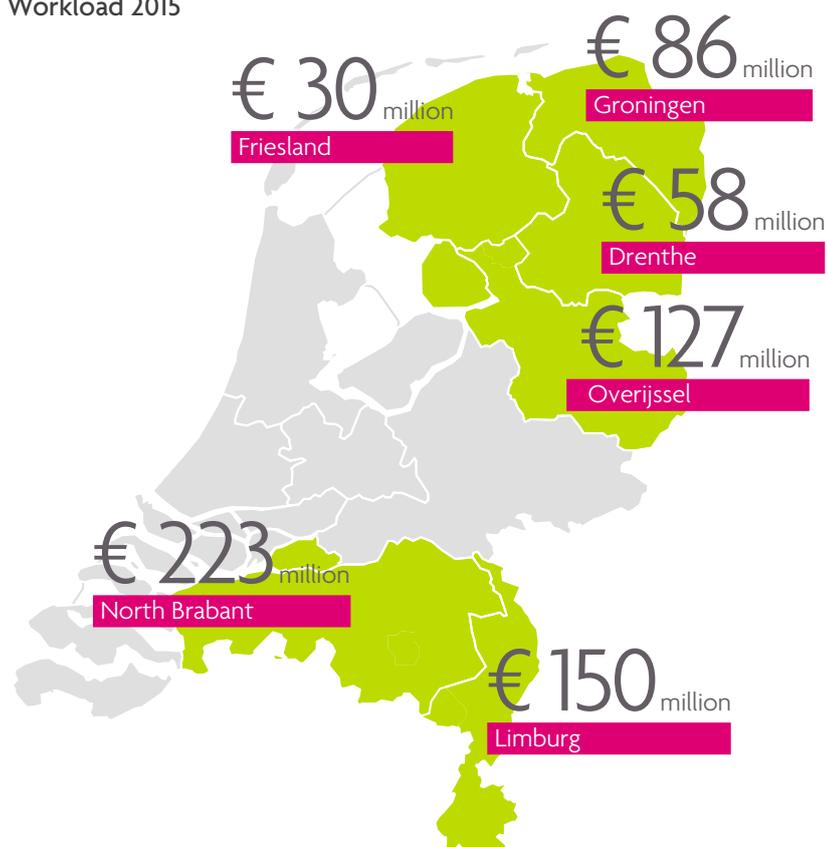
In 2014, the approximately 2,600 employees of Infra Services have spent in total 3.3 million man-hours on installation, maintenance of our energy grids and solving outages. We realised the work package assigned for 2014, with a value of 600 million euros. Customer-driven work was slightly behind our projections, due to the economic situation in the Netherlands. Fewer housing projects and industrial estates were built in 2014 causing there to be less demand for connections.

Many small projects are required in order to be able to maintain the quality of our extensive grids. In addition, a number of large projects can also be cited in 2014:

- ◆ Relocation of grids in the vicinity of Werkendam in connection with the submersion of the Noordwaard. The submersion will result in more space for the river the New Merwede. As a result, there will be less flooding and it will be safer. Our work varied from installing house connections and grids in dikes to work such as laying power cables at a length of 1.430 metres. The total investment involved in the work amounted to 14.5 million euros.
- ◆ Realisation of a new 150/10kV transformer station in Boxtel. We realised a new high-voltage power station together with TenneT. Enexis's part of the investment amounted to 8.7 million euros. With this investment, we guarantee a reliable electricity supply in the Boxtel region and we provide for the electricity consumption of the new Rabobank data centre. The period of preparation and construction amounted ultimately to eight years. This was due to a lot of resistance from local residents. They were also concerned about the effects of electro-magnetic fields. By structurally entering into a dialogue with the local residents by means of information evenings, a newsletter and consultation hours at the construction location, we have tried to remove the concerns of local residents. The station was taken into operation in January 2015.
- ◆ Expansion of station Weiwerd near Delfzijl. In order to be able to transport generated wind energy from two new wind parks (in total 63 MW) near Delfzijl, we expanded station Weiwerd with an extra building and a 20 kV installation. The work required a total investment of 4 million euros. We realised the expansion in a very short period of time, i.e. nine months.
- ◆ Replacement of grey cast iron pipelines by plastic pipelines. Grey cast iron is a material that was prescribed in the past. With the insight that we have now, we know that this is relatively brittle material that can break or crack in the event of pressure or vibration, for example, when heavy traffic drives over a speed bump. In 2014 as well, we have replaced grey cast iron pipelines according to plan. 175 kilometres of cast iron pipelines were replaced and 66 kilometres of asbestos cement pipelines. As a result, 1.046 kilometres of grey cast iron pipelines and 182 kilometres asbestos cement pipelines remain at year-end 2014. Enexis will continue to replace these pipelines in the coming years. We have chosen to first replace the most risky pipelines. We will complete this work in 2015. We also try to plan our work so that it coincides with the planned work on water pipelines or sewage systems. So that the ground only has to be opened once. This reduces inconvenience for traffic, local residents and retailers. We have coordinated our replacement plan with the State Supervision of Mines [Staatstoezicht op de Mijnen].

In 2015 as well, Enexis will carry out a considerable work load in order to ensure that the grids remain safe and reliable.

Workload 2015



Amounts in millions of euros	Workload 2015 total	Workload electricity grid	Workload gas grid	Workload Smart Meters
Province				
Drenthe	58	33	18	7
Friesland	30	9	15	6
Groningen	86	54	25	7
Limburg	150	67	68	16
Noord-Brabant	223	139	61	23
Overijssel	127	76	37	14
Total	675	379	223	73

A number of large projects that Enexis plans to carry out in 2015 are:

- ◆ The Gasunie wishes to discontinue the use of a number of gas distribution stations. Enexis is looking into the optimal solution, which is usually the expansion of the high pressure gas grid. This will take place in Haren in 2015.
- ◆ Enexis will replace 23 kilometres of the first generation high pressure gas grid in Groningen. We will be doing this in a number of places including Delfzijl, De Marne, Loppersum, Stadskanaal, Winsum and Zuidhorn.
- ◆ In Drenthe, we are expanding a 10kV installation in Meppel.
- ◆ Enexis will replace 10 kilometres of the first generation high pressure gas grid in Friesland, including in Leeuwarden, Opsterland and Weststellingwerf.
- ◆ We will be expanding medium-voltage installations in Overijssel and strengthening transformer cables in Almelo.
- ◆ In Noord-Brabant, we are expanding block M and trafo field 9 in Moerdijk in connection with the decentralised generation of energy and Enexis is replacing 22 kilometres of grey cast iron pipelines and 29 kilometres of asbestos cement pipelines in Tilburg.
- ◆ In Limburg, we are replacing the station on the Wittevrouwenveld in Maastricht.

Outages

In spite of the good overall performance, unfortunately, we did have three large outages in 2014. This concerns two electricity outages in Hardenberg and Midden-Brabant (between Tilburg and the Belgian border) and a gas outage in Enschede.

In Hardenberg, approximately 12,000 customers did not have any electricity for about one hour and 45 minutes in July 2014. The electricity outage was caused by a fire in a sub-station. In November 2014, 27,000 households in large parts of Midden-Brabant did not have any electricity for nearly three and a half hours. This electricity outage was caused by a faulty cable in Goirle. A water pipeline break in Enschede in June caused sand to shift and as a result a gas pipeline broke and water flowed into the gas pipeline. We had to dig out the gas pipeline in many places in order to pump out the water. As a result, 306 households were without gas for five days. Fortunately, these incidents did not have any influence on the safety for people.

Learning from outages

Enexis considers it important to learn from outages in order to avoid these outages in the future or to solve outages faster. This is why we paid structural attention to this in 2014 in all parts of our organisation. In the event of an outage, we analysed what went wrong in a uniform way, we looked at what we could possibly change in our organisation or in our approach and we shared the knowledge in this area with all of our branches. For instance, we learned that we could shorten the outage duration in some cases by manually resetting short-circuit detectors, instead of automatically. We adjusted the process based on this finding. We will continue with this approach in 2015.

We also paid a lot of attention to maintenance engineering in 2014. This means that we look at problems that we encounter during maintenance work in a structural manner. In the event of structural problems, we have adjusted our maintenance plan accordingly. In this manner, we improve maintenance and replacement and ensure that fewer outages occur.

In approximately one third of the cases, damage to the energy grid is caused by digging activities. In particular, the installation of glass fibre networks is a major cause of damage. We concluded a covenant with Reggefiber, the organisation that provides glass fibre to households in the Netherlands, in 2014. In this covenant, we also made agreements regarding structural consultations, the implementation of the term 'digging carefully', random checks on the following of instructions and regular visits to project locations. As a result, digging damage during the installation of glass fibre has been reduced by 30%.

Experience has taught us that communication with regard to an outage is just as essential as solving the outage technically. Consumers want to be informed well and quickly. The development of social media plays an important role in this. Our communication in the event of outages takes place mainly online via our website, an outage app, Twitter and Facebook. During the gas outage in Enschede in 2014, which lasted a number of days, we also set up a communication centre. People could visit the centre for information continually. This was appreciated by local residents, the municipality and the media.

Safety

Enexis not only considers the safety of its own employees and the employees of its own contractors important but also the safety of customers, residents and bystanders. Any accidents must be reported. No accidents were reported in 2014 that jeopardised the safety of customers, local residents or bystanders.

Safety goes further than the grids. The safety of home installations is also of paramount importance. This is why Enexis has called on municipalities in 2014 to assume their responsibility in this area and ensure the safety of society. Also on our website energysafe.nl [energieveilig.nl], we ask for attention for the safe use of energy at home.

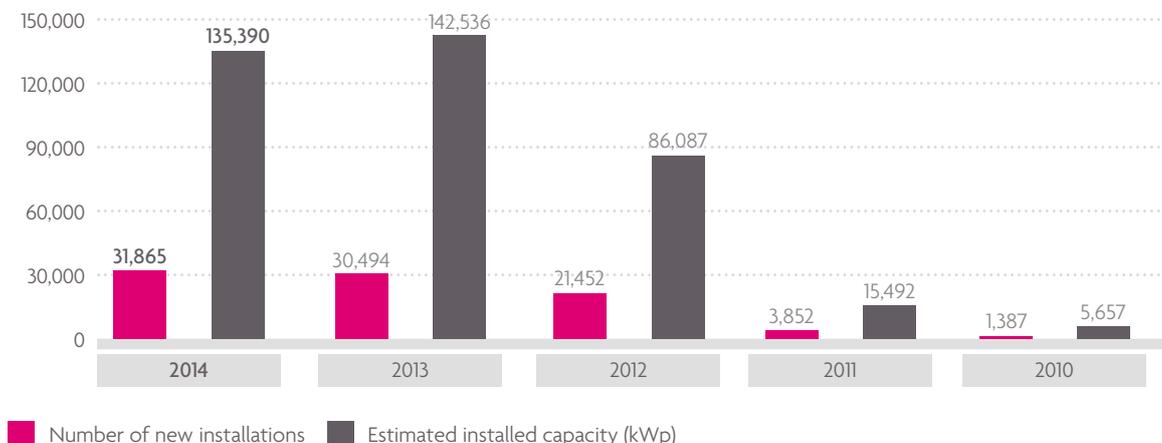
Insight into the changing energy supply and adapting the grids

We pay a lot of attention to innovation at Enexis. In doing so, we focus on improving productivity and on renewal and improvement of our assets and on sustainability. We do not innovate alone, we do this together with suppliers, universities, colleges and knowledge institutes. We have grouped all our innovations together on the website enexisinnovatie.nl as from 6 February 2014.

Own energy production

Increasingly, people are starting to produce their own energy. The number of energy producing installations in the Enexis area has risen strongly in recent years. The year 2014 showed a stable development in comparison to 2013.

Delivering back to the grid: amount and capacity



Distribution automation

A good example of innovation is a pilot with distribution automation in Enschede. In the event of distribution automation, we divide medium-voltage grids into smaller units. We can turn these off and on remotely. In the event of an outage, all units are turned off at first. By means of distribution automation, we can turn back on units that have not been hit by the outage remotely. As a result, people in the area are affected by an outage for a shorter period. In Enschede, we equipped the whole city with distribution automation in 2014. The pilot turned out to be very successful, we were able to reduce the outage time by 50%. We also equipped parts of our grids in Zwolle, Groningen and Deventer with distribution automation in 2014.

Electric transport

Around 45,000 electric and hybrid cars are driving around in the Netherlands today. This is expected to increase to one million in 2025. We face large challenges in order to meet the future energy demand of all of these cars. For example, how do we avoid peak demand of electricity from the electricity grid if a lot of people want to charge their cars at the same time after work? Together with GreenFlux, we also worked on an open protocol for 'Smart Charging' in 2014. With an IT application, we distribute the available charging capacity, without the car owners experiencing any inconvenience. Enexis also organised a meeting with 23 electric transport specialists in 2014. The aim was to contribute to a new international standard that should make it possible for cars and charging points to communicate better with each other. With this standard, which has been developed by Enexis, drivers can, for example, choose a charging station based on the cheapest electricity price or 'negotiate' with a charging station about the time of charging to regulate the local use of the electricity grid.

Detecting outages with dogs

As the first grid operator in the Netherlands, Enexis started using tracker dogs to detect the cause of electricity outages. The dogs have been trained to recognise the smell resulting from short-circuiting in a cable. A dog tracks the cable and sits where an outage has occurred. By using dogs, outages can be solved faster and there is less inconvenience for customers. Customers no longer have to switch off now when an investigation is being carried out into an outage. We will make extensive use of tracker dogs in 2015.

Trench-free replacement technologies

Another good example of innovation is trench-free replacement technology. We applied this in Maastricht in 2014. From inside, we install a new cable in existing cables. We no longer have to open up a whole area for this. We make holes in the ground at a distance of 100 metres from each other. This means less inconvenience for residents, the shopping public and storekeepers and saves costs. The pilot in Maastricht was very successful. We will make use of trench-free replacement technology for more maintenance projects in 2015. For example, when it concerns a very busy (shopping) area, complex underground infrastructure or a higher probability of digging damage.

Your Energy Moment

Enexis expanded the smart grid pilot 'Your Energy Moment' in April 2014. With Your Energy Moment, we have been examining since 2012 whether residents of new housing estates in Breda and Zwolle, when they have complete control over their energy consumption, shift their energy consumption to a more favourable moment. 104 new participants joined the project in Zwolle, bringing the total number of participants in the research group up to 382. All participants have been given an energy computer. With this computer, they can see when energy is the most sustainable or cheapest. In addition, the houses have been equipped with a smart washing machine and solar panels. The participants are enthusiastic about the concept. Half of the participants are shifting their energy consumption to a more favourable time. The pilot in Breda will be completed in 2015. The pilot in Zwolle will continue till the end of 2016. Enexis organised a working visit for around twenty stakeholders in December 2014 to, among other locations, the smart grid pilot district in Breda. The results of the research in connection with the pilot will be used for future developments.

More information about the section Reliable is provided under [facts and figures](#).



Affordable

The energy bill is a considerable cost item for many households and companies. Although tariffs for the transmission of energy only comprise a limited part (on average 15%) of the total energy bill, Enexis aims to offer its customers the lowest possible tariffs.

Our objectives within our strategic pillar Affordable are:

- ◆ We are the grid operator with the lowest possible tariffs.
- ◆ Our shareholders receive a reasonable return from the regulated activities.

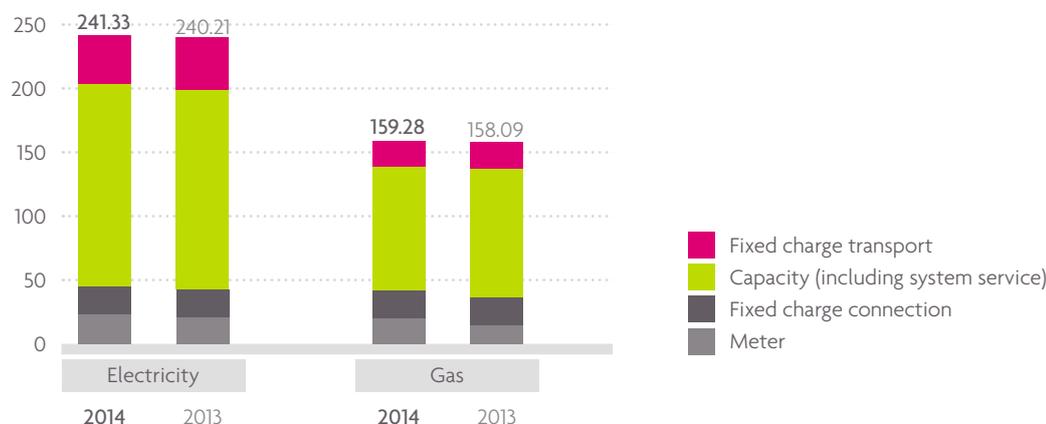
The lowest possible tariffs

The Netherlands Authority for Consumers and Markets (ACM) sets the maximum tariffs for the transmission of gas and electricity every three years. Enexis aims to limit possible tariff increases as much as possible and if possible to remain below the maximum tariff set by the ACM.

We increased our tariffs in 2014 by on average 1%. We charged the maximum permitted tariffs for transmission. Our tariffs for meter rental remained under the permitted maximum. We will lower our tariffs in 2015 by on average 3.8%. This decrease follows from the decrease of the maximum tariffs by the ACM. Due to our cost savings in the past years, we are able to implement the tariff reduction imposed by ACM and still provide a reasonable return to our shareholders.

Enexis aims to promote an as stable as possible tariff policy by the ACM and is discussing this with the supervisor. For instance, we advocate a calculation method for setting the tariffs in which future projection is taken into account. This would result in as realistic and stable as possible tariffs so that customers know what to expect. We will continue to enter into consultations with the ACM on as stable as possible tariff policy in 2015 and we will be involved in the development of a new calculation method.

Average energy bill for household consumption (costs on an annual basis in euros)



Cost savings

In order to be able to offer our customers tariffs that are as low as possible, it is important to keep our costs as low as possible. To be able to estimate and reduce our costs better, we make long-term financial and organisational projections. We made a projection in 2014 based on our vision of how Enexis should look like in 2017 and we took measures based on the projections. For instance, we have started to structure our IT landscape more efficiently by connecting systems and developing better systems. We also started to reorganise our outage stand-by services so that this is less intensive for our personnel and less costly.

Improvement programme Infra Services

Enexis started 2014 with a new organisation of the Infra Services department, the operational branch of our organisation. An important objective was the reduction of management costs. In order to realise this, we switched to the central planning and management of our processes. As a result, we can employ our personnel effectively, so that they are productive for as many hours as possible, and we have speeded up and improved the administrative processing. Our customers can thus count on services being provided faster in a number of processes and on more pro-active and effective communication. Working safely and leadership are essential in order to achieve the objectives of the programme. Therefore, we have paid a lot of attention to this in 2014 (see also the section on the Enexis Way of Working). We will continue with this improvement process in 2015. Our focus in this process is to support people to cope with change better. We also do this through the programme Sustainable Employability (see also the section on the Enexis Way of Working).

Exchange of energy networks with Alliander

Another possibility to reduce costs is a logical division of areas for grid operators. Enexis is an advocate of careful and gradual reallocation of areas of the regional grid operators in line with provincial boundaries. As from March 2014, we are examining the possibility of exchanging grid areas together with Alliander. We signed a letter of intent on 18 March 2014 in connection with this. We could transfer the management of our grid areas in Friesland and the Noordoostpolder to Alliander in exchange for the Endinet (part of Alliander) areas in Eindhoven and South-east Brabant. We aim to reach an agreement with Alliander in 2015.

Reasonable return

Our shareholders (provinces and municipalities) have invested in our company and they expect a return on their investment. When setting the maximum tariffs, the Netherlands Authority for Consumers and Markets (ACM) ensures that an efficient company can achieve a reasonable return. This return therefore determines the profitability of a grid operator. We promise our shareholders that we will achieve this return.

Challenge

On the one hand, we aim for sharp tariffs for our customers and, on the other hand, we wish to provide a reasonable return to our shareholders. However, lower tariffs lower the profitability of our company. In this area of tension, we regard it as an extra challenge to improve our efficiency even further. In doing so, we do not lose sight of our other strategic objectives reliability, sustainability and customer-orientation.

Valuation of shares

At the request of our shareholders, we have had our shares valued by PricewaterhouseCoopers in 2014. We informed our shareholders about the outcomes. Our shareholders did not trade any shares among each other in 2014.

More information about the section Affordable is provided under [facts and figures](#).



Sustainable

Important objectives in the Energy Agreement are saving energy and more sustainable energy. Enexis is pleased to assume its social responsibility and contribute to the realisation of this agreement, both directly and indirectly. For example, by sharing our knowledge and by bringing parties into contact with each other. We can learn from each other in this manner. We also stimulate our customers to save energy. And, of course, we also reduce our own CO₂ footprint.

Our objectives within our strategic pillar Sustainable are:

- ◆ We bring partners, government bodies and our expertise together in the realisation of the Energy Agreement.
- ◆ We stimulate customers actively to save more energy than the smart meter costs.
- ◆ We operate emission neutral. We ensure that 14% of the grid and leakage losses are additionally sustainably produced in the Netherlands.

Sustainable agenda

In order to really be able to assume our role in achieving the Energy Agreement, we have placed specific focus on sustainability in our reformulated strategy. In order to achieve our objectives in this field, we want to work in a targeted manner and develop well-coordinated activities. This is why we drew up a Sustainability Agenda in 2014, in which we translated the strategic objectives, based on the dialogue with stakeholders, into concrete activities. We are thus able to make clear choices and have more impact.

Our internal sustainability group, with people from different parts of our organisation, has drawn up the Sustainability Agenda and will also monitor the progress. In this manner, we have embedded attention for sustainability in our organisation. There are thirteen projects which we want to start in 2015.

Sustainability agenda Enexis

Sustainability agenda	Description of project(s)
1. Enexis increases accessibility and visibility for consumers and local initiatives.	<ul style="list-style-type: none"> a. Setting up or strengthening customer contact channels (for example expansion of ZEP: zelfenergieproducteren.nl i.e. producing energy yourself). b. Online communication campaign to profile contact channels, partially through the channels of partners such as Natuur & Milieu, HIER opgewekt, milieu centraal. c. Projects to support municipalities with information in connection with the implementation of energy counters for citizens. Objective: increase the awareness of services. d. Sharing and making Enexis's best practices visible.
2. Enexis brings partners, stakeholders and municipalities together for the realisation of the Energy Agreement.	<p>A programme coordinator will be appointed under the Communications department to group together and coordinate the following activities.</p> <ul style="list-style-type: none"> a. Round table discussions with the executive of Groningen/Drenthe, Overijssel, Brabant and Limburg on possible joint projects. b. Active participation in local energy covenants. c. Strengthening cooperation with NGOs (managing partnerships). d. Participation in projects following from this (for example: Project roll out public charging stations in North-Brabant and Limburg; Unprocessed biogas project of Heineken in Den Bosch).
3. Enexis stimulates customers, with one platform, to consume less energy and to make more use of sustainable energy.	<ul style="list-style-type: none"> a. One central platform for activating local initiatives in the field of saving energy and sustainable energy production that will be rolled out nationwide, with be expanded every year with one new product or service, for instance a sequel to or expansion of Neighbourhood Power [Buurkracht]. Target groups: local sustainable energy initiatives/cooperatives, customers, primary school children. b. Making data available with the objective of realising energy savings at customers and facilitating the market. (For example, through Ectual or the expansion of Energy in the Picture.) c. Project Local energy storage.
4. Enexis employees will reduce their own footprint by 10% in five years.	<ul style="list-style-type: none"> a. Circular waste management. b. Reduction of the footprint of employees: projects / initiatives with the objective to reduce the footprint of employees, such as: <ul style="list-style-type: none"> ◆ Enexis in search of the sun. ◆ Mobility budget. ◆ Promoting leadership and sustainable behaviour (behaviour changing projects under the joint umbrella EMvW). ◆ Projects to let employees take the initiative to reduce the footprint with the aid of of digital tool, make insight available into the personal footprint (paper consumption, mobility) via ICT tooling. ◆ Enlarging electric / hybrid vehicle fleet. c. Make sustainable products that are available for customers also available for employees. d. Lifestyle project. Objective: let employees take the initiative with regard to a healthy lifestyle, such as healthy food, stop smoking, more physical activity, etc.
5. 14% of grid and leakage losses originate from additional sustainable production locations in the Netherlands.	<ul style="list-style-type: none"> a. Reduction of grid and leakage losses. b. Project increasing the sustainability of grid and leakage losses (for example, local initiatives). c. Sustainable procurement: aim is to rank among the top ten of sustainable companies with regard to procurement. + Introduction of CO₂-performance ladder for suppliers of services.

We bring together partners, governments and our knowledge

Enexis plays a central role in the energy supply in large parts of the Netherlands. By making our knowledge and expertise available to other parties in the sector, we can give an important impulse to sustainability.

An important subject in this context is the regional cooperation with municipalities, provinces and companies. For instance, we concluded the Bossche Energie Covenant (BEC) in 2011. The BEC brings together the municipality, companies and educational institutions to work together on a climate neutral city. Enexis began to work on developing a service in 2014 with which covenant partners can obtain more insight into

their energy consumption, in addition to the regular measuring data. We also reached agreement with the Province of Limburg for the realisation of an education and information centre for living sustainably in Maastricht. 'Econexis Limburg' will open its doors in the fall of 2015.

In addition, with the knowledge platform 'Generated HERE' [HIER opgewekt], Enexis entered into a strategic alliance with the Association of Netherlands Municipalities (VNG) and grid operators Stedin and Alliander in 2014. As grid operators, we support local sustainable energy with our knowledge and expertise through this platform. We thus help to start and expand these initiatives.

Enexis also found grid operators willing to invest in the development and training of personnel in the field of sustainability through the Training & Development fund [Opleidings & Ontwikkelingsfonds (O&O fonds)] in 2014. With these training programmes, we increase the knowledge of sustainable initiatives among the personnel of grid operators. In this manner, they are better able to provide advice and support to market parties in achieving their sustainable objectives.

Training engineers in Gambia

At the initiative of a number of employees, Enexis has provided financial and material support to the Gambia Technical Training Institute (GTTI) in Banjul during the last three years. The GTTI trains students to become engineers on a bachelor's level. The local community does not have sufficient means to train enough people and thus maintain the infrastructure. This project was completed in 2014 with the result of 78 realised student years on a bachelor's level. In addition, Enexis has made beamers, technical equipment and tools available that were already written off. Based on these results, we are now examining how Enexis can transfer comparable knowledge and expertise to developing countries in a structural manner as part of its CSR policy. At the same time, we also wish to stimulate the personal development of employees.

We stimulate customers to save energy

As a company, we have an impact on the environment. However, of course, all of our customers together have much more impact. This is why we stimulate our customers to make good use of the smart meter and save energy.

Neighbourhood Power [Buurkracht]

Neighbourhood Power is a successful example in this area. Through this programme, Enexis provides support to local residents who want to save energy together. For example, by installing solar panels or insulation together. Doing this together is cheaper and more motivating. A neighbourhood support team helps the neighbourhoods by providing both advice and support services. The number of initiatives is growing rapidly. Already fifty neighbourhoods participated in Neighbourhood Power in 2014. With this, we have successfully achieved our aim for this year. We aim to support seventy new neighbourhoods with saving energy in 2015. For that matter, we do not only share our knowledge and expertise with the neighbourhoods but also with local energy cooperatives, municipalities and other grid operators. A number of other grid operators are also considering participating in Neighbourhood Power.

Energy in the Picture [Energie in Beeld]

Another example is Energy in the Picture [Energie in Beeld]. Via this online platform, which we developed together with Alliander and Stedin, we offer municipalities detailed information about energy flows in their municipalities; not only about the energy consumption of residents, but also about energy production.

As a result, municipalities can now also analyse and monitor energy production and consumption on the neighbourhood level and compare this with other neighbourhoods in their own or in other municipalities. This helps them when developing their energy policy and energy savings initiatives. Access to Energy in the Picture is free as from 1 January 2014. Previously, access was provided via a subscription. By providing access free of charge, we wish to stimulate municipalities even more to facilitate the realisation of the Energy Agreement.

The sun gives you energy [Van Zon Krijg Je Energie] and WaterSavers [WaterSpaarders]

Children are the future. This is why Enexis also directs its activities specifically at children between ages ten and twelve. The projects are: The sun gives you energy [Van Zon Krijg Je Energie] and WaterSavers [WaterSpaarders]. We developed a lesson package for primary schools for The Sun gives you energy. We also supported these schools with the purchase of solar panels. In accordance with our target, 75 schools participated in this project in 2014 (compared to five in 2013).

WaterSavers motivates children to discuss warm water use at home. The aim is to get everyone in the Netherlands to take shorter showers (five minutes instead of on average nine) and to reduce energy consumption. The National WaterSavers Day was held on 4 September 2014. A group of children tread water with, among others, Princess Laurentien and former Olympic swimming champion Pieter van den Hoogenband for five minutes in the Amsterdam Amstel River to draw attention to the issue. At present, in total over fifteen thousand children now participate in WaterSavers. Forty Enexis employees gave in total twelve guest WaterSavers lessons at primary schools in 2014.

Goeie Peer

Enexis also worked on a pilot with 'Goeie Peer', an initiative of Natuur & Milieu [Nature & the Environment] in cooperation with Enexis and Liander. Goeie Peer is an innovative concept which has the objective to increase the use of smart meters and to stimulate people to save energy by making use of the smart meter and taking additional measures. We will introduce Goeie Peer among all of our customers in 2015.

Ectual

Enexis started a pilot with Ectual in 2014 in order to stimulate the market and to optimise the roll out of smart meters. This device makes the consumption data available on a smart phone, tablet or computer in order to give customers more insight into their energy consumption in a user-friendly way. The pilot showed that people who had Ectual often thought that they would obtain better insight into their energy consumption with the smart meter than people who did not have Ectual (53% versus 18%). This demonstrates the usefulness of a device such as the Ectual as an addition to the smart meter. In view of our role as grid operators, we will not be offering the Ectual as a commercial product on the market, we will leave this to market parties.

Biogas infrastructure

Waste processor Attero took the green gas hub in Wijster in use in September 2014. With this hub, which Fudura developed together with Attero, Attero can now convert unprocessed biogas into green gas. The biogas projects BioNOF and Sallandhub, which we examined in 2013, will not be implemented due to changes in the subsidy policy.

We operate emission neutral

Enexis also contributes to the sustainability of the Netherlands in the manner in which it conducts its business operations. We base our policy on the Trias Energetica principle. We aim to reduce our energy consumption. If we cannot reduce our energy consumption, then we make use of energy that has been produced in a sustainable manner. If this is also not possible (for example, for fuel for cars or gas leakage), we compensate the CO₂ emissions with Gold Standard Certificates. As a result of this policy, our net CO₂ footprint is zero.

Sustainable buildings

Sustainability is a central issue in our accommodation policy. Both for new buildings and existing buildings and both for buildings that we own and buildings that we rent. Enexis took three energy-neutral buildings into use in 2013. The effect of this became visible in 2014 with a 38% lower energy consumption in our offices. King Willem-Alexander opened our new head office 'de Croon' near the railway station in Den Bosch on 29 January 2014. We also installed energy efficient installations in this building. For example, with an energy efficient climate installation, we save energy and costs.

Mobility

Due to the fact that we disposed of a number of electric company cars in 2014, Enexis now has 28 electric cars, 24 cars that drive on biogas or natural gas and 15 plug-in hybrids. Two cars will be delivered in 2015. The CO₂ emissions of our lease and company cars decreased by about 1% in 2014. The number of claimed kilometres also decreased by 6.5%. This is the first time that we realised a decrease; however, we have not achieved our objective with this decrease. We want to give a boost to sustainably mobility in 2015 again also by revising our car policy.

Sustainable vehicle fleet

	2014	2013	2012	2011	2010
100% electric	28	48	48	29	17
Biogas/natural gas	24	31	30	11	3
Plug-in Hybrids (PHEV)	15	5	-	-	-

Waste management

Waste management receives a lot of attention at Enexis. We encourage our employees to separate waste properly and we aim for optimal processing by the waste processor so that valuable raw materials are not wasted and the yield from our waste is as high as possible. We produced fifteen million kilos of waste in 2014; for instance iron and copper cables that we take out of the ground, polluted ground that we have to remove during our digging activities or office waste. With smart waste management, we can recycle more waste. We recycled 86.2% of our waste in 2014 (compared to 87% in 2013). In this manner, we avoided 7,250 tons of CO₂ emissions at waste processors (compared to 5,450 tons of CO₂ in 2013). We realised this, for example, by improving the separation of waste at our offices. The waste containers are arranged in the sequence of recyclability and there are more containers to separate waste even better.

Socially Responsible Procurement

Our social responsibility is embedded in a number of ways in the procurement of goods and services. All of our suppliers are required to sign a code and specific sustainable criteria apply for each product or service. Based on what we learn about recycling from our waste management, we are working on improving the procurement of products. In this manner, we are working on improving our waste management in the future. Of course, in our purchasing, we pay close attention to whether the production of equipment and raw materials is sustainable. We also paid attention to our CO₂ footprint in the whole chain in 2014 and took this into account in our asset calculations.

Sustainable energy transmission

In addition, Enexis purchases the energy that is lost during the transmission process on the sustainable market. We purchased all the grid losses sustainably in 2014 via Guarantees of Origin from Scandinavian hydro-power plants. Our target is the same as the target in the Energy Agreement: to purchase at least 14% of the grid loss from additional Dutch sustainable energy production in 2020. We aim to achieve this percentage by gradually switching over to sustainable Dutch energy production as from 2015. In this manner, we contribute to the further growth of sustainable production in the Netherlands. We cannot always avoid gas leaks and the climate effects of such leaks. We compensate for this with Gold Standard Certificates. In addition, we are working on reducing grid and leakage losses, for example, by reducing damage caused by digging activities and replacing high-loss transformers. We have also saved energy by insulating stations and turning down the heating of the stations. We saved 15.2 GWh in 2014. This equals the energy consumption of approximately 4,500 households.

More information about the section Sustainable is provided under [facts and figures](#).



Customer oriented

Enexis has 2.7 million customers. From consumer to large industries and from people who manage their energy consumption actively to people who prefer to outsource this completely. Whoever our customer is and whatever his or her wishes are: every customer can count on Enexis providing good services. We consider it important in this case to give the customer the control and to support the customer with information to save energy. We want the customer to think: 'If I could choose, I would choose Enexis'

Our objectives within the strategic pillar Customer oriented are:

- ◆ Customers who have had contact with us, value us with a 7.5.
- ◆ We are transparent and we make our data available to the maximum extent.

