



ENEXIS

CHANNELING ENERGY



Combining reliability and agility

For a sustainable tomorrow



Annual Report **2015**

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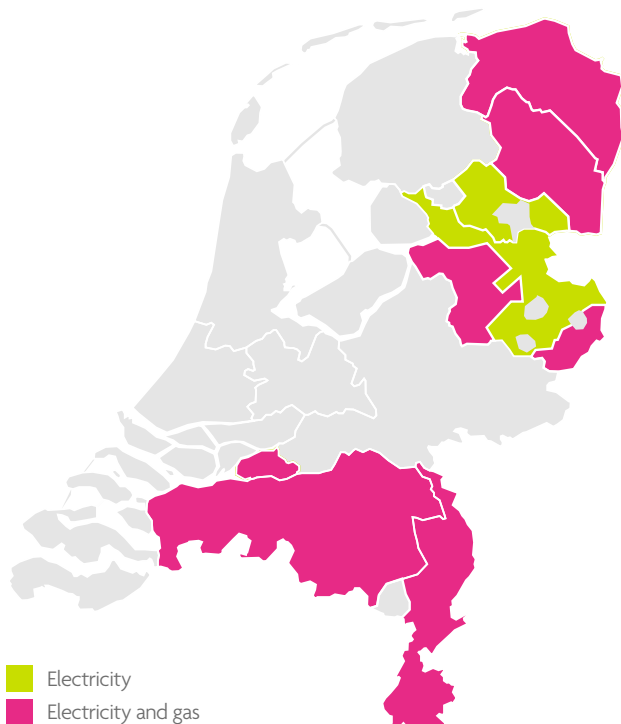
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Profile of Enexis

Enexis channels energy in the right direction. Enexis provides for the transmission of electricity to 2.7 million customers and of gas to over 2 million customers in the Dutch provinces Groningen, Drenthe, Overijssel, Noord-Brabant, Limburg and, through Endinet, in the Eindhoven region.

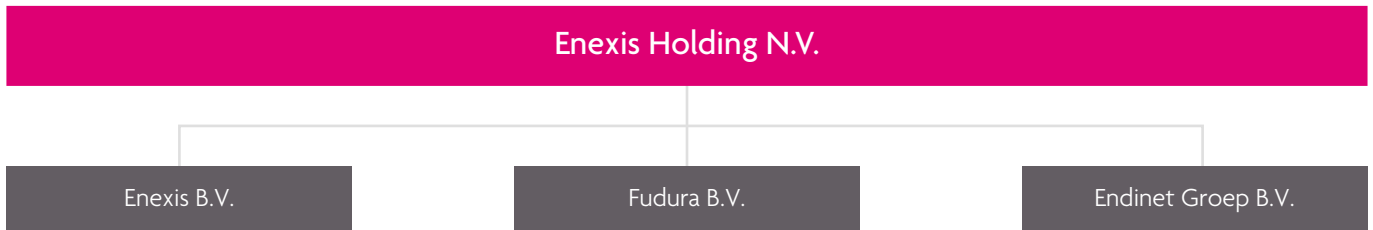
Servicing area 2016



Organisational chart

Enexis Holding N.V. is a network group that is comprised of, among others, the grid operator Enexis B.V. and the network companies Fudura B.V. and Endinet Groep B.V.¹ There where reference is made to 'Enexis' in this report, this pertains to all of the activities that take place within Enexis Holding N.V., unless explicitly stated otherwise.

Simplified organisation chart



Regulated activities

The grid operator Enexis B.V. provides for the regulated activities such as construction, maintenance, development and management of its electricity and gas grid. By virtue of the Electricity and Gas Act, grid operators have a monopoly within their servicing area within which they are the only ones that are allowed to manage the transmission grids for electricity (power cables and medium and low-voltage stations) and gas (gas pipelines and gas stations). This takes place within a regulated framework. The Netherlands Authority for Consumers and Markets (ACM) supervises both the quality of the services provided by grid operators as well as the costs charged by the grid operators.

Non-regulated activities

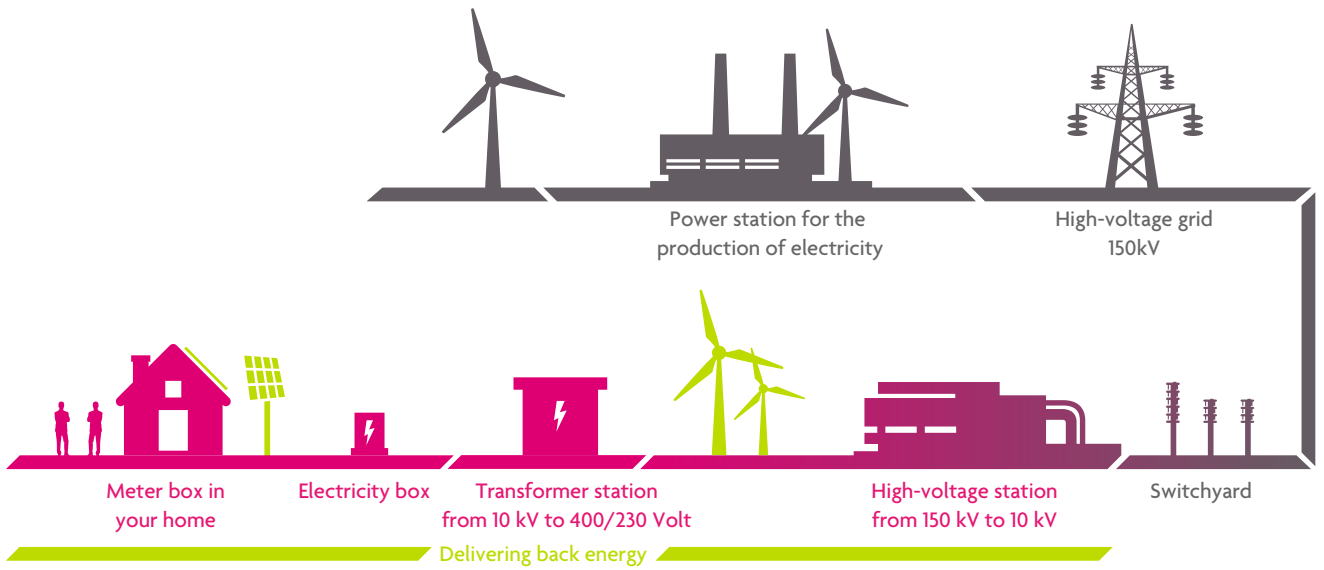
The network company Fudura operates in the non-regulated commercial market with core-strengthening activities such as advice, measurement of energy flows, design and realisation of infrastructure and lease and maintenance of charging points, transformers and switch installations. Fudura ensures that companies can organise their energy supply efficiently. Fudura is also responsible for non-regulated activities that help organisations and households increase the sustainability of their energy use.

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. The shifts in the energy supply make all participants in the energy chain – producers, suppliers, customers, independent service providers and grid operators – more dependent on each other. We see this as an opportunity for innovation and another way of working together.

¹ This situation has been revised as of 1 January 2016. Enexis has transferred its servicing area in Friesland and in the municipalities Noordoostpolder and Urk to Alliander and Endinet Groep B.V. (Eindhoven and surrounding area) has become part of Enexis Holding N.V.

Enexis in the chain

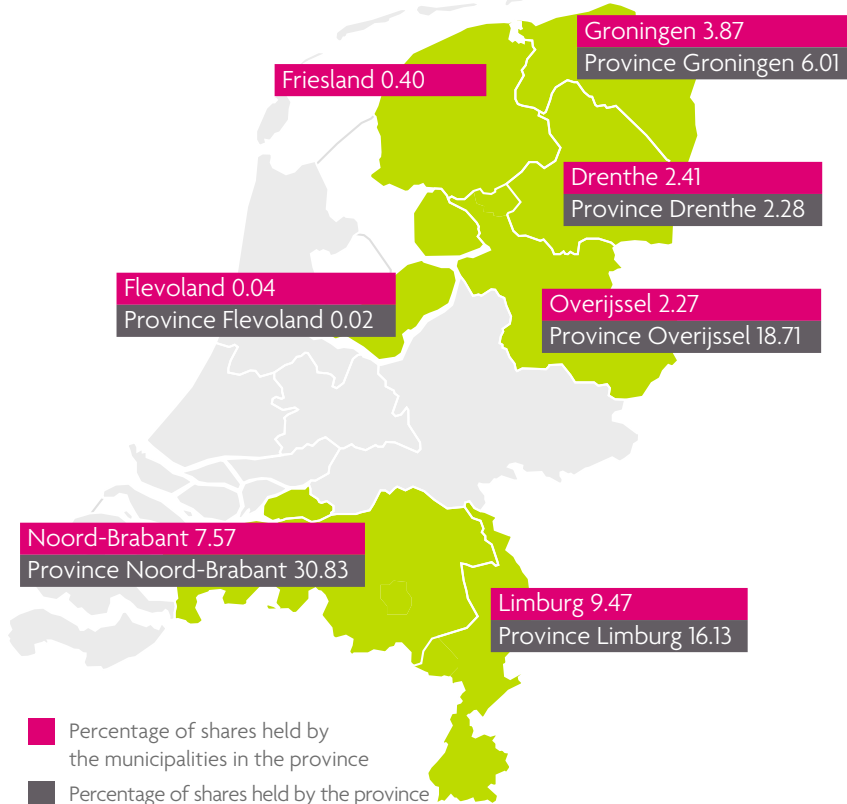


Enexis's shareholders

The shareholders of Enexis Holding N.V. are provinces and municipalities in the areas in which we are active (or were recently active).

Enexis shares

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



Strategy

The Netherlands is on its way towards a sustainable energy supply. This leads to a different energy demand and a different division of roles within the energy chain. In this changing environment, Enexis aims to provide a continually reliable and affordable energy supply and to enable the energy transition.

Environmental analysis

External

- ◆ Further increase of decentralised, sustainable energy production and electric transport.
- ◆ Increasing attention for energy-efficiency and energy savings in the Dutch Energy Agreement [Energieakkoord].
- ◆ The 'Heat Strategy' [Warmtevisie] of the Dutch government advocates a position for heating next to electricity and gas.
- ◆ The Dutch Independent Grid Operator Act [Wet Onafhankelijk Netbeheer] was upheld after the decision of the Dutch Supreme Court.
- ◆ The New Electricity and Gas Act ('STROOM') has not yet come into force.
- ◆ Total number of municipalities that introduce municipal taxes (precario).
- ◆ Continuing low interest rates.

Internal

- ◆ Continuing attention for further increasing the safety of employees.
- ◆ Leadership vision focusing on increasing agility.
- ◆ Increasing sustainable employability and vitality.
- ◆ Next step in sector restructuring: exchange of servicing areas with Alliander.

Vision & Mission

Everybody wants to be able to make use of energy always and everywhere. That is why we transport energy in a safe, reliable, affordable and customer-oriented manner. The Netherlands is on its way towards a sustainable energy supply. This requires efficient consumption of energy from more and more sustainable sources. Enexis works together with other organisations on a sustainable and responsible energy supply, for today and tomorrow.

Ambition

Our customers cannot choose a grid operator. This has been laid down in the Electricity and Gas Act. It is exactly for this reason that we place high demands on our services. 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'

Strategy

Based on our vision, mission and ambition, our strategy is:

- ◆ We know our customers and we cater to their wishes with regard to energy.
- ◆ We work efficiently and in such a manner that our grids are ready for the required transmission.
- ◆ We are energy conscious and we help others save energy.

Four strategic pillars, nine core objectives

Our strategy has four strategic pillars: reliable, affordable, customer-oriented and sustainable which are translated into nine core objectives. These pillars and core objectives reflect the importance of our various stakeholders and define our task within society. We formulated our current strategy in 2014. The strategic plan can be found via the following [link](#).

Policy pillars and objectives



Reliable

1. Our reliability and safety will remain 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.

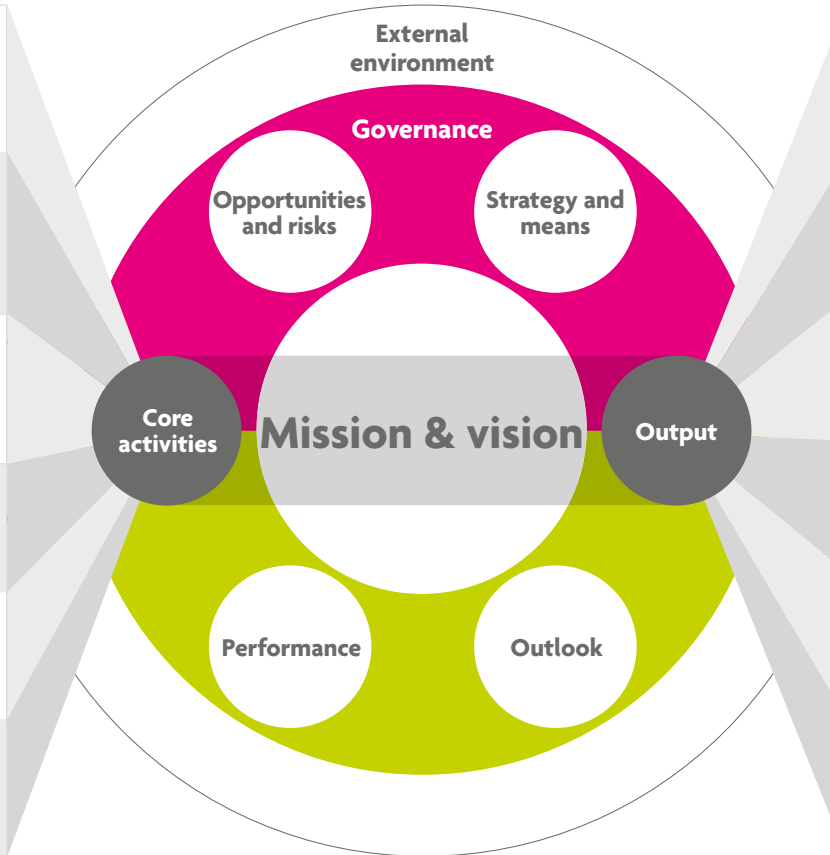
Evaluation of strategy

The progress with regard to our strategic objectives was evaluated on 9 June 2015. We are making good progress with the realisation of most of our objectives. We will be giving extra attention to our activities to contribute to the energy transition. The developments within the energy transition are proceeding rapidly and the impact is increasing. In order to bring together our knowledge and capabilities, we decided to set up internal knowledge centres in 2016. For example, in the field of sustainable regional development (including heating and biogas) and in the field of saving energy.

Value creation model

Input
















| | |
|--|---|
|  | Financial Enexis is subject to regulation by the Netherlands Authority for Consumers and Markets. Enexis's revenues consist of the connection and grid tariffs paid by the 2.7 million customers in its servicing area. Enexis's solvency position is described in the financial statements. |
|  | Production Enexis spends more than 670 million euros on a reliable and future-proof grid for the delivery of gas and electricity to our customers. Over half of this consists of maintenance, replacement and modernisation of the grids and part is intended for the roll out of smart meters. The length of the gas grid is around 44,800 km and the length of the electricity grid is around 138,000 km. |
|  | Knowledge and expertise At our own training and education centre, Enexis Training & Opleiding, employees followed on average 30 hours of training. In our training institute, we work together with various secondary and higher vocational educational institutions. We develop solutions for the smart grid in the future. |
|  | People-oriented Enexis employs around 4,300 employees. In addition, employees of contractors and suppliers are also at work for us every day. Working safely and sustainable employability are at the foundation of the way we work. |
|  | Social and relationships We are constantly involved in a dialogue with the stakeholder groups: customers, shareholders, employees and society. |
|  | Environment Resources in the form of purchased operational assets. Sustainable energy (including wind energy for our own consumption). Grid losses purchased sustainably via Guarantees of Origin. CO ₂ emissions are fully compensated with Gold Standard CO ₂ certificates. |



Added value

| | |
|---|---|
|  | Financial Economic impact due to reliable distribution of gas and electricity, low tariffs, dividends paid to provinces and municipalities, income for employees, taxes. Indirect economic impact via employment for third parties, for example, contractors and suppliers. |
|  | Production Transmitted volumes: 34,146 GWh electricity and 5.530 million m ³ gas. Installation of smart meters at 233,000 addresses. 102 'Buurkracht' neighbourhoods working on saving energy, 219 schools are producing their own solar energy with 'Van Zon Krijg je Energie'. |
|  | Knowledge and expertise Employees have the necessary expertise and competencies to carry out our core task. Knowledge, developed via post-graduate programmes and professorships sponsored by Enexis at Universities and Colleges. |
|  | People-oriented Safety-aware employees, sustainable-employable employees, more participation of people with poor job prospects. |
|  | Social and relationships Via constructive consultations and coordination of work schedules with municipalities and colleague grid operators and other parties that are involved in underground infrastructure, we aim to minimise the inconvenience for society. |
|  | Environment Recycling of waste flows. Limiting grid losses, reduction of CO ₂ footprint. More than 100,000 customers produce their own sustainable electricity. In-flow into the gas grid consisted of 41 million m ³ biogas. |

Objectives and performance

| Indicator | Objectives 2015 | Realisation | Objectives 2016 | |
|---|--|--|--------------------------|---------------------|
| Reliable | | | | |
|  | Annual outage time electricity (JUD) | ≤ 22.4 minutes | 14.2 minutes | ≤ 22.4 minutes |
|  | Non-customer driven investments and maintenance | EUR 267.3 million | EUR 255.7 million | EUR 259.8 million |
|  | Average low-voltage outage duration | ≤ 155 minutes | 169 minutes | ≤ 155 minutes |
|  | DART-rate internal | ≤ 0.37 | 0.33 | ≤ 0.32 |
|  | DART-rate external | ≤ 0.78 | 0.78 | ≤ 0.66 |
|  | Number of reports of undesired events | ≥ 3.000 | 3.073 | ≥ 3.000 |
|  | Follow-up of reports | ≥ 80% concluded within three months | 86% | ≥ 85% |
| Affordable | | | | |
|  | Controllable costs and revenues¹ | ≤ EUR 363.4 million | EUR 355.6 million | ≤ 368.2 million |
| Customer oriented | | | | |
|  | Customer Effort Score (CES)² | ≥ 4 out of 5 customer effort scores Q4 2015 ≤ sub-target | 3 out of 5 | ≥ 5 out of 6 |
| Sustainable | | | | |
|  | Number of new 'Buurkracht' neighbourhoods | ≥ 50 neighbourhoods | 55 neighbourhoods | ≥ 65 neighbourhoods |
|  | Reduction³ CO₂ emissions vehicle fleet⁶ | ≥ 2% | 0.8% | N.A. |
|  | Reduction³ CO₂ emissions² claimed kilometres⁶ | ≥ 2% | 2.4% | N.A. |
|  | CO₂ reduction leased cars and claimed kilometres^{4,7} | N.A. | N.A. | ≥ 4% |
|  | Offering of Smart Meters⁵ | ≥ 250,000 addresses (where smart meters have been installed) | 233,247 addresses | ≥ 392,500 addresses |
|  | Installation of Smart Meters^{5,7} | N.A. | 90% | ≥ 90% |

1. Enexis B.V.
 2. Standard connections. Offer of smart meters (including GSA large-scale offering of smart meters), customer service consumer, enexis.nl, complaints and claims.
 3. Compared with 2014.
 4. Vehicles with a commercial registration are excluded from this survey.
 5. For 2016, including Endinet, directed at the offering of smart meters.
 6. These two KPIs will no longer be measured as from 2016. This will be replaced by the KPI 'CO₂ reduction leased cars and claimed kilometres'.
 7. This KPI will be reported as from 2016.

See definitions in the chapter [Glossary](#).

Objectives and performance

Enexis's Balanced Score Card is presented in the above table. The Balanced Score Card is a translation of the objectives laid down in the Strategic Plan 2014. The key performance indicators correspond as follows with the following high material items in the materiality analysis:

1. Working safely and healthily (Dart rate internal, Dart rate external, number and follow-up of undesired events)
2. Safety and health of customers (Public safety, see page 26)
3. Availability and reliability of the energy supply (Non-customer driven investments and maintenance and average low-voltage outage duration)
4. Energy transition (Offering of smart meters)
5. Energy consumption (Buurkracht neighbourhoods)
6. Access to energy (Annual outage time electricity)
7. Economic performance (controllable costs and revenues)
8. CO₂ emissions (CO₂ emissions of vehicle fleet)
9. Customer satisfaction (CES score).

In accordance with the strategy, the key performance indicators have been divided over the four pillars reliable, affordable, customer-oriented and sustainable. Progress is discussed monthly in the Executive Board in joint consultation with the other managers (the Management Consultation). The Balance Score Card is also part of the monthly reporting that the Executive Board discusses with the Supervisory Board.

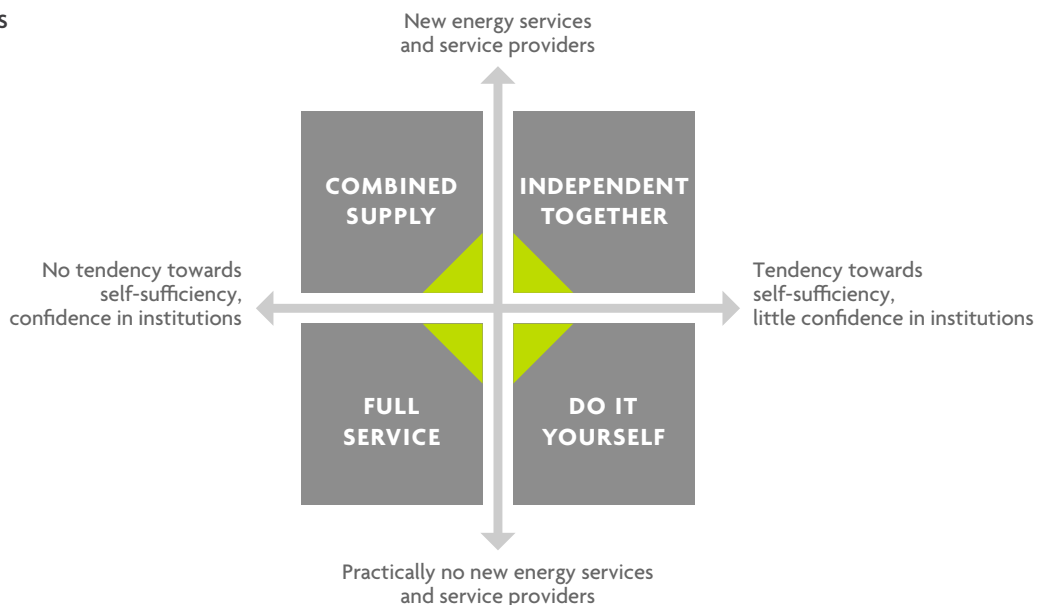
Operational risks

The most important risks with regard to the realisation of the strategic objectives are discussed in the chapter 'Strategic risks'. The most important operational risks are related to employees, reliability, costs and/or tariffs, ICT and compliance.

Analysis and future scenarios

We performed a scenario analysis in 2015 regarding the question 'What will the energy supply look like in 2030 and what will Enexis's role be in this?' This resulted in four possible future scenarios. These scenarios help us to give more direction and form to our activities within our present four strategic pillars and they provide input for formulating the strategy for our next strategic period.

Future scenarios

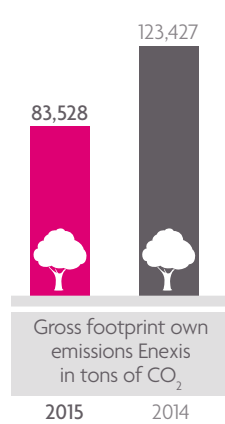
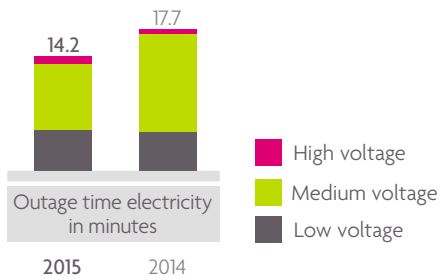




The analysis and the scenarios give us insight in how we can also create value for society in the future. It is clear that major developments will take place in the energy supply. However, there are also large uncertainties. For example, to what extent do customers wish to be self-sufficient? And how quickly will new services be introduced and new service providers enter the market? For Enexis, this means that we have to be flexible. On the one hand, in order to capitalise on the developments and, on the other hand, to be able to continue to carry out our core activity – the distribution of energy – properly. Collaboration with innovative parties, customers and organisations in society will become more important than ever.

We have drawn up the future scenarios with an internal team. A broad trend analysis, whereby twelve interviews with external parties were held, was part of the process. This has provided us with a lot of insight into the changing energy supply and possible roles and tasks for the grid operator of the future. We would now like to share our insights with interested parties by entering into a dialogue. [Link to website future scenarios.](#)

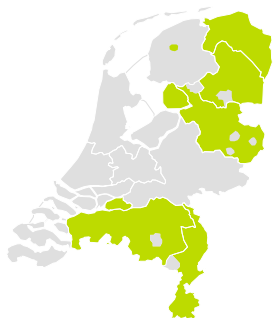
Key data



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

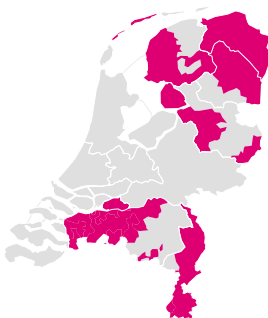
Electricity grid ⚡

138,000 km
2,698,000 connections
34,121 GWh



Gas grid 🔥

44,800 km
2,091,000 connections
5,530 Mm³



Net revenue

In millions of euros

1,353.4

2014: 1,399.5

Profit after taxes

In millions of euros

223.1

2014: 265.5

Balance sheet total

In millions of euros

7,079.4

2014: 6,417.0

Investments in the grids

In millions of euros

377.7

2014: 357.0

Dart-rate Enexis

Safety index

0.33

2014: 0.60



“We have to be agile and innovative to contribute to the energy transition together with partners.”

Peter Vermaat and Maarten Blacquière

Peter Vermaat, Chairman of the Executive Board of Enexis, and Maarten Blacquière, Chief Financial Officer, look back at 2015 as well as ahead to the coming years. What did Enexis achieve this year? What are the highlights? What could be improved? And what are the plans for the future?

Vermaat: ‘We also made a big effort in 2015 to give form to *and* accelerate the energy transition. For instance, an intensive cooperation was started in 2015 with parties for wind-on-shore projects and the offering of smart meters was speeded up. We installed smart meters at over 233,000 addresses in total in 2015. During the year, the number of installed meter increased to 330 per hour! It is important that customers are also satisfied with the process surrounding the installation of smart meters. The propulsive force of consumers, energy cooperatives and companies continues to grow and we see all sorts of initiatives for, for example, the local production of energy. Enexis helps with Buurkracht, the initiative with which we support neighbourhoods with saving energy and making use of new energy sources. That is positive of course.’

What does this mean for the organisation?

Blacquière: In order to continue to facilitate these developments properly and to thus contribute to realising the agreements in the Energy Agreement, we have to respond to this pro-actively and combine our strengths more internally. We will be increasing the focus and the coherence of our activities in this area. This demands from our employees that they work together even better and place the interests of Enexis and the interests of society before the interests of their department or their own interests. Of course, our own managers play an important role in this. It is also for this reason that we developed a vision on leadership in 2015. We will implement this in 2016. The verbs inspire, connect, realise and learn form the essence of Enexis’s leadership promise.’

Safety as the best result in 2015: what has Enexis achieved in this area?

With regard to the question of the best result in 2015, the Executive Board places ‘safety’ in an undisputed first place. Vermaat: ‘We can conclude that the awareness of our employees with regard to working safely has increased. This was expressed in 47% more reports of undesired events and a decrease in the number of accidents resulting in absenteeism by 45% in comparison with last year. This is good news and we will continue to improve this further.’

We will continue to pay a lot of attention to this matter as long there are still situations that could lead to an accident. Our motto is and remains: 'You work safely, or you don't work'. Blacquièr adds: 'We also see improvements in this area at our contractors. Nevertheless, we also had to take leave of a contractor in 2015 due to a disappointing safety performance. So we still have work to do there as well.'

What are other highlights in 2015?

'The outage time of electricity in 2015 is historically low, namely 14.2 minutes. With our risk-based asset management, we ensure that we prevent outages as much as possible. Should an outage occur nevertheless, then we can resolve these outages faster due to innovations such as Distribution Automation', Vermaat explains. 'Secondly, we achieved good financial results in 2015. With regard to expenses, we are 2% below target and, just as in 2015, we lowered our tariffs again in 2016. Furthermore, on 1 January 2016, we completed the exchange of areas with Alliander successfully, as a result of which Enexis transferred its servicing areas in Friesland and the Noordoostpolder to Alliander and Endinet (Eindhoven and surrounding area) became part of Enexis Holding.' Blacquièr: 'This exchange had quite an impact on both organisations. It was not only a complex process, but sometimes also very taxing for the employees involved. A compliment for all employees involved for the way in which they coped with the changes. The manner in which we work together on sustainable employability is also positive. We stimulate personal and professional development also via our online platform 'Development Square'. In addition, EUR 500 up to a maximum budget of EUR 1,500 is made available to each employee to follow courses and training programmes.'

And what could we have done better?

Vermaat: 'An attention point is the strengthening of Enexis-wide collaboration, so across the boundaries of the own department or organisation column. Discussing dilemmas at an earlier stage, exactly there where it possibly touches on the area of responsibility of somebody else, leads to workable solutions faster. This also applies with regard to the collaboration with external parties.'

What else has Enexis done to continue to facilitate the energy transition properly?

Vermaat: 'We performed a trend analysis in 2015 regarding the question 'What will the energy supply look like in 2030 and what will Enexis's role be in this?' This has resulted in four scenarios that help us with the formulation of our strategy for the next strategic period and, of course, with our activities within our present four strategic pillars, reliable, affordable, customer-oriented and sustainable, in the short term.' According to Blacquièr, the bottom line is that Enexis must be a flexible and innovative organisation that works together with other parties. 'Important themes are, for example, saving energy, agility, electric transport, heating and storage. This is why we have already started working on bringing together knowledge with regard to these themes in knowledge centres, in which we work together with external partners for innovations. We also examined the consequences of STROOM, which aims to streamline, optimise and modernise the Electricity and Gas Act, and to more clearly define the roles between grid operators and market parties. This new act was rejected by the Dutch Senate at the end of 2015. An analysis will be completed in the first quarter of 2016 regarding how we should deal with the postponement of this revised energy legislation. Throughout the whole energy chain, we want to take the steps together that are necessary to give form to the energy transition together.'

Are there other issues that Enexis will be focusing on in the coming years?

Blacquièr: 'In connection with our objective to facilitate the energy transition and to give this form together with partners, as mentioned, we are focusing on making the organisation and the leadership of the organisation more flexible. In addition, integrity is an important attention point to maintain our good reputation. And, we have to also prepare the organisation for the future in the ICT area. We started this in 2015 and this will also remain an important attention point in the coming years.' Vermaat adds: 'And when we talk about agility, in my opinion, we are talking about: the agility to, on the one hand, think in a different direction and, on the other hand, to keep up with developments in society. And also to continue to do what we do well: reliable, safe and affordable transmission of energy, 24 hours a day, 7 days a week. Matters such as working safely, maintenance of our grid, sustainable employability and customer orientation will continue to have our unabated attention in the coming years.'