Customers who have had contact with us, value us with a 7.5.

We carried out a number of random surveys among our customers in our servicing area in 2014 (among both business customers and households) to examine the general customer satisfaction. The target for 2014 was a 7.6. The surveys over 2014 showed a 7.8.

	2014	2013	2012	2011	2010
Low-volume consumers	8.0	8.1	7.9	7.9	7.9
High-volume consumers	7.5	7.4	7.3	7.2	7.2
Total	7.8	7.8	7.6	7.6	7.6

Customer satisfaction

In addition to general customer satisfaction, we also measure the customer satisfaction with regard to specific processes. Our aim is to score a 7.5 on average on these process surveys in 2019. Our target for 2015 is to score a 7.3 on average. As customer satisfaction is also related to the amount of effort that a customer has to make to receive the right assistance, we have started measuring the 'customer effort score' as from 2014. We have set targets for this for 2015. Based on the ratings per process, we will examine how we can further improve processes in the coming years.

Assessment of services in connection with Enexis's processes

	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Customer service low-volume customers	7.6	7.7	7.6	7.6
Meter reading field service	na	8.0	na	na
Account management	8.0	8.1	na	na
Standard connections	na	7.1	7.1	7.2
Failures	na	8.2	na	na
Roll-out of smart meters (external)	7.4	7.7	7.7	7.9

With a 7.6, **Customer Service Low-Volume Consumers** showed a stable high score for customer satisfaction in 2014. The **Meter Reading field service** (meter readers) also attained a stable and high score in 2014 just as in 2013. During the last three years, the scores for this process always fluctuated between 7.8 and 8.0. It is expected that this process will also continue to score high and stable next year. **Account management** is a process that fluctuated around 8 in the past years. With an 8, this process also scored stable and high in 2014.

Standard Connections is a process that is improving, this process scored a 7.2 on average in 2014. This was a 6.9 in 2013 and a 6.6 in 2012. Looking back on previous survey years, it can be concluded that the positive trend in customer satisfaction continued in 2014 as well.

The general trend for **Outages** is positive. As was the case for Account Management and Meter Reading, this process was valued stable and high by customers in 2014 with an 8.2. This score is comparable to the scores of previous years. The **Smart Meters Roll Out** started the year strongly with high customer satisfaction scores; however, this started to decline during the year. The general satisfaction in the last quarter of 2014 was still comparable to the score in the last quarter of 2013.

Of course, Enexis does not consider the satisfaction of its customers as a given fact. We work hard on maintaining and increasing customer satisfaction. For instance, we will launch a pilot in 2015 with contractors in order to support them in improving their customer focus and we will also review the letters that we send to customers.

Customer in control

A good example of what we do to provide the best possible services to our customers is our programme 'Customer in control' ['Klant aan de knoppen']. With this, we aim to make it as easy as possible for customers to arrange for everything themselves at the time that they want to via internet; for example, changing a connection or making an appointment for a new meter. In this way, we ensure that our customers are in control.

Within this programme, we have worked, for example, on formulating policy so that we have a good insight into our customers. In 2014, we analysed what we get the most questions about. The processes Vacancy and End of delivery were analysed at the end of 2014. The implementation of the improvements is planned for 2015. An integral customer profile and good availability of the information via an IT system will ultimately ensure that we can serve our customers faster and better.

Enexis also launched the high-volume consumers' portal My Enexis High-Volume Management [Mijn Enexis Zakelijk Beheer] in August 2014 for all of its customers with a high-volume connection. They can consult this portal at any time for information about, for example, consumption and their invoices. In 2014, we realised access for all of our customers with several branches and five hundred of our high-volume customers. In 2015, we will make it possible for all of our high-volume customers to make use of this portal and we will continue to develop the portal with additional functionalities.

Finally, we restyled our website in 2014 to structure it more clearly and to make the information easier to find for our customers. We have also ensured that our site is easily accessible and can be viewed on a smart phone and a tablet. In this manner, customers can also arrange matters quickly and easily through mobile devices. Moreover, we now also offer live chat. An Enexis employee will now answer the customer's questions if the automated reply does not provide a solution for the customer.

We intend to expand our programme 'Customer in control' in 2015 and automate more processes. Customers can thus arrange even more things online at a time that is convenient for them. Of course, we can still always be reached by telephone or email.

National Intake Portal

Enexis worked on a National Intake Portal in 2014 together with eighteen other grid operators, water and cable companies. In the future, this portal will replace the portals aansluitingen.nl and huisaansluitingen.nl. The National Intake Portal allows people who need a new connection or who need to change a connection to arrange everything at once i.e. the connections for electricity and gas and water and telephone, TV and internet. Our aim is to launch the new National Intake Portal in 2015.

Learning from customer contact

Enexis aims to constantly learn from contacts with customers and to continue to improve its services. This why we produce a monthly report of the questions with which customers call our customer service. We analyse these and based on this analysis, we can restructure things or processes and provide even better services to our customers. For example, based on this we changed the text on the meter reading card in 2014. As a result, it is clearer that we will be stopping by and that the customer does not have to take any action.

Enexis aims to facilitate energy suppliers as optimally as possible, for example with good information, so that they can provide the best possible services to their customers. Enexis scored a 7.4 in December 2014 in a survey among market parties. Enexis is valued, in particular, for its pro-active approach and involvement in the energy supplier's thought process. This was still a 7.0 in December 2013.

We are transparent and we make our data available to the maximum extent within the regulatory framework

The information that Enexis has is useful for society. We are pleased to be able to make our information available to other parties anonymously, for example, to households, energy suppliers, housing corporations and municipalities. The information enables these parties to work more efficiently or to take measures that contribute to the realisation of the Energy Agreement.

Public Lighting

We made progress in 2014 with improving our services in connection with public lighting. For instance, we have improved the communication and presentations of our Public lighting processes. Together with municipalities, we also checked 20% of the data of the 1.2 million public lighting connections managed by Enexis. As a result, we can solve outages faster. This improves the safety on the street. We will continue to work on checking the data with municipalities in 2015.

Furthermore, Enexis modernised the Public Lighting portal. Municipalities and contractors can use this portal to request new connections and to obtain information about outages. With this portal, we have simplified the administrative process for requests for new connections. And based on the information from the portal, municipalities can provide the right information about outages when residents have questions. Our efforts have also been noticed by our customers. The score for Public Lighting has risen to 6.9 (compared to 6.4 in 2013). The satisfaction of municipalities has increased in the past year due to the improved communication. This has had a big effect on the customer satisfaction score, the final score remained just below our high target of 7.0. This improvement programme will be continued in 2015.

Smart meters

We can provide information to our customers by reading smart meters. They can use this information to save energy. We finished the preparations in 2014 to offer smart meters on a large scale as of 1 January 2015. We installed smart meters at over 174,000 addresses in 2014. However, we did not achieve our target for 2014 of 190,000. The reason for this is that the number of requests for smart meters from customers was below our expectations. We expect to offer smart meters at 280,000 addresses in 2015.

Enexis must have offered a smart meter to all of its customers with a low-volume connection by the end of 2020. We want to make it as easy as possible for our customers. As from October 2014, customers can look one year ahead on enexis.nl and see when we will be offering the smart meter in their postal code area. We also offer our customers the possibility to reschedule an appointment online.

Supporting energy suppliers

The energy suppliers are responsible for the meter readings since the introduction of the New Market Model in August 2013. Before that, the grid operators were responsible. Due to the inconsistent quality of the meter reading data, the number of incidents of extreme consumption rose in 2014. The customer then ultimately runs the risk of having to pay an additional amount to the energy supplier. Together with the other grid operators, we entered into consultations with the energy suppliers in 2014 based on the reports. We examined how the process could be structured better so that the customer is not faced with unpleasant surprises. The result is a slight improvement of the quality of the meter reading data.

Covenant against fraudulent and dangerous energy consumption

Fraudulent consumption of energy is increasing due to cannabis cultivation. This can also result in dangerous and life-threatening situations for local residents and neighbours. Moreover, it also has an impact on our costs and therefore also on the tariffs paid by our customers. Enexis concluded a covenant in 2014 with the police, the Public Prosecutor, municipalities and other grid operators in East-Netherlands (Gelderland and Overijssel). The aim is to take action against the dangerous situation resulting from cannabis cultivation and energy theft. We support the various parties by ensuring the electro and gas technical safety on site and by exchanging information. We have already concluded covenants in other areas. We consider it important to conclude additional covenants in 2015. They contribute to a good nation-wide approach to take action against the dangerous situation and energy theft in connection with cannabis cultivation.

More information about the section Customer oriented is provided under [facts and figures](#).



Financial review

Enexis can look back on a good year financially. The profit expectation as specified in the business plan 2014 has been more than realised. Operating costs were lower than budgeted due to a higher productivity and a number of more positive than expected developments. However, this was partially offset by the fact that revenue growth was lower than budgeted.

Profit for the year

Enexis realised a profit for the year of EUR 266 million in 2014. This represents an increase of EUR 27 million compared to the result over 2013 (EUR 239 million). These results were achieved with an average energy bill increase of 1% which is significantly below the inflation rate (2.8%) in 2014. In this manner, Enexis also contributed to an affordable energy supply in 2014.

Revenues, cost of sales and gross margin including other income

Enexis realised a revenue of EUR 1.402 billion in 2014, which represents a 1.2% increase compared to 2013 (EUR 1.386 billion). This increase of EUR 17 million was mainly caused by an increase in revenue of approximately EUR 14 million due to tariff increases.

Cost of sales amounted to EUR 243 million in 2014, approximately EUR 13 million higher than the cost of sales in 2013. This was mainly caused by an increase of EUR 7 million due to tariff increases at TenneT and, on balance, a negative effect of EUR 10 million compared to 2013 due to a positive settlement of historical grid losses in 2013 of EUR 5 million and a negative settlement of EUR 5 million in 2014. This settlement pertains to the difference between the expected electricity consumption of customers and their actual consumption. Finally, these effects were partially offset by lower costs for the compensation of grid losses, both in energy prices and in the required volumes.

The gross margin, including other income, rose by EUR 5 million and amounted to EUR 1,179 million for 2014 (2013: EUR 1,174 million). In addition to the above-mentioned effects, the amortisations and other operating income rose slightly.

Operating expenses

Operating expenses including depreciation and impairments decreased compared to 2013 by EUR 5 million to EUR 746 million. This development was the result of an increase in costs of EUR 26 million, which was almost completely offset by EUR 30 million in structural cost savings and unexpected non-recurrent income items.

The total cost increasing effect can be broken down into three components:

- ◆ Higher depreciation charges and de-capitalisations for an amount of EUR 11 million due to the higher investment level of the past years, in particular, in the categories 'cables & pipelines' and 'meters';
- ◆ On balance, an effect of EUR 10 million due to the allocation to personnel-related reserves such as the reserve for leave and the long-service reserve and an extra allocation to the reserve for doubtful debts;
- ◆ higher personnel costs due to collective labour agreement wage increases and higher social security contributions for a total of EUR 5 million.

The cost-reducing effect can be broken down into EUR 15 million budgeted and realised savings and EUR 16 million additional effects:

- ◆ EUR 15 million structural savings which were included in the business plan; mainly due to continually focusing on efficiency, improving processes in all departments and realising income from completed projects such as the New Market Model;
- ◆ An additional effect of EUR 16 million due to higher than budgeted productivity in the primary process, incidental cost reductions in the areas of accommodation and IT and various other non-recurring income items.

Share of the results of associates and financial income and expenses

With EUR 1 million, the share of the results of associates in 2014 remains the same as in 2013. The balance of financial income and expenses in 2014 amounted to an expense of EUR 79 million in 2014, which is EUR 30 million lower than the expenses in 2013 (EUR 109 million). The decrease was mainly due to the one-off higher expenses in 2013 due to penalty interest and double interest expenses due to a timing difference in concluding the new bond loan and the early repayment of the second part of the shareholders' loans (Tranche B).

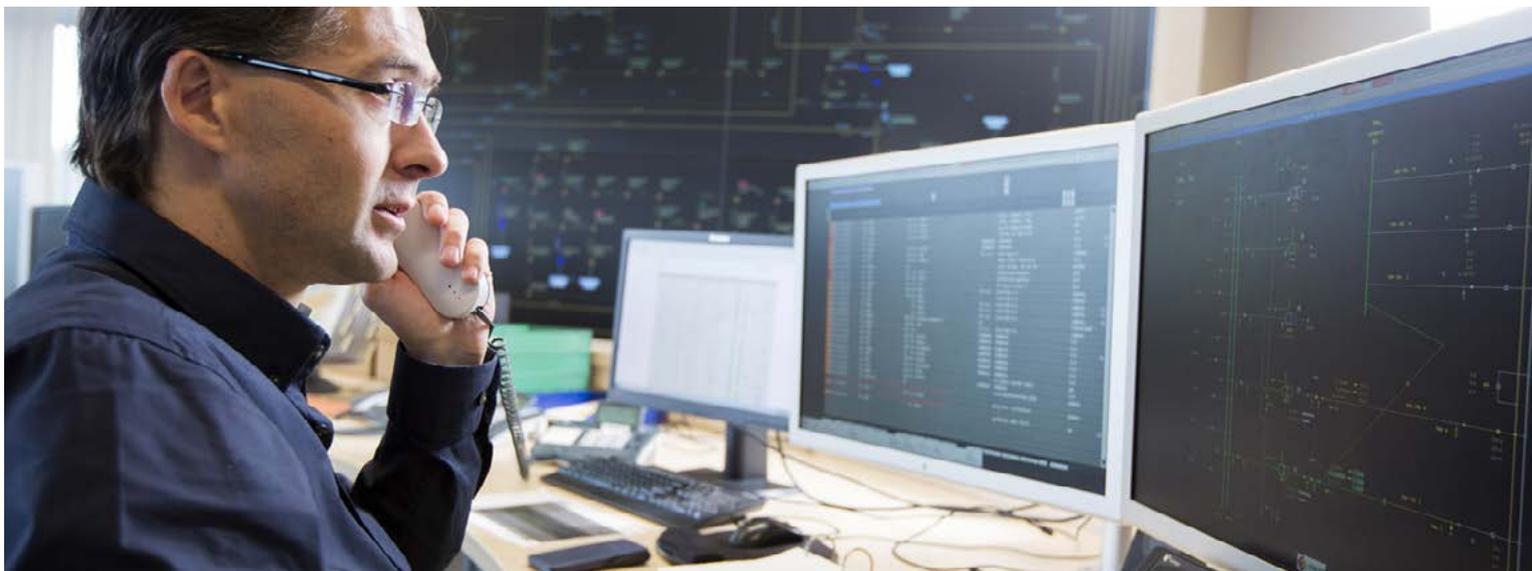
Credit rating

After previously maintaining our credit rating on 7 May 2014, rating agency Standard & Poor's (S&P) lowered the corporate credit rating of Enexis Holding N.V. and Enexis B.V. on 6 October 2014 by 1 notch from AA- stable outlook to A+ stable outlook.

S&P indicated that they expect that the revised credit rating ratios that it issued for Enexis will deteriorate from a 'Modest' financial risk to an 'Intermediate' financial risk profile. This due to the combined effect of the financing of Enexis's growing investments and the lower capital compensation of the supervisory body the Netherlands Authority for Consumers and Markets. In particular the credit rating ratio FFO/Net interest-bearing liabilities would decrease, according to the calculations of S&P, in 2016 to below 25% and would then stabilise above 20%.

Moody's credit rating remained unchanged at Aa3 with a stable outlook.

The credit ratings at year-end 2014 of A+/Aa3 with a stable outlook more than satisfy Enexis's requirements for maintaining an A rating profile.



Company-wide risk management

Enexis periodically assesses the operational risks and the impact of these risks. Below, we describe the most important risks and the risk control measures. The way in which we have embedded risk management in our organisation is described in the appendix Corporate Governance.

Safety

Our primary processes entail an inherent risk of accidents. This is the case notwithstanding our strict safety measures and our focus on a safe grid and the safety of our employees. We are constantly working on increasing the safety awareness of our employees and contractors. For instance, we stimulate the reporting and quickly solving of undesirable events and we pay a lot of attention to safety via workshops, audits, inspections and periodical medical examinations. We also take measures to minimise undesired access to stations.

Smart meters

The large-scale offering of smart meters results in more pressure on a higher complexity of our organisation. Smart meters are more advanced than traditional meters. This requires more knowledge and expertise for the installation and for solving outages. Enexis is closely supervising the roll out and monitoring the functioning of smart meters. Therefore, the probability that we will be confronted with unpleasant surprises is small. We can update the firm-ware of smart meters and have structured the quality management at suppliers well. Therefore, we expect that the smart meters will last the calculated useful life. We monitor and strengthen customer acceptance of the smart meter in several ways. For example, by communicating pro-actively and taking action based on trend analyses of social media and customer surveys.

IT environment

We are reducing the complexity of our IT environment in order to control the risk of a deterioration of the performance and the reliability of our IT environment. We do this by monitoring the IT architecture in the implementation of chain processes and life-cycle management. Professional third parties periodically test the security of our network and our systems and data. Our security plan has resulted in a more mature IT Security. A steering group supervises the implementation of a security awareness programme and Enexis-wide security tests on relevant IT environments.

Employees' ability to change

Developments in society and technological developments make high demands on our employees' ability to change. We use strategic personnel planning to prepare ourselves for changes in our environment, technology and society. We promote our employees' development ability and ability to change with initiatives in the field of sustainable employability, leadership development and permanent education.

Energy laws and regulations

Laws and regulations regarding energy are changing. In particular, changes in the electricity laws and regulations could possibly have consequences for Enexis. In order to be able to anticipate timely, we are constantly monitoring developments. And we also carry out intensive consultations with the Netherlands Authority for Consumer and Markets (ACM), both individually and in a sector context.

More about [Risk management](#).



Corporate governance

Enexis Holding N.V. is a public limited liability company governed by Dutch law. Our company is subject to what is known as the two-tier board structure. We apply the Corporate Governance Code insofar as possible and applicable in order to provide maximum openness and transparency about our organisational structure, our activities, and our objectives and results. The code emphasises the responsibility of companies for the social aspects of doing business. This is in line with the objectives within our four strategic pillars: reliable, affordable, sustainable and customer oriented.

Departures from the Corporate Governance Code

Enexis deviates from a number of best practice provisions of the Dutch Corporate Governance Code. For instance, based on the remuneration policy for the Executive Board as adopted by the General Meeting of Shareholders, Enexis deviates from provision II.1.1 (maximum term of appointment for board members). The provisions 11.2.12 up to and including 11.2.14 (publication of remuneration report) are implemented by means of publication of the remuneration of the members of the Executive Board in the financial statements. Furthermore, the choice was made to combine the Remuneration and the Selection Committee and therefore a conscious choice was made to deviate from III.5 (appointing a separate Remuneration Committee and a Selection and Appointment Committee).

A number of other deviations (see the list below) are due to the fact that Enexis's shares are held by Dutch (lower) government bodies and are not listed on a stock exchange.

Provisions that did not apply to Enexis in 2014 are:

- ◆ 11.2.4 - 11.2.7 (options)
- ◆ 111.7.1 - 111.7.2 (shares as remuneration for supervisory board members)
- ◆ 111.8.1 up to and including 111.8.4 (one-tier governance structure)
- ◆ IV.1.1 (quorum requirements for resolutions to cancel the binding nature of nominations for companies that are not two-tier board companies)
- ◆ IV.1.2 (specific voting rights on financing preference shares)
- ◆ IV.1.7 (registration date exercising voting and meeting rights)
- ◆ IV.2.1 up to and including IV.2.8 (certification of shares)
- ◆ IV.3.11 (overview of protection measures in annual report)
- ◆ IV.4.1 up to and including IV.4.3 (institutional investors)

Good corporate governance

The two most important pillars of good corporate governance are good management and good supervision of this management. Our Executive Board (EB), our Supervisory Board (SB) and the General Meeting of Shareholders (AGM) are responsible for management and supervision. In order to carry out these tasks properly, they are supported by an effective system of risk control measures and internal and external auditors. The relationship between the EB, the SB and the AGM has been laid down in regulations and in the articles of association. These documents are available on enexis.nl

Executive Board

The EB is responsible for the management of Enexis. The EB sets the operational and financial objectives of the company, defines the strategy that is required to realise these objectives and identifies the prerequisites for the realisation of the strategy. The EB operates under the supervision or approval of the SB and the AGM and within the provisions of the articles of association. The EB is responsible for the compliance with all relevant laws and regulations, for controlling the risks connected to the company's activities and for the funding of the company. The EB is responsible, together with the SB, for Enexis's corporate governance structure and for compliance with the Dutch Corporate Governance Code.

The SB appoints the members of the EB and within the EB the CEO/Chairman and Chief Financial Officer (CFO)/member of the EB. The EB consisted of one member (Maarten Blacquière) from 1 January to 31 July 2014. The SB appointed Peter Vermaat as CEO/chairman of the EB on 1 August 2014. As from that date, the EB consisted of two members again. The members of the EB divide the duties among themselves and formalise this division of duties in consultation with the SB. The personalia and biographies of the EB members are provided in the appendix [Personalia](#).

The EB works in accordance with its own regulations. These regulations are in line with the Dutch Corporate Governance Code in as far as possible and have been approved by the SB. The EB's own regulations include procedures for the composition, duties and powers, meetings and the decision-making process of the EB.

The remuneration of the EB members is in accordance with the company's remuneration policy. This remuneration policy has been adopted by the AGM. The SB determines the level of the remuneration of each EB member based on a proposal put forward by the Remuneration and Selection Committee. The remuneration of the EB is published in the financial statements.

Supervisory Board

The SB has three tasks: supervision, advice and acting as the employer of the EB. The SB supervises the policy of the EB, in particular where this concerns the realisation of the company's objectives, the strategy and the risks inherent in the business activities, the internal systems for risk management and control and the financial reporting.

The SB works in accordance with its own regulations. The composition, the committees, the duties and powers, meetings and decision-making process of the SB are laid down in these regulations. The members of the SB have a seat in two permanent committees: an Audit Committee and a combined Remuneration and Selection Committee. The composition, the duties and the manner in which both committees performs their duties have been laid down in regulations for both committees.

The members of the SB receive a remuneration, which is adopted by the AGM. In addition to their remuneration, members of the SB are also entitled to a fixed tax-free expense allowance for the expenses that they incur in the performance of their duties. Details of the remuneration of the SB are reported in the financial statements.

General Meeting of Shareholders

The AGM is the highest decision-making body within Enexis. Decision-making in the AGM includes resolutions on the written annual report of the EB, the discharge of the EB and the SB, the adoption of the financial statements and the determination of the profit appropriation. The AGM also approves the company's strategy and appoints the members of the SB.

Certain powers of the AGM have been assigned to a Shareholders Committee (SC). This committee consists of seven members and the objective of this committee is to promote the efficiency and effectiveness of the decision-making process within the AGM. The members of the SC do not receive any remuneration for their activities. The tasks of the SC are described in Enexis's articles of association and the working method has been laid down in a covenant between the EB, the SB and the SC, which has been approved by the AGM.

Risk management

Enterprise Risk Management (ERM) has an important function in Enexis's governance model. ERM within Enexis is based on the COSO Enterprise Risk Model and focusses on all aspects of the company: from strategic and operational risks to the reliability of (financial) reporting and the compliance with laws and regulations.

We refer to all of the activities within Enexis aimed at the control of risks as the Risk & Control Framework. In addition to the Enexis Governance Model, this Framework contains a large number of instruments, procedures and control systems. These also include:

- ◆ The Risk-Based Asset Management System, which is used to determine the maintenance and investment programme of the assets.
- ◆ Strategic Risk Analysis (SRA) for the identification of the risks that can threaten the achievement of strategic objectives. We take measures in the Strategic Plan, the medium-long-term plans and in the department plans, to control these risks.
- ◆ Operational Risk Analyses (ORA) for the identification of risks in operational processes. We include the most important risks and measures (controls) in the Internal Control Framework (ICF).
- ◆ A Control Self-Assessment (CSA), with which all departments assess the effectiveness of the measures laid down in the ICF twice a year. The most important risks that come to the fore in this assessment are reported to the EB via an internal Letter of Representation (LOR).

Line managers on all levels within the organisation are responsible themselves for identifying risks and taking risk-control measures timely. The Management Consultation supervises the compliance with the ERM policy by discussing the Strategic Risk Analysis and the risks (LOR issues). The outcomes of the Strategic Risk Analysis and the status of the LOR issues are also reported to and discussed in the Audit Committee. This process also enables the EB to issue its 'In Control' statement.

In addition to ERM, we also make use of internal and external audits.

Internal audit function

Enexis has an internal audit function (part of the Internal Audit & Risk department). This department is independent of the line management and provides additional certainty to the management and the EB with regard to the control, effectiveness, efficiency and compliance of the business operations. The Internal Audit & Risk department assesses the presence and the functioning of measures and the manner in which these measures are structured. For the determination of the standards which must be satisfied, they take the risks and measures that are laid down in the Internal Control Framework (ICF) as an important frame of reference. Regularly assessing the correctness and keeping the ICF up-to-date increases the (demonstrable) control of processes and thus, of course, the scores on audits.

The Internal Audit & Risk department operates under the responsibility of the Chairman of the EB. The Audit Committee supervises the department and advises the EB on the role and the functioning. The Internal Audit & Risk department draws up an auditplan every year. The audit plan specifies which internal audits will be carried out. The audit plan is discussed in the Management Consultation. The Audit Committee discusses the progress and the most important findings of the audits and adopts the audit plan. The findings of the audits are dealt with in accordance with the agreements made regarding these findings. We aim for 'first time right' in our operational processes. The Internal Audit & Risk department also reports its findings to the external auditor.

The external auditor

The AGM appoints the external auditor. The SB nominates an auditor taking into account the advice of the Audit Committee and the EB. The independence of the external auditor is an important consideration in the nomination process. The EB reports to the SB and the AGM annually on the developments in the relationship with the external auditor, in particular on the independence.

The EB assesses the performance of the external auditor in the various entities and capacities in which the external auditor operates at least once every four years. The EB reports the most important conclusions of this assessment to the SB and the AGM.

We went through the process of selecting a new external auditor in 2014. As a result, the SB submitted the nomination of PricewaterhouseCoopers as the new auditor to the AGM as of the beginning of the activities that pertain to the 2015 financial statements.

After the approval of the AGM, PricewaterhouseCoopers has, as of the financial year 2015, the assignment to perform regular audits in connection with the annual report, the financial statements, the semi-annual report, reporting for the Netherlands Authority for Consumers and Markets as well as the performance of other audits in connection with granting subsidies et cetera.

The Audit Committee supervises the relationship with the external auditor. The Committee:

- ◆ Assesses the independence, remuneration and any non-audit activities for the company of the external auditor.
- ◆ Determines the involvement of the external auditor with regard to the contents and publication of the company's financial reporting, other than the financial statements.
- ◆ Takes note of irregularities concerning the content of the financial reporting, such as these must be disclosed by the external auditor.

The external auditor takes part in the meetings of the Audit Committee.

In Control Statement

The Executive Board (EB) is responsible for the design and operation of the internal risk management and control system. The aim of this system is the monitoring of the realisation of strategic and operational objectives, the reliability of the financial reporting and the compliance with laws and regulations.

Our internal risk management and control system is embedded in the Risk & Control Framework. However, the Framework cannot provide absolute certainty that we will realise the objectives of the company or that material errors, losses, fraud or violations of laws and regulations will not occur in the processes and financial reporting.

The Risk and Control Framework is regularly evaluated and further developed. The EB evaluated the design and operation of the framework in 2014, based on, inter alia, the business control information, the 'Letters of Representation', the reports of the Internal Audit department and the Management Letter from the external auditor.

As in previous years, we will continue to pay extra attention to the theme information security. In addition, the new market processes and the growth of delivering locally generated energy back to the grid have, as expected, led to a decrease in the predictability of the administrative grid loss. Therefore, the focus in 2015 will also lie on controlling these grid losses.

Taking into account the above, the Executive Board is of the opinion that Enexis's internal risk management and control system with regard to the control objectives in the field of financial reporting has functioned properly in 2014 and that it provides a reasonable degree of certainty that the financial reporting is free from material misstatement.

Based on the above, we are of the opinion that we satisfy the best practice provisions II.1.3, II.1.4 and II.1.5 of the Corporate Governance Code. The above has also been discussed with the Audit Committee of the Supervisory Board, in the presence of the external and the internal auditor.

's-Hertogenbosch, 5 March 2015

The Executive Board

Peter Vermaat
Chairman of the Executive Board

Maarten Blacquière
Executive Board Member/Chief Financial Officer

Report of the Supervisory Board

As the Supervisory Board, we supervise the management and provide solicited and unsolicited advice to the management with regard to the formulation and realisation of the objectives, the strategy and the policy of Enexis Holding N.V., hereafter also referred to as Enexis or the company. We also act as the employer of the Supervisory Board.

Composition and organisation

In the beginning of 2014, Wilma van Ingen indicated that she wished to give back her mandate in connection with her heavy workload. She stepped down as a member of the Supervisory Board as of the date of the General Meeting of Shareholders on 10 April 2014. We would like to thank her for her contribution to the development of Enexis since the company became an independent company in 2009. As of the same date, Piet Moerland was appointed as a member of the Supervisory Board. As a former supervisory board member of Essent, he has a lot of knowledge of and experience in the energy sector.

The Supervisory Board consists of the following members:

- ◆ Doeko Bosscher, Chairman, reappointed in 2012, due to retire in 2016
- ◆ Marc Calon, appointed in 2012, due to retire in 2016 and available for reappointment
- ◆ Monique Caubo, appointed in 2011, due to retire in 2015 and available for reappointment
- ◆ Rinse de Jong, Vice-Chairman, reappointed in 2012, due to retire in 2016
- ◆ Piet Moerland, appointed in 2014, due to retire in 2018 and available for reappointment

All Supervisory Board members are independent in the sense of the Dutch Corporate Governance Code.

According to article 22 paragraph 4 of the Articles of Association, a supervisory board member can be reappointed once. In view of the succession of Doeko Bosscher and Rinse De Jong in 2016, the profile for our supervisory board members is being reviewed in order to determine which competencies are necessary for a good future fulfilment of the board's role as supervisor, adviser and employer and which of these competencies are already filled in by the existing supervisory board members. We are also looking into a readjustment of the division of our tasks and the corresponding composition of the committees of our board. We will start looking for new supervisory board members in the course of 2015.

In connection with the change in our board, we evaluated the functioning of the board in January 2015. The internal evaluation was carried out based on a questionnaire, an interview with the Executive Board and a discussion. The outcome of the evaluation, which was shared with the Executive Board, was positive. An action list for further improvement has been drawn up together with the Executive Board. The actions mainly concern including in the annual agenda the agreements regarding more informal consultations, both among the supervisory board members themselves and with the Executive Board, continuing to pay attention to the succession potential and developing talents and more attention for IT-related topics, including security. The evaluation of the composition, organisation and functioning of our board did not give cause to special comments or actions, with the exception of those related to the succession of Doeko Bosscher and Rinse de Jong in 2016.

Our duties

As the Supervisory Board, our most important duty is the supervision of the policy of the Executive Board and the supervision of the general course of affairs of the company and its subsidiaries. We exercise this supervision mainly through meetings with the Executive Board, making work visits, attending meetings of the Works Council and taking note of reports, publications and other information produced by or about Enexis. In general, we can conclude that the information that we receive from the company is timely, comprehensive and of good quality. We have regular contacts with the shareholders through periodic meetings of the Shareholders' Committee.

We convened six times in 2014, three times at the head office in Den Bosch, once in the regional office in Zwolle, once in the regional office in Weert and once by telephone, each time in the presence of the Executive Board. Wilma van Ingen was unable to attend three meetings; however, she informed the board in advance about her standpoint in writing or by telephone. In addition to our meetings, in Zwolle we were also shown a number of applications in the field of energy production and consumption, such as these have been further developed in the EcoNexis house developed by Enexis. In Weert, the tasks and responsibilities of the regional grid operator were explained to us and we visited the operations centre and a number of other business areas. In our meetings, we regularly receive presentations by senior staff members from the company and we can then discuss the topics that they presented with them and the Executive Board. In this manner, we get to know the senior management, which is important in order to be able to make an assessment regarding the succession potential within Enexis. Monique Caubo has contact with the Works Council a number of times a year and shares her experiences in our meetings. Rinse de Jong attended one of the Works Council's consultation meetings in 2014. Doeko Bosscher discussed the profile for the recruitment of the new chairman of the Executive Board with all the board members and introduced the proposed candidate to the members of the management team. The Works Council issued a positive advice for both the appointment of Piet Moerland as a Supervisory Board member and for the appointment of Peter Vermaat as Chairman of the Executive Board.

Our meeting agenda includes a number of standard items. Safety is discussed as the first item on the agenda. Just as the Executive Board, we also give top priority to safety. We monitor the periodic reports of both individual incidents and accidents and the cumulative development in relation to the agreed signal values. This is monitored separately for Enexis's own employees and for the employees of contractors hired by Enexis. Where this is useful and necessary, we discuss individual incidents and, even more important, the measures that were taken or will be taken.

The safety performance is not on the level that we would like to see it and therefore a lot of effort is being put into increasing the safety awareness of Enexis's own employees and the employees of contractors hired by Enexis. In this case, it is interesting to observe that there are relatively few incidents in connection with the primary processes, but many small accidents (tripping, falling and such). The safety performance forms part of the score card with which the course of business at Enexis is monitored.

This score card forms part of detailed monthly management reports. These monthly reports are standardised and therefore offer a good comparison over time and they also include an explanation. The performance as a grid operator (reliability of delivery) is constantly reported in these reports, as well as important projects, (customer) processes and financial information on a monthly basis and cumulative and projections are also included for the financial results and cash flows. The level of productivity is monitored based on investment summaries and the personnel development.

We have been informed about the plans regarding personnel development by the Human Resources director and we have examined the career development potential of the senior management of Enexis together with the Executive Board.

With regard to the remuneration policy, we are concerned about the composition and room in the wage structure of Enexis. This concerns the degree in which we can reward responsibilities in such a manner that this serves as a sufficient incentive in order to be able to find well-qualified people internally and externally who are willing to take on a position with statutory responsibility. The Remuneration and Selection Committee has carried out a lot of preparatory and supporting work and has provided us with advice in this area.

Other standard agenda items are the annual budgets including the planned investments, the financial statements, the semi-annual report, the findings of the external auditors, the risk policy, the identified risks and the mitigation thereof and the financing, which the Audit Committee discusses in advance and provides advice on.