2015 at a glance

| | | | | |
|---|---|-------|---|---|
|  | <p>1 January 2015 Launch large-scale offer of smart meters</p> | Jan | <p>3 February 2015 Enexis and TenneT open new high-voltage station in Boxtel</p> |  |
| | <p>2 March 2015 First stage of 'Sustainable Employability plus' completed</p> | Feb | <p>13 April 2015 Enexis opts for LTE (4G) for data communication Smart Meter</p> | |
|  | <p>6 May 2015 Electricity outage in Maastricht (16,000 households)</p> | March | <p>20 May 2015 Fudura Sustainable launches energy consumption manager Mijn Energie Inzicht [My Energy Insight]</p> |  |
| | <p>1 June 2015 Fudura definitely acquires Cogas Meetdiensten</p> | April | <p>4 June 2015 Millionth smart meter installed</p> | |
|  | <p>13 July 2015 Electricity outage in Eindhoven & Geldrop (13,000 households)</p> | May | <p>27 July 2015 Final agreement signed for exchange regional energy grids Enexis - Alliander</p> | |
|  | <p>19 August 2015 Enexis solved electricity outages on average 50 percent faster due to Distribution Automation</p> | June | <p>14 September 2015 Electricity outage in Zuid-Limburg (34,000 households)</p> | |
|  | <p>17 September 2015 Enexis concludes hundred-thousandth solar panel system</p> | July | <p>16 October 2015 Successful issue of 8-year bond loan of EUR 500 million</p> |  |
| | <p>9 November 2015 High Tech Systems Park, Enexis, Fudura and DWA develop Smart Grid for sustainable innovation campus</p> | Aug | <p>12 November 2015 Council for Children enters into dialogue with Enexis regarding sustainable use of energy</p> | |
| | <p>16 November 2015 Enexis wins Best Traineeship of the Benelux!</p> | Sept | <p>16 December 2015 Smart Cable Guard predicts time and location of electricity outages</p> |  |
|  | <p>22 December 2015 And the hundredth Buurkracht neighbourhood was: Hoogvonderen</p> | Nov | <p>23 December 2015 Majority in the Dutch Senate votes against the new electricity act STROOM</p> | Dec |

Key figures 2015

Financial information

| amounts in millions of euros | 2015 | 2014 | 2013 | 2012 | 2011 | |
|---|---------|---------|---------|---------|---------|------|
| Result | | | | | | |
| Revenue | 1,353.4 | 1,399.5 | 1,385.7 | 1,367.0 | 1,314.6 | |
| Transmission- and systemservices and distribution losses costs | 231.5 | 243.0 | 229.8 | 235.7 | 239.1 | |
| Other operating income | 19.4 | 20.2 | 17.8 | 14.0 | 11.8 | |
| For operation available balance | 1,141.3 | 1,176.7 | 1,173.7 | 1,145.3 | 1,087.3 | |
| Operating expenses excluding depreciation , impairments and decommissioning | 447.0 | 433.3 | 452.4 | 465.4 | 412.9 | |
| Depreciation,impairments and decommissioning | 300.9 | 310.1 | 298.9 | 285.9 | 271.9 | |
| Operating profit | 393.4 | 433.3 | 422.4 | 394.0 | 402.5 | |
| Share of result of associates and joint ventures | 1.4 | 1.3 | 1.2 | -10.4 | -5.7 | |
| EBIT ²⁾ | 394.8 | 434.6 | 423.5 | 383.6 | 396.8 | |
| Financial income and expenses | -93.0 | -79.0 | -109.0 | -91.2 | -88.5 | |
| Profit before tax | 301.8 | 355.6 | 314.6 | 292.4 | 308.3 | |
| Profit for the year | 223.1 | 265.5 | 239.1 | 223.7 | 229.4 | |
| Financial position (before profit appropriation) | | | | | | |
| Net working capital ²⁾ | -66.3 | -73.2 | -49.4 | -109.3 | -137.3 | |
| Non-current assets | 5,846.2 | 6,015.0 | 5,865.1 | 5,683.9 | 5,477.9 | |
| Capital employed ²⁾ | 5,475.5 | 5,339.9 | 5,265.7 | 5,085.0 | 4,928.5 | |
| Equity | 3,607.7 | 3,516.7 | 3,370.1 | 3,244.9 | 3,130.9 | |
| Total assets | 7,079.4 | 6,417.0 | 6,264.9 | 7,023.5 | 6,358.7 | |
| Ratios | | | | | | |
| Solvency ²⁾ | % | 51.0 | 54.8 | 53.8 | 46.2 | 49.2 |
| ROIC ²⁾ | % | 7.2 | 8.1 | 8.0 | 7.5 | 8.0 |
| Return on equity ²⁾ | % | 6.2 | 7.6 | 7.1 | 6.9 | 7.3 |
| Cash flow | | | | | | |
| Cash flow from operating activities | 522.6 | 578.1 | 487.0 | 540.7 | 604.9 | |
| Cash flow from investing activities | -444.8 | -419.6 | 133.9 | -786.3 | -514.9 | |
| Cash flow used in financing activities | 375.7 | -123.8 | -614.7 | 218.3 | -61.1 | |
| Cash flow | 453.5 | 34.7 | 6.1 | -27.3 | 28.9 | |

1. Related to a reclassification of the surcharge on sales of stocks to contractors are the figures in 2014 with EUR 2.6 million adjusted.

2. For definitions, please refer to the glossary.

The grids

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------|--------|--------|--------|--------|
| Section lengths (x 1,000 km) | | | | | |
| Electricity grid | 138.0 | 137.2 | 135.2 | 134.2 | 133.3 |
| Low voltage | 93.3 | 92.8 | 90.8 | 90.0 | 89.4 |
| Medium voltage | 44.6 | 44.4 | 44.3 | 44.1 | 43.8 |
| Intermediate voltage | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 |
| Gas grid | 44.8 | 44.7 | 44.8 | 44.8 | 44.6 |
| Low pressure | 35.8 | 35.7 | 35.8 | 35.8 | 35.6 |
| High pressure | 9.0 | 9.0 | 9.0 | 9.0 | 9.0 |
| Stations (x 1,000) | | | | | |
| E-stations | 53.2 | 53.0 | 52.9 | 52.7 | 52.5 |
| G-stations | 24.4 | 24.5 | 24.6 | 24.6 | 24.7 |
| Number of connections (x 1,000) | | | | | |
| Electricity | 2,698 | 2,683 | 2,672 | 2,662 | 2,648 |
| Gas | 2,091 | 2,083 | 2,079 | 2,074 | 2,068 |
| Transported quantities | | | | | |
| Electricity (GWh) | 34,121 | 34,050 | 34,900 | 35,043 | 35,079 |
| Gas (Mm ³) | 5,530 | 5,111 | 6,510 | 6,350 | 5,788 |
| Of which green gas | 41.0 | 37.0 | 34.0 | 21.1 | 10.9 |
| Product quality | | | | | |
| Outage time electricity (in minutes) | 14.2 | 17.7 | 23.6 | 21.6 | 18.9 |
| High voltage | 0.9 | 0.6 | 0.1 | 0.1 | 1.1 |
| Medium voltage | 8.2 | 12.2 | 17.8 | 15.2 | 11.9 |
| Low voltage | 5.1 | 4.8 | 5.7 | 6.3 | 5.9 |
| Outage time gas (in seconds) | 78 | 90 | 50 | 36 | 69 |

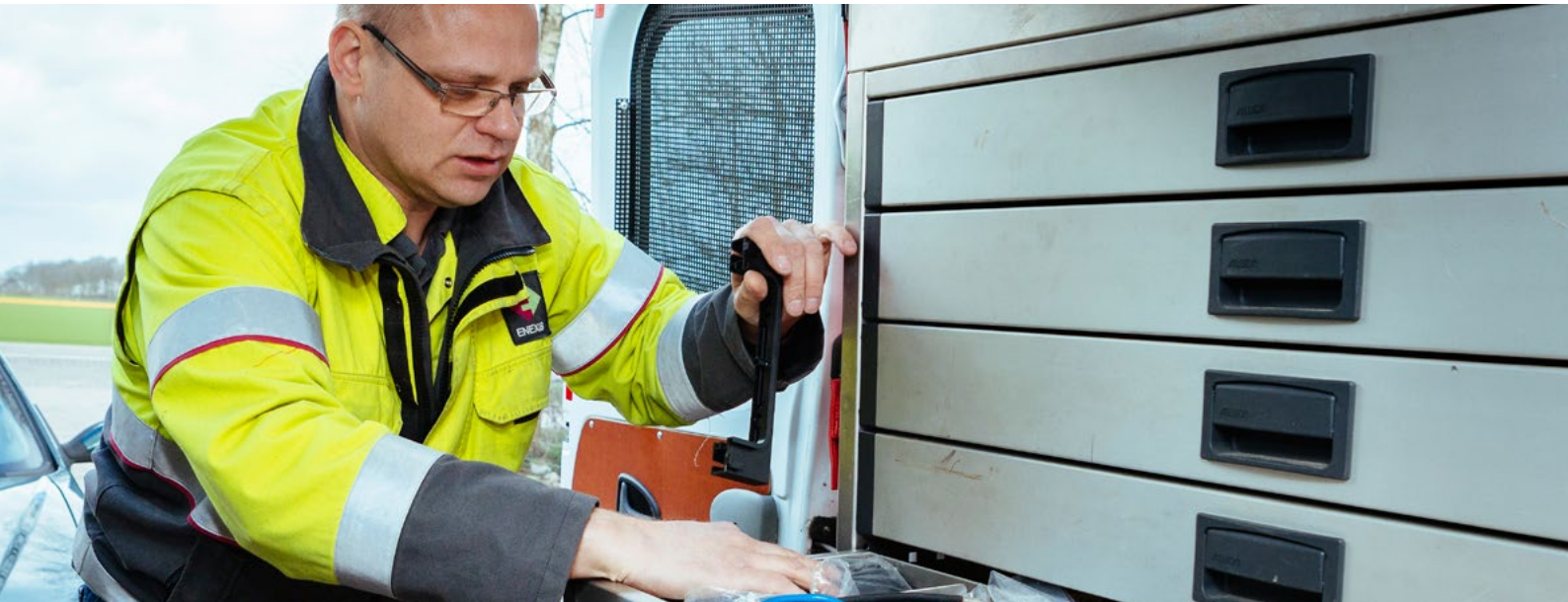
Personnel and sustainability

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|--------|--------|--------|---------------------|---------------------|
| Personnel | | | | | |
| Number of employees at year-end | 4,299 | 4,316 | 4,294 | 4,229 | 4,101 |
| FTEs at year-end (own personnel) | 4,148 | 4,161 | 4,141 | 4.072 ¹⁾ | 3.797 ¹⁾ |
| Female employees as a % of the total workforce | 18.2 | 17.5 | 17.2 | 17.7 | 17.7 |
| Absence due to illness (%) | 4.3 | 4.2 | 3.8 | 4.0 | 4.8 |
| Number of participants Training & Education courses including exam | 23,392 | 20,525 | 22,589 | 17,784 | 14,223 |
| Number of participants Training & Education courses excluding exam | 18,184 | 17,519 | 17,200 | 11,101 | 14,019 |
| Employee involvement score (%) | 86 | 77 | 81 | 80 | 80 |
| DART-rate Enexis ²⁾ | 0.33 | 0.60 | 0.54 | 0.49 | 0.53 |
| DART-rate third parties | 0.78 | 0.90 | 1.32 | 0.85 | 1.09 |
| Sustainable vehicle fleet | | | | | |
| 100% electric passenger cars | 16 | 28 | 48 | 48 | 29 |
| Passenger cars on biogas / natural gas | 17 | 24 | 31 | 30 | 11 |
| Electric passenger cars with range extenders | 25 | 15 | 5 | - | - |
| Amount of waste (in tons) | | | | | |
| Recycled waste ³⁾ | 22,383 | 13,291 | 11,673 | 9,673 | 8,265 |
| Incinerated waste | 1,238 | 1,203 | 1,189 | 1,426 | 1,336 |
| Dumped waste | 1,018 | 927 | 513 | 315 | 430 |
| Total | 24,639 | 15,421 | 13,375 | 11,414 | 10,031 |
| Of which hazardous waste (%) | 0.6 | 1.0 | 1.3 | 3.6 | 5.8 |

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.
3. The disposal of soil is registered as waste since 2015. This largely explains the increase compared with 2014.

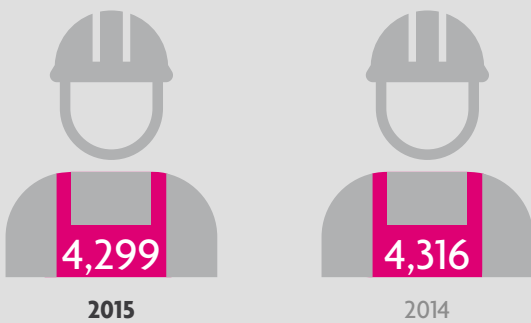
Customer satisfaction

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|-----------------------|------------|------------|------------|------------|------------|
| Low-volume consumers | 8.1 | 8.0 | 8.1 | 7.9 | 7.9 |
| High-volume consumers | 7.5 | 7.5 | 7.4 | 7.3 | 7.2 |
| Total | 7.8 | 7.8 | 7.8 | 7.6 | 7.6 |

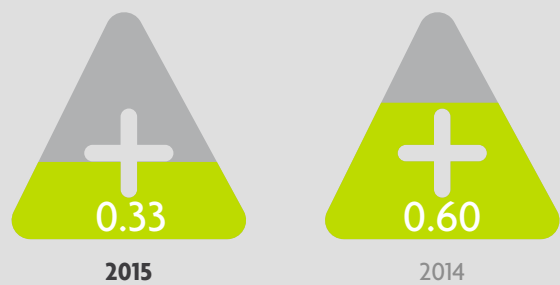


The Enexis Way of Working

Employees



DART-rate Enexis



We can only realise our ambitions with the commitment and involvement of all of our employees. This is why we pay a lot of attention for safety, sustainable employability, expertise, leadership and integrity.

Safety

Working safely is Enexis's number one priority. We want every employee to return home safe and sound at the end of every day. We can conclude from the results over 2015 that our employees have become more aware of their behaviour and the risks in their environment and that our approach to promote safety awareness is bearing fruit. The number of accidents resulting in absenteeism is significantly lower than in 2014. However, it is, of course, our ambition to have no accidents.

We worked hard in 2015 on further increasing awareness by stimulating the number of reports of unsafe situations and (near) accidents. As a result, safety is becoming a more accessible topic for discussion. We have more than achieved our target with regard to the number of reports.

Accidents, DART rate and safety results

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|-------|-------|--------|--------|--------|
| Fatal accidents | 0 | 0 | 0 | 0 | 0 |
| DART-rate Enexis | 0.33 | 0.60 | 0.54 | 0.49 | 0.53 |
| DART-rate third parties | 0.78 | 0.90 | 1.32 | 0.85 | 1.09 |
| Workstation visits (internal) ¹⁾ | 117% | 122% | 120% | 110% | 114% |
| OGB-reports (internal) ²⁾ | 3,073 | 2,092 | 817 | 747 | 819 |
| Follow-up OGB-reports (internal) ²⁾ | 86% | 80% | n.v.t. | n.v.t. | n.v.t. |
| Evacuation drills ¹⁾ | 96% | 87% | 82% | 95% | 95% |

1. Percentage compared to planning.
 2. Undesired events.

Just as in 2014, we also organised workshops on safety for all of our employees this year. In addition, we facilitate our line managers to enable the open discussion of the topic safety within their teams. We communicate structurally and frequently about working safely through various channels. In doing so, we not only pay attention to incidents but also to positive aspects. With our campaign Safety Toppers, we regularly commend employees who give working safely an extra dimension. At the end of 2015, we awarded the annual Enexis Contractor Safety Award for the ninth time to the contractor with the best performance in the field of safety, health and the environment. Specifically within the organisation division INFRA, we discussed themes in 2015 that were relevant for technicians, such as dealing with differences in height, cable selection and checking the voltage level. The programme consisted of materials and workshops for the technicians and supporting materials for managers. We also invested in equipment of improve safety. For instance, we have purchased better face screens for our technicians and extra warnings on equipment.

We observed a trend in 2014 of increasing aggression towards our personnel. Unfortunately, this trend continued in 2015. We are taking strong action against this. For instance, where possible, we file a police report and we seek to recover the costs of any damages from the perpetrators. We have restructured aggression-sensitive processes, such as disconnecting, and we are taking extra measures, such as sending security personnel to accompany our technicians. In 2015, we also continued training employees in dealing with aggression.

Sometimes local residents see that something is wrong before Enexis does. In order to improve the safety, we have placed stickers on part of our transformer stations in 2015 with a telephone number so that they call us in order to report any irregularities.

“ The energy transition also has consequences for working safely. For that matter, people always have to get used to new things. And unknown is less safe. Our work is becoming more complex due to energy being delivered back to the grid, for example, via solar panels and wind turbines. Electricity is no longer fed into the grid from one side but from two sides. This requires extra procedures, measures and actions. And thus extra awareness.”

Lucas van de Weijer, HSE Manager at Enexis.

Sustainable employability

Enexis stimulates and facilitates constant development for sustainable employability of employees. On the one hand, to maintain and/or to strengthen the employee’s employment market position and, on the other hand, to ensure that the employee remains healthy, fit and motivated so that absenteeism and redundancy can be limited as much as possible in the longer term. Employees can find inspiration, tools and resources on the online platform ‘My Development Square’ [‘Mijn Ontwikkelplein’] to work on their development and vitality.

We made preparations in 2015 for restructuring our outage stand-by services with the aim to reduce the pressure on our employees. Pilots are under way at almost all of our locations. Based on these experiences, we will make a choice in mid-2016 for new outage stand-by services.

In addition, there have been various activities in the area of health. A number of trainees set up the vitality programme BlokFit. As from 1 February 2015, 700 employees in teams took on the challenge every month to engage in sufficient physical exercise, to eat healthily and to drink enough water.

From work to work

A sustainable employability scheme has been developed for reorganisations together with the Works Council and the trade unions. The point of departure in this scheme is that prior to a reorganisation, a process is started in which we look for a new job together with the employees. Assistance is provided to employees to go from job to job.

Expertise

We want to ensure that our staff working in the field keep their technical knowledge and skills and experience demonstrably at the required level in order to ensure that they have the necessary expertise and continue to perform their work in a safe and good quality manner and continue to develop themselves. With the programme 'Technical Expertise', we have focused in 2015 on maintaining and improving the expertise of the INFRA staff working in the field. A permanent education programme was developed based on a knowledge and expertise matrix which contains the essential expertise and skills. A practical test is also included in this programme with which the employee's knowledge and expertise is tested. If necessary, employees receive support in the form of additional education and training. The education programme and the practical test 'Technical Expertise' are a periodically recurring evaluation tool just as the training programmes and exams for the BEI and the VIAG, so that expertise remains a standard topic of discussion.

Whereby Technical Expertise places more of an emphasis on practical theory and actual implementation (knowledge and expertise) and the BEI and VIAG are more focused on safety. Both training programmes are linked to each other in practice.

Enexis Training & Education, the training division within Enexis, had an internal audit carried out in 2015. The average score for the training programmes was an 8.2.

Enexis training & education

| | 2015 | 2014 | 2013 |
|---|--------|--------|--------|
| Days of classroom training sessions (including exams) | 4,929 | 3,807 | 4,139 |
| Days of classroom training sessions (excluding exams) | 2,627 | 2,471 | 2,397 |
| Average number of training hours total | 30 | 32 | 36 |
| Average number of training hours (male) | 34 | 37 | nb |
| Average number of training hours (female) | 9 | 10 | nb |
| Number of participants in classroom training sessions (including exams) | 23,392 | 20,525 | 22,589 |
| Number of participants in classroom training sessions (excluding exams) | 18,184 | 17,519 | 17,200 |
| Number of participants in e-learning courses | 12,357 | 16,375 | 8,213 |
| Participants leadership college (in days (morning / afternoon)) | 486 | 505 | 451 |
| Participants vocational school | 29 | 20 | 26 |
| Number of exam participants | 5,335 | 3,370 | 5,472 |

Leadership

Our leaders play an important role in creating an agile organisation. In order to continue along the path towards agility, we developed a leadership vision in 2015. Central concepts in this leadership vision are: inspiration, connection, realisation and learning. This vision on leadership aims to encourage people to give their best and to continue to develop further for the future. Managers steer on output and thus create room for the expertise and development of the employee. Learning on the job is a central focal point in this. Based on the leadership vision that has been formulated, we intend to develop facilities and prerequisites and experiment together to allow managers to grow in this new manner of providing leadership.

Integrity

We consider it important that everyone at Enexis acts with integrity in everything that he or she does. We approach the topic integrity from the viewpoint of culture and behaviour. This means a clear vision on the desired culture and clear agreements about what desired behaviour is.

Good exemplary behaviour by managers and employees is essential. We promote good exemplary behaviour with supporting systems and consistent symbols and decisions. In this manner, we create the right context for employees and support changes in behaviour.

We paid specific attention to our code of conduct in 2015, and then in particular to the use of company equipment, bullying and making agreements regarding other activities. We have helped team managers with various tools to put these items on the agenda and discuss these items. Together with around 85 employees, we also established an integrity network in 2015. Our focus in 2016 lies on introducing new employees to our company culture and to safety in the broadest sense of the word.

Asset Management 2020

In order to remain successful in the future, we will have to adapt our way of working to tomorrow's demands. We aim to work in an agile and externally-oriented manner. In a participation programme, in which all employees of Asset Management were invited to participate in the thought process, which they did, a general outline of a new way of working and a new organisation was elaborated. In this manner the dialogue with stakeholders with regard to the energy transition is explicitly sought, a vision is formed with regard to the requirements of the energy supply of the future. We will organise a pilot with this new organisational structure in 2016 and, based on the experiences, we will make a choice for a new structure in 2016.

“The energy transition brings a new way of working and new activities. This demands agility and flexibility from our employees, the flexibility to adjust and to acquire new knowledge and expertise. Therefore, we also consider it important to increase the development potential and ability to change of our employees. We also facilitate this based on our visions on leadership and learning and with support for sustainable employability. Together, we ensure that Enexis is ready for the future.”

Paul Peter Feld, Director Human Resources Enexis.

Preventive medical screening

We carried out the four-yearly preventive medical screening in 2015. The following issues stand out:

- ◆ Employees scored more positive than the national ArboNed benchmark in the areas of enthusiasm and burn-out.
- ◆ They scored the same as this benchmark in the areas stress, complaints in connection with their physical mobility and ability to work.
- ◆ The employees scored less positively where healthy lifestyle and obesity were concerned.
- ◆ The attention of employees for health and vitality appears to be gaining ground in view of the response of 76% (61% in 2011).

All of the reports were discussed in the management teams and work consultations. The results of the PMO were published on the Development Square (our online platform) and tips are also given and the possibility is offered to follow workshops to improve health and vitality. Various interventions can partially be financed from the Sustainable Employability budget (each year EUR 500 up to a maximum of EUR 1,500 per employee). This budget can be used for career development training programmes and for vitality enhancing activities.

Employee survey

The new and revised employee survey was carried out at the end of 2015. The response was 86%. The results generally exceeded the scores of the benchmark of the national norm of the energy sector. The enthusiasm and commitment of employees scored an 8.0, involvement scored an 8.2, leadership scored a 7.6 and social safety scored a 7.5. The results of the EMO will be discussed in 2016 with the employees and improvement actions will be implemented where necessary.

Trainee programme

Enexis has eleven trainees in the trainee programme (compared with eight in 2015). This is due to two extra trainees for Fudura and one trainee for Brabant Water. Enexis won the prize for Best Traineeships Benelux in 2015. As from 2015, Enexis carries out the recruitment for the trainee programme itself instead of outsourcing this to an external company.

Diversity / participation

We have worked on the further implementation of the Participation Act in 2015. We have now employed eight people with poor job prospects in accordance with the Participation Act, including a trainee and a technician. We also created three work experience placements in 2015 and filled these with these employees. A number of existing jobs have been adapted so that this work can be performed by Enexis employees who have, for example, been ill or by new employees who qualify for this. On the site Werkenbijenexis.nl [Working at Enexis], it is stated at job vacancies that we explicitly invite candidates with poor job prospects to apply.

We will continue with these efforts in 2016. There are a number of projects, such as the dismantling of old meters and the installation of smart meters, for which, with a number of adaptations, we expect to be able to place our own employees but also people with poor job prospects. In addition, we are also making agreements with suppliers about what they can do together with us for employees in a vulnerable employment market position.

Reliable contractor

Enexis aims for professional relationships with its suppliers and selects its suppliers based on several criteria. Besides price, criteria such as reliability, quality, safety and sustainability also play an important role. We aim for this based on our own expertise and it is also necessary in view of the changing European guidelines for tenders. This is why we invest in our employees. For instance, nearly all of our employees from the purchasing department have successfully completed a post higher vocational education programme Purchasing & Tendering.

Awards 2015

- ◆ Best Traineeships Benelux, quality mark of Become a Trainee in cooperation with TMG Arbeidsmarkt.
- ◆ Beste moffenmaker, Skills Heroes Vakwedstrijd.

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



Reliable

 Annual outage time electricity (in minutes per connection)

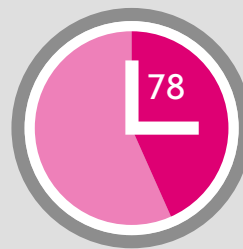


Enexis

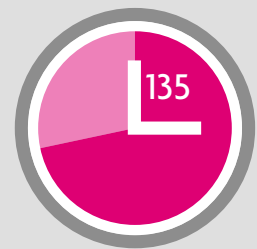


Netherlands

 Annual outage time gas (in seconds per connection)



Enexis



Netherlands

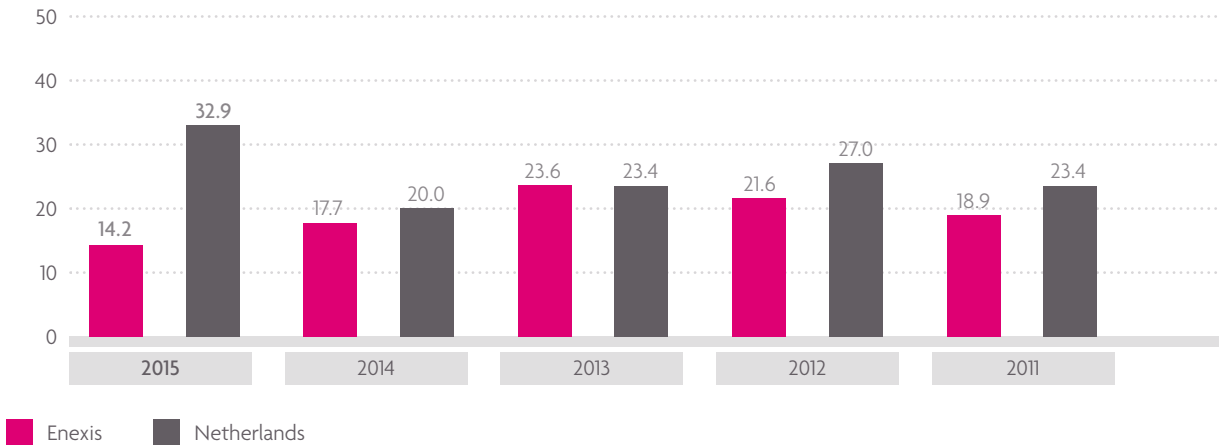
Activities and results for our strategic objectives:

- ◆ Our reliability and safety will remain at the current high level.
- ◆ We have insight into the changing energy supply and we will adapt our grids timely to accommodate these changes.

Good reliability of our grids

The reliability of our grids remained good in 2015 as well. The outage time for electricity was further reduced compared with previous years. Years of efforts to avoid excavation damage and investments in innovations such as Distribution Automation have contributed to this. The outage time for gas in 2015 was 13% lower than in the previous year.

Annual outage time per electricity connection due to High, Medium and Low Voltage outages 2011-2015
(in minutes per connection)



Outage time electricity and gas per region in Enexis’s servicing area in 2015

| | Electricity (in minutes) ¹⁾ | Gas (in seconds) |
|----------------------|--|------------------|
| Friesland | 26.8 | 21 |
| Groningen/Drenthe | 14.0 | 169 |
| Limburg | 16.1 | 76 |
| Overijssel/Flevoland | 9.2 | 40 |
| Noord Brabant O | 14.4 | 27 |
| Noord Brabant W | 11.3 | 68 |
| Total | 13.3 | 78 |

1. The figure excludes high voltage.

In spite of the good overall performance, unfortunately, we did have three large electricity outages in 2015.

- ◆ On 6 May 2015, 16,000 households in Maastricht and the surrounding area were without electricity for over an hour and a half after a fire.
- ◆ On 13 July 2015, nearly 13,000 households in Eindhoven and Geldrop were without electricity for over an hour.
- ◆ An electricity outage in Zuid-Limburg on 14 September 2015 left 34,000 households in the dark for over an hour after a short circuit was caused by a stone marten.

Safety in the gas grid

In order to measure the safety of our gas grids accurately, we replaced the measurement based on the VIG score (safety indicator for gas grids) by a KPI for public safety in 2015. This KPI only measures our own performance, whereas the VIG also includes outages that were not caused by us.

KPI public safety

| Milestones | Status at year-end 2015. |
|---|--------------------------|
| Number of gas leaks with a negligible or small impact < 12,000 | 11,713 reports |
| Number of gas leaks with a moderate or considerable impact < 10 | 6 reports |
| Number of incidents with a serious impact < 3 | 1 report |
| Number of incidents with a disastrous impact < 1 | 0 reports |

- ◆ **Negligible/small:** reports that count for the safety indicator, such as reports of gas leaks without demonstrable impact.
- ◆ **Moderate/considerable:** number of accidents with First Aid Assistance, injuries resulting in absenteeism or damage to the environment between 10 K and 1 M.
- ◆ **Serious:** accidents with serious (permanent) injuries or damage to the environment between 1 M and 10 M.
- ◆ **Disastrous:** accidents with one or several fatalities or damage to the environment of at least 10 M.

Risk-Based Asset Management

In order to determine which investments we will or will not do, we weigh all of the different interests such as: reliability, safety, statutory, affordability, customer satisfaction and sustainability via Risk-Based Asset Management (RBAM). Our solutions do justice to all of these interests. A good example of an investment that also has a large positive impact on society in addition to improving reliability and safety is excavation-free replacement.

Proof that we have structured our Asset Management process adequately is the fact that we have received a new ISO 55001 certificate for three years.

“ *The energy transition demands that we provide situation-dependent solutions. Therefore, we must be agile, externally-oriented, sharp and full of initiative. We are preparing ourselves for this with our project Asset Management 2020. With a team of experts, who act based on their own initiative and responsibility, we are ready for the challenges in the future.*”

Henk Visser, Manager Strategy Realisation Enexis.

Future-ready ICT

The energy transition and increasing digitalisation require an agile organisation. Being an agile organisation also means that we can adapt our services and processes quickly. Therefore, in 2015, we started to make our ICT landscape future-proof and agile. Part of this is that we optimise the information provision in the chain within Enexis. How do we create, for example, an optimal ICT support and outage processes based on our vision of the future? ‘Future-ready ICT’, including ICT security, also remains a spear point in 2016.

Investments in the grids

| Amounts in millions of euros | Gross investment | | | | |
|----------------------------------|------------------|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2013 | 2012 | 2011 |
| Electricity | | | | | |
| Standard connections | 21.2 | 21.5 | 22.1 | 25.6 | 29.9 |
| Customised connections | 20.3 | 19.2 | 22.2 | 22.9 | 22.0 |
| Grid expansions | 92.8 | 89.0 | 94.7 | 122.8 | 132.1 |
| Reconstructions | 25.0 | 25.8 | 27.2 | 29.6 | 30.4 |
| Replacements | 40.2 | 37.1 | 40.4 | 33.9 | 26.0 |
| Other | 16.2 | 14.0 | 11.1 | 17.7 | 7.0 |
| Total electricity | 215.7 | 206.6 | 217.7 | 252.5 | 247.4 |
| Gas | | | | | |
| Standard connections | 6.9 | 6.9 | 7.6 | 9.0 | 10.6 |
| Customised connections | 2.0 | 1.8 | 2.0 | 2.1 | 2.6 |
| Grid expansions | 15.1 | 15.2 | 16.4 | 15.2 | 9.8 |
| Reconstructions | 19.0 | 20.0 | 17.0 | 18.7 | 16.0 |
| Replacements | 117.1 | 104.6 | 94.5 | 83.3 | 75.0 |
| Other | 1.9 | 1.9 | 1.3 | 1.6 | 1.1 |
| Total Gas | 162.0 | 150.4 | 138.8 | 129.9 | 115.1 |
| Total Electricity and Gas | 377.7 | 357.0 | 356.5 | 382.4 | 362.5 |

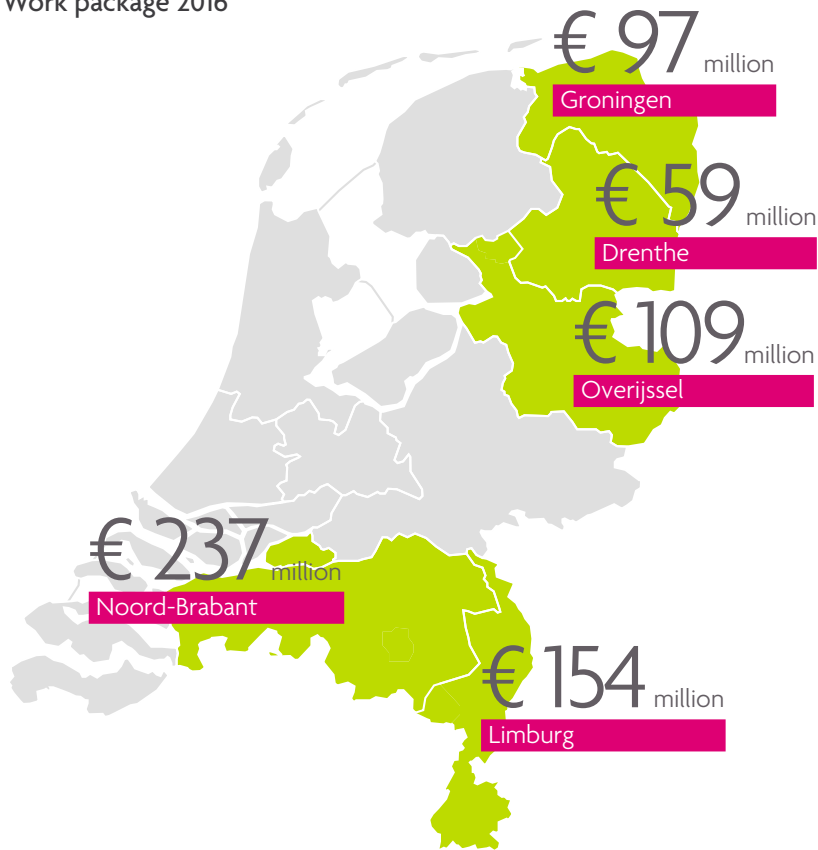
Activities in 2015

We carried out a large number of projects again in 2015 in order to maintain the quality of our grids at the right level and to ensure that our grids are ready for the future. In addition to carrying out work at our own initiative, we also carry out work at the request of customers. We did not achieve our target for the installation of smart meters. This due to the fact that fewer smart meters were available in the market in the first half of 2015 because of problems with suppliers. In addition, customer demand for connections was slightly below our forecast. Our estimates regarding economic growth turned out to be too optimistic.