The strategy of Enexis was reformulated in 2014 and, after receiving our approval, a new Strategic Plan 2014-2018 was submitted to the General Meeting of Shareholders and approved by the shareholders. This plan was drawn up in close consultation with the Shareholders' Committee and will serve as a guideline for the development of Enexis in the coming years. An important agreement was made with regard to the dividend policy and this in turn will provide support for the long-term capital development, room for investments, financing requirement and the accompanying credit rating. Predictability is very important for both Enexis and its shareholders.

Another important topic for the relationship with the shareholders is an initiative that has resulted in an agreement with the shareholders regarding a valuation of the shares of Enexis Holding N.V. The value has been determined based on an extensive independent valuation process in which we were also closely involved.

During 2014, Enexis entered into consultations with colleague grid operator Alliander about a possible exchange of regional grids and Enexis and Alliander signed a Letter of Intent. The exchange entails that the energy grids of Enexis in Friesland and in the Nooroostpolder would be transferred to Alliander and the energy grids of Endinet (part of Alliander) in the region Eindhoven and South-east Brabant would be transferred to Enexis. We are following the progress of the consultations and we have given the Executive Board a mandate to carry out the negotiations.

The large-scale roll out of smart meters will be launched in 2015. The communication of all the meter reading data of around 4.7 million meters requires reliable and sound technology. The ultimate choice of the technology has not been made yet; however, this will not have an influence on the roll-out schedule that applies to Enexis. This roll out is a major operation for the Enexis organisation and we follow the realisation of the planning via periodic management reports and the score cards in these reports.

Audit Committee

The Audit Committee consists of Rinse de Jong (Chairman), Marc Calon and Piet Moerland. The committee met five times in 2014. The committee supervises the administrative organisation and the internal control system at Enexis and is involved in the choice and the application of the chosen valuation principles. The periodic management reports are a discussion item as far as this concerns the technical details in the area of reporting or valuation. During 2014, the committee thoroughly examined the risks of outsourcing the connection data of customers to the Central Connection Register, which is managed by Energie Data Services Nederland B.V. (EDSN), a minority participation of Enexis. As the outsourcing of such data touches the core of the activities of a grid manager, the committee considers it important that the Supervisory Board should give their opinion on this policy and the further concentration of customer data at EDSN. This further evaluation is planned for 2015. Separately, attention was also paid to the development of grid losses (electricity) and the measuring differences (gas), in which a change was to occur in 2014 as far as the division of the financial risks over the various parties in

the energy chain, but where this is not at present for the account of the grid operators. Enexis had already taken steps here to prepare for purchasing gas. The committee discussed the audit approach of both the internal and external auditors, adopted the audit plan of the internal auditor and took note of the audit plan of the external auditor. The Chairman of the Audit Committee played a role in the choice of a new external auditor in connection with the mandatory rotation of auditors at Organisations of Public Importance, of which Enexis is one. The committee recommend the appointment of PricewaterhouseCoopers Accountants as the external auditor as of the financial year 2015. The Supervisory Board accepted this recommendation and will put the choice before the next General Meeting of Shareholders. The committee evaluated the relationship with the external auditor, as well as, without their presence, the functioning of the CFO and his staff.

Remuneration and Selection Committee

This committee consists of Monique Caubo and Doeko Bosscher. The committee convened three times in 2014. Due to the departure of the previous Chairman of the Executive Board on 31 December 2013 to another position in the energy sector, the committee spent a lot of time looking for and selecting a successor. This successor, in the person of Peter Vermaat, was presented on 26 March 2014. The committee also held interviews in connection with the succession of Wilma van Ingen and found Piet Moerland willing to join the Supervisory Board as of 10 April 2014.

The correct interpretation of the new legislation in the field of remuneration of senior officials (Standards for the Remuneration of Senior Officials in the Public and Semi-Public Sector Act) resulted in a lot of extra work also in connection with the preparation of the 2013 financial statements. With the exception of the members of the Executive Board who have been identified as senior officials, Enexis does not have any other reporting obligations under these regulations. The committee evaluated the functioning of the CFO and discussed this with the CFO together with two members of the Audit Committee. In view of the fact that the CEO joined the company in August 2014, an evaluation has not taken place yet.

Financial Statements 2014

We have taken note of the draft financial statements for 2014 as these have been prepared by the Executive Board and the audit findings and unqualified audit opinion of the external auditor EY. We recommend that the General Meeting of Shareholders adopt the financial statements 2014 unchanged.

Word of appreciation

During a period of over seven months, Maarten Blacqui re carried out the tasks of the Executive Board as the sole member of the board. He performed these tasks, supported by the management team, in a very good manner and we are grateful to him and the management team for this. Peter Vermaat joined the Executive Board as the new chairman at the beginning of August and the Executive Board now consists of two people.

The Executive Board, management team, managers and employees have put in a good performance again during 2014 and further strengthened Enexis's reputation as a reliable, affordable, public-oriented and sustainable grid operator. We thank them for their contribution and wish them a lot of success and job satisfaction for 2015.

's-Hertogenbosch, 5 March 2015

Supervisory Board

Doeko Bosscher, Chairman

Marc Calon

Monique Caubo

Rinse de Jong

Piet Moerland

Report of the Shareholders' Committee

The Shareholders Committee also regards 2014 as a good year for Enexis and its business operations. Enexis constantly demonstrates that it ranks among the top of the regional grid operators in the Netherlands with few outages, low tariffs and a high customer satisfaction. The relationship with the shareholders is characterised by trust and a business-like approach. In 2014, the reformulated Strategic Plan was adopted, a valuation of the shares took place and a new Chairman of the Executive Board / CEO was appointed.

The new Strategic Plan 2014 was adopted by the AGM with the four strategic pillars: reliable, affordable, customer oriented and sustainable. Enexis's focus on sustainability is very important for the shareholders for the energy transition, as also stated in the Energy Agreement in 2013. The Strategic Plan was drawn up in cooperation with the Shareholders Committee and we are of the opinion that it offers an excellent framework for the coming years.

A valuation of the shares took place for the first time in 2014. A process that the company carried out, here also in close cooperation with the Shareholders Committee, and which was performed by an independent specialised agency. The valuation is intended to provide an objective base for possible transactions between the current shareholders of Enexis and to facilitate this process.

After Han Fennema left the company at the end of the year, the Shareholders Committee is now pleased to be able to welcome Peter Vermaat. We believe that with him, the company has appointed a knowledgeable Chairman of the Executive Board who forms an excellent team with Maarten Blacquière. This adds to our confidence in the future.

Bert Pauli

Chairman of the Shareholders Committee

At year-end 2014, the composition of the Shareholders Committee was as follows:

- ◆ Province of North Brabant: Mr Pauli (member of the Provincial Executive of Noord-Brabant)
- ◆ Province of Overijssel: Mr Rietkerk (member of the Provincial Executive of Overijssel)
- ◆ Province of Limburg: Mr Koppe (member of the Provincial Executive of Limburg)
- ◆ Province of Groningen: Mr. Moorlag (member of the Provincial Executive of Groningen)
- ◆ VEGAL: Mr Hessels (Mayor of Echt-Susteren, Chairman of VEGAL)
- ◆ VEGANN: Mr Offinga (member of the Municipal Executive of the municipality of Sudwestfryslan)
- ◆ Brabant municipalities: Mr Hoskam (member of the Municipal Executive of the municipality of 's-Hertogenbosch)

N.B. Mr Rietkerk will be succeeded by Mr Van Hijum.

Report of the Works Council

The Works Council convened twelve times in 2014. In addition, we also met with the Executive Board (EB) eight times. We held informal consultations with the EB every quarter. Furthermore, we had four tripartite meetings with the Human Resources department and the trade unions. In total, we reviewed thirteen advice requests and seven approval requests from within the organisation in 2014. We also discussed topics with the EB such as Enexis's reformulated strategy, the proposed exchange of servicing areas with Alliander and a new social policy. Our main focus in all of these topics is of course the interests of the employees.

Looking back on 2014

From our point of view, 2014 has been a good year for Enexis. A lot has happened and a lot has been achieved in many areas. An important development was, for example, the implementation of the strategy. As was the case for the other stakeholders, the Works Council was also asked which developments we consider relevant for Enexis and what areas should Enexis focus on. The Works Council is of the opinion that Enexis's most important task is to offer society continuity where it concerns the reliable and safe delivery of energy. To this end, Enexis must respond to the developments in society. Obviously, in this context, the most important challenges for Enexis result from the energy transition. In order to realise its ambitions, Enexis must facilitate and support its employees. Safety is an absolute priority in this. This topic received the necessary attention in the past year and will also remain high on the agenda in 2015. As the Works Council, we also consider safety very important. In general, we observe that Enexis is growing in its future mindedness and Enexis is increasingly fulfilling its position as partner in the energy transition. In our opinion, a good example of this is the project Neighbourhood Power [Buurkracht] and activities in connection with the smart meter. With the reformulated strategy, the developments that Enexis is experiencing and the results that we have achieved, we have confidence in the future.

Changes in the management

Up to 1 August 2014, Maarten Blacquière was the interim Chairman of the Executive Board, in addition to his position as CFO, and the Executive Board consisted of one person. In this period, Paul-Peter Feld, Human Resources Director, was the mandated representative of the EB for the Works Council. Peter Vermaat was appointed as Chairman of the Executive Board on 1 August 2014. Peter Vermaat is now the first point of contact for the Works Council. We view this contact as positive and constructive. From what we have seen of him until now, we are of the opinion that he is a person who fits in well with our company and that he has a good vision and the necessary decisiveness for the future.

Structure of employee participation and elections

The Works Council paid a lot of attention to changes in the structure of employee participation in 2014. The aim was to embed employee participation at a deeper level in the organisation.

Until mid-November 2014, we had four business unit committees (BOCs), in addition to the Works Council, who provided advice to the business units and the Works Council. In the new structure, the four business units within Enexis (Infra Services, Customers & Market, Fudura and Staff & Asset Management) have fully-fledged Unit Committees (OCs) with a mandate to enter into agreements directly with the manager of the business unit in question. The Works Council now only focusses on issues that concern the whole company, for example, the business strategy and the sector allocation and provides support to the OCs if necessary.

The new OCs involve employees and management of their own business unit in an early stage in advice requests and approval requests. In this manner, we also ensure that decisions are supported by the employees and the employees are actively involved in thinking about the future of the business unit. Thus everyone's knowledge and expertise are made optimal use of. The new structure was introduced on 12 November 2014.

Elections were held in October 2014 as a preparation for the new structure. The outcome was announced on 4 November 2014. The number of Works Council members decreased from eighteen to thirteen. Four of these members are representatives of the OCs. These representatives are an important link between the OCs and the Works Council and between the OCs to ensure consistency in the company regulations within the whole company. The number of members of the OCs varies from seven for the smallest business unit Fudura to seventeen for the largest business unit Infra Services. Relatively many new members joined the Works Council and the OCs in 2014. The employees were also really given a choice. In total, seventy employees put themselves forward as candidates.

Our focus in the coming years is to further develop the desired widespread employee participation in practice.

New social policy

Another important item on the agenda was a new social policy. In a three-party consultation with Human Resources and the trade unions, we decided to focus on sustainable employability. Working together, dialogue and personal development are the accompanying spear points. When Enexis foresees a reorganisation, the company informs the employees in question at an early stage and it supports the employees in taking steps towards finding another job within or outside of Enexis. The new social policy thus offers a springboard instead of a safety net.

As this was the first time that we sat down to discuss this with three parties at first the discussions did not run very smoothly. Ultimately, we arrived at decisions together in which we have a lot of confidence. However, we realise that sustainable employability is a responsibility of the employees and that it demands a different role of the management. This takes time. We will have to grow in this together. Of course, we will monitor this closely in the coming years and we will assess whether what we have come up with in theory also works in actual practice. If necessary, we will take corrective measures in consultation with the other parties. In order to further promote sustainable employment, we will also look into structural personnel planning in the coming year. The discussions about the new social policy were held in the period December 2013 through April 2014.

Exchange with Alliander

The exchange of servicing areas with Alliander was also an important agenda item in the meetings with the Executive Board. The Works Council subscribes to the view that an exchange is in keeping with Enexis's strategy. We are of the opinion that an exchange should take place in a good manner. So that both our customers and our employees benefit from the exchange. We advised the Executive Board on the conditions under which Enexis should proceed with the exchange of areas and employees. We also indicated at an early stage on which points we will assess the agreements between Enexis and Alliander. For instance, we consider it important that employees who are transferred to Alliander will be offered a structural position and that they will be properly supported and coached. Our point of departure for departing Enexis employees is: everything is arranged at the time the employee leaves Enexis. For employees who will be joining Enexis everything has to be arranged at the entry.

We also informed all the employees involved about the Work Council's role in an exchange process. As soon as Enexis reaches definite agreement, we will inform the employees about what the exact consequences of the agreements are for the employees in question. We are also in contact with the employee participation body of Alliander and the Alliander division Endinet to share information. After the employees have actually been transferred, we will continue to monitor whether Alliander and Enexis adhere to the agreements that were made.

Initiative proposals

The Works Council did not submit any initiative proposals in 2014. This was due to the busy agenda with advice requests and approval requests and the to be discussed topics. The Works Council has successfully submitted initiative proposals in the past, for example, for The New Way of Working. This has also resulted in X-working within Enexis. We plan to submit initiative proposals again in 2015. We see this proactive manner of providing advice as an important task of the Works Council.

Reorganisations

We were also involved in a number of reorganisations in 2014. For instance, we have provided advice eight times in connection with the reorganisation of various staff departments, including IT, Finance, Facility Management, Communication and Health Safety & Environment (HSE), as well as for the business unit Customer Relations, which is now referred to as Customers and Market. As from June to October 2014, the BOC Customer Relations discussed the shift that the business unit intended to make and the proposals for a new structure and changes in positions. The Works Council was involved as from the end of September. We provided advice on the structure, the organisational chart and the corresponding number of jobs. We also assessed the new positions with regard to valuation. Decisions had to be taken within a short period of time in order to be able to carry out the reorganisation before the end of the year. The allocation process had not yet been specified sufficiently and this did not have a positive effect on the base of support among the employees. This has taught us that a Work Council should prepare plans in detail before a reorganisation is started and that time pressure should not be an issue.

Outlook 2015

In addition to the attention points 2014 mentioned above, we will review advice requests and approval requests that we receive as Works Council and OCs in the coming year with a lot of enthusiasm and commitment. A wish that we do have in this case is that there will be fewer advice requests for reorganisations. Fewer ad hoc reorganisation will ensure that our organisation can focus more on the long-term development of the organisation and we can focus more on our core business: the reliable and safe delivery of gas and electricity. It is also our aim to improve the communication on the part of the Works Council and the OCs. We aim to inform employees pro-actively about what we are doing as Works Council and OCs and what our standpoints are in specific issues and why. In this manner, we hope to involve employees more and to invite them to let their voices be heard and to participate in the decision-making process.

's-Hertogenbosch, 5 March 2015

On behalf of the Works Council,

Eef Verhoeven, Chairman from 4 November 2014

Wouter Camfferman, Chairman up to 4 November 2014

The composition of the Works Council

The composition of the Works Council up to 4 November 2014:

- ◆ Wouter Camfferman (chairman)
- ◆ Aldo van den Bos (secretary)
- ◆ Eef Verhoeven (deputy chairman)
- ◆ Peter Doreleijers (deputy secretary)
- ◆ Dik Brokken
- ◆ Gerrit van Diggelen (up to 26 June 2014)
- ◆ Jacques Haans (up to 28 May 2014)
- ◆ Berry Hamers (as from 28 May 2014)
- ◆ Andy Hamstra
- ◆ Henk Hulzebosch
- ◆ Guus ter Laare
- ◆ IJbe van Nielen
- ◆ Rieks Reinders
- ◆ Frank Schonewille
- ◆ Hans Sluyter
- ◆ Algèr Snijder
- ◆ Alfons Vollenbroek
- ◆ Peter Weldam
- ◆ Astrid Woldinga
- ◆ Jo Custers (administrative secretary)

The composition of the Works Council after 4 November 2014

- ◆ Eef Verhoeven (chairman)
- ◆ Aldo van den Bos (secretary)
- ◆ Peter Weldam (deputy chairman)
- ◆ Peter Doreleijers (deputy secretary)
- ◆ Dik Brokken
- ◆ Harrie Darding
- ◆ Andy Hamstra
- ◆ Guus ter Laare
- ◆ Roy van Lent
- ◆ Schra Rijx
- ◆ Frank Schonewille
- ◆ Algèr Snijder
- ◆ Marysia Zolik
- ◆ Jo Custers (administrative secretary)

Personalia

Executive Board

Peter Vermaat

Chairman of the Executive Board

Peter Vermaat (1965) studied Civil Technology at Delft University of Technology. After which, he obtained an MBA at the Rotterdam School of Management. He began his career in 1991 at Volker Wessels, where he held various management positions. He was the CEO of Water Company Evides from 2008 to mid-2014. As from 1 August 2014, he holds the position of CEO at Enexis. Over the course of the years, he has gained a lot of experience, both within the Netherlands and abroad, with the commercial management of public infrastructure for the transportation, energy and water sector, with special attention for sustainability and public-private sector cooperation (PPS).

Maarten Blacquièrè

Member of the Executive Board /CFO

Maarten Blacquièrè (1967) studied Technical Business Economics at Twente University. He entered the employment of Esso Nederland in 1989 where he held various positions in the Netherlands and abroad. He was the CFO of gas trading company Gas Terra from 2015 through 2012. He has been a member of the Executive Board/CFO of Enexis since 1 January 2013. He became a member of the Supervisory Board of Ziut in January 2014 and he joined the Supervisory Board of Energy Data Services Netherlands (EDSN) in October 2014. He has also been a member of the Supervisory Board of Zorggroep Treant since 2011.

Supervisory Board

Mr D.D.P. Bosscher

Mr Bosscher (1945) has acted as the Chairman of the Supervisory Board since 2008 and is due to retire in 2016. Mr Bosscher is also the Chairman of the Remuneration and Selection Committee. He is also a management board member of the Stichting Imtech. The former Director Technology & Development at Sappi Fine Paper plc. is a Dutch national.

Ms M.E.J.M. Caubo

Ms Caubo (1961) was appointed as a Supervisory Board member in 2011 and is due to retire in 2015. She is also a member of the Remuneration and Selection Committee. Ms Caubo is the director of Responsible Care at DSM. In addition, she is the Chair of the Supervisory Board of the foundation Stichting Conrisq Groep and member of the Supervisory Board of the Ambulance Amsterdam Groep. She is a Dutch national.

Mr M.A.E. Calon

Mr Calon (1959) was appointed as a Supervisory Board member in 2012 and is due to retire in 2016. He is a member of the Audit Committee. Mr Calon was a member of the Provincial Executive of the Province of Groningen. He is the Chairman of AEDES Vereniging van Woningbouwcorporaties and Chairman of Housing Europe. He is a Dutch national.

Mr R. de Jong

Mr De Jong (1948) was appointed as a Supervisory Board member in 2008, reappointed in 2012 and is due to retire in 2016. He is the Vice-Chairman of the Supervisory Board and Chairman of the Audit Committee.

Mr De Jong, former CFO of Essent N.V., is the Chairman of the Supervisory Board of Bakeplus Holding B.V., Supervisory Board member at USG People N.V., Chairman of the Supervisory Board of N.V. Nederlandse Gasunie, member of the Supervisory Board of Rabobank Arnhem and surrounding area, member of the board of Stichting Aandelenbeheer BAM Groep and member of the board of Stichting tot het houden van Preferente Aandelen Wereldhave. He is a Dutch national.

Mr P.W. Moerland

Mr Moerland (1949) was appointed as a Supervisory Board member in 2014. He is a member of the Audit Committee. The former chairman of the board of Rabobank Nederland is a member of the Board of the Dutch Bach Association. He is a Dutch national.

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Consolidated financial statements 2014

Consolidated income statement

amounts in millions of euros	Notes	2014	2013
Revenue from the supply of goods and services	1	1,402.1	1,385.7
Cost of sales	2	243.0	229.8
Gross margin		1,159.1	1,155.9
Other operating income	3	20.2	17.8
Gross profit plus other operating income		1,179.3	1,173.7
Employee benefits expenses	4	276.8	277.5
Depreciation and impairments	5	310.1	298.9
Cost of work contracted out, materials and other external expenses	6	135.2	151.5
Other operating expenses	7	23.9	23.4
Total operating expenses		746.0	751.3
Operating profit		433.3	422.4
Share of result of associates	8	1.3	1.2
Financial income	9	4.3	6.8
Financial expenses	9	83.3	115.8
Financial income and expenses		-79.0	-109.0
Profit before tax	10	355.6	314.6
Corporate income tax expense	11	90.1	75.5
Profit for the year		265.5	239.1
Attributable to:			
Minority shareholders		0	0
Shareholders		265.5	239.1
Average number of shares during the financial year		149,682,196	149,682,196
Profit per share ¹⁾		1.77	1.60

1. Stated in euros, dilution of earnings does not apply.

Consolidated statement of comprehensive income

amounts in millions of euros	2014	2013
Profit for the year	265.5	239.1
Released part of non-realised income through hedge reserve	0.8	0.8
Tax released on non-realised income through hedge reserve	-0.2	-0.2
Total result included non-realised income through hedge reserve and equity ¹⁾	266.1	239.7

1. The non-realised amounts in the total result solely concern amounts recognised in later periods in the income statement.

Consolidated balance sheet (before profit appropriation proposal)

amounts in millions of euros	Notes	31 December 2014	31 December 2013
Assets			
Property, plant and equipment	12	5,884.6	5,729.4
Intangible assets	13	107.5	111.2
Associates	14	12.5	12.4
Other financial assets	15	10.4	12.1
Non-current assets		6,015.0	5,865.1
Inventories	16	20.8	22.5
Receivables	17	172.6	175.2
Other financial assets (current)	18	112.3	87.1
Cash and cash equivalents	19	96.3	115.0
Current assets		402.0	399.8
Total assets		6,417.0	6,264.9

amounts in millions of euros	Notes	31 December 2014	31 December 2013
Liabilities			
Issued and paid-up share capital		149.7	149.7
General reserve		2,436.3	2,436.3
Share premium reserve		669.5	549.9
Hedge reserve		-4.3	-4.9
Profit for the year		265.5	239.1
Equity	20	3,516.7	3,370.1
Non-current interest-bearing liabilities	21	1,747.4	1,750.6
Non-current provisions	22	67.1	68.4
Advance contributions for the installation of grids and connections ¹⁾	23	587.7	537.2
Deferred corporate income tax	24	191.1	197.9
Non-current liabilities		2,593.3	2,554.1
Trade and other payables	25	212.9	210.2
Current interest-bearing liabilities	26	26.3	80.9
Corporate income tax expense	11	40.7	24.2
Current provisions	22	12.9	12.7
Advance contributions to be amortised in the following year	23	14.2	12.7
Current liabilities		307.0	340.7
Total liabilities		6,417.0	6,264.9

Consolidated cash flow statement

amounts in millions of euros	2014	2013
Profit for the year	265.5	239.1
Change in hedge reserve	0.6	0.6
Profit for the year including change in hedge reserve	266.1	239.7
Depreciation and impairments	310.1	298.9
Amortised contribution for installation of grids and connections	-13.6	-12.1
Change in operating working capital	22.6	-59.7
Change in deferred corporate income taxes	-6.8	25.3
Change in non-current provisions	-0.4	-5.8
Others	-	0.6
Cash flow from operating activities	578.1	487.0
Investments in property, plant, equipment and intangible assets	-461.7	-470.7
Contributions for installation of grids and connections	65.6	72.4
Loans granted	-0.9	-10.8
Increase/decrease in deposits ¹⁾	-25.0	440.0
Repayment of loans granted	2.4	103.0
Cash flow from investing activities	-419.6	133.9
Cash flow before financing activities	158.5	620.8
New interest-bearing liabilities excluding amounts owed to credit institutions	-	4.0
Repayment of interest-bearing liabilities excluding amounts owed to credit institutions ¹⁾	-4.3	-504.2
Dividend paid	-119.5	-114.5
Cash flow from financing activities	-123.8	-614.7
Total cash flows	34.7	6.1
Cash and cash equivalents minus amounts owed to credit institutions at the beginning of the financial year	47.9	41.8
Cash and cash equivalents minus amounts owed to credit institutions at the end of the financial year	82.6	47.9

1. In 2013, deposits were used for repayments of tranche B of the shareholders' loan (EUR 500 million).

Consolidated statement of changes in shareholders' equity (before profit appropriation proposal)

amounts in millions of euros	Number of ordinary shares	Share capital	Share premium reserve	General reserve	Hedge reserve ¹⁾	Profit for the year	Total equity
At 1 January 2013	149,682,196	149.7	2,436.3	440.7	-5.5	223.7	3,244.9
Profit appropriation for 2012	-	-	-	109.2	-	-109.2	0
Dividend paid for 2012 ²⁾	-	-	-	-	-	-114.5	-114.5
Amortisation hedge reserve 2013	-	-	-	-	0.6	-	0.6
Profit for the year 2013	-	-	-	-	-	239.1	239.1
Subtotal 2013	-	-	-	109.2	0.6	15.4	125.2
At 31 December 2013 ³⁾	149,682,196	149.7	2,436.3	549.9	-4.9	239.1	3,370.1
At 1 January 2014	149,682,196	149.7	2,436.3	549.9	-4.9	239.1	3,370.1
Profit appropriation for 2013	-	-	-	119.6	-	-119.6	0
Dividend paid for 2013 ²⁾	-	-	-	-	-	-119.5	-119.5
Amortisation hedge reserve 2014	-	-	-	-	0.6	-	0.6
Profit for the year 2014	-	-	-	-	-	265.5	265.5
Subtotal 2014	-	-	-	119.6	0.6	26.4	146.6
At 31 December 2014 ³⁾	149,682,196	149.7	2,436.3	669.5	-4.3	265.5	3,516.7

1. The hedge reserve cannot be distributed.

2. The dividend for 2013, to which the shareholders are entitled in 2014 and which has been paid to shareholders in 2014, amounted to EUR 0.80 per share (2013: EUR 0.73), calculated on the basis of the number of shares at year-end.

3. Total equity per share at year-end 2014 was EUR 23.49 (2013: EUR 22.52), calculated on the basis of the number of shares at the end of the period.

Explanatory notes to the consolidated financial statements

1. General information

Enexis Holding N.V., with its registered office in Rosmalen, the Netherlands, is responsible for the installation, maintenance, operation and development of distribution grids for electricity (cables and medium and low voltage power stations) and gas (gas pipelines and gas stations) and related services. The related services mainly concern core-strengthening non-regulated activities in the area of metering services, public lighting, the rental of mid-voltage installations and the installation and operation of private energy distribution grids.

Enexis Holding N.V. is a public limited liability company governed by Dutch law. Approximately 74% of the shares of Enexis are held by six Dutch provinces and approximately 26% of the shares are held by 112 municipalities.

The financial statements, prepared by Enexis Holding N.V. and audited by Ernst & Young Accountants LLP, were presented to the Supervisory Board for signing on 6 March 2015. The financial statements, signed by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 20 April 2015.

2. Accounting principles governing the financial reporting

2.1 General

The consolidated financial statements of Enexis Holding N.V. include the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity. The explanatory notes to the financial summaries included in the consolidated financial statements form an integral part of the consolidated financial statements of Enexis Holding N.V.

Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euros.

Enexis Holding N.V. applies the International Financial Reporting Standards (IFRS), as accepted within the European Union, as the accounting principles for valuation and determining the result. The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code.

2.2 Changes in IFRS

Amendments in 2014 with no impact

The following new or amended IFRS standards and IFRIC interpretations have come into effect on 1 January 2014. These have no immediate consequences for Enexis's financial statements.

IFRS 10 – The consolidated financial statements: this new standard stipulates a consolidation model, irrespective of the legal form of the reporting entities, that is solely based on control. The provisions of SIC12 Consolidation - Special Purpose Entities have also been integrated into this new standard.

IFRS 11 - Joint Arrangements: this new standard replaces the existing standard IAS 31 - Interest in Joint Ventures. The most important element of IFRS 11 is that the method of proportional consolidation can no longer be applied.

IFRS 12 - Disclosures of Involvement with Other Entities: this new standard requires more and more detailed information (disclosures) about entities that have been included in the consolidated financial statements and about associates that have not been included in the consolidation.

Amendment in IAS 19 - Employee Benefits, provides a further explanation regarding how contributions of employees or third parties in connection with pension obligations should be accounted.

Amendments in IAS 32 – Financial Instruments: Presentation: Offsetting financial assets and financial liabilities. The amendments provide a further explanation regarding the offsetting of financial assets and financial liabilities.

Amendments in IAS 39 - Novation of derivatives and continuation of hedge accounting: this amendment provides for the continuation of hedge accounting when there is a novation at a counter party.

IFRIC 21 – Government levies: this interpretation provides clarification with regard to the accounting of government levies.

Amendments after 2014

In addition to the new and amended standards and interpretations, a number of new standards and a number of amendments in existing standards are expected. These will only become effective when they have been adopted by the European Commission.

IFRS 9 Financial instruments: the published version of IFRS 9 contains the first phase of the project of the IASB for the replacement of IAS 39. This phase concerns the classification and valuation of the financial assets and financial liabilities defined in IAS 39. Initially the standard was to apply to the financial years starting on or after 1 January 2013, but with the publication in December 2011 of Amendments to IFRS 9, the mandatory effective date was moved to 2018. In the next phase, the IASB will examine hedge accounting and impairment of financial assets. This amendment is not expected to have an effect on the accounting principles applied by the Group and/or the explanatory notes.

IFRS 14 - Regulatory deferral accounts provides an accounting method for rate regulated activities. This pertains to activities whereby the government determines the rates that an entity is allowed to invoice. The purpose of this standard is to provide insight into the impact of the price regulation on the balance sheet, income statement and the statement of comprehensive income. The standard will apply for financial years that start on or after 1 January 2016. The impact of these standards on the accounting principles already applied by the Group and/or the explanatory notes is not yet known exactly and is being further examined.

IFRS 15 - Revenue from Contracts with Customers provides a five-step plan with regard the recognition of revenue. The explicit rules regarding these steps determine how much revenue must be recognised at which time. The standard is effective for financial years that start on or after 1 January 2017, with comparable figures for 2016. The impact of this standard on the accounting principles already applied by the Group and/or the explanatory notes is not yet known exactly and is being further examined.

2.3. Accounting principles for consolidation

The consolidated financial statements contain the financial statements of Enexis Holding N.V. and its group companies.

Group companies are legal entities and companies over which the company can exercise control with regard to the management and the financial policy of these legal entities and companies. Group companies are included in the consolidation from the date on which decisive control is obtained. Group companies are no longer included in the consolidation as from the date on which control ceases to exist. In determining whether control exists, potential voting rights that can be exercised directly are taken into account.

Consolidation takes place using the integral consolidation method. In the event that the interest of Enexis Holding N.V. in the group company amounts to less than 100%, the minority interest is disclosed in equity and in the income statement. Financial relationships and results between consolidated companies are eliminated.

The entity concept method is used in the event that an additional interest is acquired in a group company. In this method, changes in the ownership percentage in a group company that do not result in loss of control are processed administratively as equity transactions. Book values of the majority and minority interests are adjusted to show the changes in their relative interests in a group company. Any differences between the amount with which the minority interests are adjusted and the fair value of the paid or received compensation are processed directly in the equity and attributed to the owners of the parent company.

2.4 Valuation principles and accounting policies relating to the determination of the result

Estimates and assumptions

Certain estimates and assumptions are made in the preparation of the financial statements that can also determine the recognised amounts. Differences between actual outcomes and the estimates and assumptions made have an effect on the amounts that are reported in future periods.

Assumptions and estimates made by the management mainly have an effect on the valuation of tangible and intangible fixed assets (note 12 and 13, see also 'Plant, property and equipment' and 'Intangible fixed assets' in the accounting principles), the necessity to recognise impairments of tangible and intangible fixed assets (note 12 and 13, see also 'Impairments' in the accounting principles), the necessity to recognise possible impairments of debtors (note 17; see also 'Receivables' in the accounting principles), the valuation of provisions (note 22, see also 'Provisions' in the accounting principles) and the reporting of the net revenues due to meter readings spread out over the year and regulation (note 1; see also 'Net revenue' in the accounting principles).

Currency

Assets and liabilities in foreign currency are converted at exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are converted at the exchange rate applying on the transaction date. The resulting exchange rate differences are credited to or debited from the result. Monetary items are converted at the year-end exchange rate.

Offsetting

Offsetting of asset and liability items takes place per counter party if there is a contractual right to offset the recognised amounts and if there is the intention to offset the recognised amounts. If the intention or the actual execution of the offsetting is lacking then it is determined per contract whether this concerns an asset or a liability item.

There where the contractual right exists to offset the asset and liability items, this is disclosed in the relevant note. Further information is then also provided on the balances of the asset and liability item.

Presentation

The operating expenses are presented in the income statement according to a categorical division.

Valuation at fair value

The Group values financial instruments (such as derivatives) as at the balance sheet date at fair value. In addition, the fair values of financial instruments are recorded in note 28 Financing policy and risks associated with financial instruments. The fair value is the price that would be received when selling an asset or that would be paid to transfer a liability in a normal transaction between market participants on the valuation date. In the valuation at fair value, it is assumed that the transaction to sell the asset or transfer the liability takes place:

- ◆ on the most important market for the asset or the liability; or if that does not exist
- ◆ on the most favourable market for the asset or the liability.

The Group must have access to the most important or the most favourable market. The fair value of an asset or a liability is determined using assumptions which market participants would take as the point of departure for the valuation of the asset or the liability, under the assumption that market participants act in their economic interest. In the valuation of a non-financial asset at fair value, the ability of a market participant to generate economic benefits by making maximum and optimal use of the asset or by selling it to another market participant who would make maximum and optimal use of the asset is taken into account.

The Group applies valuation methods that are appropriate given the circumstances and for which sufficient information is available to determine the fair value, whereby as many relevant observable inputs as possible are used and as little as possible non-observable inputs are used. All assets and liabilities, for which the fair value is determined or stated in the financial statements, are classified in the fair value hierarchy described below, based on the input of the lowest level that is significant for the whole valuation:

- ◆ Level 1 - Listed (unadjusted) prices on active markets for identical assets or liabilities.
- ◆ Level 2 - Valuation methods for which the input of the lowest level that is significant for the valuation at fair value is directly or indirectly observable.
- ◆ Level 3 - Valuation methods for which the input of the lowest level that is significant for the valuation at fair value is not observable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines at the end of each reporting period whether, due to a reassessment, a change has occurred in the level classification of the hierarchy (based on the input of the lowest level that is significant for the whole valuation).