Three examples of innovative and/or large projects are:

- ◆ **Blauwe bypass near Kampen.** Due to the expected climate changes in the future, the government wants to make extra water draining capacity available from the river IJssel near Kampen, via a bypass (a high water channel) to the lake Drontermeer. In order to enable the construction of the bypass, Enexis relocated the gas and electricity infrastructure. We can conclude that the project has been completed successfully. The total investment for this project was EUR 1.7 million.
- ◆ **Solar panels in Groningen.** Households in Groningers who were affected by the earthquakes due to gas excavation, can receive a one-off compensation of EUR 4,000, to be spent on energy-saving projects. Many Groninger households opted for solar panels in 2015. This regional and relatively strong increase in the number of customers with solar panels has an impact on the local electricity grid. In order to make the decentralised feed of electricity possible, a multi-disciplinary Enexis team has taken measures in a short period of time, for example, to speed up the installation of smart meters and to solve a fluctuating grid load in certain areas.
- ◆ **Replacement of two switch installations in the high-voltage station Hardenberg.** Two switch installation in the high-voltage station in Hardenberg were damaged beyond repair in July 2014 due to a fire. The electricity in the region Hardenberg was initially restored by making use of two emergency installation placed in mobile containers. The original situation in the high-voltage station was nearly completely restored by the end of 2015, with the replacement of the badly damaged installations by two new switch installations, installed in the existing buildings. One of the new installations was taken into operation in 2015, the other will follow in the beginning of 2016. This sizeable replacement project entailed an investment of around EUR 3.25 million.

Work package 2016



| Amounts in millions of euros | Workload 2016 total ¹⁾ | Workload electricity grid | Workload gas grid | Workload Smart Meters |
|------------------------------|-----------------------------------|---------------------------|-------------------|-----------------------|
| Province | | | | |
| Drenthe | 59 | 34 | 17 | 7 |
| Groningen | 97 | 56 | 32 | 10 |
| Limburg | 154 | 74 | 66 | 14 |
| Noord-Brabant | 237 | 148 | 64 | 25 |
| Overijssel | 109 | 63 | 31 | 14 |
| Total | 656 | 376 | 210 | 69 |

1. Excluding work package Endinet EUR 49 million.

Smart meters

The large-scale offer of smart meters started in 2015. This year the main focus was on the optimising of processes in order to ensure that the offering of the smart meters proceeded smoothly and efficiently and that customers were satisfied with the way the installation was carried out. We offered smart meters at over 259,000 addresses in 2015. The efforts to optimise the process has resulted in an installation percentage of 90%. This means that in nine out the ten households that received an offer for the installation of a smart meter, a smart meter was also actually installed. Our technicians installed 330 smart meters per hour in the last weeks of 2015.

There is a small percentage of customers (5%) who refused the smart meter, whereby the most important reason given was that they did not see the added value of the smart meter. It also appeared that some of the people who already have a smart meter do not use it actively. This is why the focus in 2016 will lie on making people more aware of the usefulness and the necessity of the smart meter.

The smart meter offering period will run from 2015 up to and including 2020. In the meantime, over one-fourth of the low-volume connections in Enexis's servicing area have been offered a smart meter and smart meters have been installed at slightly more than one-fourth of the total number of connections. With this, Enexis is on schedule to comply with the statutory obligation to have offered a smart meter to all households before the end of 2020. Our target for 2016 is to offer a smart meter at 392,500 addresses.

The smart meter offered during the large-scale offering of smart meters is equipped with wireless communication technology via public telecommunication networks. The new generation smart meters (LTE) is currently being developed by qualified suppliers. The selection of these suppliers was completed in 2015 whereby the suppliers were also assessed with regard to technical knowledge, innovation ability and experience.

The smart meter complies with the norms laid down in European laws and regulations regarding electromagnetic fields.

Offering of smart meters in 2015

| | 2015 | |
|--|----------------|-------------|
| Total number of installed addresses | 233,247 | 89.9% |
| Not installed: | | |
| Refusals | 12,973 | 5.0% |
| Customer not cooperating yet | 9,435 | 3.6% |
| Technically not possible | 3,529 | 1.4% |
| Other | 317 | 0.1% |
| Total number of addresses offered | 259,501 | 100% |

| | until 2015 | 2015 | 2014 | 2013 | 2012 | 2011 |
|--------------------|------------------|----------------|----------------|----------------|----------------|---------------|
| Electricity meters | 661,937 | 233,247 | 174,165 | 128,795 | 90,105 | 32,851 |
| Gas meters | 482,254 | 149,204 | 149,494 | 96,291 | 63,533 | 21,684 |
| Total | 1,144,191 | 382,451 | 323,659 | 225,086 | 153,638 | 54,535 |

Enexis B.V. makes use of meter data obtained from low-volume meters that can be read remotely in order to carry out its services properly. As a supplement to the Personal Data Protection Act, grid managers in the Netherlands energy sectors have drafted a code of conduct regarding the use, recording, exchange and storing of data obtained from low-volume meters that can be read remotely. The Personal Data Protection Board has approved this code of conduct "Processing of personal data by grid managers in connection with the installation and management of smart meters at low-volume users" with 19 May 2012 as the date of coming into effect. Enexis hereby declares that it has complied with the rules and obligations laid down in this code of conduct during 2015.

In connection with the intention to gather meter data from a group of low-volume users in order to arrive at more accurate user profiles for the allocation and reconciliation, it has been observed that in the provision for this laid down in the Code of Conduct a frequency for the allowed meter reading has not been included. We resolved this by explicitly asking for the permission of the low-volume users in question as is intended in other provision of the Code of Conduct. At the same time, a proposal to amend the Code of Conduct has been prepared which includes this omission.

Insight into the changing energy supply and adapting the grids

We pay a lot of attention to innovation at Enexis. We also focus on innovation in our grids. We do not innovate only by ourselves, we innovate together with external parties. See also enexisinnovation.nl.

Gas distribution grid 2030

In 2015, we developed a vision on the gas distribution grid in 2030. Enexis observes that the use of natural gas is decreasing, but also sees that there still will be demand for gas in the long term, especially for heating in the winter. Therefore, we will continue to innovate, so that we can make use of smart techniques so that we hinder our customers as little as possible when carrying out maintenance and solving outages. For instance, we introduced a bypass technique in 2015 for the replacement of trunk pipelines. By installing temporary connections, customer can continue to use gas while the work is being carried out and they do not have to be at home during the work. We will implement this technique on a large scale within Enexis in 2016.

In addition, we are making our gas grids safer by placing gas stops in trunk pipelines. In the unfortunate event that a connection pipeline is damaged during excavation work, gas will no longer flow out from the trunk pipelines. In addition, we have enriched our internal data with external data, for example where trees are located and where there is a high threshold pressure. As a result, we have obtained better insight into when we have to replace gas pipelines earlier than we normally would have to.

Distribution Automation in 2020

We equipped around 300 mid-voltage stations with Distribution Automation in 2015. As a result, the total number of stations with DA has risen to around 1,000. With DA, we divide medium-voltage grids into smaller units that we can switch on or off remotely. In the event of an outage, we can switch back on the units that are not affected by the outage remotely, so that people in that area are less inconvenienced by an outage. We also evaluated the application of DA in Enschede in 2014. It is apparent from this evaluation that DA has an even more positive effect than we expected. This is why we have formulated the ambitious plan in 2015 to install DA in all large cities (>50,000 residents) in our servicing area by no later than 2020. A tender was carried out in 2015 as part of this plan whereby a new supplier for transmission distribution stations was contracted. As the data communication must take place safely and reliably, cyber security has of course been taken into account in the assessment of the tender. By actively involving the suppliers market before the tender, we have achieved the optimal result available in the market.

Electric transport

Around 75,000 electric and plug-in hybrid cars are driving around in the Netherlands today. A further growth of electric cars is expected possibly event up to 1 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. A worldwide communication standard was launched by Enexis in 2015 via the Open Charge Alliance, which describes how grid operators can communicate with market parties to avoid local overburdening of the grid. Enexis has made the ICT system, which grid operators require for this, available through open source. Various ways were examined in which Enexis can adapt its processes in such a manner that the flexibility that electric cars offer can be used in the energy imbalance market by programme responsible parties. In the basement of Enexis's head office, a worldwide unique demonstration of smart charging is in operation, where the 16 charging points are steered in such a manner that (in this case) they use less electricity during lunch so that the total of the combination of the company restaurant and the electric cars do not overburden the main circuit of the building.

Smart Cable Guard

Enexis developed the Smart Cable Guard together with DNV GL, Locamation and Liander. With this system, a hidden fault in an underground cable that could cause a short circuit can be localised and repaired timely. This enables Enexis to further reduce the number of electricity outages on certain cable types by 25%. Should an outage occur nevertheless, then Enexis does not have to search long for the hidden fault: the system indicates within a few meters accurately where the part is that is nearly faulty. Enexis intends to install this revolutionary system in 2016.

Excavation-free replacement technology

Following our successful pilots with excavation-free replacement technologies, we have decided to implement this technology in more maintenance projects. With the excavation-free replacement technique, we install a new cable in existing cables. We no longer have to open up a whole area for this. This means less inconvenience for residents, the shopping public and storekeepers and saves costs. This also prevents possible excavation damage to an extensive underground infrastructure. We have developed various innovative excavation-free replacement techniques (pipe bursting, sock relining and slip lining) and we formulated a decision framework in 2015 regarding when we will or will not use excavation-free replacement techniques. As soon as there is a significant benefit for the residents in the area, we will apply excavation-free replacement. Excavation-free replacement has resulted in added value for society in terms of an increase in customer satisfaction, a higher safety level, a higher degree of sustainability and a lower cost level.

Your Energy Moment

The pilot Your Energy Moment [Jouw Energie Moment] was completed in 2015: at the end of August in Breda and at the end of December in Zwolle. The results underline what the pilot partners had hoped: the behaviour of the participants (and thus also the energy consumption) changed thanks to the dynamic tariffs and the information provided by smart devices. They started to use energy at more favourable times from the beginning to the end of the pilot. For instance, on average, two-thirds of the laundry was washed using solar energy that was generated in the participating districts. As a result of this changed energy consumption pattern, the traditional consumption peaks in the evening decreased significantly. Good news for the energy grid of the future, which will be also be structured based on the knowledge from this pilot.

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



Reliable



300

300 stations equipped with Distribution Automation in 2015

1,000

In total approximately 1,000 stations equipped with Distribution Automation

2020

All major cities equipped with Distribution Automation in 2020

Distribution Automation

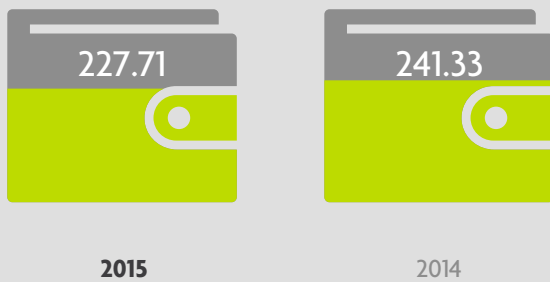
Electricity outages solved faster. With Distribution Automation, we divide medium-voltage grids into smaller units. We can turn these off and on remotely. In the event of an outage, we can switch back on units that have not been hit by the outage remotely. As a result, people in the area are not inconvenienced as much by an outage. [Read more.](#)

“**Ko Pots of Bakery Pots in Rolde:** “Actually, you can only do without electricity for a very short period. Therefore, it is important for us that an electricity outage is resolved as fast as possible.”

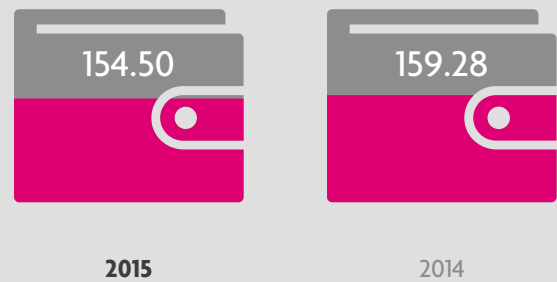


Affordable

 Average energy bill for household consumption



 Average gas bill for household consumption



Activities and results for our strategic objectives:

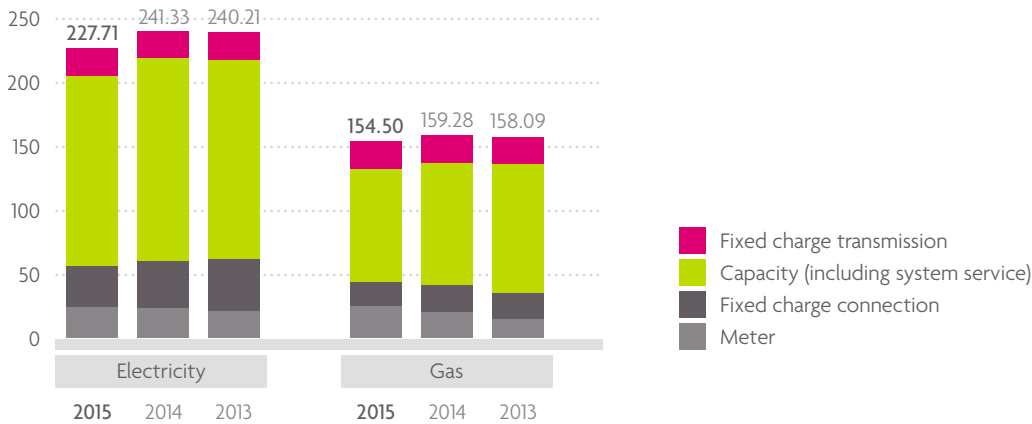
- ◆ We are the grid operator with the lowest possible tariffs.
- ◆ Our shareholders receive a reasonable return from the regulated activities.

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 lowered our tariffs in 2015 by on average 3.8%. We will lower our tariffs in 2016 by on average 0.7%. Thus we will be charging the maximum permitted tariffs for transmission. Our tariffs for meter rental will remain under the permitted maximum. In 2015, we charged EUR 8.38 excluding VAT less on an annual basis to customers than the maximum that we are allowed to charge. In 2016, that is EUR 3.46 excluding VAT.

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



Cost reductions

In order to keep our rates as low as possible, we are focusing on cost reductions. To this end, we are constantly improving our processes in our whole business chain and aligning these processes in order to further reduce our costs. In addition, as a result of the exchange with Alliander, there is now a more efficient regional division among the grid operators along the boundaries of provinces. This offers possibilities for more synergy and cost savings. Ultimately, the customer benefits from this.

Reasonable return

Our shareholders (provinces and municipalities) 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.

“Affordability is an aspect that is taken into account in all of our processes. Customers are taking more sustainable initiatives more often in the energy transition, such as generating their own energy and delivering this back to the grid. We aim to support this and we want to do this in an affordable manner. Therefore, it is important that we structure our processes as efficiently as possible.”

Jos Blommaert, Manager Regulation Enexis

Exchange of servicing areas with Alliander

An important step in order to save costs further in the future is a rationalisation of the regional division of grid operators. As of 1 January 2016, Enexis exchanged the grid areas in Friesland and in the municipalities Noordoostpolder and Urk (hereafter referred to as: Noordoostpolder) with Alliander for the area of grid operator Endinet in Eindhoven and Zuidoost-Brabant. This exchange entails both an unbundling of part of the organisation and the integration of Endinet. On balance, Enexis pays the difference in value between both activities in cash, including a premium. This premium was paid because the transaction will lead to lower tariffs in the future for grid management for all connections in the areas in question and indirectly to lower tariffs for everybody in the Netherlands. Enexis developed a transfer protocol in 2015 in cooperation with Alliander and the trade unions for the transfer of employees.



The exchange had a major impact on the employees involved. The complexity of the process and the care that was taken did lead to employees being left in uncertainty for a longer period than we considered desirable. The complete integration of Endinet in the Enexis organisation is to take place on 1 January 2017.

Loans

In order to finance the exchange with Alliander, Enexis issued a new 8-year bond loan in October 2015. There was a large demand for this bond loan. The subscription was nearly six times as high as the amount that Enexis sought to raise in the market. This was also due to two road shows that Enexis organised in the most important European financial centres. Ultimately, Enexis borrowed EUR 500 million at an interest rate of 1.5%. Many large European investors subscribed. Enexis will return to the capital market in 2016 for the regular repayment and refinancing of a shareholders' loan with a 4.65% interest coupon.

Valuation of shares

We carried out the annual valuation update of our shares in 2015. With the exception of a marginal transfer of shares in connection with the municipal reclassification, no changes in the shareholders of Enexis have taken place in 2015.

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

Affordable



▲ Customer satisfaction ▼ Costs

Excavation-free replacement

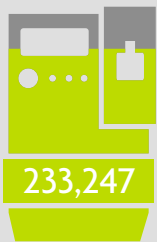
Less inconvenience and less risk of excavation damage. With excavation-free replacement technology, we install a new pipeline within existing pipelines. As a result, we no longer have to open up a whole area for this. This means less inconvenience for residents, the shopping public and storekeepers and reduces the risk of excavation damage. [Read more.](#)

“ Sybe bij de Leij, Innovator at Enexis: “As soon as there is a significant benefit for the residents in the area, we will apply excavation-free replacement. Excavation-free replacement has led to added value for society in terms of, among others, customer satisfaction and increased safety.”

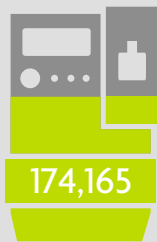


Customer oriented

Installed smart meters
(number of addresses)

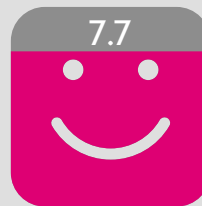


2015

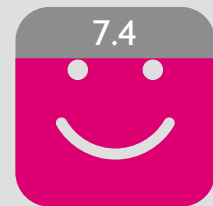


2014

Evaluation service roll-out
smart meters



Q4 2015



Q4 2014

Activities and results for our strategic objectives:

- ◆ 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.

Customer satisfaction

In addition to general customer satisfaction (see results in chapter Key figures), 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.

Assessment of services in connection with Enexis's processes

| | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 |
|------------------------------|---------|---------|---------|---------|
| Standard connections | 7.2 | 7.1 | 7.3 | 7.1 |
| Custom connections | 7.4 | 7.4 | 7.4 | 7.4 |
| Public lighting | 7.0 | nvt | nvt | nvt |
| Offer smart meters incl. GSA | 7.7 | 7.6 | 7.6 | 7.7 |
| Customer service | 7.5 | 7.4 | 7.5 | 7.6 |
| Enexis.nl | 7.3 | 7.0 | 7.1 | 7.1 |
| Complaints & claims | 6.2 | 6.2 | 6.2 | 6.3 |

Customer Effort Score (CES)

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 (CES)' of the most important customer processes as from 2014. The CES shows how much effort a customer has had to make to have his/her request take care of. These scores show that improvements can be realised in a number of processes.

| | TargetQ4 2015 | Q4 2015 | Q3 2015 | Q2 2015 | Q1 2015 |
|---------------------------------------|---------------|---------|---------|---------|---------|
| Standard connections | ≤ 25% | 30% | 28% | 31% | 29% |
| Offer smart meters incl. GSA | ≤ 10% | 10% | 7% | 7% | 4% |
| Customer service low-volume customers | ≤ 29% | 20% | 24% | 19% | 18% |
| Enexis.nl | ≤ 17% | 12% | 16% | 17% | 16% |
| Complaints & Claims | ≤ 45% | 46% | 43% | 43% | 41% |

Customer-orientation plan

Medium-long term initiatives have been laid down in the customer-orientation plan to improve customer satisfaction and reduce the CES. This was previously referred to as 'Klant aan de knoppen' [Customer in control].

Mijnaansluiting.nl [National Intake Portal]

The National Intake Portal, mijnaansluitingen.nl, is an example of further optimisation of customer processes, which we launched in September 2015 together with other grid operators, water and cable companies. The National Intake Portal allows people who need a new low-volume user connection or who need to change such a connection to arrange everything at once, i.e. the connections for electricity, gas and water and telephone, TV and internet.

Mijn Enexis Zakelijk [My Enexis Business]

Enexis launched the web portal *Mijn Enexis Zakelijk* in 2014 for our business and multi-site customers with one or several high-volume user connections. They can consult this portal at any time of the day for information about, for example, their connection, consumption and invoices. It is also possible and easy to request changes via the portal. The number of customers that can make use of this web portal has risen in 2015 from 1,000 to 10,000 customers. The number of visits per month is around 2,500. Various adjustments have been made to the portal with the objective of increasing the user experience.

Market facilitating

In the Dutch market model, facilitating the market is a task of the grid operators. Developments in the energy transition increase the dynamics in the market. New market parties arise, such as energy cooperatives and independent service providers, in addition to the more traditional roles of supplier, programme operator and metering company. Enexis regards it as its responsibility to facilitate all of these parties, whereby a level playing field is created in as far as possible for all players. A consultation was launched in 2015 between various sector associations

regarding market facilitation. The road map market facilitation is the joint result of the sector associations involved and aims to provide support for the solutions for the challenges in the energy transition. In addition, a tender was started in 2015 in order to arrive at one central system for metering data, allocation and reconciliation.

Open data

Within the statutory framework, Enexis makes its data available for general use as much as possible. With this, we support organisations, such as municipalities and market parties, with the development of applications for energy savings. In this manner, we contribute to the energy transition and we help with the actual realisation of the Energy Agreement. For instance, as from July 2015, we have made our anonymised low-volume users data available for general use. In addition, all asset data are shared via our website since December 2015. As a result, energy cooperatives can easily obtain insight into the location of electricity cables in order to determine the location of, for example, a new solar field.

Furthermore, a Bespaarkaart [Savings Card] has been developed through the subsidy project Toegankelijke Energie Informatie (TEI) [Accessible Energy Information], in cooperation with TNO, KPN and Stroomversnelling. With this, insight has been obtained into the average energy consumption of clusters of homes in Den Bosch. This Savings Card enables housing cooperatives and municipalities to easily determine where they can realise the largest energy savings. Municipalities are very interested in making this product available nationwide. Therefore, the Savings Card will be further developed in 2016.

In order to obtain insight into the planning of the large-scale roll-out of smart meters, Enexis published an area planning. This area planning has been in use for some time in its original form. An updated version of the area planning went live in 2015. This updated graphic version of the area planning provides a clear picture per geographical area of the offered and to be offered smart meter installations. We aim to develop more open-data initiatives in 2016 to contribute even more to the energy transition.

Public lighting

A number of sub-projects within the public lighting programme 'Licht op Openbare Verlichting (OVL)' were completed at the end of 2015. As a result, the service provision in connection with public lighting has been improved considerably.

- ◆ In order to increase the quality of our data, all of the connection drawings of our 1.2 million public lighting connections were digitalised in 2015. 475,000 public lighting connection have now been coordinated with the municipalities. The portal Mijn Enexis Openbare Verlichting [My Enexis Public Lighting] has been renewed to give municipalities more insight into public lighting connections, technical details and public lighting outages, and also to arrange matters more easily.
- ◆ A dashboard has also been developed for municipalities with which they can monitor Enexis's actual performance in the area of outages and connections. Municipalities can prioritise their public lighting outages themselves.
- ◆ In addition, municipalities can now have their public lighting connections classified in the low-volume user segment. The consequence of this is that Enexis equips these public lighting connections with a smart meter. This gives municipalities a better insight into the energy consumption.

Municipalities are kept informed about public lighting developments via newsletters, customer meetings and account managers. Our internal processes were improved in 2015, whereby more inspections were carried out on the work that was performed and we guarantee the functioning of street lamps by delivering them when they are switched on.



Measures against fraudulent and dangerous energy consumption

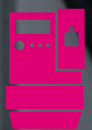
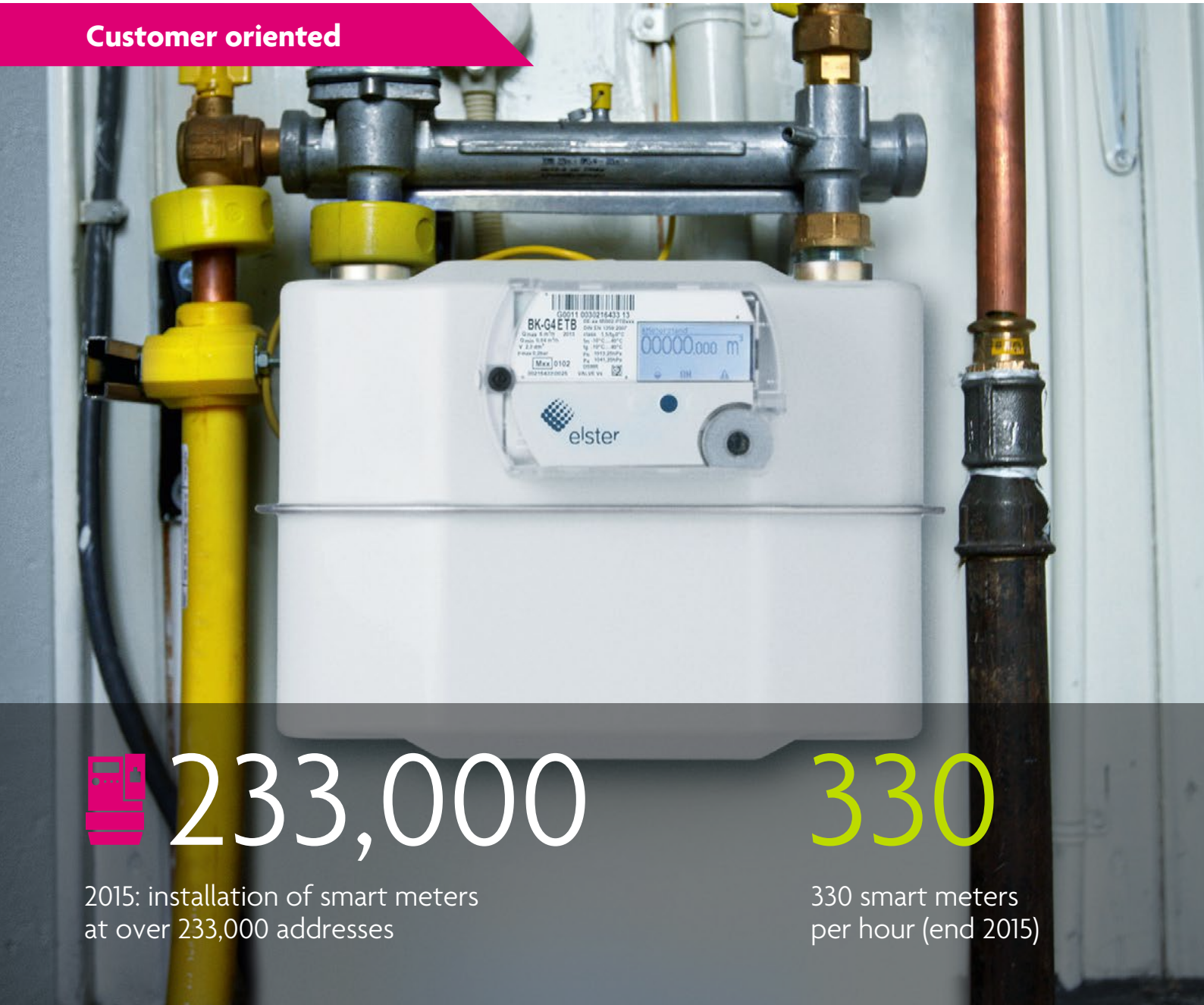
Enexis concluded covenants in previous years with several provinces to take action against cannabis cultivations and energy theft together with the police, the Public Prosecutor, municipalities and other grid managers. Dangerous and life-threatening situations for local residents and neighbours can arise as a consequence of cannabis cultivation and energy theft. Moreover, it also has an impact on the grid losses and our costs and therefore also on the tariffs paid by our customers. We provide support to the various parties by making data available. In 2015, we concluded covenants with all of the provinces in which we are active. In addition, we started fraud detection pilots with chain partners (including municipalities, police and fire departments) in 2015.

“ We contribute to the energy transition by stimulating our customers to save energy. For example, with the campaign that we developed in 2015 to stimulate the use of smart meters, which we will roll out in 2016. We also aim to constantly improve our processes and to ensure that these run as smoothly as possible. For example, the process to apply for charging points for electric cars. This will make it easier for customers to take the step towards sustainable energy.”

Rutger van der Leeuw, Director Customer and Market at Enexis.

More information about the chapter Customer Oriented is provided in [facts and figures](#).

Customer oriented



233,000

2015: installation of smart meters at over 233,000 addresses

330

330 smart meters per hour (end 2015)

Smart meters

Insight into energy consumption offers savings possibilities. The smart meter offers possibilities for energy savings. Enexis aims to offer smart meters to as many households as fast as possible. Moreover, we also stimulate and support really using the meter and actually saving energy. [Read more.](#)

“ Kim de Kort (Enexis customer): “I am aware that a smart meter is more than only convenience. I consider it above all a versatile solution that gives people insight in how to make more efficient use of energy.”



Sustainable

Number of 'Buurkracht' neighbourhoods

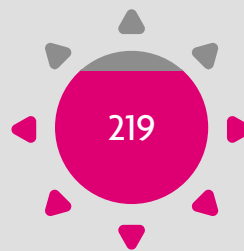


total end 2015

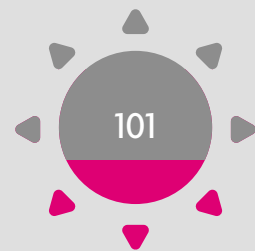


new in 2015

Van Zon Krijg Je Energie [Energy from the Sun] schools



total end 2015



new in 2015

Activities and results for our strategic objectives:

- ◆ 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 leak losses are additionally sustainably produced in the Netherlands.

Contribution to the Energy Agreement

Enexis aims to play an active role in the realisation of the Energy Agreement and to advise stakeholders, such as provinces and municipalities, on how they can contribute to this. Important themes in the energy transition are, for example, electric transport and the storage of energy. We made the choice in 2015 to group all of the knowledge that we have with regard to these themes in knowledge centres. In these centres, we work together with external parties for innovations. For example, we entered into a collaboration with Thales in Hengelo in 2015 in the field of

heating. Thales is developing a High-Tech System Park on its premises to attract high-tech innovative companies. We are installing a smart grid and heating grid together with Thales and DWA with the support of the Province of Overijssel. We will continue to work on concrete projects in 2016 from these knowledge centres.

We developed an ‘Alliance Factory’ in 2015 together with our partners and provinces to achieve results that contribute to realising the Energy Agreement. We plan to define and develop a number of icon projects in 2016 in accordance with the way of working. An example of an icon project, which we are working on together with the province of Limburg, is the EcoNexishuis in Maastricht. This education and information centre for sustainable living is expected to open its doors in the first quarter of 2017 and will show how an older house can be renovated in an energy-efficient manner. The already existing EcoNexis house in Zwolle welcomed 3,128 visitors in 2015, and will be renovated internally in 2016.

Another example of contributing to the Energy Agreement is the cooperation with the province of Groningen, Groningen Seaports, the municipality Eemsmone, TenneT and a number of market parties in the Eemshaven. We have formulated a joint plan of approach, grid vision and grid plan for a wind-on-land project.

“ The rapid developments in the energy transition demand from us that we focus even more on sustainability within Enexis. And that we work even more structurally to fulfil our role in the energy transition and to contribute to the realisation of the Energy Agreement. The bringing together of knowledge and expertise in the knowledge centres forms a good basis for this.”

René Pruijssers, Director Fudura B.V.

Sustainability agenda Enexis

| 1. | 2. | 3. | 4. | 5. |
|--|---|--|--|---|
| Enexis increases accessibility and visibility for consumers and local initiatives. | Enexis brings partners, stakeholders and municipalities together for the realisation of the Energy Agreement. | Enexis stimulates customers, with one platform, to consume less energy and to make more use of sustainable energy. | Enexis employees to reduce their own footprint by 10% in five years. | 14% of grid and leakage losses originate from additional sustainable production locations in the Netherlands. |

We stimulate customers to save energy

As a company, we have an impact on the environment; however, our customers also have an impact on the environment. This is why we stimulate our customers to make good use of the smart meter and save energy.