In connection with stating the fair values, the Group has determined categories of assets and liabilities based on the nature, characteristics and risks of the assets and liabilities and the level in the fair value hierarchy as explained above.

Revenue

Revenue accounts for the income from the supply of goods and services relating to the distribution of electricity and gas and other activities, less turnover tax and energy tax. The invoicing of low-volume energy consumers takes place based on fixed amounts depending on the size (capacity) of the connection.

The invoicing of high-volume energy consumers takes place periodically based on the contractually agreed capacity and, in addition, for electricity, based on the metered consumption and actual grid load.

The amount of revenue from the distributed energy is regulated by the Netherlands Authority for Consumers and Markets (ACM) and is determined on the basis of the invoiced grid charges plus the estimate of the still to be invoiced grid charges minus the estimate of the still to be invoiced grid charges at the end of the previous reporting period.

Cost of sales

This item recognises the purchasing costs that are directly attributable to the net revenue, i.e. the costs of transmission services, system services and grid losses.

Subsidies

Investment subsidies are deducted from the acquisition costs of the asset concerned and credited to the result based on the useful life of the asset. Operating subsidies are recognised in the result in the period to which they relate. Subsidies are only recognised if the receipt of these subsidies can be determined with reasonable certainty.

Other operating income

Other operating income recognises income that is not directly related to the core activities.

Contributions received in advance for the installation of grids and connections are amortised, parallel to the depreciation of the asset concerned, and recognised in other operating income.

Operating expenses

Expenses are allocated to the financial year to which they relate. Any expenses directly attributable to the company's investment projects and capitalised as such (mainly the costs of the company's own personnel and material costs) are deducted from the relevant cost categories.

Financial income and expenses

Interest income and expenses are allocated to the period to which they relate based on time proportionality, using the effective interest method. Construction period interest is applied to investment projects with estimated durations of more than 12 months. Construction period interest is recognised under financial income. If hedge accounting is applied, then the ineffective part of derivatives is recognised directly in the income statement under financial income and expenses.

Property, plant and equipment

Property, plant and equipment (tangible fixed assets) are carried at cost or (internal) manufacturing price, less contributions received (up to 2008 amounts were not recognised as separate liabilities) and less depreciation charges calculated over this value and any impairments.

Depreciation takes place in accordance with the straight-line method. The expected future useful life of the asset is taken into account in determining the depreciation. The useful life and residual value of assets are assessed each year. Any adjustments are recognised prospectively. Land is not depreciated. A tangible fixed asset is no longer recognised in the balance sheet when it is divested or when no future economic benefits are expected from the further use of the asset or in the event of disposal of the asset. A possible gain or loss resulting from no longer recognising the asset in the balance sheet is recognised in the result.

The estimated useful life of the main tangible fixed asset categories is as follows:

	Period
Estimated useful lives	
Buildings	25-50 years
Cables, pipelines and equipment	25-55 years
Other non-current assets en vans	7 years
Tools and equipment	5 years
Meters (excl. software)	15 years

Intangible fixed assets

The intangible fixed assets consist mainly of application software costs.

Intangible fixed assets, insofar as not pertaining to goodwill, are valued at acquisition costs, less depreciation charges calculated over this value and any impairments.

Depreciation takes place in accordance with the straight-line method. The expected future useful life is taken into account in determining the depreciation. The useful life is assessed each year. Any adjustments are recognised prospectively.

Goodwill is the difference between the acquisition price for the company less the balance of the fair value of identifiable assets and the fair value of the acquired liabilities of the company. Goodwill is carried at cost less any impairment. Goodwill is assessed each year for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may be subject to impairment. An impairment of goodwill cannot be reversed.

The estimated useful life of the main intangible fixed asset categories is as follows:

	Period
Estimated useful life	
Software	5 years
Goodwill	Not applicable

Impairments

During the financial year, an assessment is made whether there is any indication that an asset may be impaired. If any such indications exist, an estimate is made of the recoverable amount of the asset. The recoverable amount of an asset is the highest of the fair value less the costs to sell the asset or its value in use. The value in use is determined based on the present value of the expected future cash flows.

An impairment loss is recognised if the carrying amount of an asset, or of the cash-generating unit to which it belongs, exceeds the recoverable amount of the asset concerned. Impairment losses are charged to the result.

An impairment can be reversed if it is established that the assumptions, which were used for determining the recoverable amount at the time, have changed. An impairment is reversed only to the extent that the carrying amount after reversal does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment been recognised for the asset in previous years. The effects of reversing an impairment are credited to the result.

The starting point for the impairment assessment is initially based on the data contained in the strategic plan and the business plan. In this context, the strategic plan is based on an estimate of a number of variables derived from the Netherlands Authority for Consumers and Markets (ACM). The realisable values of the regulated segment and those of the other segments are also determined based on:

- ◆ the figures as specified in the strategic plan and in the business plan up to and including 2025, after which the residual value is assumed;
- ◆ three cash flow generating units: the electricity grid, the gas grid and the commercial activities;
- ◆ a discount rate of 3.86% after taxes based on the risk-free interest rate, a company specific mark-up, leverage ratio, asset beta, equity beta and a market risk premium in line with the regulated activities; and
- ◆ the inflation rate.

Associates

The valuation of economic interests that are not included in the consolidation takes place based on the net asset value method based on the accounting principles governing the valuation and the determination of the result of Enexis Holding N.V. According to this method, the economic interest is initially valued at cost whereby the carrying amount is increased or decreased after the initial recognition with the share of Enexis Holding N.V. in the result. Dividends received are deducted from the carrying amount.

In the event of a negative net asset value, losses on associates are recognised up to the amount of the net investment in the associate. This net investment also includes loans that have been provided to associates insofar as these loans actually form part of the net investment. For the share in additional losses, a provision is only recognised in the event and to the extent that Enexis has guaranteed the debts of the associate or in the event that Enexis has the firm intention to enable the associate (for the share) to repay its debts.

In the event of a possible impairment of an associate, reference is made to the accounting method as included in the paragraph 'Impairments' in the 'Valuation principles and accounting accounting principles relating to the determination of the result'.

Derivatives

The company can make use of derivatives to hedge the risk of changes in future cash flows of periodically to be paid interest or of foreign currencies. These changes in cash flows can result from developments in market interest rates or market exchange rates of foreign currencies. Enexis applies hedge accounting where possible in view of the specific use of derivatives to mitigate the interest rate and the exchange rate risk of cash flows.

Valuation of derivatives takes place at fair value hedge accounting. The fair value of interest rate derivatives is determined by means of discounting the future cash flows. The fair value of currency derivatives is determined by means of discounting future cash flows converted at the market exchange rates. The discount rate is determined based on the market interest rate at the end of the financial year. The cash flows are determined based on the contractual agreed interest rates, maturity dates and nominal amounts. Changes in the fair value are recognised in the hedge reserve (part of the equity capital), provided that hedging is effective to a large degree. The ineffective part of the hedge is recognised directly in the income statement under financial income and expenses.

Derivatives are classified under the current or the non-current other financial assets in the event that the fair value is positive and under the current or the non-current financial liabilities in the event that the fair value is negative.

Other financial fixed assets

Loans and receivables with a maturity of more than one year are recognised in the other financial fixed assets. The loans provided to associates or to external parties are carried at amortised cost. If necessary a provision in connection with possible uncollectability is formed which is deducted from the carrying amount.

Inventories

Inventories are recognised at cost or lower net realisable value (the estimated selling price in the normal course of business less selling costs). Cost is calculated using the weighted average cost method.

Cost comprises all expenses and costs directly attributable to the purchase of the inventories and to bringing them to their present location and condition.

Receivables

In view of the short duration of the (trade) receivables, their fair value corresponds to the nominal value less a value adjustment for possible doubtful debts. Different customer risk profiles are used to determine this value adjustment. The value adjustment for trade receivables is recognised in a separate provision. When it is firmly established that a receivable is not collectable, the receivable is written off and the corresponding provision is debited.

Netting and presentation of trade receivables and advances from low-volume retail and small business customers are based on invoicing categories: a customer categorisation method based on meter readings over time to determine the to be invoiced energy consumption.

Other receivables and accrued assets are recognised at nominal value, less a value adjustment for doubtful debts, which is deducted directly from the carrying amount.

Other financial assets (current)

Other current financial assets are carried at amortised cost, which is normally the same as the nominal value, and have a term to maturity of no more than one year.

Cash and cash equivalents

Cash and cash equivalents are recognised at fair value, which is normally the same as the nominal value. Cash and cash equivalents only include cash and cash equivalents receivable on demand. Cash and cash equivalents that are not receivable on demand are recognised under other current financial assets.

As from 2013, the cash pools can no longer be offset against one another and positive and negative bank balances of group companies can no longer be settled with each other due to changes in IAS 32. Negative cash balances are presented under current liabilities.

Interest-bearing liabilities (non-current)

The non-current interest-bearing liabilities are carried at amortised cost using the effective interest method. These are recognised at nominal value less any transaction costs and these costs are then amortised over the period to maturity of the liability. Repayment obligations on non-current liabilities falling due within one year are presented under current interest-bearing liabilities. Gains and losses on the buying back of interest-bearing liabilities are recognised as financial expenses.

The fair value of the interest-bearing liabilities is determined by discounting the cash flows in connection with the interest-bearing liabilities. Liabilities with a remaining maturity of one year or less are valued at nominal value and the liabilities with a remaining maturity of more than one year are discounted based on a discounting curve that is appropriate for Enxsis. If a loan has a higher risk profile, the discounting rate is adjusted based on an additional risk mark up.

Advance contributions for the installation of grids and connections

Advance contributions from third parties for the installation of grids and connections are recognised upon receipt as non-current liabilities. Amortisation is applied using the straight-line method, taking into account the expected useful life of the asset.

Deferred corporate income tax

Deferred corporate income tax assets and liabilities relate to differences between the carrying value and the tax basis of tangible fixed assets and employee-related provisions. The corporate income tax deferrals also relate to unrealised results of derivative transactions that have been recognised through equity as a hedge reserve formed for this purpose. Corporate income tax deferrals are valued at the applicable corporate income tax rate at the end of the financial year.

Provisions

Provisions are recognised for obligations enforceable by law or factual obligations of an uncertain amount or timing as a result of past events. If the effect of an obligation is material, the provision is calculated by discounting expected future cash flows at a current discount rate, taking into account any specific risks inherent in the obligation. The present value is calculated, insofar as applicable, using the project unit credit method. Any resulting actuarial gains and losses are recognised directly in the result.

Any expenditure expected within the year of the balance sheet date is recognised as a separate item under the current liabilities.

Pension obligations

The pension and early retirement benefits for employees are treated as defined contribution plans in accordance with IAS 19, as there is insufficient information available and the pension funds in question have stated that there is no consistent and reliable method for allocating the obligation, pension fund investments and expenses to the individual participants. The contributions paid in the financial year are recognised in the result.

As a result of the deterioration of its financial position at the end of 2008, the ABP pension fund board initiated a recovery plan at the beginning of 2009 to improve the cover ratio. The board of the ABP decided to terminate the recovery measures (including a recovery mark-up of 3%) as of 2015 and to take recovery measures in the new recovery plan system at the beginning of 2015 as a consequence of the coming into force of the new Financial Assessment Framework (nFTK) on 1 January 2015. In connection with this recovery plan, the board is required to carry out an annual evaluation at the beginning of the year of the progress of the recovery based on the realised cover ratio at the end of the previous year. The cover ratio at the end of 2014 amounted to 101.1% (2013: 105.9%), calculated according to the old method. According to the new legislation (nFTK), pension funds will have to calculate the cover ratio in a different manner. The difference for ABP amounts to 101.1% (old) versus 104.7% (new). The pension contribution for 2015 amounts to 19.6% compared to 21.6% in 2014. The contribution of 19.6% is the sum of the cost-covering contribution for the old age and surviving dependents pension of 18.7% (including the mark-up due to the updating of life expectancy) and a non-recurrent contribution of 0.9% due to the extension of the duration of compensation schemes up to the state retirement benefit age for existing pension payments. The division employer – employee will shift in 2015 from 65.79 : 34.21 to 68 : 32 (and in 2016 to 70 : 30). In determining the contribution for 2015, the changes in the pension scheme coming into effect on 1 January 2015 have been taken into account in connection with the changes in the fiscal framework (adjustment of accrual percentage and cutting off of the pensionable salary at EUR 100,000).

Trade and other payables

The trade and other payables are valued at nominal value.

Corporate income tax expense

Corporate income tax is calculated by applying the prevailing nominal tax rate to the profit before tax presented in the financial statements, taking into account permanent differences between this profit and the profit for tax purposes and any temporary differences that are not recognised.

Taxes are recognised in the income statement except insofar as they relate to items recognised directly in equity.

Lease

Leases that involve the transfer to Enexis Holding N.V. of practically all the risks and benefits associated with ownership of an asset are classified as finance leases and recognised as investments under property, plant and equipment, with recognition of a corresponding non-current liability.

At the commencement of the lease period, the carrying amount of the asset and the liability is the lower of the fair value of the leased asset and the present value of the lease payments. Lease payments are split into financing expenses and a repayment of the lease obligation, in order to achieve a constant discount rate on the outstanding balance of the liability. The asset is depreciated over the asset's useful life or the residual period of the lease if this period is shorter. If the lease does not provide for the transfer of practically all of the risks and benefits associated with ownership (operational lease), the lease payments are recognised as an expense in the result on a time-proportional basis during the period of the lease.

Cash Flow Statement

The cash flow statement is prepared using the indirect method, with the change in cash and cash equivalents at the end of the year being based on the profit after taxes. The net cash and cash equivalents as stated in the cash flow statement are the cash and cash equivalents as recognised in the balance sheet less current bank liabilities.

Segment information

Segments are reported according to the method used for internal reporting to the Chief Operating Decision-Maker (CODM). The Executive Board has been identified as the highest-ranking officer (CODM), with responsibility for the allocation of funding and assessing the performance of the segments. Internal reporting is based on the same principles as those used for the consolidated financial statements, with adjustments made for exceptional items and changes in fair value.

Standards for the Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT)

For the implementation of the WNT, Enexis has adhered to the Policy Guideline for the implementation of the WNT.

3. Segmentation

Enexis Holding N.V. distinguishes between two reporting segments, specifically:

- ◆ regulated activities; and
- ◆ other activities.

The above classification is based on the internal reporting structure, in particular the consolidated monthly reports and the annual business plan. Because of the high level of administrative independence, virtually all revenues, costs, assets and liabilities can be allocated to the segments.

The regulated activities form by far the largest segment within Enexis; in terms of revenues, profit after taxes and total assets, and the share of these activities amounts to more than 90%.

The segments classified as 'Other' concern the activities of Fudura B.V. and Enexis Vastgoed B.V.

amounts in millions of euros	Enexis regulated		Others		Normalisation and eliminations		Enexis Holding NV	
	2014	2013	2014	2013	2014	2013	2014	2013
Income statement								
Revenue	1,338.3	1,331.9	74.9	71.4	-11.1	-17.6	1,402.1	1,385.7
Cost of sales	243.0	229.7	-	0.1	-	-	243.0	229.8
Other operating income	21.6	20.6	2.9	-	-4.4	-2.8	20.2	17.8
Gross profit plus other operating income	1,117.0	1,122.8	77.8	71.3	-15.6	-20.4	1,179.3	1,173.7
Operating expenses	709.6	721.5	46.6	45.4	-10.2	-14.7	746.0	752.1
Operating profit	407.4	401.3	31.3	25.9	-5.3	-5.6	433.3	421.5
Share of result of associates	1.3	1.2	-	-	-	-	1.3	1.2
Financial income and expenses	-75.0	-92.8	-4.0	-3.8	-	-12.4	-79.0	-109.0
Profit for the year	249.1	222.4	20.4	16.7	-4.0	-	265.5	239.1
Assets and liabilities								
Total assets	6,377.2	6,143.0	181.1	182.4	-141.3	-60.5	6,417.0	6,264.9
Non-consolidated associates	12.5	12.4	-	-	-	-	12.5	12.4
Liabilities (provisions and debts)	2,880.8	2,843.6	115.8	113.2	-96.3	-60.5	2,900.3	2,896.3
Others								
Investments in property, plant and equipment	450.2	439.3	11.5	31.4	-	-	461.7	470.7
Number of employees at year-end (FTE)	3,984.5	3,965.7	176.1	175.0	-	-	4,160.6	4,140.7

Costs and revenues charged between the segments and receivables, payables and current-account positions between the segments have been eliminated. The costs and revenues mainly concern services provided by the Infra Services department for Fudura B.V. and accommodation expenses charged by Enexis Vastgoed B.V.

Exceptional items per segment

Enxsis reports the normalised results per segment internally. This normalisation takes place based on the items such as included in note 10 Exceptional items. The exceptional items in 2014 can be divided over the segments as follows:

amounts in millions of euros	Regulated activities	Other	Total 2014
Impairment of debtors	-5.3	-	-5.3
Total	-5.3	-	-5.3

The exceptional items in 2013 were divided over the segments as follows:

amounts in millions of euros	Regulated activities	Other	Total 2013
Early repayment penalty interest shareholders' loan tranche B	-12.4	-	-12.4
Total	-12.4	-	-12.4

Notes to the consolidated financial statements

1. Revenue from supplying goods and services

amounts in millions of euros	2014	2013
Transmission fees Electricity current year	795.0	783.1
Periodic Connection fees Electricity	103.2	109.9
Transmission fees Gas current year	248.7	259.5
Periodic Connection fees Gas	40.2	40.4
Adjustments of transmission fees of previous years	2.1	-6.3
Metering services	119.5	103.0
Other products and services sold	93.6	96.1
Total	1,402.1	1,385.7

The total revenue increased by EUR 16.4 million in 2014 compared to 2013. This increase was nearly completely the result of the revised tariffs as a consequence of the new regulation period.

With the commencement of the new regulation period on 1 January 2014, the ACM has determined the new maximum tariffs for the regulated activities. As of this period, the ACM has been given the possibility to adjust the maximum allowed revenues at the beginning of a new regulation period directly to the efficient cost level instead of gradually processing this in the tariffs. However, due to the fact that Enexis did not charge the maximum tariffs in 2013, both the imposed x-factors for electricity (4.91%) and gas (6.94%) as well as this 'one-off correction' of the ACM are not immediately visible in the revenue development. As a consequence, the total revenue in 2014 is slightly higher than in 2013; however, there were a number of shifts in the various categories.

The increase in revenue of EUR 11.9 million in the electricity transmission fees and the decrease in revenue of EUR 6.7 million in the periodic electricity connection fees were nearly completely caused by changes in tariffs. Due to Enexis's moderate tariff policy over the past years, large tariff changes also did not occur this year. The tariffs for the electricity transmission service rose by 1.8% compared to 2013. On the other hand, the tariffs for the electricity connection service decreased by 6.9%. The growth of new connections and/or transmission demand was very limited in 2014.

Revenues from gas transmission fees and periodic gas connections fees decreased together by EUR 11 million mainly due to tariff effects. The tariffs for the gas transmission service and the gas connection service decreased by 3.4% and 0.5% respectively compared to 2013 due to the above-mentioned regulation effect.

The change in revenue from the metering services of EUR 16.5 million was practically completely due to higher meter rental charges. Together with the above items, meter rental is part of the total amount invoiced to consumers. In total all of these tariff changes have resulted in a slight increase of the transmission bill by 0.6% for the average consumer with which Enexis has succeeded in 2014 in achieving its aim of price stability and affordability.

Other sales and services decreased slightly in the past year. This was due to various small (incidental) decreases such as fewer claimed damages to the grid and a non-recurring guarantee payment that was received in 2013.

2. Cost of sales

amounts in millions of euros	2014	2013
Transport and system services	154.3	145.6
Distribution losses	88.6	84.1
Other purchase costs/prior-year adjustments	-	0.1
Total	243.0	229.8

The costs of transmission and system services increased in 2014 by EUR 8.7 million. This increase was partially due to higher purchase costs at TenneT compared to 2013 for an amount of EUR 5.1 million. In addition, costs in 2013 were lower due to the one-off settlement of an amount of over EUR 3 million that was received by Enexis in 2013. The higher purchase costs of EUR 5.1 million can be divided into an average increase of the TenneT tariffs of 5% and lower sales at TenneT of approximately 1%.

The distribution losses increased by EUR 4.5 million compared to 2013 due to a price effect, a volume effect and a reconciliation effect. The purchasing prices for the distribution losses decreased by, on average, 3.6%, which represents a decrease of EUR 3.3 million. In addition, the purchased volumes in 2014 were approximately 3.1% lower than in 2013, which resulted in an additional decrease of EUR 2.7 million. The reconciliation effect – which arises from the settlement of the differences between the expected electricity consumption of customers and their actual consumption – resulted in a negative settlement in 2014 of EUR 5 million, whereas there was a positive settlement of EUR 5 million in 2013. The reconciliation effect has thus led to an increase of the distribution losses of EUR 10.5 million compared to 2013.

3. Other operating income

amounts in millions of euros	2014	2013
Amortised contributions to investments in the installation of grids and new connections	13.6	12.1
Subsidies and refunds received	1.5	1.9
Proceeds from sale of assets	0.4	0.2
Rental income	1.6	2.2
Other	3.1	1.4
Total	20.2	17.8

Other operating income increased by EUR 2.4 million in 2014. This was mainly due to an increase in the amortised contributions. The subsidies and restitutions received as well as the rental income showed slight decreases. Other operating income also increased due to higher expense compensations that were received from the lease company.

4. Employee benefits expense

amounts in millions of euros	2014	2013
Salaries	236.1	232.6
Social security contributions	18.4	17.4
Pension costs	46.2	43.6
External staff	47.6	57.9
Allocation to provisions for employee benefits	2.9	0.2
Other	30.6	29.2
Less: own production capitalised	-105.0	-103.4
Total	276.8	277.5

Enexis's workforce increased by 61 FTEs in 2014. The number of own personal increased by 20 to 4,161 and the number of other personnel (external) increased by 42 to 558 FTEs. The number of employees increased by 48 to 5,121.

Total employee benefits expenses decreased by EUR 0.7 million to EUR 276.8 million. This decrease was mainly due to lower costs for hiring external staff (EUR - 10.3 million). This decrease was offset largely by the regular Collective Labour Agreement increase of the wage costs and higher social security contributions for Enexis's own personnel.

Pension costs increased by nearly EUR 3 million. Pension premium costs decreased by more than EUR 4.5 million. This decrease was more than compensated by an increase in the premiums for the AAOP (ABP Occupational disability pension), WAO (Occupational Disability Insurance Act) and FPU (Flexible pension and retirement).

The costs of hiring external personnel decreased due to the decrease in the average number of external FTEs during in the year. This decrease was mainly due to a decrease in the number of external employees at Customer Relations following the introduction of the NMM (New Market Model). In addition, the hiring of external personnel decreased due to imposed cost savings measures and due to the increase of technical personnel in the Infra Services department.

The costs in connection with allocations to the employee-related provisions mainly rose in 2014 due to a lower interest rate.

5. Depreciation and impairments

amounts in millions of euros	2014	2013
Depreciation of property, plant and equipment	257.7	250.1
Depreciation of intangible assets	32.1	30.3
Impairments and accelerated depreciation	20.4	18.5
Total	310.1	298.9

Depreciation on property, plant and equipment has increased as a result of higher (replacement) investments in the energy grid in recent years. This decrease was enlarged by a proactive capitalisation policy with the aim of completing investment projects faster by which the time of final capitalisation and therefore also the commencement of the depreciation of the asset in question is brought forward.

The item other impairments consists of impairments due to decommissioning, disposals and, if applicable, impairment.

Other impairments in 2014 consisted of:

amounts in millions of euros	2014	2013
Cables, pipelines and equipment	11.3	10.8
Electricity- and gasmeters	3.4	4.9
Furnishing of offices	0.5	0.1
Software	0.6	0.8
Transformers	1.6	1.9
Data communication technology smart meters	2.6	-
Buildings	0.3	-
Total	20.4	18.5

These impairments can be categorised as follows:

amounts in millions of euros	2014	2013
Impairments due to divestment	20.4	18.4
Impairments due to disposals	-	0.1
Total	20.4	18.5

Downward value adjustments due to impairment did not occur in 2014 and in 2013.

6. Cost of work contracted out, materials and other external expenses

amounts in millions of euros	2014	2013
Work contracted out	64.3	69.4
Materials	15.6	16.3
Other external expenses	55.3	65.8
Total	135.2	151.5

The cost of work contract out decreased in 2014 by EUR 5.1 million to EUR 64.3 million. The increase due to indexation and higher costs that were made by Infra Services for activities required by Asset Management were more than offset by lower project costs (New Market Model) and savings.

Total material costs decreased by EUR 0.7 million to EUR 15.6 million. Lower costs for materials used by Infra Services for activities required by Asset Management were almost completely offset due to the fact that there was a positive (purchase) price difference in 2013 and due to an increase in 2014 at Fudura because of the initiation of a number of external projects (Attero and Buurkracht).

Other external costs decreased by EUR 10.5 million to EUR 55.3 million. Approximately EUR 6 million of this decrease resulted from lower housing costs, mail processing and ICT due to various cost-saving programmes. In addition, part of the lower costs was due to the completion of programmes in connection with the introduction of the New Market Model in 2013. Approximately EUR 4.5 million of the decrease was due to a higher cover of office expenses as a result of an increase in the number of capitalised own hours and a higher cover for logistic expenses.

6a. Auditor's fees

Fees charged by E&Y in the financial year amounted to EUR 0.5 million in 2014 (2013: EUR 0.5 million).

amounts in millions of euros	2014	2013
Fees for the audit of the financial statements	0.4	0.3
Fees charged for other audit assignments	0.1	0.1
Fees charged for other non-audit services	-	0.1
Total	0.5	0.5

7. Other operating expenses

amounts in millions of euros	2014	2013
Allocated to/released from provisions	9.8	4.2
Other	14.2	19.2
Total	23.9	23.4

Other operating expenses rose in 2014 by EUR 0.5 million to EUR 23.9 million. This increase was due to higher costs for allocations to (and releases of) provisions which was largely offset by a decrease in other expenses.

The allocation for the doubtful debts provision rose by over EUR 5 million due to a change in the calculation method. In order to be able to absorb possible risks in the future, Enexis has increased the level of the provisions in question taking into account the updated collection percentages.

Other operating expenses decreased due to lower costs for compensation payments for damages suffered in connection with electricity outages (- EUR 2.9 million) and due to lower collection risk costs (- EUR 3 million). As with the introduction of the New Market Model mid-2013, the mandatory suppliers model applies now as a result of which the collection risk has decreased significantly.

8. Share of result of associates

amounts in millions of euros	2014	2013
ZEBRA Gasnetwerk B.V.	1.3	1.2
Total	1.3	1.2

Reference is made to note 14 Associates for a further explanation of the results and book values of the associates and the dividends received.

9. Financial income and expenses

amounts in millions of euros	2014	2013
Interest received	4.3	6.8
Total financial income	4.3	6.8
Interest added to provisions	1.8	2.7
Other interest paid	81.6	113.1
Total financial expenses	83.3	115.8
Net financial expenses	-79.0	-109.0

The negative balance of the financial income and expenses amounted to EUR 79.0 million in 2014 and has therefore decreased by EUR 30.0 million compared to 2013. The decrease of the financial expenses amounted to EUR 32.5 million mainly due to the early refinancing in 2013 of the shareholders' loan tranche B by means of an earlier issued listed bond loan, the penalty interest paid in 2013 in connection with this and a lower interest on corporate income tax due in 2014.

The decrease in the financial income of EUR 2.5 million was mainly due to the incidental interest income in 2013 from the temporary investment of the early acquired bond loan and the lower interest income on the outstanding balances in the cash pools in 2014.

10. Exceptional items

Exceptional items include income and expense items which, in the opinion of the management, do not arise in the normal course of business and/or which, because of their nature and size, should be considered separately for a better analysis of the results. The threshold for exceptional items has been set at EUR 5.0 million.

The following exceptional items have been included in the result before taxes:

amounts in millions of euros	2014	2013
Profit before tax (including exceptional items)	355.6	314.6
Impairments of associates	-5.3	-
Early repayment penalty interest shareholders' loan tranche B	-	-12.4
Total exceptional items	-5.3	-12.4
Profit before tax (excluding exceptional items)	360.9	327.0

In order to absorb possible risks in the future, Enexis has increased the provisions for uncollectible receivables, taking into account the updated collection percentages. This change in methodology has been recognised as an exceptional item due to its incidental nature.

The effect of the above items on the profit for the year is as follows:

amounts in millions of euros	2014	2013
Profit for the year (including exceptional items)	265.5	239.1
Total exceptional items	-5.3	-12.4
Tax on exceptional items	1.3	3.1
Profit for the year (excluding exceptional items)	269.5	248.4

11. Corporate income tax expense

Enexis Holding N.V. is head of the of the tax entity for corporate income tax and, in this capacity, it is jointly and severally liable for the obligations of the members of the tax group. The entities Enexis B.V., Aktivabedrijf Enexis Friesland B.V, Fudura B.V. and Enexis Vastgoed B.V. form part of the tax entity.

The business activities of Enexis Holding N.V. are subject to corporate income tax. The to be paid corporate income tax expense is determined and settled for all of the individual members of the tax entity based on the realised commercial results and taking into account the applicable exemptions. The reconciliation between the statutory corporate income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

in %	2014	2013
Nominal statutory corporate income tax rate in the Netherlands	25.00	25.00
Exempt from corporate income tax and prior-year settlements	0.32	-1.01
Effective tax rate for current year	25.32	23.99

amounts in millions of euros	2014	2013
Profit before tax	355.6	314.6
Exempt income and prior-year settlements	-1.2	1.2
Taxable profit	356.8	313.4
Tax on current year	89.3	78.4
Adjustment preceding year	0.8	-2.9
Total taxes	90.1	75.5
Of which deferred	-7.0	25.3
Current portion	97.1	50.2

The non-taxable results can be specified as follows:

amounts in millions of euros	2014	2013
Share of result of associates	1.3	1.2
Non-taxable part of taxed salaries or limited deduction of mixed expenses	-0.9	-
Costs of acquisition	-1.6	-
Total	-1.2	1.2

The correction of the corporate income tax of the previous year (EUR 0.8 million) pertains to corporate income tax over non-deductible costs 2009 up to and including 2013.

12. Property, plant and equipment

The changes in property, plant and equipment in 2014 are as follows:

amounts in millions of euros	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2014
Cost at 1 January 2014	638.7	10,344.2	208.7	171.5	11,363.2
Accumulated depreciation at 1 January 2014	299.8	5,176.4	157.6	-	5,633.8
Carrying amount at 1 January 2014	338.9	5,167.9	51.1	171.5	5,729.4
Reclassified	0.3	-0.3	-	-	-
Reclassified work in progress	7.5	128.1	2.9	-138.4	-
Investments ¹⁾	12.0	295.3	12.9	112.7	432.8
Depreciated	-12.2	-232.3	-13.1	-	-257.7
Impairment	-0.3	-16.2	-3.3	-	-19.8
Carrying amount at 31 December 2014	346.1	5,342.3	50.4	145.8	5,884.6
Accumulated depreciation at 31 December 2014	312.0	5,303.9	164.3	-	5,780.2
Cost at 31 December 2014	658.1	10,646.2	214.7	145.8	11,664.8

1. In 2014 EUR 1.1 million (2013: EUR 1.8 million) construction interest was capitalised and recorded as financial income. This was calculated with an interest rate of 4.37% (2013: 4.46%). The number of large multi-year investment programmes over which construction interest is calculated decreased compared to 2013.

The comparative overview for 2013 is as follows:

amounts in millions of euros	Land and Buildings	Cables, pipelines and equipment	Other non-current assets	Work in progress	Total 2013
Cost at 1 January 2013	584.8	9,952.0	200.2	217.8	10,954.8
Accumulated depreciation at 1 January 2013	287.8	4,969.1	148.0	-	5,404.9
Carrying amount at 1 January 2013	297.0	4,982.9	52.2	217.8	5,549.9
Reclassified	-1.9	2.3	-0.4	-	-
Reclassified work in progress	32.6	116.6	0.7	-149.9	-0.1
Investments	23.6	307.1	13.1	103.6	447.4
Divestment	-0.1	-	-	-	-0.1
Depreciated	-12.3	-223.4	-14.4	-	-250.0
Impairment	-	-17.6	-0.1	-	-17.7
Carrying amount at 31 December 2013	338.9	5,167.9	51.1	171.5	5,729.4
Accumulated depreciation at 31 December 2013	299.8	5,176.4	157.6	-	5,633.8
Cost at 31 December 2013	638.7	10,344.3	208.7	171.5	11,363.2

Depreciation on property, plant and equipment has increased as a result of higher (replacement) investments in the energy grid in recent years. This decrease is enlarged by a proactive capitalisation policy with the aim of completing investment projects faster by which the time of final capitalisation and therefore also the commencement of the depreciation of the asset in question is brought forward.

Other fixed assets include company vehicles in financial leases recorded at the net present value of the minimum future lease payments. The book value amounted to EUR 6.8 million at year-end 2014. The divestments mainly concern material that was sold.

13. Intangible fixed assets

The changes in intangible fixed assets in 2014 are as follows:

amounts in millions of euros	Goodwill	Software	Under construction	Total 2014
Cost at 1 January 2014	16.9	274.8	2.7	294.4
Accumulated depreciation at 1 January 2014	-	183.2	-	183.2
Carrying amount at 1 January 2014	16.9	91.6	2.7	111.2
Reclassified	-	2.0	-2.0	-
Investments	-	11.7	17.2	28.9
Depreciation	-	-32.1	-	-32.1
Impairment	-	-0.6	-	-0.6
Carrying amount at 31 December 2014	16.9	72.6	17.9	107.5
Accumulated depreciation at 31 December 2014	-	214.7	-	214.7
Cost at 31 December 2014	16.9	16.9	16.9	287.4

The goodwill relates to the acquisition of Intergas Energie B.V. in 2011 and concerns the difference between the cost of the acquisition and the fair value of the net assets at the time of the acquisition.

The assets that are classified as software concern mainly the net registration system, various operating systems, connection registrations, customer information systems, job order management systems and other support systems.

The comparative overview for 2013 is as follows:

amounts in millions of euros	Goodwill	Software	Under construction	Total 2013
Cost at 1 January 2013	16.9	253.6	2.4	272.9
Accumulated depreciation at 1 January 2013	-	153.9	-	153.9
Carrying amount at 1 January 2013	16.9	99.7	2.4	119.0
Reclassified	-	1.8	-1.8	-
Investments	-	21.2	2.1	23.3
Depreciation	-	-30.3	-	-30.3
Impairment	-	-0.8	-	-0.8
Carrying amount at 31 December 2013	16.9	91.6	2.7	111.2
Accumulated depreciation at 31 December 2013	-	183.2	-	183.2
Cost at 31 December 2013	16.9	274.8	2.7	294.4

An assessment is made during the financial year whether there are any indications that the regulated assets or non-regulated assets may be impaired, whereby the value in use is taken as the point of departure. For this purpose, the goodwill arising from the acquisition of Intergas has been attributed to the cash flow generating unit of the gas-related activities. Enexis carries out an annual assessment to determine whether there is any impairment of the goodwill.