Buurkracht [Neighbourhood Power]

Buurkracht is a successful project with which we actively stimulate customers to save energy. Through this programme, Enexis provides support to local residents to save energy together. Doing this together is cheaper and more motivating. An Enexis neighbourhood support team helps the neighbourhoods by providing both advice and support services. The number of initiatives is growing rapidly. At the end of 2015, 102 neighbourhoods participated in Buurkracht (compared to 47 in 2014). In addition, we have made the Buurkracht concept available to network companies Alliander and Cogas to stimulate energy savings in the neighbourhoods in their servicing areas. We share our knowledge and expertise not only with grid companies, but also with energy cooperatives and municipalities. We aim to support sixty-five new neighbourhoods with saving energy in 2016.

Van Zon Krijg Je Energie [Energy from the Sun] and WaterSpaarders [WaterSavers]

Other successful programmes are Van Zon Krijg Je Energie and WaterSpaarders. These programmes focus on making children more energy conscious. At present, 219 schools participate in Van Zon Krijg Je Energie (compared with 118 in 2014) and Enexis employees have given a total of 38 WaterSpaarders lessons at 20 different primary schools (compared with 12 guest lessons in 2014).

Stimulation of the use of smart meters

Smart meters offer people better insight into their energy consumption. Subsequently, it is up to the customer himself to actually take action and save energy. In order to stimulate and support customers to also really use the smart meter and to save energy, we developed a stimulation programme in 2015 that will be implemented in 2016 for our customers who have a smart meter or where we offer a smart meter. We do this together with market parties and service providers that offer products and services for this meter.

“ *We achieved good results in 2015, for example, via Buurkracht and energy-savings internally. However, actually achieving results requires patience. You do not achieve awareness and changes in behaviour from one day to the next and collaboration with other parties also requires time. Nevertheless, the results motivate us to continue to contribute to the realisation of the Energy Agreement.”*
Cor Brockhoven, Director Communication and chairman of the Enexis Sustainability Group.

We operate emission neutral

Enexis also contributes to the sustainability of the Netherlands in the manner in which it conducts its business operations.

Stimulating employee awareness

We started with an internal programme Emission in the fall of 2015 to increase the awareness among Enexis employees of their behaviour and to challenge them to decrease their CO₂ emissions by providing concrete tools. For example, by changing the way they commute from home to work. In addition, we increase the awareness of our employees with regard to driving safer and more sustainable with the programme E-driver with as a consequence that less fuel is consumed. 628 colleagues have learned how they can drive smarter on Enexis E-driver, 425 visited E-driver for the first time. On average, participation results in 5% savings on fuel and 15% less accidents.

Sustainable mobility

The internal programme Emission has resulted in many ideas that all contribute to sustainability in different ways. One of the ideas is the development of a carpool app so that colleagues can travel together easily and efficiently and thus reduce CO₂ emissions. This app has now been developed together with the submitters of the idea. In addition, colleagues have actively started to weigh their vans and to load them more efficiently. As a result, the company van is starting to weigh less and around 159 kg CO₂ is being saved on an annual basis. In order to ensure that colleagues continue to reduce CO₂, a personal CO₂ footprint meter has been developed. The mobility policy will be aligned with the sustainable ambitions in 2016. Avoiding travelling and the sustainability of transportation are central issues in this. This means that we aim to make use of sustainable energy sources such as electric transportation.

Sustainable buildings

Enexis determined its new long-term location policy 2015-2025 in 2014. Enexis states in this policy that, in the event of a changing accommodation need, (sustainable) renovation of existing office buildings and business premises is preferred to new construction. Enexis also continues to invest in increasing sustainability in its existing locations. A lease was entered into in 2015 for a new distribution centre in Veldhoven to replace the old leased location in Best. Agreements have been made with the lessor to increase the sustainability of this older building in Veldhoven in accordance with the BREEAM VERY GOOD label. This distribution centre will become available mid-2016.

The sustainable renovation of the super-regional office in Zwolle was already started earlier. A contractor was selected in 2015 from a European tender whereby sustainability was included in the assessment. According to plan, the renovation will be completed in 2016.

Sustainable waste management

The reuse of materials and reuse of resources are important issues in sustainable waste management within Enexis. A new record was achieved in the sustainable processing of waste this year: over 91% of the waste was recycled and energy has been recaptured with 5% of the waste. Thus, in total 96% of the waste has been given a useful purpose, the other 4% concerned asbestos and this was dumped as waste.

Socially responsible procurement

For Enexis, socially responsible procurement means that Enexis takes sustainability and innovation into account in the selection of suppliers. For instance, Enexis selected a new supplier mid-2015 for the furnishing of the storage space of its approximately 1,200 company vans. The winner of the tender offered an interior that was at least 65 kilos lighter than the former interior. The fuel consumption decreases due to a lower weight and thus this makes a positive contribution to reducing Enexis's total CO₂ emissions.

Grid and leakage losses

We have the following target: we ensure that 14% of the grid and leak losses are additionally sustainably produced in the Netherlands. In order to achieve this target step by step before 2020, we have entered into an agreement with Dutch wind energy suppliers. We started looking into the possibilities in 2015 of becoming greener ourselves with, for example, wind energy and biomass.

Clean-up

In consultation with other grid operators, we are working on drawing up an inventory of the asbestos in our stations and we are taking action there where necessary. This inventory and clean-up must be completed in 2024.

More information about the chapter Sustainability is provided in [facts and figures](#).



Sustainable



⚡ 102

At the end of 2015, 102 neighbourhoods participated in Buurkracht (compared to 47 in 2014)

65

Objective for 2016: 65 new neighbourhoods

Buurkracht

Saving energy together. Via the programme Buurkracht, we stimulate neighbours to save energy together, for example, by insulating roofs communally, and opting for other, sustainable ways to supply energy, for instance, solar panels. Doing this together is cheaper and more motivating. Enexis supports this with advice and assistance. [Read more.](#)

“ Eliane Géron (participant Buurkracht) from Nieuw Lotbroek is concerned about the environment, the quality of our food and inequality in the world. This is why she is active in the Climate Movement and she wants to make Buurkracht a success in her neighbourhood. “You have to start close to home.”



Financial review

Financially, 2015 was another good year for Enexis. The profit from its normal business operations exceeded the expectations, as specified in the business plan. Our operating expenses were lower than budgeted, in spite of higher than planned costs for the split-off of the assets and liabilities of Enexis in Friesland and the Noordoostpolder and the integration of Endinet Groep B.V.

Profit for the year

Enexis realised a profit for the year of EUR 223.1 million in 2015. This is EUR 42.4 million lower than in 2014. This decrease was mainly due to a tariff reduction of 3.8%. Enexis has therefore charged a lower tariff to its customers than the maximum allowed tariff for the fourth year in a row. In this manner, Enexis continues to contribute to keeping the energy supply affordable for its customers.

Revenue, transport, costs of system services and transmission losses, and the balance available for operating activities

Enexis realised a revenue of EUR 1,353.4 million in 2015, which represents a 3.5% decrease compared to 2014 (EUR 1,399.5 million). This decrease of EUR 46.1 million was caused by a decrease of the revenue from electricity of EUR 34.7 million, a decrease in the revenue from gas of EUR 21.2 million and an increase of the revenue from metering services and other by EUR 9.8 million.

The costs of transmission, system services and distribution losses amounted EUR 231.5 million in 2015. This is around EUR 11.5 million lower than in 2014. This was due to an increase of EUR 12.6 million due to tariff increases by TenneT and a decrease of the costs for distribution losses of EUR 24.1 million.

The balance available for operating activities decreased by EUR 35.4 million and amounted to EUR 1,141.3 million for 2015 (2014: EUR 1,176.7 million). In addition to the above-mentioned effects, the amortisations and other operating income also decreased slightly.

Operating expenses

Operating expenses increased compared to 2014 by EUR 4.5 million to EUR 747.9 million. This development was the result of an increase in costs of EUR 26 million, which was partially offset by around EUR 21 million in structural cost savings and unexpected non-recurrent income items.

The cost increasing effect of approximately EUR 26 million can mainly be attributed to three factors:

- ◆ EUR 14.6 million higher costs for maintenance activities to our grid, higher expenditure for sustainability projects and also higher costs for improvement projects which will provide benefits in the future.
- ◆ EUR 7.4 million for the acquisition of Endinet and the split-off of the assets and liabilities of Enexis in Friesland and the Noordoostpolder.
- ◆ EUR 4.1 million higher employee benefits expenses due to an increase in staffing, partially offset by lower social and pension expenses.

The cost-reducing effects of around EUR 21 million can be attributed to the following causes:

- ◆ EUR 9.2 million lower depreciation costs. These were mainly caused by the held for sale position of the split-off of the assets and liabilities of Enexis in Friesland and the Noordoostpolder.
- ◆ EUR 5.3 million lower additions to the provision for doubtful debtors.
- ◆ EUR 6.7 million as a result of structural savings by constantly steering on efficiency and process improvements in all departments. Moreover, there were incidental windfalls.

Share of the results of associates and financial income and expenses

With EUR 1.4 million, the result of associates in 2015 remains practically the same as in 2014 (EUR 1.3 million).

The balance of financial income and expenses in 2015 amounted to an expense of EUR 93.0 million, which is EUR 14.0 million higher than in 2014 (EUR 79.0 million). This increase was mainly due to non-recurrent higher expenses in 2015 due to the provision that was made for the repayment of a perpetual loan and the issued bond loan.

Perpetual loan

The legal predecessors of Enexis concluded a perpetual loan at the end of the previous century for an amount of EUR 82.2 million with 58 local government authorities at an interest rate of 9%. This represents in 2015 an expensive loan and this is why Enexis would prefer to redeem this perpetual shareholders loan (EDON loan). By repaying the loan, Enexis saves around EUR 7.4 million annually in interest expenses excluding the one-off financing expenses resulting from the refinancing. Enexis has entered into consultations with the loan providers, after which all of the loan providers signed a settlement agreement.

It has now been arranged by contract that the perpetual loan will be repaid at year-end 2016 in Enexis shares or in cash. Enexis shares will be bought back from existing Enexis shareholders for the repayment of the loan. If insufficient shares are available at the end of 2016, the repayment of the remaining part of the perpetual loan may take place in later years, for which again a process of buying back Enexis shares will be set up in 2017 and 2018. Should insufficient shares have been bought back and delivered at the end of 2018 for the repayment of the perpetual loan, then the remaining principal of the loan will be repaid by means of newly issued Enexis shares.

It has further been agreed with the loan providers that they will receive a supplement, during the years 2017 up to and including 2019, up to the original annual interest amount of the perpetual loan.



Credit rating

The credit ratings of Enexis Holding N.V. and Enexis B.V. were reconfirmed in 2015 by both rating agencies. Moody's credit rating remained unchanged at Aa3 with a stable outlook. The credit rating issued by Standard & Poor's (S&P) was maintained at A+ with a stable outlook. The credit ratings at year-end 2015 of Aa3/A+ with a stable outlook more than satisfy Enexis's requirements for maintaining an A rating profile.



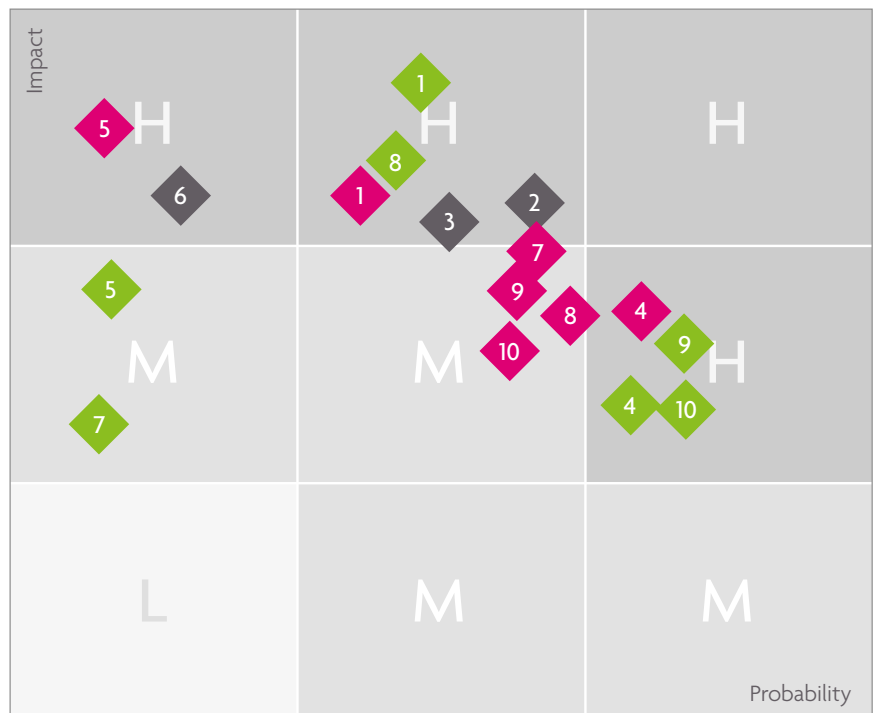
Strategic risks

Enexis's operational risks are re-evaluated again periodically, including an assessment of the impact of these risks. A description of the manner in which Enexis manages its risk is provided in the chapter Corporate Governance.

The matrix with the most important strategic risks and the development compared to 2014, including a description of the risks and the most important control measures (in italics) is provided below.

Strategic risks 2015

| No. | Risk |
|-----|---|
| 1 | Safety of employees |
| 2 | Municipal taxes called 'precario' and relocations |
| 3 | Credit risk |
| 4 | Energy legislation |
| 5 | Compliance |
| 6 | Transmission costs |
| 7 | Changing energy systems |
| 8 | Chain dependency smart meters |
| 9 | Adaptability of employees |
| 10 | Increasing demands on ICT environment |



L = Low
 M = Medium
 H = High
 Risk = Probability x Impact

◆ Pertains to 2014 ◆ Pertains to 2015 ◆ New in top 10 compared to 2014

1 - Safety of employees, a constant risk

In the past years, a risk-awareness programme for safety was introduced and as a result the risk of accidents is now estimated to have decreased. The probability of an accident with consequences for the health of employees due to the failure of components or a human error continues to exist, also due to the nature of primary processes; working with electricity and gas infrastructure.

Enexis's management gives a high priority to safety, such as the improvement of safety measures, a safe grid and safety for employees and customers. Enexis is consequently working on improving safety awareness among its employees and the employees of contractors.

2 - Introduction of municipal tax (precario) on land use and termination of relocation arrangements

More and more municipalities are terminating relocation arrangements as a result of which payments for the relocation of cables and pipelines are decreasing. In addition, there is an increasing risk that Enexis will have to pay municipal taxes for ground use in view of the increasing number of municipalities that are introducing taxes for ground use. Municipal taxes for ground use have a negative effect on our reputation as affordable grid operator.

Enexis is trying to convince municipalities that new relocation arrangements should not lead to extra costs for society. Enexis also advocates, together with other grid operators, for termination of municipal taxes for ground use. The Minister of the Internal Affairs and Kingdom Relations informed the Dutch Parliament on 10 February about his intention to submit legislation to Parliament in the spring of 2016, which is based on the termination of municipal land-use taxes for utility grids.

3 - Credit risk (dependence on energy suppliers for the collection of payments)

In the existing market model (mandatory suppliers model), the grid charges and meter rent are collected by the suppliers and then paid to us. The risk is that the suppliers will not be able to pay these amounts to us (bankruptcies). During the past years, we have tried to mitigate this risk as much as possible. This risk was already acknowledged at the time of the introduction of the new market model; however, due to changes in the energy market, the probability of bankruptcies is now estimated to be higher.

Creditworthiness of the energy suppliers is monitored and the payment process has been structured in such a manner that actions follow directly when the payments are not made timely. In addition, consultations are being held on a national level with various stakeholders in order to arrive at a structural solution.

4 - Changing energy legislation threatens to undermine sustainability

The new energy legislation STROOM was rejected by the Dutch Senate at the end of 2015. The risk still exists that changes in energy laws can have consequences for our sustainability objectives because the possibilities to stimulate the sustainable use of energy could possibly be limited.

If the realisation of our strategic objectives are threatened by amendment proposals, we will enter into a dialogue within the sector and with the government. An analysis will be completed in the first quarter of 2016 regarding how Enexis should deal with the postponement of this new energy legislation.