The value in use of the regulated assets and of the non-regulated assets is determined based on the most recent Strategic Plan. The most important points of departure that are included in this plan are, among others, estimates of the discounting rate based on the WACC percentages used by the ACM, the regulated tariffs, and the development of the number of connections and services as well as the operating and other expenses.

The points of departure that were chosen are estimates and are largely based on past experiences and the most recent information regarding the regulation of tariffs. The thus calculated values in use of both the regulated assets and the non-regulated assets were considerably higher than the values in use of the corresponding assets, with and without the addition of the goodwill allocated to these assets. Therefore, no impairments have to be taken into account for the regulated assets, the corresponding goodwill and the non-regulated assets.

The impairment assessment is based on the following points of departure:

	Basis regulated activities	Basis non-regulated activities
Variables		
Cash-generating units	Elektricity and gas	Single cash flow generating unit
Source of financial results in future years	Strategic Plan	Strategic Plan
Cost debt capital	3.05%	3.55%
Cost equity	5.44%	7.52%
Discount rate after taxes ¹⁾	3.86%	7.52%

1. The discount rate is an estimate based on the data as provided by the Authority for Consumers & Markets.

14. Associates

The associates consist of the following:

amounts in millions of euros	2014	2013
ZEBRA Gasnetwerk B.V.	12.5	12.4
Energie Data Services Nederland B.V.	-	-
Ziut B.V.	-	-
Other associates and foundations	-	-
At 31 December	12.5	12.4

Enexis's participation in Ziut B.V. decreased in 2012 by EUR 11.6 million to zero due to impairment. The financial results and the financial position of the company have improved in the meantime. This positive development is not yet a reason for Enexis to reverse the impairment. ZEBRA Gasnetwerk B.V., in which Enexis participates for 67%, has not been included in the consolidation because a majority of 75% is required for decisions.

The changes in the associates are as follows:

amounts in millions of euros	2014	2013
At 1 January	12.4	12.8
Purchased	-	-
Profits for the year	1.3	1.2
Dividends received	-1.2	-1.6
At 31 December	12.5	12.4

Dividends received concerns the dividend distribution received from ZEBRA Gasnetwerk B.V. regarding the previous financial year.

The relevant information regarding the participation of Enexis Holding N.V. is provided below for all of the associates.

amounts in millions of euros	2014	2013
Non-current assets	24.3	36.1
Current assets	30.7	22.4
Non-current liabilities	-22.5	-25.5
Current liabilities	-20.0	-20.6
Book value at 31 December	12.5	12.4
Revenue	32.0	32.3
Costs (including financial income and expenses)	-29.9	-30.7
Profit before tax	2.0	1.6
Corporate income tax expense	-0.7	-0.4
Profit for the year	1.3	1.2

An overview of all of the associates (group companies and other associates) is provided in note 48 Associates. None of the associates are listed on a stock exchange.

15. Other financial fixed assets

Other financial fixed assets consist of the following:

amounts in millions of euros	2014	2013
Loans and receivables	10.4	12.1
Total	10.4	12.1

The changes in financial fixed assets in 2014 are as follows:

amounts in millions of euros	Loans granted to staff	Other loans	Total 2014
At 1 January 2014	1.8	10.3	12.1
New loans	0.7	-	0.7
Redemptions	0.8	1.6	2.4
At 31 December 2014	1.7	8.7	10.4

Other financial fixed assets concern loans provided to EDSN B.V., Ziut B.V., and MijnAansluitingen and loans provided to employees in connection with financing arrangements. The average weighted effective interest rate of the loans amounted to approximately 3.4% (2013: 2.8%).

The interest rate that was used for the other financial fixed assets is higher than the market interest rate at year-end 2014. Due to the limited size, the difference in the rates did not have a material effect on the fair value. The agreed interest rate on the above-mentioned loans was determined on an at arm's length basis at the time these loans were concluded.

16. Inventories

amounts in millions of euros	2014	2013
Materials	22.2	23.7
Provision for obsolescence	-1.4	-1.2
Total	20.8	22.5

Inventories decreased by EUR 1.7 million compared to 2013 mainly due to the roll out of smart meters.

17. Receivables

amounts in millions of euros	2014	2013
Trade receivables	73.0	69.6
Amounts receivable	120.1	122.0
Provision for doubtful debts	-20.5	-16.4
Total	172.6	175.2

The still to be received amounts concern for an amount of EUR 39.1 million (2013: EUR 41.5 million) the monthly estimate of transmission payments to high-volume energy consumers and for EUR 77.2 million (2013: EUR 74.7 million) to low-volume energy consumers.

The age of the trade debtors without the deduction of the provision for doubtful debts was as follows per 31 December 2014 (in comparison to the 2013 figures):

amounts in millions of euros	2014			2013
	Net	Provision	Gross	Gross
Not past due	26.1	-	26.1	19.3
0-30 days past due	16.1	-0.2	16.3	19.3
31-60 days past due	1.4	-0.3	1.7	1.5
61-90 days past due	0.8	-0.2	1.0	1.5
91-365 days past due	4.9	-4.6	9.5	8.6
Over 365 days past due	3.2	-15.0	18.2	19.4
Total	52.5	-20.5	73.0	69.6

The collectability of the trade debtors was assessed, depending on the customer profile, individually or as a group based on the risk estimate of the management.

Based on analysis, it was determined that the provisions that had been formed for non-collectable receivables in connection with the invoicing of fraud and energy consumption without a contract were insufficient. In order to absorb the possible risks in the future, Enexis has increased the amount of the provisions in question taking into account the updated debt collection percentages.

The receivables for fraud and energy consumption without a contract were written off. This write off was recognised in 2014 by increasing the provision for non-collectable debtors and debt collection related to the receivables. This write off amounted to EUR 3.1 million for receivables > two years which is regarded as a write off of receivables. These older receivables are actually written off. The increase in the provision in connection with the receivables amounted to EUR 2.2 million for receivables < two years which is regarded as a devaluation of receivables.

The loss of EUR 5.3 was recognised in “other operating expenses” in the income statement as an extraordinary item to allow a better analysis of the results.

The changes in the provision for doubtful debts are as follows:

amounts in millions of euros	2014	2013
At 1 January	-16.4	-16.2
Allocation through profit or loss	-10.7	-5.0
Release	-	-
Write-offs	7.4	5.6
Reversals of earlier write-offs	-0.8	-0.8
At 31 december	-20.5	-16.4

18. Other financial assets (current)

amounts in millions of euros	2014	2013
Loans with maturity < 1 year	2.3	2.1
Short-term deposits	110.0	85.0
At 31 december	112.3	87.1

Surplus cash in 2014 was placed on deposit, held in corporate savings accounts, or invested in Money Market Funds, in accordance with the conditions as described in further detail in the Treasury Charter. With regard to the investment of surplus cash, the Treasury Charter is based on the Fido Act (Act on the funding of decentralised government bodies) and on Ruddy (Regulation governing deposits and derivatives of decentralised government bodies), whereby additional limits have been set regarding the amount, the term and the credit rating of the counter party. All deposits are available on the maturity date.

The terms to maturity and the fixed interest rates of the deposits placed with banks can be summarised as follows:

	% (average weighted value)	Amount (EUR mln.)
Maturities at year-end 2014		
Freely disposable	0.28	20.0
0-3 months	0.13	90.0
	0.16	110.0

19. Cash and cash equivalents

amounts in millions of euros	2014	2013
Cash at bank and cash balances	96.3	115.0
Total	96.3	115.0

The balance of cash and cash equivalents decreased from EUR 115.0 million at year-end 2013 to EUR 96.3 million at year-end 2014. Reference is made to the cash flow statement and the explanatory notes to the cash flow statement as included in note 27 Notes to the cash flow statement.

The balance of cash and cash equivalents consists of the balances of the cash pools placed with ING and RBS. Credit balances of Enexis Holding N.V., Fudura B.V. and Enexis Vastgoed B.V. have been pledged as security for the credit facility of Enexis B.V. and for amounts owed to each other.

As from 2013, the cash pools can no longer be offset against each other and positive and negative bank balances of the companies of the group can no longer be settled among each other due to changes in IAS 32. As a consequence, EUR 13.7 million (2013: EUR 67.1 million) in negative bank balances were presented as current liabilities.

20. Equity

The company's authorised share capital amounts to three hundred million euros (EUR 300,000,000) and is divided into three hundred million (300,000,000) ordinary shares of one euro (EUR 1.00) Of these shares, 149,682,196 shares with a total value of EUR 149,682,196 have been issued and fully paid up.

The share premium reserve is recognised for tax purposes.

The cash flow hedge reserve relates to the equivalent value of the interest rate swaps that were settled in 2012 that Enexis had concluded in January 2012 in the phase prior to the issue of the first notes for an amount of EUR 300 million with the aim of hedging the risks arising from the expected future interest payments. The interest rate swaps were settled when the first bond loan of EUR 300 million was issued under the Euro Medium Term Notes programme and the loss recognised in the cash flow hedge reserve up to that date will be released to the profit or loss for the remaining term of the loans. The hedge reserve cannot be freely distributed. The change in the hedge reserve of EUR 0.6 million positive (2013: EUR 0.6 million positive).

The result following from the income statement for the financial year 2014 before taxation concerns only realised results. After the deduction of corporate income tax expenses, the realised profit in 2014 amounted to EUR 265.5 million (2013: EUR 239.1 million). It has been agreed with the shareholders that no more than 50% of this net result will be paid out as a dividend. The profit appropriation proposal on page 130 has not been taken into account in determining the amount of equity. At year-end 2014, the equity amounted to EUR 3,516.7 million (2013: EUR 3,370.1 million). At year-end 2014, the total equity amounted to EUR 23.49 per share (2013: EUR 22.52).

Reference is made to the consolidated statement of changes in equity for further details.

21. Interest-bearing liabilities (non-current)

amounts in millions of euros	2014	2013
Shareholders loan conversion right to convert into equity (tranche D)	350.0	350.0
Shareholder loans (tranche C)	500.0	500.0
Euro Medium Term Notes	793.7	792.7
Perpetual loan	93.9	93.9
Private loan	4.9	6.0
Lease obligations	4.8	8.0
Total	1,747.4	1,750.6

Non-current interest-bearing liabilities include borrowings that are available to Enexis for a period longer than one year. The amounts for repayments due within one year are included in the current interest-bearing liabilities.

Reference is made to note 28 for more information on the interest-bearing liabilities (non-current). Financing policy and risks associated with financial instruments.

The perpetual loan concerns a loan for an indefinite period with an interest rate of 9% that was provided by a number of Enexis's shareholders.

The private loan concerns a loan that Enexis B.V. took over from Essent Nederland B.V.

The terms of the lease commitments (including the current portion) are as follows:

amounts in millions of euros	2014			2013		
	< 1 jaar	1-5 jaar	> 5 jaar	< 1 jaar	1-5 jaar	> 5 jaar
Nominal lease obligations	3.3	4.8	0.0	4.2	8.0	0.1
Present value of lease obligations	3.3	4.7	0.0	4.2	7.9	0.1

Lease obligations have decreased due to a decrease in the number of vehicles in financial lease. Newly concluded contracts concern operational lease contracts of which the future obligations are not included in the balance sheet.

22. Provisions

The provisions at year-end 2014 can be specified as follows:

amounts in millions of euros	Long-service benefits	Shorter working hours and special-purpose leave	Other employee benefits	Decontamination of gas sites	Other	Total provisions 2014
Obligations at beginning of year	32.0	35.5	6.2	2.0	5.4	81.1
Interest	0.9	0.9	-	-	-	1.8
Recognised claims in 2014	4.8	3.2	0.8	-	-	8.8
Released	-1.3	-1.5	-1.2	-0.8	-0.1	-4.9
Benefits paid	-2.0	-2.2	-1.9	-0.8	-	-6.8
Total	34.4	35.9	4.0	0.4	5.3	80.0
Less: current portion	2.2	3.7	1.5	-	5.4	12.9
Total non-current portion	32.2	32.1	2.4	0.4	-	67.1

The comparative overview for 2013:

amounts in millions of euros	Long-service benefits	Shorter working hours and special-purpose leave	Other employee benefits	Grid losses	Decontamination of gas sites	Other	Total provisions 2013
Obligations at beginning of year	31.5	36.2	11.1	3.1	2.4	5.8	90.1
Interest	-0.8	-1.1	-	-	-	-	-1.9
Recognised claims in 2013	3.6	4.6	4.5	-	-	1.9	14.6
Released	-0.7	-1.1	-4.7	-5.1	-0.3	-1.4	-13.3
Benefits paid	-1.6	-3.1	-4.7	2.0	-0.1	-0.9	-8.4
Total	32.0	35.5	6.2	-	2.0	5.4	81.1
Less: current portion	1.8	3.8	1.7	-	-	5.4	12.7
Total non-current portion	30.2	31.7	4.5	-	2.0	-	68.4

The current portion of EUR 12.9 million (2013: EUR 12.7 million) has been recorded separately under the current liabilities.

Estimates of employee-related provisions

The most important assumptions on which the calculations of the employee-related provisions are based are the following:

	2014	2013
Discount curve	Euro Utility (A) BFV Curve	Euro Utility (A) BFV Curve
Discount rates	0,2%-1,2%	0,4%-3,9%
Estimated future CLA wage increases	1.2%	1.2%
Company-specific periodic indexation	1.0%	1.0%
Estimate future departure probability	1.0%	1.0%
Holiday allowance and social security expenses	14.4%	13.9%

Long-service benefits

In accordance with the provisions of the collective labour agreement (CLA), Enexis grants long-service benefits to employees. As from the commencement of the employment, a provision is formed for the long-service benefits based on the past number of years of employment, anticipated price and salary increases and the probability of mortality, disability and dismissal.

Shorter working hours and special purpose leave

This provision relates to liabilities arising from the transition scheme for shorter working hours for older employees and from the special purpose leave scheme.

Provision for other employee-related expenses

This provision relates to various employee-related expenses, including expenses in connection with the voluntary termination of employment and severance payments, healthcare costs for former employees and retention and reorganisation costs.

The reorganisation provisions are calculated on an individual basis taking into account the employee's gross salary, length of employment, expected duration of redundancy and an addition of 35% for employer's contributions. An estimate has been made for part of the provisions regarding the future termination of employment of redundant employees.

Provision for grid losses

Enexis divides the transmitted energy among its customers through its allocation and reconciliation process. In this case, the allocation is the advance and the reconciliation is the final settlement. The difference between the energy taken up by the distribution grid and the energy allocated to end users after allocation and reconciliation is the grid loss. The reconciliation process is a process that takes 20 months before the reconciliation process of the calendar year in question is finalised. Based on estimates, Enexis tries to estimate the final reconciliation as accurately as possible. These estimates depend on a large number of factors. Due to the fact that a number of factors show changes in trends compared to previous years, Enexis considers the basis for making an estimate of the grid loss over the previous periods insufficiently reliable. These changes are the consequence of, inter alia, the transition to the New Market Model whereby meter readings are estimated, a lower than expected economic growth and the increase in the number of solar panels in use whereby insufficient insight can be obtained into the amount of energy delivered back to the grid. Due to the absence of a reliable basis for estimating the grid loss resulting from reconciliation, neither a receivable nor a liability was recognised in the balance sheet at year-end 2014.

If the grid loss were to increase or decrease by 1%, this would have an impact of approximately EUR 0.8 million on the result after tax.

Provision for decontamination of gas sites

This provision relates to the financial risk associated with obligations to decontaminate gas sites.

Other provisions

The item other provisions consists of several provisions in connection with various different matters, including provisions related to tax and legal issues.

23. Advance contributions for the installation of grids and connections

The advance contributions for investments in the installation of grids and connections can be specified as follows:

amounts in millions of euros	2014	2013
At 1 January	549.9	489.6
Received during the year	65.6	72.4
Depreciated	-13.6	-12.1
Total	601.9	549.9
Current portion to be amortised in following financial year	14.2	12.7
Total non-current portion	587.7	537.2

24. Deferred corporate income tax

Deferred corporate income tax assets and liabilities relate to differences between the carrying value and the tax basis of tangible fixed assets, employee-related provisions and derivatives.

amounts in millions of euros	2014	2013
Deferred corporate income tax assets for provisions	-9.1	-8.8
Deferred corporate income tax assets for derivatives	-1.1	-1.6
Deferred corporate income tax liabilities for property, plant and equipment	201.3	208.3
Total	191.1	197.9

The deferred corporate income tax liabilities with regard to property, plant and equipment arose mainly as a consequence of the tax incentive scheme (the Arbitrary Depreciation facility in 2009, 2010, 2011 and in the second half of 2013). According to case law, the provisions for special purpose leave and shorter working hours are not admissible for tax purposes, which has resulted in an active deferred tax item.

25. Trade and other payables

amounts in millions of euros	2014	2013
Suppliers	47.5	42.4
Tax and social security contributions	64.9	64.4
Payments to employees	44.0	44.8
Other	56.6	58.6
Total	212.9	210.2

Unless stated otherwise below, all of these items are settled within one year.

26. Interest-bearing liabilities (current)

amounts in millions of euros	2014	2013
Amounts owed to credit institutions	13.7	67.1
Loan ZEBRA Gasnetwerk B.V.	8.0	8.0
Private loan	0.7	0.9
Guarantee deposits received	0.6	0.7
Lease obligations	3.3	4.2
Total	26.3	80.9

Due to changes in IAS 32, the cash pools may no longer be offset against one another and positive and negative bank balances of group companies can no longer be offset against each other as from 2013. The consequence of this is a reclassification of cash and cash equivalents to current liabilities.

In 2014, ZEBRA Gasnetwork B.V. rolled over the existing loan of EUR 8 million at a variable interest rate of 0.086% applicable at year-end 2014 with a remaining term to 3 February 2015.

27. Notes to the cash flow statement

In preparing the cash flow statement, the following items have been included in net cash and cash equivalents:

amounts in millions of euros	2014	2013
Cash at bank and cash balances	96.3	115.0
Amounts owed to credit institutions ¹⁾	-13.7	-67.1
Total	82.6	47.9

1. As a result of the retrospective application of the new IFRS standard IAS 32, the negative bank balances are presented as interest-bearing liabilities.

The main items of the cash flow statement are specified below.

Changes in net working capital can be specified as follows:

amounts in millions of euros	2014	2013
Corporate income tax expense recognised through profit or loss	90.0	75.5
Corporate income tax paid or received	-80.1	-46.0
Interest received and paid recognised through profit or loss	79.0	109.1
Interest paid	-79.9	-107.1
Interest received	4.3	6.8
Working capital before tax and interest	9.3	-98.0
Total	22.6	-59.7

Specification of net working capital:

amounts in millions of euros	2014	2013	Mutation
Inventories	20.8	22.5	-1.7
Receivables	172.6	175.2	-2.6
Subtotal	193.4	197.7	-4.3
Trade and other payables	-214.5	-212.9	-1.6
Corporate income tax	-40.7	-24.2	-16.6
(Current) provisions	-12.9	-12.7	-0.2
Subtotal	-268.1	-249.8	-18.3
Total	-74.8	-52.1	-22.6

28. Financing policy and risks associated with financial instruments

General

The aim of Enexis's financing policy is to ensure the independent financing of Enexis by ensuring timely, constant and sufficient access to the capital and money markets while also optimising the financing structure, costs and risks. The execution of the financing policy is laid down in the Treasury Charter, which contains the Treasury's objectives, task description and mandate, reporting, risk management and organisational and administrative frameworks for financing.

In connection with its operations, Enexis is exposed to a number of risks, such as market risks, credit risks, solvency risks, liquidity risks and process risks. One of the main objectives of the policy is to minimise the effect of the above-mentioned risks on the financial results, for which purpose Enexis can use financial instruments and derivatives.

Interest rate risk

Receivables

Enexis limits the interest rate risk on receivables in two ways:

- ◆ by matching the maturities of the receivables, including the financial assets, with the liquidity forecast; and
- ◆ by agreeing contractual interest rates beforehand with regard to the financial assets until the expiry date of the concluded contracts. Only a small amount of the surplus cash and cash equivalents are invested with a short horizon or at a variable interest rate to ensure diversification and flexibility.

Borrowed capital

The interest-bearing loans have the following terms, interest rates and maturity dates:

amounts in millions of euros	Nominal value	Contractual expiration date	Initial contract period (years)	Remaining period (years)	Interest
Shareholder loan conversion right to convert into equity (tranche D)	350.0	30 September 2019	10.0	4.7	7.20%
Shareholder loans (tranche C)	500.0	30 September 2016	7.0	1.7	4.65%
Euro Medium Term Notes 1st issue	300.0	26 January 2022	10.0	7.1	3.375%
Euro Medium Term Notes 2nd issue	500.0	13 November 2020	8.0	5.9	1.875%
Perpetual loans	93.9	undetermined	undetermined	undetermined	9.00%
Private loan ¹⁾	2.9	15 Maart 2017	various	1.2	6.76%

1. These concern several loans. The reported amounts are average weighted values.

The fair value of the interest-bearing loans amounted to EUR 2,053.2 million at year-end 2014. This fair value is in accordance with the calculation method that was revised mid-2014 based on the Euro Utility (A) BFV yield curve on 31 December 2014 (year-end 2013: EUR 1,927.2 million; EUR 1,925.9 million based on the former calculation method). In this calculation, the amounts of the interest payments and the repayments of the principals are discounted at different rates, with which the time effect is taken into account. The fair value has risen due to a further decrease in the market interest rate.

The borrowed capital concerns "Level 2" financial instruments. This means that for Enexis, the fair value is based on the discounting of the nominal cash flows at applicable market discounting curves.

Pursuant to the Instructions issued by the Minister of Economic Affairs in connection with the splitting up, part of the shareholders' loans (tranche D) in the amount of EUR 350 million must be convertible into equity in the event of a structural capital shortage. Enexis has the right to request the lender to convert the loan completely or partially into equity of Enexis. This right can be exercised if this is deemed necessary in Enexis's opinion and endorsed by the Supervisory Board. This request should be made with an eye to the continuity of exercising its tasks as grid operator and in accordance with the requirements of the energy regulations. As lenders, the shareholders have the obligation to cooperate with the requested conversion if there is a structural shortage of capital, only insofar as conversion is necessary to enable Enexis to structurally comply with the financial ratios required by law and by its existing loan documentation.

As practically all of the borrowed capital has a fixed interest rate, the interest rate sensitivity for each basis point (0.01%) increase or decrease of the base interest rate relative to the base rate at year-end is not material.

In principle, Enexis has the option to use derivatives to hedge specific risk positions, including but not limited to the interest rate risk. Enexis did not make use of this in 2014.

The interest rate risk consists, on the one hand, of the risk that the regulated interest income in the future will be lower than the interest payments laid down in the existing loan agreements and, on the other hand, of the risk that the to be paid interest rates in connection with future financing will be higher than the current market interest rate.

Exchange rate risk

Enexis may be exposed to exchange rate risk on the issue of financial instruments and when making purchases in currencies other than the euro. It is Enexis's policy to hedge both the exchange rate and the interest rate risk immediately upon the issue of financial instruments denominated in other currencies. In the case of investments or larger purchases denominated in other currencies with an equivalent value exceeding EUR 250,000, it will be examined, in consultation with the Purchasing department, whether the exchange rate risk should be fixed directly.

The total amount of cash and cash equivalents, receivables and liabilities held in foreign currencies at the end of 2014 amounted to zero, which means that exchange rate risks and sensitivity to exchange rate fluctuations were not relevant.

Credit risk

The credit risk is the risk of sustaining a loss in the event that a counter party is unable or unwilling to fulfil its obligations. The majority of the activities of Enexis Holding N.V. and its group companies are regulated. The debtor risks in regulated markets are lower than the debtor risks in liberalised energy markets. For all low-volume debtors with regard to the to be paid grid payments, the receivables are collected by the energy suppliers, which bear the debtor risk with regard to the end customer. However, Enexis does have a debtor risk with regard to the energy suppliers.

The maximum credit risk is, in principle, equal to the carrying amount of the receivables and current assets.

Surplus liquidity is placed under market conditions with financial institutions, funds and third parties established in the EU that satisfy the agreed minimum rating requirements, or with the Dutch government or invested in securities guaranteed by the Dutch government. In addition, Enexis aims to spread investment risks by observing counter party limits in combination with maximum terms of deposits.

Solvency

Solvency risk

Solvency risk is the risk that Enexis's equity or capital base is insufficient to allow it to meet its obligations in the long term. Enexis aims for at least an A rating (A/A2 with a stable outlook) for both Enexis Holding N.V. and Enexis B.V. This objective is monitored on the basis of defined minimum financial ratios in relation to interest coverage, debt coverage and solvency. This credit rating ensures that Enexis has sufficient access to the international capital markets, whereby the solvency is safeguarded by monitoring the minimum financial ratios.

Liquidity risk and contractual term analysis

Liquidity risk

Liquidity risk is the risk that Enexis will not be able to meet its short-term payment obligations. In order to cover this risk, Enexis had replaced its existing Revolving Credit Facility (RCF) of EUR 450 million with a new committed RCF of EUR 600 million. This facility was concluded with a group of eleven banks and has a term of five years, which ends mid-2019. With this new facility, Enexis has the option to request the banks to extend the term twice with one year.

Enexis did not make use of the RCF in 2014; however, Enexis retains this facility for any unforeseen liquidity requirements. In order to retain the RCF, Enexis has contractual obligations to the participating banks. These obligations mainly concern providing information to the banks involved, and other, for these facilities customary general covenants such as pari passu and negative pledge.

In addition, Enexis has placed its bank accounts in two cash pools. A committed credit facility of EUR 20 million was made available to one of these cash pools and a non-committed credit facility of EUR 10 million was made available to the other cash pool.

Enexis had a positive cash balance of EUR 82.8 million at the end of 2014 (2013: EUR 47.9 million). In addition, at year-end 2014, EUR 110 million was held in short-term deposits (2013: EUR 85 million).

Contractual term analysis

The table below shows the contractual and non-discounted cash flows at year-end 2014:

amounts in millions of euros	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	-	-	-	859.7	887.7	1,747.4
Trade and other payables	112.3	-	81.2	19.3	-	212.8
Current interest-bearing liabilities	0.3	22.9	3.1	-	-	26.3
Interest on interest-bearing liabilities	-	0.3	76.4	236.5	65.1	378.4
Total	112.6	23.3	160.7	1,115.5	952.8	2,364.9

The contractual and non-discounted cash flows at year-end 2013 amounted to:

amounts in millions of euros	< 1 month	< 3 month	3-12 month	1-5 year	> 5 year	Total
Non-current interest-bearing liabilities	-	-	-	513.9	1,236.7	1,750.6
Trade and other payables	106.8	-	82.8	20.6	-	210.2
Current interest-bearing liabilities	-	9.6	4.2	-	-	13.8
Interest on interest-bearing liabilities	10.1	0.3	66.3	259.5	105.4	441.6
Total	116.9	9.9	153.3	794.0	1,342.1	2,416.2

The non-current interest-bearing liabilities > five years include the perpetual loan of EUR 93.3 million with an indefinite term.

Market prices

For Enexis, this refers to the risk of changes in commodity prices, in particular in connection with the purchase of energy for grid losses. This risk is largely hedged through price fixing by means of forward purchases, in which the predicted volumes have already been purchased at the beginning of the year. This purchasing method ensures a predictable result and is only sensitive to volume differences and unpredictable price differences for regular buying and selling activities during a distribution year. The purchasing price risk is reduced by spreading the purchasing at fixed prices over a period of approximately two years prior to the date of actual settlement. No use is made of derivatives in connection with the purchase of energy for grid losses.

Process risk

Process risk consists of the risks associated with setting up the organisation, the procedures and the activities of the Treasury department of Enexis. These risks are hedged by an organisational segregation of duties between the front office and the back office, as well as by means of the adopted financing policy, the Treasury Charter, the Treasury Control Framework and related internal assessments and internal audits.

Market risk

Market risk is the risk that relates to changes in the value of cash flows and financial instruments as a result of changes in market prices, interest rates and currency exchange rates. Enexis does not hold any financial instruments for trading purposes.

Market risk is the risk that relates to changes in the value of cash flows and financial instruments as a result of changes in market prices, interest rates and currency exchange rates. Enexis does not hold any financial instruments for trading purposes.

Capital management

The capital managed by the company includes the share capital paid up by shareholders and the accrued general reserves.

The capital management of the Enexis group is aimed at maintaining a financially healthy capital structure and at least an A credit rating (A2/A with a stable outlook) to support the continuity of its operations and to be able to realise planned investments.

In this process, the Group aims to achieve the return on equity for the shareholders as defined by the Netherlands Authority for Consumers and Markets (ACM) taking into account the interests of lenders and other stakeholders of Enexis.

In order to realise the objective of maintaining at least an A credit rating and a financially sound capital structure, the following financial ratios are aimed for:

	Standard	Actual 2014	Actual 2013
FFO- interest cover	≥ 3,5	8.0	6.2
FFO/net interest-bearing liabilities	≥ 16%	34%	33%
Net interest-bearing liabilities / (equity + net interest-bearing liabilities)	≤ 60%	32%	33%

The ratios and the corresponding norms were revised in 2014. The changes are the consequence of partially revised definitions of credit rating agencies and bringing the internal definitions more in line with those of the credit rating agencies.

FFO interest coverage ratio

(operating profit + depreciation - amortisations + dividend received from associates + financial income - taxes due and payable) / paid interest expenses

FFO/net interest-bearing liabilities

(operating profit + depreciation - amortisations + dividend received from associates - financial expenses + financial income - taxes due and payable) / total interest-bearing liabilities - 75%* (cash and cash equivalents + deposits + other freely available cash and cash equivalents)

Net interest-bearing liabilities / (Equity + net interest-bearing liabilities)

(total interest-bearing liabilities - 75%* (cash and cash equivalents + deposits + other freely available cash and cash equivalents)) / (equity + (total interest-bearing liabilities - 75%* (cash and cash equivalents + deposits + other freely available cash and cash equivalents)))

By complying with these key ratios and maintaining the credit rating objectives, the Group amply satisfies its statutory requirements concerning capital ratios and creditworthiness (laid down in the Besluit Financieel Beheer Netbeheerders - Grid Operator Financial Management Decree) as well as the financial covenants under existing financing agreements.

The Group manages its capital structure and adjusts its capital structure to changes in economic conditions and statutory or regulatory requirements taking into account the target minimum key ratios. To maintain or adjust its capital structure, subject to specific conditions, the Group can revise its dividend policy, distribute capital to shareholders, exercise its conversion right or issue new shares.

29. Related party disclosures

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are not invested and are usually settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful debts was zero.

In 2014, Enexis Holding N.V. classified the shareholders and their affiliates, associates and key officers as related parties. The shares of Enexis Holding N.V. are held by Dutch provinces and municipalities.

Sales transactions with the shareholders, other than in the course of the company's regular operations, had a value of EUR 0.6 million in 2014 and purchasing transaction with shareholders, other than in the course of the company's regular operations, amounted to EUR 0.1 million in 2014. The total value of receivables at year-end 2014 amounted to EUR 0.4 million. Loans provided by the shareholders amounted to EUR 943.9 million at year-end 2014 (2013: EUR 943.9 million). Interest payments on these loans in 2014 amounted to EUR 55.8 million (2013: EUR 88.8 million). Dividend payments to shareholders amounted to EUR 119.5 million (2013: EUR 114.5 million).

There were no transaction with affiliates of shareholders other than in the course of regular operations.

Sales transactions amounting to EUR 4.8 million (2013: EUR 4.9 million) were concluded with associates and purchase transactions amounting to EUR 7.0 million (2013: EUR 4.6 million) took place with Enexis's associates.

The total value of receivables from associates at year-end 2014 amounted to EUR 0.6 million (2013: EUR 0.9 million) and the total amount of trade debts amounted to EUR 1.0 million (2013: EUR 0.4 million).

Loans provided to associates at year-end 2014 amounted to EUR 11.0 million (2013: EUR 12.2 million). Loans received by associates at year-end 2014 amounted to EUR 8.0 million (2013: EUR 8.0 million).

Interest payments in connection with these loans in 2014 amounted to EUR 0.3 million (2013: EUR 0.1 million). Dividends received from associates amounted to EUR 1.2 million (2013: EUR 1.6 million).

The transactions with members of the Executive Board and the Supervisory Board only pertain to remunerations. Reference is made to note 31 Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act.

The non-consolidated associates of Enexis Holding N.V. and its affiliates are listed on the following page. For more detailed information, reference is made to note 49 Associates.

Enexis Holding N.V. is the majority shareholder in ZEBRA Gasnetwerk B.V. Enexis Holding N.V. does not control this company (decisions require a majority of 75%).

30. Off-balance sheet commitments and assets

Cross-border Lease Developments in 2014

For a specific time after termination of the last Cross-Border Lease (CBL) in 2012, there will be the possibility of subsequent invoices for the termination and settlement of the CBLs as well as a very low risk of claims arising from accrued liabilities, the so-called surviving obligations. We estimate the probability of subsequent costs and the risk of claims in connection with this CBL termination to be very low.

All other CBLs originally entered into by Essent/Enexis were voluntarily terminated by the end of 2011. For the time being, the existing cross-guarantee structure between Essent and Enexis has remained intact in connection with the possible accrued liabilities and expenses after termination. This entails both parties standing as guarantors for the US investors of the discontinued commercial and grid CBLs. To cover possible costs and claims, the former Essent shareholders and RWE formed a CBL fund. We estimate that the balance of the available funds of the fund is more than sufficient to cover any subsequent costs of Enexis and we estimate the risk of subsequent claims as very limited. Enexis is not entitled to any residual funds of the CBL fund.

Grid loss

In future periods, Enexis will have to settle the grid losses over previous years for which, according to the reconciliation process, too little or too much was settled. Due to the absence of a reliable basis for estimating the future settlement, neither a receivable nor a liability was recognised in the balance sheet at year-end 2014.

Rent, lease and purchasing obligations

Through its group companies Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V, Enexis Holding N.V. has entered into purchasing obligations for EUR 308.4 million (2013: EUR 371.6 million).

amounts in millions of euros	2014			2013		
	< 1 year	1-5 year	> 5 year	< 1 year	1-5 year	> 5 year
Passenger cars	18.7	33.3	2.4	18.9	37.8	2.9
Office locations	12.0	14.2	5.9	14.1	28.6	11.5
Grid loss	74.8	53.6	-	84.5	63.1	-
ICT	42.0	25.4	-	34.5	18.0	-
Others	0.3	1.0	2.0	0.3	1.0	1.9
Total	147.8	127.5	10.3	152.3	148.5	16.3

Legal proceedings and disputes

Enexis Holding N.V. was involved in several legal proceedings and disputes at year-end 2014, including through its group companies Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V. Based on financial risks, provisions have been formed for the claims received, or the possible financial impact has been recognised in the financial statements.

In the beginning of 2014, the Trade and Industry Appeals Tribunal (Cbb) delivered a judgement that a connection that existed at a customer was not a connection within the meaning of the Electricity Act of 1998 and therefore regulated tariffs should not have been charged. The Electricity Act of 1998 was amended on 1 January 2014 as a result of which the connection in question now does fall under the legal definition of a connection. However, the Cbb's judgement could possibly have consequences for the whole sector, including Enexis. At present, it is still uncertain whether this will lead to obligations.

Guarantees issued

Enexis Holding N.V. has issued guarantees to third parties through its group companies Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V. for in total EUR 0.2 million (2013: EUR 0.2 million).

31. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT)

The Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) came into force on 1 January 2013. The Act to Reduce the Maximum Remuneration of Senior Officials in the Public and Semi-Public Sector [Wet verlaging bezoldigingsmaximum] (WNT2) came into force on 1 January 2015. As from 1 January 2015, the statutory maximum remuneration by virtue of the WNT for senior officials is 100% of the remuneration of a Minister of State. In 2014, this was still 130% of the remuneration of a Minister of State. The WNT applies to Enexis and has three regimes: a general and a sectorial remuneration maximum and a disclosure regime. The general regime applies to Enexis. This means that a remuneration in excess of the specified maximum may not be agreed with a senior official at Enexis. In 2014, this maximum amounted to 130 percent of the gross salary of a Minister of State, with the addition of social insurance premiums, a (taxable) expense allowance and the remuneration components payable in the future (mainly the employer's contribution to the pension reserve). The total of EUR 203,474 applied for the year 2014. The reduced maximum (100% of the remuneration of Minister of State) is determined at EUR 178,000 for the year 2015; a transition right will then apply for the senior officials. This maximum is adjusted annually by means of a Ministerial Order.

In addition, the WNT explicitly stipulates that the payment of bonuses or other forms of variable remuneration to senior officials is not permitted. Finally, the WNT prohibits severance payments to senior officials in connection with termination of the employment that amount to more than EUR 75,000.

According to the disclosure regime, the remuneration of (former) senior officials must be disclosed in the financial annual report stating the name of the person in question, irrespective of a possible exceeding of the remuneration maximum. The disclosure obligation only applies to regular officials in the event that the remuneration exceeds the maximum.

A remuneration maximum also applies with regard to supervisors (the chairman and members of the Supervisory Board). In 2014, the maximum for the members is 5% and for the chairman 7.5% of the remuneration maximum of the WNT. In 2015, this will be increased to 10% for members and 15% for the chairman of the remuneration maximum that applies then.

WNT and Enexis

Enexis has applied the policy rules for applying the WNT as the reference norm when preparing these financial statements. At Enexis, the members of the Executive Board and the members of the Supervisory Board are regarded as senior officials within the meaning of the WNT. The members of the Management Team of Enexis manage their own business unit and in this capacity they are not senior officials within the meaning of the WNT. The remuneration of the members of the Management Team of Enexis complies with the WNT framework that came into effect on 1 January 2013. The remuneration of senior officials but also of the regular officials is in line with the WNT standards of 2013. The maximum standard of the WNT that applied for 2014 has not been exceeded; no officials employed by Enexis have received a remuneration or severance payment in 2014 that was in excess of the maximum standard of the WNT (EUR 230,474).

Remuneration of senior officials (the Executive Board and Supervisory Board members)

The remuneration of the members of the Executive Board and the Supervisory Board amounted to EUR 0.45 million in 2014 (2013: EUR 0.6 million).

Remuneration Policy for the Executive Board

The remuneration policy for the Executive Board of Enexis was adopted by the General Meeting of Shareholders on 5 December 2012 and came into effect on 1 January 2013. When determining the remuneration policy of the Executive Board of Enexis the choice was made to apply the maximum amounts permitted in the WNT.

As the remuneration level for positions of a comparable complexity and social impact is substantially higher than the absolute maximum standard of the WNT, the decision was taken to set the remuneration of the Executive Board of Enexis at the maximum level permitted by the WNT. A variable remuneration has not been included in the remuneration policy of the Executive Board.

Pension scheme

The members of the Executive Board participate in the pension scheme that has been placed with the Stichting Pensioenfond ABP (the Dutch pension fund for employees in the government, public and education sectors), in accordance with the pension regulations applicable to the employees and members of the Executive Board of Enexis. The Executive Board members are required to pay a personal contribution for participation in the pension scheme.

Other terms and conditions of employment

The basic principle is that the collective labour agreement for Grid Companies of the Energy and Utilities companies (ENb) and collective labour agreement of Enexis B.V., which are both applicable to the employees of Enexis, also apply to the Executive Board, subject, however, to compliance with the stipulations in the WNT. Tangible employment benefits arising from the collective labour agreements which apply to the employees of Enexis are therefore also included in the remuneration of the Executive Board, if and to the extent these are appropriate.

The remuneration can be adjusted each year. The job performance and the (annual) general salary adjustments for the employees of Enexis are always taken into account whereby the relevant provisions in the WNT continue to serve as the absolute standard.

Furthermore, the objective of the policy is to offer a package that is in line with the market, consisting of a fixed net expense allowance that will be maximised in accordance with applicable tax regulations, a company car that satisfies sustainability requirements, accident insurance, occupational disability insurance and director's liability insurance.

No loans or advances have been granted to Executive Board members. Members of the Executive Board are entitled to holiday leave days according to the provisions in the collective labour agreement for Grid Companies ENb.

Employment contracts

The employment contracts with the members of the Executive Board have been concluded for an indefinite period. The Supervisory Board sees no reason to pursue a policy whereby contracts are concluded for a fixed term. A policy with employment contracts for an indefinite period suffices; there are sufficient opportunities to take measures in the event of an inadequate performance of Executive Board members. Severance payments in the event of an inadequate performance are determined based on a court ruling.

Remuneration Executive Board 2014

Mr Vermaat entered the employment of Enexis on 1 August 2014 as chairman of the Executive Board. A contract for an indefinite period was concluded with Mr Vermaat in accordance with the newly adopted remuneration policy at the end of 2012.

Mr Blacquière, who entered the employment of Enexis on 1 December 2012, was appointed as a member of the Executive Board of Enexis on 1 January 2013. A contract for an indefinite period was also concluded with Mr Blacquière completely in accordance with the newly adopted remuneration policy at the end of 2012.

Mr Blacquière, Chief Financial Officer of Enexis and member of the Executive Board, acted as the ad interim Chairman of the Executive Board of Enexis from 1 January 2014 to 1 August 2014.

A table is included in order to provide insight into the development of the remuneration of the Executive Board. The table shows the remuneration that was determined based on the performance during the year. The table follows the remuneration components as specified in the WNT.

amounts in euros	2014	2013
J.J. Fennema ¹⁾		
Basic salary (including vacation allowance)	-	187,340
General expenditure allowance ²⁾	-	6,419
Pension costs ³⁾	-	34,840
Subtotal ⁴⁾	-	228,599
Social insurance contributions ⁵⁾	-	6,958
Benefit due to termination of employment	-	16,765
Total	-	252,322
M. Blacquière		
Basic salary (including holiday allowance)	187,340	187,340
General expenditure allowance ⁶⁾⁻²⁾	10,240	6,419
Pension costs ³⁾	32,894	34,840
Subtotal ⁷⁾	230,474	228,599
Social insurance contributions ⁵⁾	7,131	6,958
Total	237,605	235,557
P. Vermaat ⁸⁾		
Basic salary (including holiday allowance)	78,058	-
General expenditure allowance ⁹⁾	4,267	-
Pension costs ³⁾	13,706	-
Subtotal ¹⁰⁾	96,031	-
Social insurance contributions ⁵⁾	2,971	-
Total	99,002	-
Total	336,607	487,879

1. Mr Fennema left the company as of 1 January 2014.
2. The allocation of a taxable allowance for general expenses may amount to EUR 8,069 in the year 2013 according to the WNT; this amount includes the fiscal salary in connection with the tax addition for the company car (EUR 2,006). This amount is limited to EUR 6,419 in connection with the high pension costs (the WNT determined the pension costs in 2012 for the year 2013 at EUR 33,190; actually the costs were higher due to higher premiums that the ABP determined retrospectively).
3. This concerns employer's contributions for the pension scheme charged by the pension fund; the contribution of the executive board member has not been included.
4. The amount that is presented in the subtotal should be able to pass the WNT test; this is the case because the total remuneration for the year 2013 may amount to EUR 228,599 according to the WNT.
5. The social insurance contributions are the social contributions that the employer is obliged to pay by law.
6. According to the WNT, the allocation of a taxable allowance for general expenses may amount to EUR 8,263 in the year 2014. Contrary to the year 2013 (see footnote 2), this amount was increased by EUR 1,977 in connection with the room that became available due to lower pension costs (the WNT determined the pension costs in 2013 for the year 2014 at EUR 34,871; actually the costs were lower due to lower premiums that the ABP determined retrospectively).
7. The amount that is presented in the subtotal should be able to pass the WNT test; this is the case because the total remuneration for the year 2013 may amount to EUR 228,599 according to the WNT and in 2014 EUR 230,474.
8. Mr Vermaat entered the employment of Enexis as the Chairman of the Executive Board on 1 August 2014.
9. The allocation of a taxable allowance for general expenses to Mr Vermaat has been allocated in proportion to the term of employment in 2014 (see also footnote 6).
10. The amount that is presented in the subtotal should be able to pass the WNT test; this is the case because the total remuneration for the year 2014 may amount to EUR 230,474 according to the WNT. For Mr Vermaat, the amount was determined in proportion to the term of employment.

In addition to the above remuneration, the members of the Executive Board receive a fixed tax-free expense allowance on an annual basis of EUR 3,600 for Mr Vermaat and EUR 3,300 for Mr Blacquière.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board is based on the generally applied system of compensation and benefits and on conformity with market practice. The remuneration is adjusted annually on 1 July based on the median general collective increases as stated in the HAY compensation report.

The annual remuneration, with effect from July 2014, is: EUR 25,958 for the chairman and EUR 17,588 for members. In addition, the annual committee remuneration as of July 2014 amounts to EUR 5,282 for the chairman and EUR 4,756 for a member. The WNT (see also above) also contains provisions regarding the standards for the remuneration of the members and chairmen of the highest supervisory bodies. The existing remuneration of the Supervisory Board is higher than the WNT maximum. There is a transitional period of four years for existing agreements, including existing indexation agreements. The Supervisory Board is making use of this transition right. The WNT applies to new appointments (see the remuneration for Mr Moerland in 2014).

The table below provides insight into the development of the remuneration of the individual members of the Supervisory Board, divided into the remuneration for board and committee membership. There is an Audit Committee and a Remuneration Committee and Selection Committee.

amounts in euros	Membership on annual basis	Committees on annual basis	Total remuneration on annual basis	Remuneration payed in 2014	Remuneration payed in 2013
D.D.P. Bosscher	25,867	5,263	31,130	31,128	30,898
M. Calon	17,530	4,739	22,269	22,269	22,102
Mrs. M.E.J. Caubo	17,530	4,739	22,269	22,269	22,102
Mrs. W.M. van Ingen ¹⁾	-	-	-	6,103	22,102
R. de Jong	17,530	5,263	22,793	22,790	22,623
P. Moerland ²⁾	11,523	-	11,523	8,354	-
Total	89,980	20,004	109,984	112,913	119,827

1. Departing from the rotation schedule of the Supervisory Board of Enexis Holding N.V., Ms Van Ingen stepped down as a Supervisory Board Member of Enexis Holding N.V. as of 10 April 2014. The remuneration listed in column 2014 is time proportional.
2. Mr Moerland was appointed as a Supervisory Board member of Enexis Holding N.V. in the General Meeting of Shareholders of 10 April 2014. Mr Moerland became a member of the Audit Committee as of 10 April 2014. The remuneration of Mr Moerland is maximized at 5% of EUR 230,474 according to the WNT; the remuneration listed in column 2014 is time proportional.

In addition to the above remuneration, the members of the Supervisory Board receive a fixed tax-free expense allowance on an annual basis of EUR 2,000 for the chairman and EUR 1,500 for the members of the Supervisory Board.

32. Events after the balance sheet date

Reference is made to other information, Events after the balance sheet date on page 138.

Company financial statements 2014

Company income statement

amounts in millions of euros	Notes	2014	2013
Share of result of group companies	33	265.4	237.6
Financial income	34	74.2	102.8
Financial expenses	34	72.7	104.5
Financial income and expenses		1.6	-1.7
Profit before tax		266.9	235.9
Corporate income tax expense	35	1.4	-3.3
Profit for the year		265.5	239.2
Attributable to:			
Minority shareholders		0	0
Shareholders		265.5	239.2
Average number of shares during the financial year		149,682,196	149,682,196
Profit per share ¹⁾		1.77	1.60

1. Stated in euros, dilution of earnings does not apply.

Company statement of comprehensive income

amounts in millions of euros	2014	2013
Profit for the year	265.5	239.2
Released part of non-realised income through hedge reserve	0.8	0.8
Tax released part of non-realised income through equity	-0.2	-0.2
Total result including non-realised income through hedge reserve and equity	266.1	239.8

Company balance sheet (before profit appropriation proposal)

amounts in millions of euros	Notes	31 December 2014	31 December 2013
Assets			
Group companies	36	3,491.1	3,361.7
Other financial assets	37	1,748.1	1,717.3
Non-current assets		5,239.2	5,079.0
Receivables	38	112.1	102.3
Other financial assets (current)	39	9.1	8.2
Cash and cash equivalents	40	60.3	78.2
Current assets		181.5	188.7
Total assets		5,420.7	5,267.7

amounts in millions of euros	Notes	31 December 2014	31 December 2013
Liabilities			
Issued and paid-up share capital		149.7	149.7
General reserve		2,436.3	2,436.3
Share premium reserve		669.5	549.9
Hedge reserve		-4.3	-4.9
Profit for the year		265.5	239.1
Equity	41	3,516.7	3,370.1
Non-current interest-bearing liabilities	42	1,643.7	1,642.7
Deferred corporate income tax	43	191.0	197.8
Non-current liabilities		1,834.7	1,840.5
Trade and other payables	44	28.4	33.0
Corporate income tax expense	45	40.9	24.1
Current liabilities		69.3	57.1
Total liabilities		5,420.7	5,267.7

Explanation to the company financial statements

Accounting principles governing the financial reporting

The company financial statements of Enexis Holding N.V. have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The accounting principles applied are largely the same as those applied to the consolidated financial statements in accordance with the provisions of Section 362:8, Title 9, Book 2 of the Dutch Civil Code, in which investments in group companies are recognised at the net value of the assets according to the equity method of accounting.

The company financial statements of Enexis Holding N.V. consist of the company income statement, the company statement of comprehensive income and the company balance sheet. The explanatory notes to the financial summaries included in the company financial statements form an integral part of the company financial statements of Enexis Holding N.V.

Enexis Holding N.V. is a public limited liability company governed by Dutch law. Approximately 74% of the shares of Enexis are held by six Dutch provinces and approximately 26% of the shares are held by 112 municipalities.

The carrying amounts of the parties included in the consolidation are determined using the equity method of accounting. According to this method, the economic interest is initially valued at cost whereby the carrying amount is increased or decreased after the initial recognition with the share in the result. Dividends received are deducted from the carrying amount.

Enexis Holding N.V. uses the euro as its functional currency. Unless stated otherwise, all amounts are in millions of euros. For the accounting principles, we refer to the accounting principles for the financial reporting of the consolidated financial statements.

Notes to the company financial statements

33. Share of result of group companies

amounts in millions of euros	2014	2013
Enexis B.V.	244.9	221.0
Fudura B.V.	21.4	18.9
Enexis Vastgoed B.V.	-1.0	-2.3
Total	265.4	237.6

The result of Enexis B.V. includes the realised result of Aktivabedrijf Enexis Friesland B.V.

34. Financial income and expenses

amounts in millions of euros	2014	2013
Interest received	74.2	102.8
Total financial income	74.2	102.8
Other interest paid	72.7	104.5
Total financial expenses	72.7	104.5
Net finance expenses	1.6	-1.7

Other interest expenses consist of the interest paid on the outstanding loans provided by the shareholders, as well as the interest expenses on the issued bond loans.

The shareholders' loans and bond loans were subsequently lent to Enexis B.V. in full and under the same conditions.

35. Corporate income tax expense

amounts in millions of euros	2014	2013
Corporate income tax	1.4	-3.3
Total corporate income tax	1.4	-3.3

Enexis Holding N.V. is head of the of the tax entity and, in this capacity, it is jointly and severally liable for the obligations of the members of the tax group.

The business activities of Enexis Holding N.V. are subject to corporate income tax. The corporate income tax liability is calculated and settled with the underlying members of the tax group on the basis of their realised commercial profits, taking into account the applicable exemptions. The reconciliation between the statutory corporate income tax rate expressed as a percentage of profit before tax and the effective tax rate is as follows:

in %	2014	2013
Nominal statutory corporate income tax rate in the Netherlands	25.00	25.00
Tax-exemption share of result of associates	25.00	25.00
Effective tax rate	0	0

36. Investments in group companies

amounts in millions of euros	2014	2013
Enexis B.V.	3,425.8	3,291.3
Fudura B.V.	49.3	53.4
Enexis Vastgoed B.V.	16.0	17.0
Total	3,491.1	3,361.7

Changes in the investments in group companies were as follows:

amounts in millions of euros	2014	2013
At 31 January	3,361.7	3,238.6
Profit for the year	265.4	237.6
Dividends paid	-136.0	-114.5
At 31 December	3,491.1	3,361.7

The value of the participation Enexis B.V. includes the value of the participation Aktivabedrijf Enexis Friesland B.V. held by this group company.

The development of the value of the participation Fudura B.V. is the result of dividends paid to Enexis Holding N.V. and the result realised by Fudura B.V. for 2014.

37. Other financial fixed assets

amounts in millions of euros	2014	2013
Loans to group companies	1,748.1	1,717.3
Total	1,748.1	1,717.3

The conditions as laid down in the current financing arrangements stipulate that no contractual or structural subordination of existing loans in relation to new external financing may occur. In order to avoid 'structural subordination', external financing is contracted by Enexis Holding N.V. The necessary funds for the business operations or investments in Enexis's energy grids are lent to Enexis B.V. by Enexis Holding N.V. as a back-to-back loan under the same conditions. A number of external loans of a limited amount, originally transferred from Essent, still have Enexis B.V. as the contracting party and have been accepted in the financing documentation as an exception.

38. Receivables

amounts in millions of euros	2014	2013
Receivables from group companies	88.6	79.0
Interest receivable from group companies	23.5	23.3
Total	112.1	102.3

Receivables from group companies include, among other items, receivables in connection with the settlement of to be paid corporate income tax. Settlement of tax positions takes place via Enexis Holding N.V. by virtue of its position as head of the tax entity.

The item amounts receivable relates to the interest to be paid by Enexis B.V.

39. Other financial assets (current)

amounts in millions of euros	2014	2013
Loans with maturity < 1 year	2.3	2.2
Loans to group companies	6.8	6.0
Total	9.1	8.2

The loans provided relate to the loans to Fudura B.V. and EDSN B.V.

40. Cash and cash equivalents

amounts in millions of euros	2014	2013
Cash at bank and cash balances	60.3	78.2
Total	60.3	78.2

41. Equity

As the cumulative share of the results of minority interests, to the extent not distributed, can be deemed to be zero, no related statutory reserve has been recognised for this. Reference is made to note 20. Equity for further details.

42. Interest-bearing liabilities (non-current)

amounts in millions of euros	2014	2013
Shareholders loan conversion with right to convert into equity (tranche D)	350.0	350.0
Shareholderc loan (tranche C)	500.0	500.0
Euro Medium term notes	793.7	792.7
Total	1,643.7	1,642.7

Pursuant to the Instructions issued by the Minister of Economic Affairs, in connection with the splitting up, part of the shareholders' loans in the amount of EUR 350 million must be convertible into equity in the event of a structural capital shortage. The interest rate that applies to this loan is 7.2% and the remaining term to maturity is 4.7 years. Reference is made to note 28. Financing policy and risks associated with financial instruments for the conversion terms of this loan as well as for the information that is of importance for the other loans.

43. Deferred corporate income tax

amounts in millions of euros	2014	2013
Deferred corporate income tax	191.0	197.8
Total	191.0	197.8

The deferred corporate income tax assets and liabilities relate to differences between the commercial and the fiscal valuation of tangible fixed assets, employee-related provisions and derivatives in connection with the participations in group companies. As the participations in group companies are settled based on the commercial result, these deferrals are determined on the holding company level and recorded as deferred corporate income tax.

44. Trade and other payables

amounts in millions of euros	2014	2013
Interest payable	24.4	27.1
Amounts owed to group companies	0.1	0.2
Other current liabilities	3.8	5.7
Total	28.4	33.0

Interest payable relates to the interest due at the end of the year on the loans provided by the shareholders and the Euro Medium Term Notes.

45. Corporate income tax expense

amounts in millions of euros	2014	2013
Amounts payable	40.9	24.1
Total	40.9	24.1

The changes during the year are caused primarily by the items relating to the deferred corporate income tax assets and liabilities and the effect of corporate income tax on the fiscal result.

46. Related party disclosures

Transactions with related parties are conducted at arm's length prices and conditions. Year-end receivables and payables are not invested and are usually settled in cash. No guarantees were received or issued in connection with assets and liabilities of related parties. The adjustment for doubtful debts was zero.

Loans provided by shareholders amounted to EUR 850 million at year-end 2014 (2013: EUR 850 million). Interest payments on these loans in 2014 amounted to EUR 48.4 million (2013: EUR 81.4 million). Dividend payments to shareholders amounted to EUR 119.5 million (2013: EUR 114.5 million).

Loans provided to group companies at year-end 2014 amounted to EUR 1,746.9 million (2013: EUR 1,713.3 million). Loans provided to associates at year-end 2014 amounted to EUR 10.4 million (2013: EUR 12.2 million).

47. Remuneration of the Executive Board and the Supervisory Board

Remuneration of the Executive Board

Reference is made to note 31 for more detailed information. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) of the consolidated financial statements of Enexis Holding N.V.

Remuneration of the Supervisory Board

Reference is made to note 31 for more detailed information. Remuneration and the Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) of the consolidated financial statements of Enexis Holding N.V.

48. Associates

	Registered office	Equity stake held by Enexis Holding N.V. 31-12-2014	Equity stake held by Enexis Holding N.V. 31-12-2013	Part of	Joint and several liability statement
Group companies					
Enexis B.V.	Rosmalen	100%	100%	Enexis Holding N.V.	yes
Fudura B.V.	Rosmalen	100%	100%	Enexis Holding N.V.	yes
Enexis Vastgoed B.V.	Rosmalen	100%	100%	Enexis Holding N.V.	yes
Aktivabedrijf Enexis Friesland B.V.	Rosmalen	100%	100%	Enexis B.V.	yes
Other associates (non-controlling interests)					
GGNI B.V.	Groningen	25%	25%	Enexis Holding N.V.	
ZEBRA Gasnetwerk B.V. ¹⁾	Bergen op Zoom	67%	67%	Enexis B.V.	
Energie Data Services Nederland B.V.	Arnhem	16%	16%	Enexis B.V.	
Ziut B.V.	Arnhem	47%	47%	Fudura B.V.	
Entrade Pipe B.V. ¹⁾	Tilburg	67%	67%	Zebra Gasnetwerk B.V.	
ZEBRA Activa B.V. ¹⁾	Middelburg	67%	67%	Zebra Gasnetwerk B.V.	
ZEBRA Pijpleiding V.O.F. ¹⁾	Middelburg	67%	67%	Entrade Pipe B.V.	
Foundations					
Stichting Sociaal Fonds Enexis	Rosmalen				
Stichting GGNI	Groningen				
Stichting ELaadNL ²⁾	Arnhem				
Stichting EVnetNL ³⁾	Arnhem				
Stichting Kunstcollectie Essent - Enexis	s-Hertogenbosch				
Stichting Mijnaansluiting.nl	Arnhem				
Stichting NEXUS	s-Hertogenbosch				
Stichting sYnfra	s-Hertogenbosch				
Stichting beheer Maastricht CBL Fondsen	Amsterdam				
Stichting Senioren Enexis	Rosmalen				

1. Participations are not included in the consolidation because there is no decisive control (decisions require a majority of 75%).

2. Established on 5 August 2014.

3. Change of name on 5 August 2014 from Stichting E-laad to EVnetNL in combination with an amendment to the Articles of Association.

Other information

Profit appropriation

Appropriation of the result in accordance with the articles of association

In accordance with the articles of association, the profit is at the free disposal of the General Meeting of Shareholders (Article 36.2), to the extent that it is not reserved.

Additional to these provisions in the articles of association, it has been agreed with the shareholders that the maximum to be paid out dividend over the plan period of the Strategic Plan (SP) will amount to 50% of the profit for the year, whereby a minimum level of annually EUR 100 million is aimed for. This percentage will be lowered if this distribution would result in the company possibly losing its A-rating profile within five years.

This dividend policy ensures that the shareholders can expect a predictable and stable dividend. At the same time, this policy ensures sufficient equity growth and demonstrates that the shareholders actively support a healthy financial position.

Proposal for the appropriation of the result of the 2014 financial year

The income statement has been closed with a result of EUR 265.5 million.

The profit appropriation is as follows:

amounts in millions of euros	2014	2013
Profit for the year	265.5	239.1
Allocation to the general reserve	132.7	119.6
Proposed dividend	132.8	119.5

The proposed dividend distribution for 2014 amounts to EUR 0.89 per share (2013: EUR 0.80). This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2014.

Independent auditor's report

To: The general meeting of shareholders and Supervisory Board of Enexis Holding N.V.

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of Enexis Holding N.V. (hereafter: Enexis), based in Rosmalen. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- ◆ the consolidated financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at December 31, 2014, and of its result and its cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union, with Part 9 of Book 2 of the Dutch Civil Code, and the Dutch act for remuneration of senior officials in the public and semi-public sector: "Wet normering bezoldiging topfunctionarissen (WNT);
- ◆ the company financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at December 31, 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- ◆ the consolidated statement of financial position as at December 31, 2014;
- ◆ the company profit and loss statement for 2014; and
- ◆ the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- ◆ the company balance sheet as at December 31, 2014;
- ◆ the company profit and loss statement for 2014; and
- ◆ the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing and the audit instructions WNT. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Enexis in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at EUR 16 million. The materiality is based on 5% of profit before tax. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 800.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds. Regarding the remuneration of senior officials we report any individual departure from the WNT.

Scope of the group audit

Enexis Holding N.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Enexis.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on the significant group entity Enexis B.V. For this group entity we performed audit procedures ourselves. We performed review procedures or specific audit procedures at the other group entities.

By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of tangible fixed assets

The tangible fixed assets are a significant account in the consolidated financial statements of Enexis. Each year, we determine whether Enexis had to perform an impairment test in accordance with International Financial Reporting Standards to test the valuation of these assets. As the impairment test is based on estimates by the management board regarding future cash flows and cash-generating units, the impairment test is significant for our audit.

We focused our audit procedures, among others, on the reliability of the calculations, the discount rate, and the definition of the cash generating units. For this matter we made use of a valuation expert. The validation of the assumptions about future cash flows was part of our work. Based on our work, we conclude that the tangible fixed assets are fairly valued.

The disclosures for the tangible fixed assets are included on page [82](#) of the consolidated financial statements of Enexis.

Revenue recognition

The sales of Enexis depend on the number of connections and on the rates as determined by the responsible regulatory body. The rates charged by Enexis are a key element of our audit because of the interest that grid companies do not charge higher rates than allowed by the regulator.

Our audit focused, among others, on establishing that the rates invoiced to consumers were in accordance with the relevant decisions made by the regulatory body. Based on our work, we conclude that Enexis did not charge higher rates than allowed by the regulatory body.

Enexis has included a note on the turnover and the rates charged to consumers on pages [34](#) and [81](#) of the annual report.

Claims and legal affairs

Enexis has received third-party claims, as disclosed on pages [115](#) and [138](#) of the consolidated financial statements. Claims are either provided for or disclosed as a contingent liability in the financial statements. The claims are a key element of our audit as they may be material and the board makes assumptions about the legal position. For this, the board relies on internal and external legal advisors.

We validated the estimates of the management board with occurring correspondence with legal counterparties, minutes of meetings, and external lawyer letters. Based on our work, we conclude that the claims are either sufficiently provided for in the financial statements or disclosed therein.

Responsibilities of management and the Supervisory Board of Enexis Holding N.V. for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and the WNT. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.

Our audit included e.g.:

- ◆ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ◆ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- ◆ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ◆ Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- ◆ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ◆ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, when not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the management board report and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the management board report and other information):

- ◆ We have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- ◆ We report that the management board report, to the extent we can assess, is consistent with the financial statements.

Engagement

We were engaged by the Supervisory Board as auditor of Enexis Holding N.V. as of the year 2009 and have operated as statutory auditor ever since that date.

The Hague, 6 March 2015

Ernst & Young Accountants LLP
signed J. Niewold RA

Independent auditor's assurance report

To: the General Meeting of Shareholders and the Supervisory Board of Enexis Holding N.V.

We have performed assurance procedures to obtain limited assurance about the non-financial information in the sections 'About Enexis', 'Report on 2014' and 'CO₂ footprint' (hereafter non- financial information) of Enexis Holding N.V. 's- Hertogenbosch (hereafter Enexis). This non- financial information comprises an overview of the policy of Enexis with regard to sustainability, and the business operations, events and performance in that field during the year 2014.

Limitations

The annual report contains forward-looking information in the form of ambitions, strategy, plans, forecasts and estimates. The fulfilment of such information is inherently uncertain. For that reason, we do not provide assurance relating to forward-looking information in the annual report.

Management's responsibility

Management of Enexis is responsible for the preparation of the non- financial information in accordance with the "Sustainability Reporting Guidelines" G4 (Core option) of the Global Reporting Initiative (GRI), the Guidance Note on Sustainability Reporting of the Dutch Accounting Standards Board and the reporting policies of Enexis, including the identification of the stakeholders and the selection of material topics. The disclosures made by management with respect to the scope of the non-financial information are included in the section 'About this report'.

Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the non- financial information that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the non-financial information based on our review. We conducted our review in accordance with Dutch law, including the Dutch Standard 3810N 'Assurance engagements relating to sustainability reports. This requires that we comply with ethical requirements and that we plan and perform the review to obtain limited assurance about whether the non- financial information is free from material misstatement.

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed at the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures for the non-financial information in the sections 'About Enexis', 'Report on 2014' and 'CO₂- footprint'. Consequently a review engagement provides less assurance than an audit

Procedures performed

Our main procedures included the following

- ◆ Performing an external environment analysis and obtaining an understanding of the sector, relevant social issues, relevant laws and regulations and the characteristics of the organization;
- ◆ Evaluating the acceptability of the reporting policies and their consistent application, such as assessment of the outcomes of the stakeholder dialogue and the reasonableness of accounting estimates made by management.
- ◆ Evaluating the application level in accordance with the “Sustainability Reporting Guidelines” G4 (Core option) of GRI;
- ◆ Evaluating internal and external documentation, in addition to interviews, based on sample selection, to determine whether the non- financial information in the sections ‘About Enexis’, ‘Report on 2014’ and ‘CO₂- footprint’ is reliable;
- ◆ Analytical review of the CO₂ Footprint as presented in the chapter ‘CO₂ – footprint’;
- ◆ Interviews with relevant staff responsible for providing the information for the selected sections carrying out internal control procedures on the data and the consolidation of the data in the annual report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph ‘Limitations in our scope’, nothing has come to our attention that causes us to conclude that the non- financial information in the sections ‘About Enexis’, ‘Report on 2014’ and ‘CO₂- footprint’, in all material respects, does not provide a reliable and appropriate presentation of the policy of Enexis Holding N.V. for sustainable development, or of the activities, events and performance of the organization relating to sustainable development during 2014, in accordance with the “Sustainability Reporting Guidelines” G4 (Core option) of the Global Reporting Initiative (GRI) and the internal reporting criteria as disclosed in the section ‘About this report’ of the annual report.

The Hague, 6 March 2015

Ernst & Young Accountants LLP
signed J. Niewold RA

Events after the balance sheet date

Enexis has received a claim from a customer regarding restitution of revenues from transport and connection services. Enexis is opposing this claim and will also fight the claim legally. Enexis is of the opinion that this claim cannot be upheld in court. In order not to further influence the current claim process and future legal procedures, we will not be providing a further explanation at this point.

Personnel and organisation

Personnel developments

The tables below show the composition of the workforce of Enexis in 2014.

	Male	Female	Year-end 2014	CLA
FTEs (own personnel)	3,529	632	4,161	
Number	3,559	757	4,316	99.7%

There were no significant fluctuations in the number of employees in 2014.

	2014	2013	2012	2011	2010
Number of employees at year-end	4,316	4,294	4,229	4,101	4,061
FTEs at year-end	4,161	4,141	4,072 ¹⁾	3,797 ¹⁾	3,718
Female employees as a % of the total workforce	17.5	17.2	17.7	17.7	19.1
Absence due to illness (%)	4.2	3.8	4.0	4.8	3.9
Number of participants in Training & Education courses	20,525	22,589	17,784	14,223	12,378
Employee involvement score (%)	77	81	80	80	-

1. FTEs based on the contractual working week and the part-time factors based on this. Up to 31 December 2011, the number of FTEs was determined based on a standardised working week. Based on the new definition, the number of FTEs at year-end amounted to 3,926.

Job profile	Male	Female	Total
Administrative personnel	1,128	629	1,757
Management personnel	303	69	372
Technical personnel	2,124	59	2,183
Personel not assigned	4		4
Total	3,559	757	4,316

Age category	Male	Female	Total
0 - 19 years	5		5
20 - 24 years	84	4	88
25 - 29 years	226	34	260
30 - 34 years	277	76	353
35 - 39 years	279	84	363
40 - 44 years	352	83	435
45 - 49 years	443	170	613
50 - 54 years	559	158	717
55 - 59 years	685	88	773
60 years and older	649	60	709
Total	3,559	757	4,316
Percentage	82.5%	17.5%	100%

Retirement of employees

In determining this, an average retirement age of 65 is assumed. The table below shows which numbers and percentages of the employees will reach this age in 5 and in 10 years.

Percentage employees retiring 2014	Number	After five years	After ten years	After five years	After ten years
Total The Netherlands	4,256	526	1,305	12.36%	30.66%
Final total	4,316	532	1,324	12.33%	30.68%

CSR Policy

Enexis acknowledges and subscribes to the Universal Declaration of Human Rights of the United Nations in its CSR policy. In addition, Enexis subscribes to the guidelines for employment terms and conditions that apply as fundamental principles and rights at work, as these have been formulated by the International Labour Organization (ILO). These have been made concrete in the sector Collective Labour Agreement (CLA) and the company regulations. In the formulation of its CSR policy and activities, Enexis has been inspired by the international ISO 26000 guideline for CSR. The CSR policy is laid down in a statement and in principles.

Codes of conduct

Enexis has a code of conduct for employees. In addition, employees who have access to price-sensitive information have to sign a statement with regard to confidentiality.

Staff turnover

The total and the rate of staff turnover per age group and gender.

Age category	Male in	Male out	Total	Female in	Female out	Total
0 - 19 years	3	2	1			0
20 - 24 years	20	6	14	4	1	3
25 - 29 years	23	10	13	7	1	6
30 - 34 years	14	6	8	11	1	10
35 - 39 years	16	9	7	5	2	3
40 - 44 years	16	6	10	6	4	2
45 - 49 years	11	5	6	3	2	1
50 - 54 years	6	7	-1	1		0
55 - 59 years	1	6	-5		1	-1
60 years and older		51	-51		4	-4
Total	110	108	2	37	17	20

Parental leave

Enexis applies the statutory regulations for parental leave that have been elaborated in the CLA for Grid Companies. These regulations specify that parents can return in their position after parental leave. The figure below shows the number of employees who were on parental leave in 2014.

Percentage of employees that is regularly informed about performance and career development. There is a regular target and appraisal cycle, the 'SOR/cycle', which applies to all employees. This cycle consists every year of a target interview, a progress interview half way through the year and an appraisal interview at the end of the year. A standard form is used to lay down the agreements and results. Competence and career development are standard items in these interviews.

	2014
Male	160
Female	57
Total	217

Performance and career development

Enexis has a regular target and appraisal cycle, which is referred to as the 'SOR/cycle' and which applies to 100% of the employees. This cycle consists of an annual target interview, a progress interview halfway through the year and an appraisal interview at the end of the year. The agreements and results are laid down in a standard form. The development of competences and career development are standard agenda items in these interviews.

Employees with poor job prospects

Age category	Male				Female				Total
	Wajong	WAO	WIA	Total male	Wajong	WAO	WIA	Total female	
0 - 19 years									
20 - 24 years	1			1					1
25 - 29 years	1			1					1
30 - 34 years	1			1			1	1	2
35 - 39 years									
40 - 44 years							1	1	1
45 - 49 years		3	3	6					6
50 - 54 years		4		4		1	2	3	7
55 - 59 years		11	7	18		1	3	4	22
60 years and older		4	4	8					8
Total	3	22	14	39	2	7	9	9	48

Agreements about working conditions topics with the trade unions

The minimum term of notice in connection with operational changes are laid down in the collective labour agreements. There is a notice period of two years.

Various agreements with regard to working conditions topics have been laid down in the sector and company collective labour agreements (CLA). The CLA parties have jointly stated that they consider sustainable employment very important and they have taken steps in this area in the new CLA.

Various agreements have been made in the sector CLA in the areas of health, occupational disability and safety. The employer offers group health insurance and occupational disability insurance with an employer's contribution. Agreements have been made regarding work and care, including the agreement that the employer offers a periodical medical examination to its employees and agreements on sickness and

occupational disability, for example, regarding the obligation to pay wages during sick leave. Furthermore, agreements were made regarding sustainable employability. There is a working group that is looking into the possibility of a structural and substantial sustainable employability budget, which can also be used for health-related issues.

A provision has been included in the company CLA (article 4.5) regarding a medical examination (PAGO) and the stand-by and field service employees.

Memberships

Enexis is a member of the following organisations/associations on an organisation level:

- ◆ Netbeheer Nederland (sector association of energy grid operators in the Netherlands)
- ◆ Energie Data Services Nederland (EDSN)
- ◆ Nederlandse Vereniging voor sleufloze Technieken en Toepassingen
[Dutch association for trench-free techniques and applications]
- ◆ CEDEC (Brussels)
- ◆ EurElectric
- ◆ DutchPower

Enexis is also a signatory of the Bossche Energy Covenant.

In addition, Enexis is regionally represented through its branches. Participation in regional and local associations and initiatives is not recorded centrally and is not reported.

Management approach corporate social responsibility (CSR)

Within Enexis, CSR is part of the regular business operations.

The policy rested on three pillars in 2014:

- ◆ Sustainable grids (for example: Smart grid, biogas).
- ◆ Insight into energy consumption (for example: smart meters, 'Energy in the picture').
- ◆ Enexis sustainable (for example, CO₂ footprint, waste management).

Targets were formulated in 2014 for each of these pillars and recorded on the score cards of the managers for whom these are relevant. CSR is embedded in the strategic objectives in the reformulated strategy, in which a balance between People, Planet and Profit is aimed for.

The staff members responsible are supported by a CSR coordinator, who is part of the Strategy department.

During a bi-monthly 'Sustainability Board', the Executive Board and the various responsible staff members discuss the progress, ambitions, and direction of the various sustainability initiatives. Furthermore, Enexis has worked on increasing the CSR awareness among employees via internal communication, for example, via the internet, articles in the company magazine and presentations.

After approval of the reformulated strategy, a sustainability agenda was drawn up in which the sustainable objectives were elaborated in projects and initiatives. The director of Fudura is responsible for the sustainable agenda. The internal sustainability group has replaced the sustainability board. The sustainability group is responsible for the progress and budget of the sustainable portfolio.

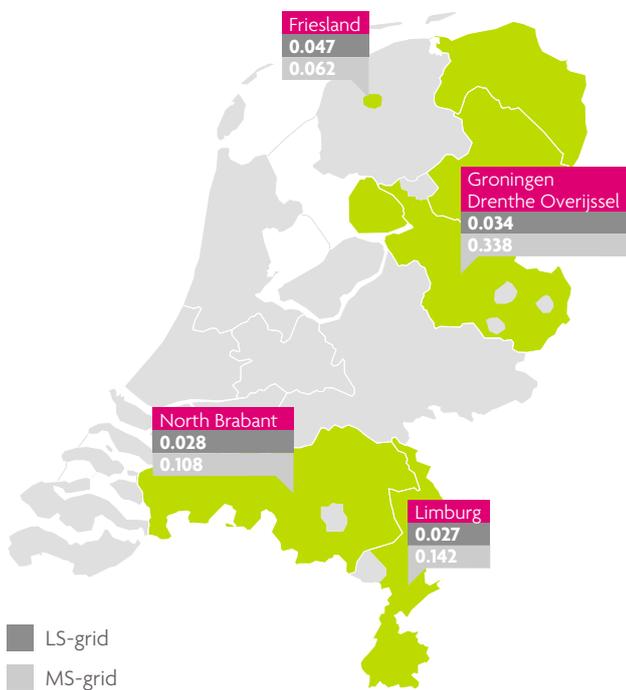
Reliable

Connections

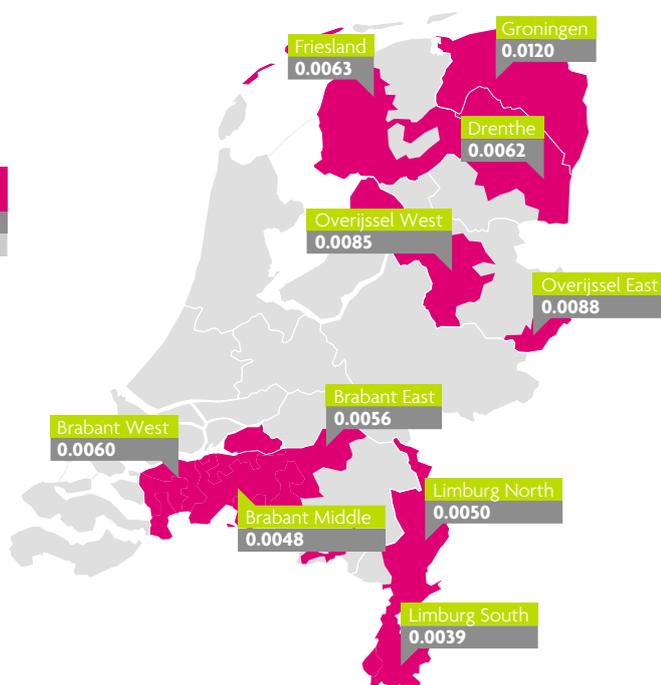
Enexis has a connection obligation for the distribution of electricity; everybody is connected to the electricity grid. There is also a connection obligation for gas. However, there is an exception for low-volume consumers for what is referred to as 'unprofitable regions' and regions with a heating grid.

The average number of outages per customer in the servicing area

Average number of LS- and MS-outages per customer



Average number of gas outages per district per customer



Significant fines

Enexis reports on the following categories:

- ◆ Fines imposed by the State Supervision of Mines
- ◆ Fines in connection with the violation of privacy/security laws
- ◆ Fines in connection with the violation of environmental laws
- ◆ Fines in connection with the violation of safety laws, imposed by the Labour Inspectorate

In as far as known by the Legal and General Affairs [JAZ] department and the departments involved, two fines were imposed in connection with safety laws. 18,000 euros in connection with an accident at work in Vught and 18,000 euros in connection with an accident at work in Emmen.

Affordable

Enexis is not dependent on government contributions for its core activities. Enexis did receive a number of subsidies in 2014, in particular for its innovation projects in connection with the energy transition and for the training of employees. An overview is provided below, with the amounts received in 2014.

Amounts in euros	2014
O&O fund (ESF grants)	413,891
Grant Scheme "Praktijkleren"	671,038
WBSO scheme (Salaries Tax and Social Insurance Contributions (Reduced Remittances))	46,082
GBKN contributions	4,613
Electro Mobility project DAME	57,000
TKI – Smart Grid project KRIS	42,000
IPINS	91,556
EDGAR	34,000
TESG	81,000
Grants Scheme for Sustainable Energy – Sun (SDE)	8,513
GEUR/SBIR	32,793
Smart Storage/ EOS DEMO	62,232
Total	1,544,718

Sustainable

Use of materials

The table below provides an overview of the amounts of new machinery, equipment and materials that Enexis took into use in 2014. Cables and pipelines are recorded in kilometres length, individual assets are reported in numbers. In the chain emissions in the footprint, we report the CO₂ emissions resulting from the production of machinery, equipment and materials. This type of reporting will be further developed in 2015. We will also look into whether the amounts of raw materials used can also be included in the report.

Asset	2014
Transformers	603
MS switch installations	1,051
Compact stations	456
LS cable (metres)	1,454,992
MS cable (metres)	677,323
Capacitor bank	-
PVC pipelines (metres)	446,010
PE pipelines (metres)	648,768
Peko pipelines (metres)	103,863
Steel pipelines (metres)	15,234

Energy and emissions

In the table with the CO₂ footprint, the underlying energy consumptions is provided for each category. This concerns the electricity and gas consumption in the buildings and the consumption of fuel in Enexis's vehicle fleet. This total energy consumption amounts to the equivalent of 237 TJ. The energy that is lost due to grid and leakage losses is a separate category. Grid losses are caused by electric resistance in electricity cables and grid components. Gas leak losses occur due to various causes in the gas grids. The energy content of the grid and leak losses amounted to 6,052 TJ in 2014. The CO₂ emissions due to this energy consumption can be found in the CO₂ footprint. We have also been reporting the Grid-specific indicator since 2012. This is the amount of own emission per customer. This amounted to 25.9 in 2014. The value is thus slightly lower than in 2013 (26.7) and equals the value in 2012. The energy intensity, the amount of energy consumed per customer, amounted to 1,319 MJ per customer in 2014. This value was not reported in previous years.

Monetary value and non-financial penalties due to non-compliance with environmental laws

Enexis has an internal control system to ensure that penalties are not imposed. Material penalties are handled by the Legal and General Affairs (JAZ) department. No penalties in connection with non-compliance with environmental laws were reported to JAZ over the year 2014.

Socially Responsible Procurement

Enexis obliges all suppliers to sign the [supplier code of conduct](#). In this code, the suppliers declare that they are aware of their responsibility and that they will comply with standards in the area of People, Planet and Profit. Enexis has laid down how integrity in the chain is ensured in its own [CSR policy](#). Strategic suppliers and suppliers with a higher risk are visited periodically. No specific monitoring takes place and is reported regarding the number of suppliers visited.

Customer oriented

Quality

The quality of the services that we provide is measured using eight service standards, based on the quality criteria of the Grid Code [Netwerkcode].

Services

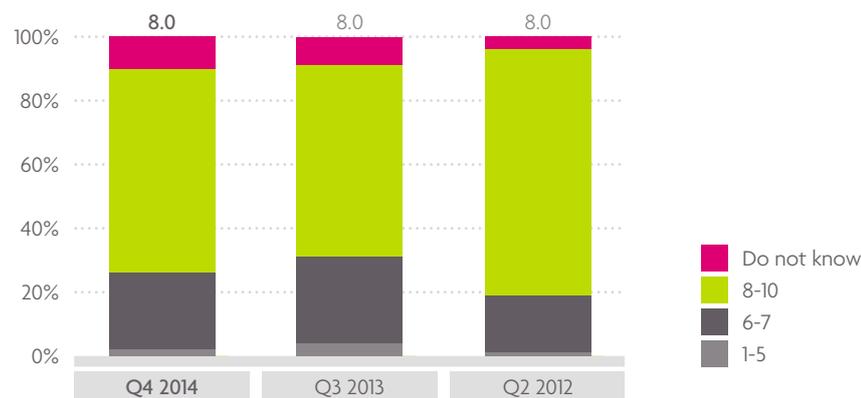
In percentages	2014	2013	2012	2011	2010
1 In the event of a fault technician at location within 2 hours	99	98	99	98	98
2a Correspondence handled within 10 working days	100	100	99	100	99
2b Offer letters handled within 10 working days	98	96	93	98	98
3 Appointments with customer made in time slots of 2 hours	98	97	97	98	99
4 Work is carried out within 3 days ¹⁾	90	86	81	97	99
5 Maintenance appointments are made 5 days before execution	98	97	89	99	99
6 In the event of work with interruption of the energy supply, warning 3 days before	98	98	96	99	98
7 Proposals submitted within 10 days after receipt of request	99	99	99	99	99
8 Customer questions regarding interruptions of the energy supply are responded to within 10 days	100	100	100	100	100

1. The differences in the figures do not represent a decrease in service performance, they are the result of more specific definitions in combination with a standardisation of the reporting in 2012.

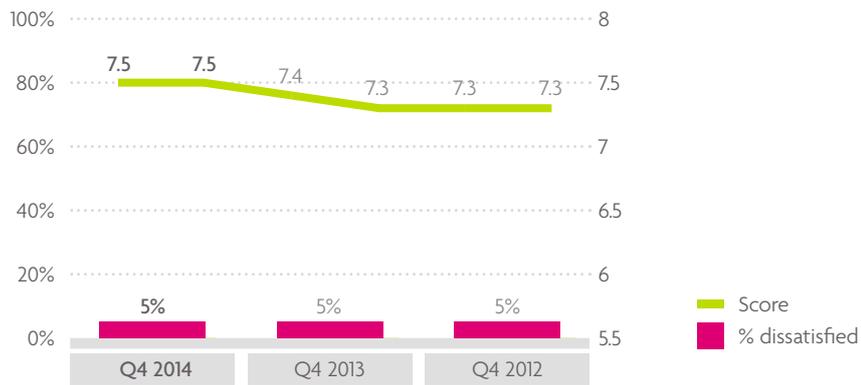
Total service provision

The satisfaction of consumers and low-volume business customers of Enexis is high and stable and hardly changed in the past years. The general satisfaction of high-volume customers in the last quarter of 2014 scored 7.5, whereby five percent of the customers indicated that they were dissatisfied. In general, the satisfaction of high-volume customers in 2014 is more positive than in 2012 (7.2).

Average score for total service performance by consumers and small business customers



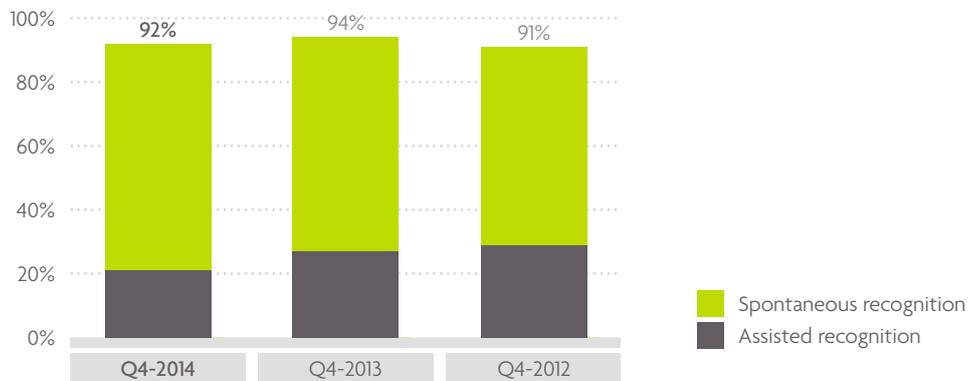
Average score of total service performance by corporate customers



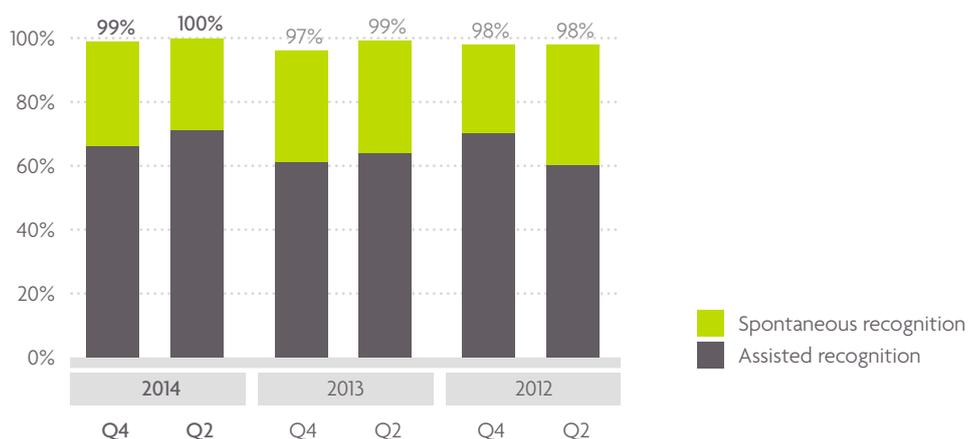
Name recognition

The total name recognition among consumers and low-volume business customers was 92% at the end of 2014; this is comparable to the previous period. The percentage of customers who name Enexis spontaneously as grid operator is declining since the second quarter of 2013. As in previous years, almost all high-volume customers (spontaneously or helped) know Enexis (99%). The spontaneous name recognitions in the fourth quarter was 66%, which is comparable to the previous period. Approximately four out of five high-volume customers know what Enexis's tasks are, this figure was lower last year (68%).

Name recognition Enexis among consumers and small business customers



Name recognition of Enexis among corporate customers



Safety of products and services

The safety of products and services concerns mainly the safe use of energy. Enexis is not responsible for this; however, Enexis does try and support the customer with this where possible. Enexis provides information about the safe use of energy via the website energieveilig.nl [safe energy]. During the roll out of smart meters, Enexis also checks the gas installation of the customer for leaks. In the event of leaks, the installation is temporarily shut off until the customer has had the problem solved.

Product and service information

For high-volume customers, a copy of the General Terms and Conditions are included with each offer letter. The General Terms and Conditions are pointed out to low-volume customers and reference is made to the information on the Enexis website and on the sites that provide information about responsible energy consumption, such as www.energieveilig.nl.

In as far as known, no complaints were received regarding the non-compliance with regulations and voluntary codes of conduct regarding information about and the labelling of products and services.

Privacy

This category of violations is not categorised separately. The most significant numbers come in via the Netherlands Authority for Consumers and Markets (ACM), at the department Regulation. No cases of non-compliance are known in 2014 regarding the Electricity Act and the Gas Act and ACM related matters.

The separate category privacy was removed in 2013 in complaints & claims because this was not used in practice. Complaints about privacy in direct relation to the smart meter could possibly increase in the coming years. At present, complaints about this are negligible. In view of the near future, with the large-scale roll out of smart meters, we are considering re-introducing such a category.

Fines

The services provided by Enexis are regulated via the framework of the Electricity Act and the Gas Act and are subject to the supervision of the Netherlands Authority for Consumers and Markets. No fines were received in 2014 for non-compliance in this area.

GRI Index

We refer to the paragraph “Management of material topics” on page 165’ for a description of the aspects management and evaluation of material topics, which is part of the ‘disclosures on management approach’ (DMA).

GRI Code	Indicator	Reference	Not reported
General Standard Disclosures			
Strategy and analysis			
G4-1	Provide a statement from the most senior decision-maker of the organization (such as CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and the organization’s strategy for addressing sustainability.	“Enexis is a partner in the energy transition” on page 12	
Organisational profile			
G4-3	Name of the organisation.	“Profile of Enexis” on page 4	
G4-4	Primary brands, products, and services.	“Profile of Enexis” on page 4	
G4-5	Location of the organisation’s headquarters.	“Colophon” on page 170	
G4-6	Number of countries where the organisation operates, and names of countries where either the organization has operations that are significant or specifically relevant to the sustainability topics covered in the report.	“Profile of Enexis” on page 4	
G4-7	Nature of ownership and legal form.	“Enexis’s History” on page 5	
G4-8	Markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	“Profile of Enexis” on page 4	
G4-9	Scale of the organisation.	“Key data” on page 11	
G4-10	a. The total number of employees by employment contract and gender. b. Total number of permanent employees by employment type and gender. c. Total workforce by employees and supervised workers by gender. d. Total workforce by region and gender. e. Report whether a substantial portion of the organization’s work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	“Personnel and organisation” on page 139	Number of employees at contractors (according to GRI EU- supplement). Numbers are not available.
G4-11	Percentage of total employees covered by collective bargaining agreements.	“Personnel developments” on page 139	Number of employees at contractors that fall under a Collective Labour Agreement.
G4-12	Describe the organization’s supply chain.	“The energy chain” on page 4	
G4-13	Any significant changes during the reporting period regarding size, structure, ownership, or supply chain.	“About this report” on page 163	
G4-14	Report whether and how the precautionary approach or principle is addressed by the organisation.	“Company-wide risk management” on page 51	
G4-15	List externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses.	“Management approach corporate social responsibility (CSR)” on page 142	
G4-16	Memberships of associations (such as industry associations) and national or international advocacy organizations in which the organization.	“Memberships” on page 142	

GRI Code	Indicator	Reference	Not reported
Identified material aspects and boundaries			
G4-17	a. List all entities included in the organization's consolidated financial statement or equivalent documents. b. Report whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report.	"2.1 General" on page 77	
G4-18	a. Explain the process for defining report content and the Aspect boundaries. b. Explain how the organization has implemented the reporting principles for defining report content.	"Determining the contents (materiality)" on page 163	
G4-19	List all the material Aspects identified in the process for defining reporting content.	"Determining the contents (materiality)" on page 163	
G4-20	For each material Aspect, report the Aspect boundary within the organisation.	"Determining the contents (materiality)" on page 163	No specific reporting. All topics are considered material for the whole organisation.
G4-21	For each material Aspect, report the Aspect boundary outside the organisation.	"Determining the contents (materiality)" on page 163	No specific reporting. Due to Enexis's public character all topics are considered material for stakeholders.
G4-22	Effect of any restatements of information provided in previous reports, and the reasons for such restatements.	"Determining the contents (materiality)" on page 163	Not applicable.
G4-23	Significant changes from previous reporting periods in the Scope and Aspect boundaries.	"Determining the contents (materiality)" on page 163	

Stakeholder engagement

G4-24	List of stakeholder groups engaged by the organisation.	"Dialogue with stakeholders" on page 166	
G4-25	Basis for identification and selection of stakeholders with whom to engage.	"Dialogue with stakeholders" on page 166	
G4-26	Organisation's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	"Dialogue with stakeholders" on page 166	
G4-27	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	"Dialogue with stakeholders" on page 166	The most important themes are reported per stakeholder, as apparent from the dialogue. Enexis's reaction to this is not shown in the table, but is apparent from the reporting on the strategy and the results.

Report profile

G4-28	Reporting period (e.g. fiscal/calendar year) for information provided.	"Scope" on page 163	
G4-29	Date of most recent previous report (if any).	"Scope" on page 163	
G4-30	Reporting cycle (annual, biennial).	"Assurance" on page 167	
G4-31	Contact point for questions regarding the report or its contents.	"Colophon" on page 170	
G4-32	Report the 'in accordance' option the organisation has chosen.	"GRI" on page 166	
G4-33	a. The organisation's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. The relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organisation's sustainability report.	"The external auditor" on page 57	

GRI Code	Indicator	Reference	Not reported
Governance			
G4-34	Governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	<u>"Corporate governance" on page 53</u>	

Ethics and integrity

G4-56	Organisation's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	<u>"Codes of conduct" on page 140, "CSR Policy" on page 140</u>	
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Sector supplement electric utilities

EU 1	Installed capacity, broken down by primary energy source and by regulatory regime.		This is only applicable to production companies.
EU 2	Net energy output broken down by primary energy source and by regulatory regime.		This is applicable to production companies.
EU 3	Number of residential, industrial, institutional and commercial customer accounts.	<u>"Key figures 2014" on page 17</u>	Reporting is not classified according to type of customer.
EU 4	Length of above and underground transmission and distribution lines by regulatory regime.	<u>"Key figures 2014" on page 17</u>	
EU 5	Allocation of CO ₂ emissions allowances or equivalent, broken down by Carbon Trading Framework.	<u>"Consolidated financial statements 2014" on page 72</u>	Not applicable. Enexis does not fall under obligatory emissions trade.

Specific standard disclosures

Economic**Economic performance**

G4-DMA		<u>"Financial review" on page 48</u>	
G4-EC1	Direct economic value generated and distributed.	<u>"Consolidated income statement" on page 72</u>	

Indirect economic impacts

G4-DMA			
G4-EC7	Development and impact of infrastructure investments and services supported.	<u>"Asset Management" on page 27, "Activities in 2014" on page 28</u>	
G4-EC8	Significant indirect economic impacts, including the extent of impacts.	<u>"We stimulate customers to save energy" on page 39</u>	Report is only qualitative. Quantitative impact on customers is difficult to determine.

Environmental**Materials**

G4-DMA			There is no specific policy in the area of materials.
G4-EN1	Materials used by weight or volume.	<u>"Use of materials" on page 145</u>	Reported number of operational assets. No distinction is made between recycled and non-recycled materials. This will become available in the future with a further expansion of the chain emissions model.

GRI Code	Indicator	Reference	Not reported
Energy			
G4-DMA		"" on page 40, "Sustainable buildings" on page 41, "Mobility" on page 41, "Sustainable energy transmission" on page 42	
G4-EN3	Energy consumption within the organisation.	"Enexis's CO ₂ footprint" on page 157, "Energy and emissions" on page 145	
G4-EN5	Energy intensity.	"Enexis's CO ₂ footprint" on page 157, "Energy and emissions" on page 145	
G4-EN6	Reduction of energy consumption.	"Enexis's CO ₂ footprint" on page 157, "Energy and emissions" on page 145	The reduction is not quantified per initiative, because the reduction is be fully reducible to the chosen measures.
Emissions			
G4-DMA		"" on page 40, "Sustainable" on page 37	
G4-EN15	Direct greenhouse gas (GHG) emissions (Scope 1).	"Enexis's CO ₂ footprint" on page 157	
G4-EN16	Energy indirect greenhouse gas (GHG) emissions (Scope 2).	"Enexis's CO ₂ footprint" on page 157	
G4-EN17	Other indirect greenhouse gas (GHG) emissions (Scope 3).	"Enexis's CO ₂ footprint" on page 157	
G4-EN18	Greenhouse gas (GHG) emissions intensity.	"Enexis's CO ₂ footprint" on page 157	
G4-EN19	Reduction of greenhouse gas (GHG) emissions.	"Enexis's CO ₂ footprint" on page 157, "Energy and emissions" on page 145	The reduction is not quantified per initiative, because the reduction is be fully reducible to the chosen measures.
G4-EN20	Emissions of ozone-depleting substances (ODS).	"Enexis's CO ₂ footprint" on page 157	
Effluents and waste			
G4-DMA		"Waste management" on page 41	
G4-EN23	Total weight of waste by type and disposal method.	"Key figures 2014" on page 17	
Products and services			
G4-DMA		"Sustainable" on page 37	
G4-EN27	Extent of impact mitigation of environmental impacts of products and services.	"Sustainable" on page 37, "Sustainable energy transmission" on page 42, "Enexis's CO ₂ footprint" on page 157	
Compliance			
G4-DMA		"Sustainable" on page 145	
G4-EN29	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	"Sustainable" on page 145	

GRI Code	Indicator	Reference	Not reported
Total environment			
Supplier environmental assessment			
G4-DMA		"Sustainable" on page 145	
G4-EN32	Percentage of new suppliers that were screened using environmental criteria.		Reporting is qualitative. This is not monitored.
Labor practices and decent work			
Employment			
G4-DMA		"The Enexis Way of Working" on page 20	
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	"Personnel and organisation" on page 139, "Staff turnover" on page 140	
G4-LA3	Return to work and retention rates after parental leave, by gender.	"Personnel and organisation" on page 139, "Staff turnover" on page 140	
Labor/management relations			
G4-DMA		"Personnel and organisation" on page 139, "Works Council" on page 24	
G4-LA4	Minimum notice periods regarding operational changes, including whether these are specified in collective agreements.	"Personnel and organisation" on page 139, "Agreements about working conditions topics with the trade unions" on page 141	
Occupational health and safety			
G4-DMA		"The Enexis Way of Working" on page 20	
G4-LA5	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	"Works Council" on page 24	
G4-LA6	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender.	"The Enexis Way of Working" on page 20	The DART-rate and the HSEQ results are reported in accordance with Enexis's targets.
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation.		Is not reported.
G4-LA8	Health and safety topics covered in formal agreements with trade unions.	"Personnel and organisation" on page 139, "Agreements about working conditions topics with the trade unions" on page 141	
Training and education			
G4-DMA		"Expertise" on page 22	
G4-LA9	Average hours of training per year per employee by gender, and by employee category.	"Expertise" on page 22	Total number of hours, not per employee, not classified according to category.
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	"Expertise" on page 22	
G4-LA11	Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	"Performance and career development" on page 141	

GRI Code	Indicator	Reference	Not reported
Diversity and equal opportunity			
G4-DMA		"Leadership" on page 23	
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	"Executive Board" on page 68	

Society

Local communities			
G4-DMA		"You qualify the reliability of the energy grids as good in 2014. Nevertheless, your customers have experienced a number of outages." on page 14	DMA is divided over various topics including: the reliability of the grids, safety, impact of work carried out, outages, changes in the energy supply.
G4-SO1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	"Reliability and safety at the current high level" on page 25, "Outages" on page 31, "Learning from outages" on page 31, "Distribution automation" on page 32, "Electric transport" on page 33, "Your Energy Moment" on page 33	
G4-SO2	Operations with significant actual and potential negative impacts on local communities.	"Outages" on page 31	

Compliance

G4-DMA		"Reliable" on page 143	
G4-SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.	"Reliable" on page 143	

Product responsibility

Customer health and safety			
G4-DMA		"Safety of products and services" on page 148	
G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement.	"Safety" on page 32, "Safety of products and services" on page 148	

Product and service labeling

G4-DMA		"Product and service information" on page 148	
G4-PR3	Type of product and service information required by the organisation's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements.	"Personnel and organisation" on page 139, "Customer oriented" on page 146	
G4-PR5	Results of surveys measuring customer satisfaction.	"Customer satisfaction" on page 44, "Quality" on page 146	

Customer privacy

G4-DMA		"Customer oriented" on page 146	
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	"Privacy" on page 148	

GRI Code	Indicator	Reference	Not reported
Compliance			
G4-DMA			
G4-PR9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	“Fines” on page 148	
Sectorsupplement Electric Utilities			
DMA availability and reliability		“Asset Management” on page 27	
EU10	Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.		Is not reported. This indicator applies to production companies.
Demand-Side Management			
G4-DMA		“Your Energy Moment” on page 33	
Research and Development			
EU11	Average generation efficiency of thermal plants by energy source and by regulatory regime.		Is not reported. This indicator applies to production companies.
EU12	Transmission and distribution losses as a percentage of total energy.	“Enexis’s CO₂ footprint” on page 157	The whole amount is reported.
Society: Disaster/Emergency Planning and Response			
G4-DMA		“Outages” on page 31	
Product Responsibility: Access			
G4-DMA		“Reliable” on page 25	
EU26	Percentage of population unserved in licensed distribution or service areas.	“Connections” on page 143	
EU27	Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.		Is not reported, lies with suppliers in connection with suppliers model.
UE28	Power outage frequency.	“Reliable” on page 143	
EU29	Average power outage duration.	“Reliability and safety at the current high level” on page 25	

Ernst & Young has carried out an assurance assignment that was aimed at obtaining a limited degree of certainty that the information in the sections ‘About Enexis’, ‘Report on 2014’, and ‘CO₂-footprint’ in Enexis’s 2014 annual report has been presented correctly in all aspects of material importance in accordance with the ‘Sustainability Reporting Guidelines G4 (core) of the Dutch Accounting Standards Board and Enexis’s internal reporting criteria. When reference is made to these sections in the GRI table, the information is included in the scope of the assurance assignment. If there is no reference to these sections the no assurance applies. We refer to [“Scope of the group audit” on page 132](#) for the assurance report of the independent auditor.

The footprint can be found in the [table](#). The model of the joint energy grid operators was used as developed under the auspices of Netbeheer Nederland.

Reduction of energy consumption and CO₂ emissions

The footprint decreased in 2014 by 2.8% compared to 2013. There were a number of reasons for this decrease.

- ◆ Lower energy consumption in the buildings. Energy consumption in the office buildings decreased substantially due to the opening of the energy neutral offices in Venlo, Maastricht and Zwolle. The mild winter also had a positive effect. The lower gas consumption of approximately 40% is visible in the footprint. The reduction of the electricity consumption has not resulted in lower CO₂ emissions as Dutch green electricity is used for the office buildings for which we can make the choice ourselves.
- ◆ Reduction of the leakage loss in the gas grid by replacing part of the grey cast iron pipelines by new plastic pipelines.
- ◆ Reduction of emissions resulting from mobility. Enexis formulated a target for the reduction of fuel consumption in 2014. This target was not achieved. However, the increasing trend over the years has been converted into a decrease. This decrease is the strongest in commuter traffic and business trips with own cars. The relocation of the head office to a location next to the station in 's-Hertogenbosch probably has an effect on this.

Emissions resulting from SF₆ leakage have increased. This concerns the filling up of a number of large installations that are not filled up every year.

Compensation of environmental effects

Enexis operates in accordance with the Trias Energetica principle. For the energy consumption, this means that sustainable energy is used where possible and that remaining emissions are compensated.

Enexis has purchased 1,610,400 MWh Guarantees of Origin from Scandinavian hydroelectricity power stations for the grid losses. Compared to the non-earmarked electricity, with this a reduction of the footprint of Enexis was achieved of 753,667 tons of CO₂. Compared to the contracted mix before increasing the sustainability, this is a reduction of 752,468 tons of CO₂.

Dutch wind energy is used in the buildings for the total volume of 7,676 MWh electricity. For gas, a mix is used of green gas (20%) and forest compensated gas. As the forest compensation was not carried out by the supplier in accordance with an internally certified standard, this part was classified as fossil, resulting in an overestimate of the CO₂ emission.

The compensation for the remaining emissions takes place via Gold Standard certificates. 123,467 tons of CO₂ were compensated in 2014.

As a result, Enexis is emission neutral on a net basis.

Ozone depleting substances

Enexis does not use any ozone depleting substances in its core processes.

Enexis's CO₂ footprint

	CO ₂ emissions (in tons of CO ₂ equivalent)		
	2014	2013	2012
Grid and leakage losses			
Leakage gas grid	104,975	106,825	107,909
Length of grid 44,735 km			
Gas leakage 7.2 mln m ³ natural gas			
Grid loss electricity transmission ^{1) 5)}	0	0	0
1,610 mln kWh electricity			
Leakage from SF ₆ switch equipment	470	88	114
Leakage 19,7 kg			
Mobility			
Lease and service vehicles ^{2) 5)}	12,835	12,928	12,107
Fleet 5.0 million litres of fuel			
Commuting ³⁾	2,374	2,747	
13.7 million km			
Business trips	1,215	1,529	
7.0 million km			
Public transport ⁵⁾	225	155	
Train travel 3.4 million km			
Air travel 0.6 million km			
Taxi trips 0.0 mln km			
Consumption in buildings			
Natural gas consumption in buildings	1,333	2,693	2,547
0,7 million m ³ natural gas and 0,2 million m ³ biogas			
Green electricity consumption in buildings ⁴⁾	0	0	0
7,7 million kWh green electricity			
Total own emissions Enexis	123,427	126,965	122,677
Compensation with Gold Standard certificates	123,427	126,965	122,677
Net own emissions Enexis	0	0	0

1. Enexis has purchased the grid loss sustainably by means of Guarantees of Origin from hydro-power plants in Scandinavia. The avoided emissions as a result compared to the average trade mix amounted to 753,667 tons of CO₂. The avoided emissions amounted to 752,468 tons of CO₂ compared to the specifically purchased mix.
2. Including emissions of electric cars
3. Up to and including 2012, Enexis reported the total emissions of trips taken by employees using their own means of transport or public transport as chain emissions.
4. Enexis uses 100% Dutch wind energy in its buildings since 2012. The avoided emissions as a result amounted to 3,592 tons of CO₂ compared to the average trade mix.
5. The 2014 data for car fuels based on extrapolation of the period Jan - Nov 2014. Data public transport from Dec 2013 to (and inclusive) Nov 2014.

	CO ₂ emissions (in tons of CO ₂ equivalent)		
	2014	2013	2012
Mobility: trips taken by employees using own transport and public transport ¹⁾	-	-	5,154
Production of grid components by suppliers ²⁾	36,496	39,121	47,725
2,132 km cables			
1,166 km gas pipelines			
603 transformers			
1,507 installations and stations			
Processing of company waste ³⁾			
Emissions from processing	-	6,590	5,290
Avoided emissions in the chain due to recycling by Enexis	7,250	5,450	4,280

1. As from 2013, Enexis reports mobility in its own emissions.
2. Data for December based on extrapolation of period January - November 2013.
3. Emissions data not available at publishing date.

Breakdown of the CO₂ emissions in regulated and non-regulated activities

The table shows the CO₂ emissions divided over the regulated activities that Enexis must carry out according to the electricity act and the gas act and the non-regulated (other) activities. This breakdown makes it easier to compare the emissions of different grid operators.

	CO ₂ emissions (in tons of CO ₂ equivalent)	
	Regulated	Non-regulated
Grid and leakage losses		
Leakage gas grid	104,975	-
Grid losses electricity transmission	0	-
Leakage from SF ₆ switch equipment	470	-
Mobility		
Lease and service vehicles ⁴⁾	12,363	472
Commuting	2,274	100
Business trips	1,153	62
Public transport ⁴⁾	216	9
Consumption of buildings		
Natural gas consumption of buildings	1,294	39
Green electricity consumption buildings ³⁾	0	0
Total own emissions Enexis	122,746	681
Compensation with Gold Standard certificates	122,746	681
Net own emissions Enexis	0	0

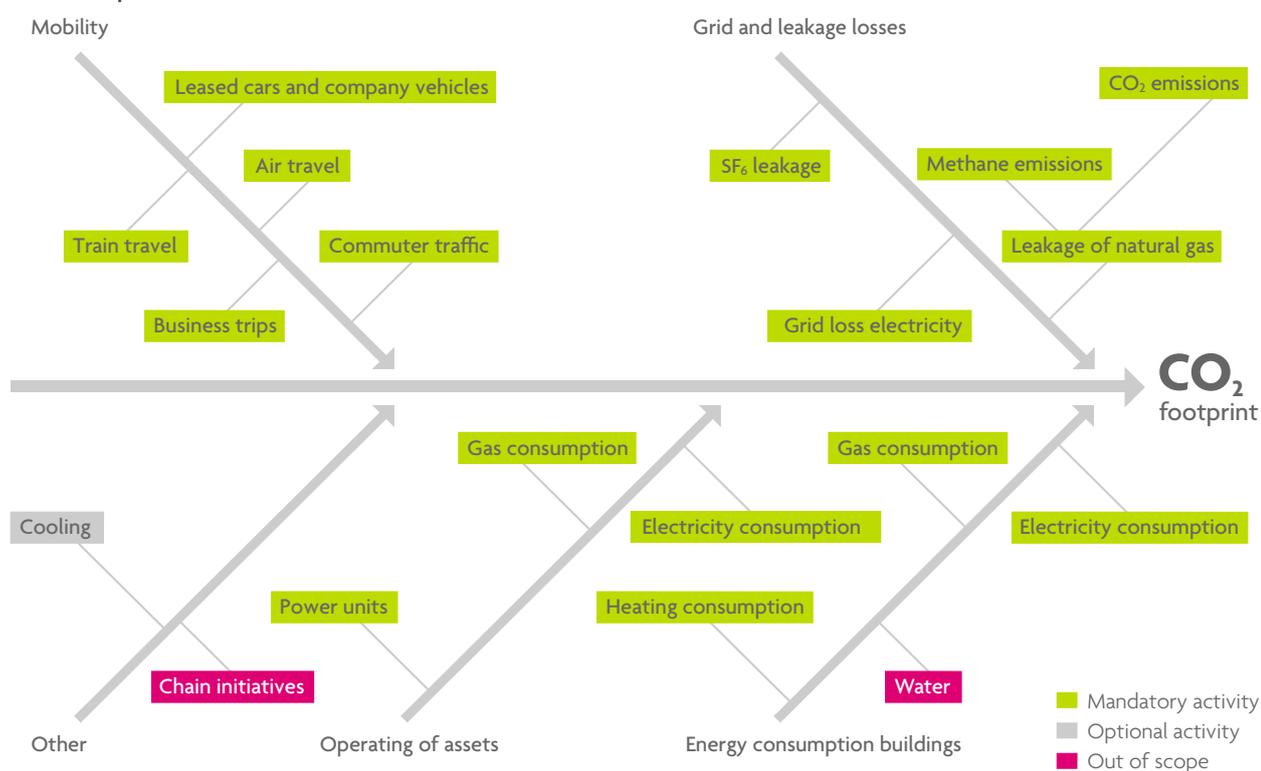
1. Enexis has purchased the grid loss sustainably by means of Guarantees of Origin from hydro-power plants in Scandinavia. The avoided emissions as a result compared to the average trade mix amounted to 753,667 tons of CO₂. The avoided emissions amounted to 752,468 tons of CO₂ compared to the specifically purchased mix.
2. The emissions of electric cars are based on the national trade mix. The emissions are much lower in practice, as the green electricity is mostly loaded at Enexis buildings or charging stations of Stichting E-Laad.
3. Enexis uses 100% Dutch wind energy in its buildings since 2012.
4. Data for November and December based on extrapolation period January - October 2014.

Explanation of the calculation of the CO₂ footprint

Within Netbeheer Nederland, the grid operators have jointly taken a step forward in the area of carbon management in 2013. Under the chairmanship of Enexis, they developed a common model for the calculation of the CO₂ footprint of grid operators. Enexis reports on the footprint in this annual report in accordance with the joint model as was the case in the previous annual report. The model is laid down in the document CO₂ Footprint Grid Operators Manual. We have made use of version 1.3 as laid down.

This joint model uses the Greenhouse Gas Protocol (GHG) Corporate Standard as a guideline for the calculation of the CO₂ footprint.

CO₂ footprint



The model deviates from the GHG protocol with regard to a number of aspects. The category business trips and commuting to and from work with the employee's own vehicle and public transport has been transferred from the category chain emission to own emission. We apply dual reporting for the emissions resulting from energy consumption. The reported value of the footprint of 2012 and earlier has not been recalculated in accordance with the model developed in 2013. The differences in net footprint before CO₂ compensation deviates less than 0.5% in a comparable calculation over the year 2012.

The CO₂ footprint is part of the consolidated annual report of Enexis Holding N.V. The organisational scope of the footprint also comprises the annual emissions resulting from the activities of the business units that are included in this report: Enexis B.V. and Fudura B.V. We do not include the influence of activities of non-consolidated associates. In accordance with the sector agreement, in this report, we only disclose the emissions of the regulated activities of Enexis in the table under this account.

Points of departure

The footprint is calculated in accordance with the Operational Control approach of the Greenhouse Gas (GHG) Protocol. The operational scope of the footprint thus comprises the activities over which Enexis can exert decisive control. This concerns activities that are related to the installation and management of grids for the transmission of electricity and gas. Enexis has both a field service and a supporting office organisation for installation and management.

We report all greenhouse gases in CO₂ equivalents. In addition to CO₂, we also report methane and SF₆ emissions. We have derived the conversion factors into CO₂ equivalents from the IPCC Fourth Assessment Report with a consideration period of one hundred years. We have obtained the emission factors from the source www.co2emissiefactoren.nl. This source came into being after a Green Deal between the Ministry of Infrastructure and the Environment and various market parties. The objective of the deal is to arrive at a uniform standard set of emission factors for Dutch companies and the government.

Three values are always reported for the emissions in connection with electricity consumption.

- ◆ The emissions in the event of an 'average' electricity consumption. The standard is the Dutch 'trade mix', which is determined annually by CE Delft.
- ◆ The emissions based on the electricity mix contracted from an energy supplier.
- ◆ The net emissions after the deduction of any purchasing of green certificates by Enexis. This is used in adding up the emissions.

So-called Tank-to-Wheel emission factors were chosen in the model.

There are no sector models for the calculation of chain emissions resulting from the production of machinery and equipment by suppliers and from the processing of company waste by the waste processor. Enexis has developed its own models for this in 2012. We report these emissions as 'chain emissions'.

The following items are included in the CO₂ footprint calculation:

Mobility

- ◆ Travelling and transport Enexis's vehicle fleet. We use the actual amount of fuel tanked as the input. We have included the emissions of the electric vehicles in the vehicle fleet for the first time, based on charging with 'average electricity'.
- ◆ Commuting to and from work and business trips. We calculate based on the kilometres that have been claimed. The calculation of emissions is based on the assumption of an average vehicle with unknown fuel consumption and type of fuel.
- ◆ Travelling by Public Transport
 - ▶ Travelling by train. We use the registration of kilometres via Mobility Mixx.
 - ▶ Taxi rides. The basis is the registration via Mobility Mixx.
 - ▶ Air travel. We use the information regarding flights provided by the contracted travel agency in the calculation. Different emission factors apply for continental and inter-continental flights.

Energy consumption in the buildings

- ◆ Electricity consumption in our own buildings. For the buildings that are used completely by Enexis, the basis is the measured consumption. For shared buildings, we calculate the consumption based on a ratio. In 2014, Enexis purchased sustainable energy from Dutch windmills during the whole year.
- ◆ Gas consumption in our own buildings. For the buildings that are used completely by Enexis, the basis is the measured consumption. For shared buildings, we calculate the consumption based on a ratio.

Operation of assets and other

Enexis does not report any emissions in the category operation of assets. We do not measure the energy consumption in the assets separately and this is part of the grid loss.

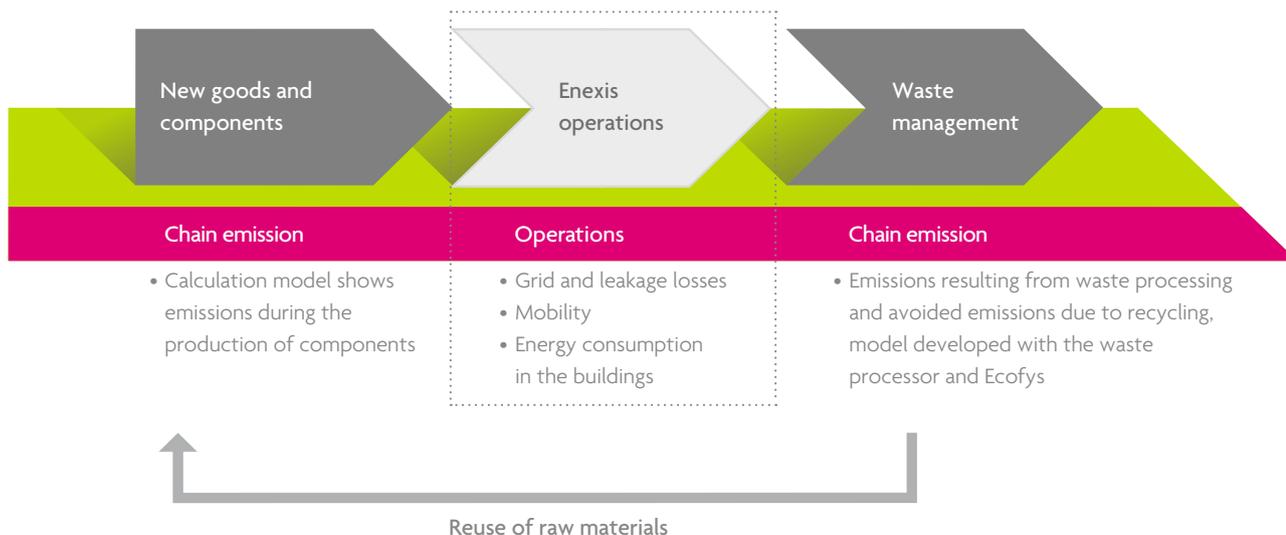
We have recorded the use of cooling equipment in the category other. We do not use any cooling equipment in the assets of Enexis and we do not measure cooling equipment in the buildings. We consider this negligible compared to other emissions.

Chain emissions

- ◆ Production of new assets. We have determined the emissions resulting from the production of various assets (including cables, gas pipelines, and transformers) based on primary data and ratios. We multiplied these values by the assets actually taken into use in 2014. We have made the choice, taking into account the limitations regarding comprehensiveness in the chain, to report the total emissions of the production of assets in the year the asset is taken into use.
- ◆ Processing of company waste. We drew up an inventory, together with waste processor Sita and consultancy firm Ecofys, of the waste processing chain. For each of the main waste flows, we show all of the steps from removal up to and including the final processing (see figure chain optimisation). We determined the emissions in connection with the processing per weight unit for each step, partly with primary data and partly based on secondary data from the eco-invent database. We used this information to calculate the emissions in connection with the processing of the waste flow.

Chain optimisation

Overview of the chain



We based the calculation of the chain emissions resulting from the production of assets and the processing of company waste on the actual quantities of assets taken into use and of waste presented to the waste processor. We have based the conversion into CO₂ emissions on data from third parties and on ratios from reliable and acknowledged source documents such as the Greenhouse Gas Protocol. This approach provides sufficient insight in the short term to work together with chain partners on reducing emissions.

There are uncertainties in quantifying CO₂ emissions due to variables such as (the choice of) emission factors that are used to calculate the emissions, determining the comprehensiveness of the CO₂ emissions resulting from the chain and the limited possibilities to determine these variables under all conditions. We will improve the calculation when detailed primary data becomes available.

The validation of the footprint is part of the audit of the non-financial section of the annual report.

In accordance with the CO₂ model of the joint grid operators, Enexis provides transparency regarding the share of the footprint that can be attributed to its regulated activities and the share of the footprint that can be attributed to its additional activities. This [table](#) provides this breakdown. The non-regulated activities are carried out within Fudura B.V.

Fudura B.V. is certified in accordance with the CO₂ performance ladder. Small discrepancies are possible between the footprint published by Fudura and the values shown below for non-regulated activities. This is caused by small differences between the calculation model of the joint grid operators and the model that Fudura uses.

About this report

Scope

The scope of the report is Enexis Holding N.V. with its registered offices in Rosmalen. This also includes the activities of Enexis B.V. and Fudura B.V. The activities of EVnetNL and other associates do not fall under this. The reporting period runs from 1 January 2014 up to and including 31 December 2014. The previous complete annual report covered the full calendar year 2013. No major changes have taken place in the size, structure, ownership or supply chain of the organisation during the reporting year 2014.

Feedback

We aim to improve our reporting every year. The input from critical readers is very welcome in this process. If you have any ideas for improvement please send an e-mail to investor.relations@enexis.nl. We thank you in advance.

Determining the contents (materiality)

We carried out a materiality analysis together with RoyalHaskoningDHV.

The materiality analysis consisted of various steps. We first drew up a list of all relevant aspects based on the GRI 4 and the Sector Supplement. Based on this list, we carried out desk research. For this, we used public and already existing information, including the peer review, the media scan and Enexis's reformulated strategic plan. We also made use of insights obtained from the stakeholder reviews which Enexis conducted in 2013 (see below under the heading 'Dialogue with stakeholders'). We determined that all items on our list were relevant except 'Plant Decommissioning'. We added the item 'Energy Transition'. This is an important theme for Enexis under which many relevant topics fall.

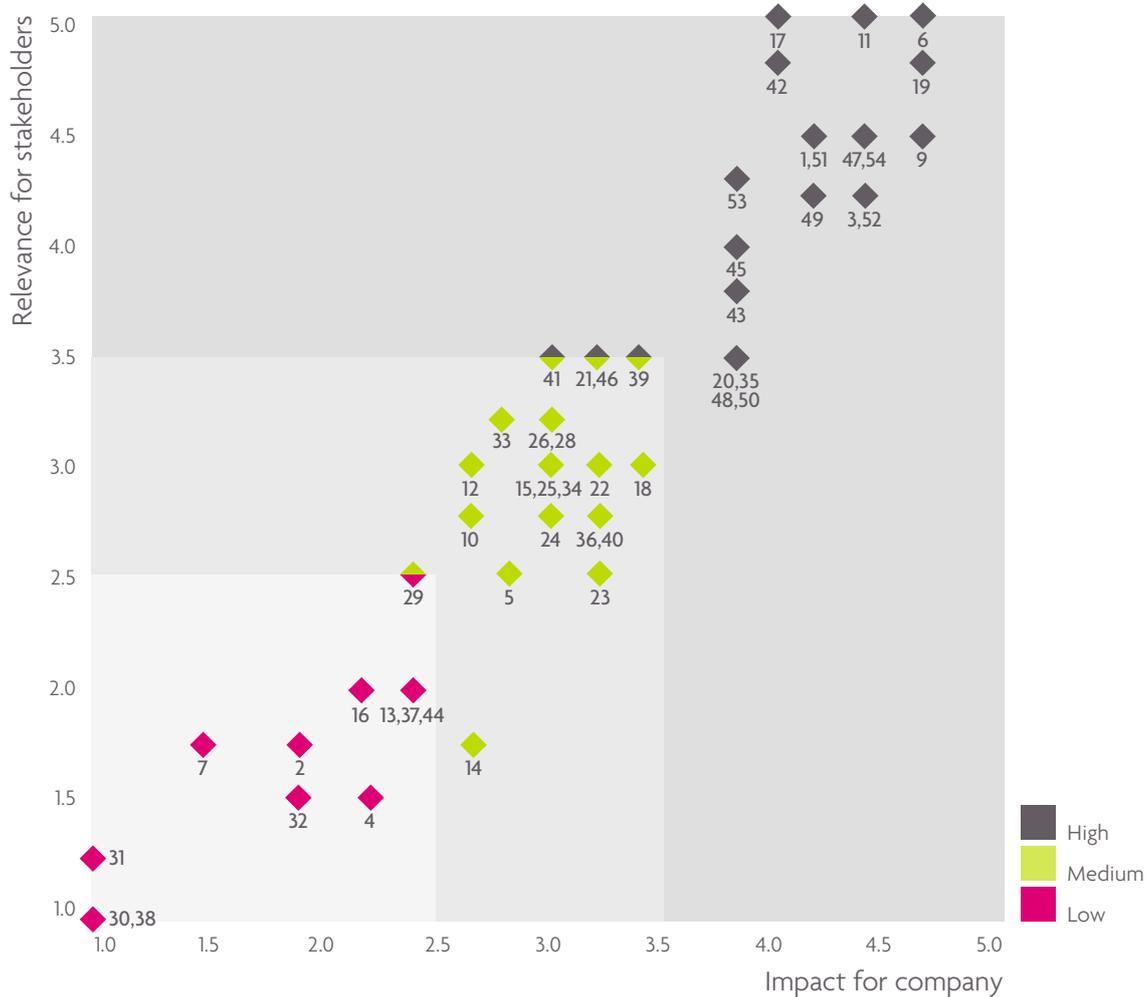
We then determined the priority of all the items using the GRI 4 and the Sector Supplement. We assessed each item based on the following criteria:

- ◆ The significance for stakeholders: the degree of impact on stakeholders and sustainable development and the expectations of stakeholders regarding action/reaction and transparent communication on the part of Enexis.
- ◆ The significance for Enexis: the degree of impact on Enexis, the degree of influence, potential risks and opportunities when taking or not taking action and the relation that the item has with the organisation values.

We assessed each sub-criterion with a score of 1 through 5. In this manner, each item received a score on the X and on the Y axis. Based on that, we ranked the items in the matrix below. The place of the item on the axis indicates whether the theme is material for Enexis (horizontal axis) or the stakeholders (vertical axis). The items in the upper right corner in the matrix are very important for both parties and these are the items that we have included in this report. The Executive Board (EB) has approved the outcome of the materiality analysis. We repeat the materiality analysis every year and we use it as input for the annual business plan cycle.

In the stakeholder overview, we have indicate which themes are specifically material for which stakeholders.

Materiality matrix



High

- 1 Economic performance
- 3 Indirect economic impact
- 6 Energy consumption
- 9 Emissions
- 11 Environmental effects of products and services
- 17 Employment
- 19 Working safely and healthy
- 20 Training and education
- 35 Effect on local communities
- 42 Safety and health of customers
- 43 Information about products and services
- 45 Privacy of customers
- 47 Availability and reliability of the energy supply
- 48 Managing the supply and demand of energy
- 49 Innovation
- 50 System efficiency
- 51 Disaster plans
- 52 Access to energy
- 53 Providing information
- 54 Energy transition

Medium

- 5 Materials and raw materials
- 10 Waste
- 12 Compliance with environmental laws
- 14 Investments in protecting the environment
- 15 Investigation into suppliers with regard to the environment
- 18 Relationship between employees and management
- 21 Diversity and equal opportunities
- 22 Equal pay for men and women
- 23 Investigation into suppliers' employment conditions
- 24 Complaints mechanisms with regard to employment conditions
- 25 Human rights in investments
- 26 Anti-discrimination
- 27 Freedom of association and collective negotiations
- 28 Child Labour
- 33 Investigation into human rights situation at suppliers
- 34 Complaint mechanisms with regard to human rights
- 36 Anti-corruption
- 39 Compliance with social laws
- 40 Investigation into suppliers with regard to impact on society
- 41 Complaints mechanisms with regard to impact on society
- 46 Compliance with product liability laws

Low

- 2 Presence in local job market
- 4 Purchasing from local suppliers
- 7 Water consumption
- 8 Biodiversity
- 13 Environmental effects of transport
- 16 Complaints mechanisms with regard to environmental issues
- 29 Forced labour
- 30 Human rights
- 31 Rights of local population groups
- 32 Investigation into human rights
- 37 Contribution to political organisations
- 38 Market manipulation
- 44 Marketing communication

Management of material topics

Enexis has an integral management system in which both financial and non-financial items are managed. This is described in the [Governance sections](#). Each year in the annual business plan cycle, the strategic objectives are translated in to a business plan including concrete targets. The material items are embedded in the strategic objectives as described in the [strategy section](#). Annual objectives and targets derived from the strategy are formulated and incorporated in the businessplan and the score cards. The progress is reported to the Executive Board on a monthly basis and is also discussed with the Supervisory Board.

Enexis has a formal Risk management proces (Enterprise Risk Management) and a internal audit function. The Risk management process and the most important risks are described in the [Risk management](#) section. The core activities are subject to the supervision of the Netherlands Authority for Consumers and Markets (ACM).

The paragraph [Management Approach Corporate Social Responsibility](#) contains an explanation of the manner in which sustainability is embedded within the organisation. In addition, an elaboration of the management approach specified according to social theme based on the ISO 26000 guidelines can be found in the [CSR principles](#) on Enexis website.

Dialogue with stakeholders

We strengthened the dialogue with stakeholders in 2013. Enexis's strategy comprises a stakeholder model with four stakeholders: shareholders, customers, employees and society. In the regular cycle, we ensure that there is a dialogue with stakeholders in the following manners:

Stakeholder Model

Stakeholder	What is important for the stakeholder?	Why is it important to involve the stakeholder?	How did we involve the stakeholder?
Shareholders	<ul style="list-style-type: none"> ◆ Economic return. ◆ Affordability and reliability of the energy supply. ◆ Impact on the environment (CO₂ emissions, sustainability of the energy supply, saving energy). 	<ul style="list-style-type: none"> ◆ Formal role in governance of Enexis. ◆ Collaboration partners in society-related objectives. 	<ul style="list-style-type: none"> ◆ Annual General Meeting of Shareholders (AGM). ◆ Representation via Shareholders' Committee that holds periodic consultations with the Executive Board of Enexis.
Customers	<ul style="list-style-type: none"> ◆ Affordability and reliability of the energy supply. ◆ Quality of services. ◆ Privacy. ◆ Saving energy. 	<ul style="list-style-type: none"> ◆ Enexis wishes to be a customer-oriented company in spite of its monopoly position. ◆ Enexis aims to charge the lowest possible tariffs. 	<ul style="list-style-type: none"> ◆ Affordability and reliability via regulation and supervision by the Netherlands Authority for Consumers and Markets (ACM). ◆ Customer satisfaction via periodic customer satisfaction surveys.
Employees	<ul style="list-style-type: none"> ◆ Employment. ◆ Safety. ◆ Opportunities for development. 	<ul style="list-style-type: none"> ◆ Enexis's results depend on the knowledge, expertise and commitment of its employees. 	<ul style="list-style-type: none"> ◆ Representation via the Works Council in connection with decision making and execution. ◆ Through bi-weekly employee satisfaction surveys. ◆ Through participation of employees in developing the Enexis Way of Working and sustainable employability.
Society	<ul style="list-style-type: none"> ◆ Reliable energy supply. ◆ Sustainability of the energy supply (energy transition). ◆ Supporting the Energy Agreement. 	<ul style="list-style-type: none"> ◆ Social organisations in observe developments and try to steer these developments. 	<ul style="list-style-type: none"> ◆ Regional stakeholder management: dialogue with stakeholders in the region. ◆ Dialogue with nationwide operating social organisations. ◆ Consultations with sector associations, supervisors and policymakers.

We defined our strategy more clearly in 2013/2014 also based on interviews with a group of 64 stakeholders and regular contacts with stakeholders. The General Meeting of Shareholders (AGM) approved the reformulated strategy in 2014. The interviewed group of stakeholders forms a good representation of the various stakeholders of Enexis. These stakeholders were consumer organisations, environmental organisations, universities, energy production companies, media, temporary employment agencies, banks, trade unions, construction companies, sector associations, members of Parliament, other grid operators, consultancy firms, large companies and parties that are working on the development of (decentralised) sustainable energy, provinces and municipalities.

GRI

We use the guidelines of the Global Reporting Initiative (GRI) for the sustainability reporting. In this report, we made use of the version G4 of the GRI for the first time. The application level is CORE.

Measuring methods and data collection

Where possible, we derived the quantitative information in this report for Enexis's systems. Internal control measures apply for these systems. The Planning & Reporting department of Finance is responsible - with the close involvement of the business controllers - for the collection and substantiation of non-financial data.

The staff members in the organisation who are responsible for the various topics have provided and substantiated the qualitative information. The themes, which must at least be included according to the GRI guidelines, are specified in the paragraph 'Management Approach CSR'.

Changes in comparison to previous reporting years

Enexis reports semi-annually on its strategic and financial performance. The scope of this reporting has remained unchanged in 2014. In 2014, we switched from the GRI 3.1 to GRI G4. This year, we organised the report in accordance with the four pillars in our reformulated strategy: reliable, affordable, sustainable and customer oriented. We refer to the sections concerned for the changes in the strategy and the corresponding objectives.

Assurance

In this annual report, we report about our efforts and the realisation of objectives in 2014. Ernst & Young Accountants LLP (EY) has verified this report. This has resulted in an opinion stating with:

- ◆ A reasonable degree of certainty that the financial statements present a true and fair view of the amount and composition of the capital of Enexis as at 31 December 2014 and of the result for 2014.
- ◆ A limited degree of certainty that the report, in all aspects of material importance, is a correct and adequate account of the policy pursued by Enexis, its business operations, performance and the occurrences in 2014.

In addition, we also outline our plans and vision for the future. This so-called future-oriented information can be recognised by words such as aim at, expect, want to, forecast, objective, vision, ambition and intention. Inherent in expectations for the future is that the outcomes are subject to risks and the realisation is uncertain. Therefore, EY does not provide any certainty with regard to the realisation of future-oriented information.

Glossary

DART-rate

Days **A**way from work, job **R**estrictions, and/or job **T**ransfers. Indicator of the safety in the execution of work expressed in the number of hours away from work per 200,000 hours worked.

Sustainability (According to the VAN)

‘Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs’. Enexis interprets this, for the sake of brevity, and in relation to its primary tasks, as ‘The aim to deal with energy sources and the environment in a responsible manner.’

Energy Agreement

The agreement that was signed by forty parties, including the Dutch government, in September 2013 with the objective of increasing the sustainability of the energy supply.

Energy transition

The term used to refer to the change in the energy supply from the centralised production of energy from fossil energy sources to decentralised production from sustainable energy sources.

Footprint

Indication of the amount of Enexis’s CO₂ emissions in a calendar year. Within the footprint, Enexis distinguishes between its own emissions and chain emissions.

Green Deal

An agreement between the National Government and companies, in which a joint effort in the field of sustainability has been agreed.

GRI

Global Reporting Initiative. A worldwide financial reporting standard with regard to sustainability.

JUD

Annual outage time due to unforeseen interruptions (outages). The number of minutes (electricity) or seconds (gas) that the customer did not have any energy supply in a calendar year on average.

Chain

The group of parties that carry out a process together. Enexis is active in the energy chain and in the resources chain.

Customer satisfaction

The term used for the assessment of Enexis’s performance by customers.

Society

The society in which Enexis operates, including organisations, individuals and developments.

Market Model

The agreements and rules that determine the tasks, powers and responsibilities of the parties in the energy sector.

CSR

Corporate Social Responsibility. A manner of doing business that has the aim to limit the negative influence of the business operations on the environment and to exert a positive influence on society.

Grid operator

An independent utility company that has been appointed to provide for the transmission of gas and electricity between the supplier and the customer in a specified area and to install and maintain grids for this purpose. The tasks of the grid operator are laid down in the Electricity Act 1998 and the Gas Act 2000.

Product quality

At Enexis, this refers to the quality of the services provided by Enexis. The most important indicators are the annual outage time (JUD) and service standards.

Regulation

The laws and the rules and regulations based on these laws governing the activities of the grid operator and the supervision of these activities.

Smart meter

A meter to measure the consumption of electricity and/or gas that can be read remotely by the grid operator and that makes consumption data available to the customer via a local entrance port for further processing in own peripheral equipment.

Smart grid

An energy grid that makes use of IT to react to situations in which demand and supply of energy need to be steered, which contains an energy flow and a data flow so that the grid operator can steer the energy flows.

Stakeholder

A party that is involved in or is affected by Enexis's activities. In its strategy, Enexis defines four groups of stakeholders: society, customers, shareholders and employees.

Delivering back energy

When customers feed energy back into the energy grid due to the generation of their own (in general sustainable) energy.

HSQE

The term for activities regarding Health, Safety, Quality of life and the Environment.

VIG

Safety indicator for Gas. Indicator for the safety of the gas grids, expressed in a (dimensionless) number. Is determined each year based on the incidents in the previous year.

Colophon

Published by

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5201 AL 's-Hertogenbosch
Tel: 088 857 77 77

The annual report is available online on our website: www.annualreport.enexis.nl.

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Editing and production

Communications Department of Enexis, Den Bosch,
Good Company, Rotterdam, Eleonoor Hintzen and Annelies Vlap

Concept and layout

DartGroup, Amsterdam

Photography

Images Enexis

Illustration

DartGroup, Amsterdam

English Translation

DartGroup, Amsterdam

The original Dutch version of this annual report is available at www.jaarverslag.enexis.nl.

The Dutch version takes precedence.

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