5 - Non-compliance with various laws

New developments in laws and regulations are assessed structurally within Enexis. A correct compliance is embedded in our processes. Management is paying more and more attention to the legal implications in connection with the development of new products and service.

In order to demonstrate that Enexis complies with laws and regulations, the roles and responsibilities of the various departments in relation to compliance have been defined more clearly. Risk analyses are performed in order to draw up an inventory of the control measures that require extra attention in our Internal Control Framework.

6 - Transmission costs a matter of debate

The transmission costs charged before 1 January 2014 for transmission in the event of equal voltage levels from the 'Enexis-grid' to a 'private grid' are a matter of debate. Proceedings took place at the ACM with regard to this in 2015. The outcome of this was in the advantage of Enexis. Nevertheless, this risk has explicitly been included in the risk matrix.

With regard to the situation before 1 January 2014, legal proceedings are running and these can possibly still take many years. A work group has been established within Enexis, which is preparing any subsequent proceedings and which follows the developments with regard to the relevant claims. In addition, consultations are being carried out with the Ministry of Economic Affairs via Netbeheer Nederland on possible consequences.

7- Not responding timely to changes in the local energy system

Developments in society and technological developments will make other demands on the physical characteristics of the energy grid in the future. These developments, that are proceeding faster than foreseen, could possibly have consequences for the existing revenue model and the valuation of our gas grids.

Through, among others, a new department 'Verkenners' [Scouts], the sustainability developments and local energy transition developments will be monitored as from 2016.

8 - Dependence on suppliers of smart meters

The number of suppliers that qualify to supply smart meters is limited due to the high quality requirements for new smart meters. The dependence on a limited number of suppliers leads to a large probability of delivery problems, such as these occurred in 2015 for gas meters. This increases the risk that in the event of the large-scale offering of smart meters, the numbers agreed with the supervisory authority will not be achieved. The requirements regarding privacy and security of the smart meter have been given a lot of attention and, therefore, the security risks of the smart meter are estimated to be lower compared with 2014.

The optimisation of the meter exchange process and the communication surrounding this contribute to the percentage of successful installations. In order to boost customer acceptance, a study into energy savings after the installation of the smart meter is being carried out and there are initiatives to stimulate the use of the smart meter. The development process for the fifth generation (ESMR5) smart meters has been started in order to satisfy the new meter requirements by at the end of 2016.

9 - Insufficient adaptability to change of personnel

Social and technological developments pose increasingly higher demands on the ability to change of existing personnel. As a result, the risk exists that the knowledge and motivation of employees lag. The risk also exists that Enexis will not be able to attract sufficient new qualified personnel. This development, but also continuing to work up to an advanced age, can result in higher absenteeism and a higher risk of permanent occupational disability. As a response to the higher risk estimate of the previous year, a lot has been done to make employees more agile and resilient. The first results are visible, which has caused the risk to decrease.

Various projects and instruments were used to prepare the workforce properly to deal with the aforementioned changes, such as projects in the field of sustainable employability, leadership development and permanent education. Strategic personnel planning and employer branding focus on the retention of qualified personnel and, where necessary, the recruitment of new qualified personnel. In addition, health and vitality are stimulated through specific health programmes.

10 - More stringent requirements for the ICT environment and unauthorised access to the Enexis network

External regulations, internal regulation pressure and increasing information security risks pose high demands on the flexibility and security of our ICT. The connectedness and dependence on ICT in the chain is complex. Rationalisation and reducing the complexity remains of great importance. As security risks can now be controlled better, the possible impact of this risk has been estimated as lower than in 2014.

Enexis has started to set up a target architecture, a rationalisation of the ICT landscape, a reduction of the dependence on ICT suppliers and a system that is better aligned to steering the chain. In addition, we started the phased implementation of our security roadmap in 2015. We structurally take security into account in the design of our ICT infrastructure and systems. In addition, security audits and tests of the Enexis networks and systems are performed periodically.

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, we have opted for a combined Remuneration and Selection Committee with which we consciously deviate from provision III.5 (establishing a separate Remuneration Committee and a separate 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 2015 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 an internal audit function and an external auditor. The relationship between the Executive Board, the Supervisory Board and the General Meeting of Shareholders has been laid down in regulations and in the articles of association. These documents are available on enexis.nl

Executive Board

The Executive Board (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 Supervisory Board (SB) and the General Meeting of Shareholders (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 members of the EB divide the duties among themselves and formalise this division of duties in consultation with the SB. The personal details and biographies of the EB members are provided in the appendix Personal Details.

The EB works in accordance with its own regulations. These regulations are in line as far as possible 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 General Meeting of Shareholders (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 Supervisory Board (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 General Meeting of Shareholders (AGM). Details of the remuneration of the SB are reported in the financial statements.

General Meeting of Shareholders

The General Meeting of Shareholders (AGM) is the highest decision-making body within Enexis. Decision-making in the AGM includes resolutions on the written annual report of the Executive Board (EB), the discharge of the EB and the Supervisory Board (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. Enexis implements an approved ERM policy; this policy is based on the COSO Enterprise Risk Management model and focusses on all aspects of the company: from strategic and operational risks to the reliability of (financial) reporting and compliance with laws and regulations. Enexis implements an approved ERM policy; this policy is based on the COSO Enterprise Risk Management model and focusses on all aspects of the company: from strategic and operational risks to the reliability of (financial) reporting and compliance with laws and regulations.

Enexis's internal risk management and control system consists of a large number of instruments, procedures and control systems:

- ◆ We identify risks on a strategic level by means of Strategic Risk Assessment (SRA). This concerns events that threaten the continuity of Enexis or which lead to strategic objectives not being realised timely and/or completely. The strategic objectives in the Strategic Plan form the point of departure for this. The measures that are taken to mitigate risks are elaborated in the department plans. The most important risks and measures are reported in the State of Risk report. The chapter 'strategic risks' contains Enexis's risk matrix (heat map) and a detailed overview of the development of the specified risks and the most important measures per risk.
- ◆ The business processes and process objectives have been derived from the strategy and the business plans that are derived from the strategy. The business processes and their inter-relationships are documented centrally in a uniform manner. Enexis has set up Process Management (PM) to identify, design, structure, implement and constantly improve the business processes.

- ◆ Risks that could threaten the process objectives are identified on a tactical and an operational level by means of Operational Risk Assessments (ORAs). The risks and control measures that are identified during the ORAs are documented in the Internal Control Framework.
- ◆ By means of a Control Self-Assessment (CSA), all departments are asked twice a year to assess whether the most important control measures have been effective. Important risks that come to the fore in the CSAs are reported to the Executive Board via a Letter of Representation (LOR), with which all departments declare to the Executive Board that the whole system of internal risk management and control is in order.
- ◆ Enxsis has set up Business Continuity Management (BCM) and Crisis Management in order to guarantee the continuity of its services.
- ◆ The progress and relevant developments with regard to strategic risks, LOR issues and actions following internal audits are discussed in the steering review meeting of the Planning and Control cycle.
- ◆ There is also a Risk-Based Asset Management System, which is used to determine the maintenance and investment programme of the assets.

Line managers on all levels within the organisation are responsible themselves for identifying risks and taking risk-control measures timely. This decentralised responsibility is an essential element in the manner in which Enxsis approaches its risks.

The Management Consultation, consisting of the Executive Board and the directors INFRA, Asset Management, Finance, HR, ICT, Customer & Market, Fudura and the Secretary, monitors the implementation of the ERM policy on a group level. 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 make use of internal audits and external audits as a safety net.

Internal audit function

Enxsis has an internal audit function, which is part of the Internal Audit & Risk department (IA&R). The internal audit function operates under the responsibility of the Chairman of the EB. The Audit Committee supervises the audit function and advises the Executive Board on the role and the functioning. IA&R has independent auditors who judge the existence and functioning of measures and thus provide additional certainty to the management and the Executive Board (EB) with regard to the control, effectiveness, efficiency and compliance of the business operations.

The norm framework that is used for the operational audits is largely based on the risks and controls as laid down in the ICF. 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.

An audit plan is drawn up annually by the department IA&R, specifying which internal audits will be performed. The most important risks are taken into account in setting up the audit plan such as identified during the SRA. This audit plan is discussed in the Management Consultation. The Supervisory Board adopts the audit plan based on the advice of the Audit Committee. The Audit Committee discusses the progress and the most important findings of the audits. The findings of the audits are resolved in accordance with the agreements made regarding these findings. The Internal Audit & Risk department also reports its findings to the external auditor.

The external auditor

Starting with the audit of the financial statements 2015, a change has taken place in the external auditor. PricewaterhouseCoopers Accountants N.V. is the new external auditor.

Nomination and assessment of the external auditor

The General Meeting of Shareholders (AGM) appoints the external auditor. The Supervisory Board (SB) nominates an auditor taking into account the advice of the Audit Committee and the Executive Board (EB). The independence of the external auditor is an important consideration in the nomination process. The Executive Board reports to the Supervisory Board and the General Meeting of Shareholders annually on the developments in the relationship with the external auditor. The Executive Board 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 Executive Board reports the most important conclusions of this assessment to the Supervisory Board and the General Meeting of Shareholders.

Supervision of the external auditor

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 described in the chapter ‘Corporate Governance’. However, this system 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 Executive Board evaluated the set up and operation of the risk management and control system during 2015, also based on the business control information, the Letters of Representation, the reports of the Internal Audit Department and the management letter from the external auditor.

As expected, the new market processes and the growth of delivering locally generated electricity back to the grid has resulted in decreasing unpredictability of the administrative grid loss. Consequently, the focus in 2016 will lie on the predictability of grid losses. Enexis paid extra attention to the theme information security in 2015. We will also continue to do this in 2016.

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 2015 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, 03 March 2016

The Executive Board

Peter Vermaat
Chairman of the Executive Board

Maarten Blacquièrè
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, strategy and 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

The composition of our Board remained unchanged during 2015. However, we did readjust the division of tasks within the Board, in view of the approaching departure of Mr Bosscher and Mr De Jong in 2016. As the intention is the Mr Moerland will succeed Mr Bosscher in 2016 as Chairman of our Board, he was appointed Vice-Chairman of the Board and Chairman of the Remuneration and Selection Committee in mid-2015. Ms Caubo became a member of the Audit Committee at the same time. The composition of the committees is now as follows: the Audit Committee is comprised of Ms Caubo, Mr Calon and Mr De Jong (Chairman). The Remuneration and Selection Committee is comprised of Mr Moerland (Chairman) and Mr Bosscher.

In order to fill the vacancies, we again reviewed the desired profile of our Board and we made a few minor adjustments. The description of the profiles has now been brought more in accordance with the developments in the sector and in technology. Based on this revised profile, we found two new supervisory board members, with the assistance of an external agency, who will be proposed to the General Meeting of Shareholders for appointment. We also have the intention to propose the reappointment of Mr Calon, whose first term of appointment ends in 2016. His appointment rests on a strengthened right of nomination of the Shareholders' Committee.

Our secretary, Mr Jean-Pierre Eydems, indicated during the course of 2015 that his preference lies with his activities as a legal counsel. We would like to thank him for the contribution that he has made to our functioning for many years. We have appointed Mr Frans Voorwinde as secretary to our Board.

Evaluation of the functioning of the Supervisory Board

We evaluated our functioning in January 2016 and in doing so we put the emphasis on how the Board, in its new composition, can benefit from our findings. The internal evaluation confirmed that the formal matters (structure, size, division of tasks, meetings, agenda and such) are in order. In view of the changes in the energy world and in the distribution of energy, the profile of the Supervisory Board will be reviewed again, in any case before the next new board appointment is set to take place (2019). Space will be made in our annual agenda to help the new Supervisory Board members quickly familiarise themselves with the company-specific issues of Enexis. We consider it desirable that a systematic 360-degree evaluation of our functioning is organised in order that more stakeholders will be able to participate in this.

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. We have regular contacts with the shareholders through periodic meetings of the Shareholders' Committee.

We convened six times in 2015, of which one in partial absence of the Executive Board. All of the Supervisory Board members were present at nearly all of the meetings. In order to avoid conflicts of interest, Ms Caubo was not present at the discussion of a number of agenda items. This situation no longer applies since the end of 2015.

In addition to our regular meetings, we held a two-day strategy and technology session with the Executive Board. An extensive presentation was given during this session about the developments in distribution technology and the role that Enexis could possibly play in the field of heating was discussed. We also has a meeting one evening with the Executive Board and all the members of the Works Council. This meeting was moderated by the Communication Director and provided valuable insights into a number of cultural aspects of Enexis.

The role of the Supervisory Board as supervisory body has been more clearly defined in our own governance. Both committees carry out preparatory activities based upon which they make recommendation to the Supervisory Board. The regulations in question have been revised accordingly.

Our meeting agenda also includes a number of standard items. Safety is discussed as the first item on the agenda. Just as the Executive Board, we consider safety to be the most important theme. We monitor the periodic reports, 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 also discuss individual incidents and, even more important, the measures that were taken or will be taken. The performance in this area in 2015 has been strongly improved as a result of an extensive awareness campaign. This is underlined in the annual events where awards are awarded for the best performances and ideas in the area of safety to both external contracted employees and own employees. Two members of the Supervisory Board attended this event.

The daily course of business is discussed during our meetings based on a score card as part of an extensive monthly management report. 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 productivity is monitored based on investment summaries and the personnel development. The annual report, financial statements, year plan and risk inventories are discussed and adopted based on the recommendations of the Audit Committee.

Laws and regulations are an important factor in Enexis's business operations. As the modernisation of the energy laws was presented to the Dutch parliament by the Minister of Economic Affairs in 2015, the Supervisory Board and the Executive Board have paid a lot of attention to the role and possibilities that a regional grid operator has in the future, especially with regard to developing and implementing initiatives in the area of the energy transition. Companies such as Enexis have fulfilled a pioneering role in the energy transition; however, the initial outline of the new act indicated that there would be little to no more room for this anymore. Intensive consultations by the sector with the Minister has led to a considerable improvement in this area. The separation of regulated and non-regulated activities has to be implemented even stricter based on this bill. However, this bill was rejected by the Dutch Senate on 22 December 2015, Enexis is considering the consequences of this unexpected situation.

We paid a lot of attention to two special projects in 2015. The first project concerned the exchange of grid activities in Friesland and the Noordoostpolder against the grid activities of Alliander in the region Eindhoven/Zuidoost-Brabant. This exchange is the result of earlier policy plans and aims to organise the management of the grid in the Netherlands more effectively and efficiently. We followed the negotiations closely and we have a lot of respect for the will and the perseverance of the management of both companies to execute this transaction in spite of the large degree of complexity. On balance, Enexis pays the difference in value between both activities in cash including a premium. We approved this premium because this transaction will lead to lower tariffs in the future for grid management for all connections in the areas in question and indirectly to lower tariffs for everybody in the Netherlands. In this light, our shareholders also approved the net price of this exceptional and leading exchange transaction via the assessment of the proposed transaction against the approved strategy and the conditions that had been formulated.

A direct consequence of this transaction is that we no longer have any grid activities in the Province of Flexoland and in a number of municipalities in Friesland. However, they are still shareholders of Enexis. In principle, we believe that shareholding should coincide with the geographical distribution of our activities. The Executive Board was authorised in December in a Special General Shareholders' Meeting to buyback Enexis Holding shares. A system exists whereby the value of Enexis Holding is determined annually and communicated to the shareholders.

The financing of the exchange transaction with Alliander was arranged via the issue, mid-October, of a Euro Bond for an amount of EUR 500 million with an interest rate of 1.5% and a term of eight years.

A second project in which a lot of attention and creativity was invested concerns a relatively limited restructuring of the financing of Enexis Holding. This concerns the repayment of a perpetual loan with a high interest rate provided by the shareholders in the 1990s to EDON, one of Enexis's legal predecessors. The type of loan and the interest rate are increasingly difficult to combine with the compensation that is included in the tariffs for grid management for financing. In fact, a situation has arisen that the entitlement to profits of all shareholders is being negatively impacted, but that a number of shareholders are enjoying advantages as a result of their position as lenders. An intensive consultation process has resulted in a solution that, also due to a transition scheme, offers all parties involved the prospect of a fair outcome.

Audit Committee

The committee convened five times in 2015. 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. The committee reviewed the control plan of the external auditor and discussed the control plan of the internal auditor and provided a positive recommendation for the adoption by the Supervisory Board.

Furthermore, mainly regular items were on the agenda, including the financial statements 2014, the semi-annual statements 2015, the audit findings of the external auditor, the management comments, the findings of the internal auditor and the accompanying action points. The strategic risks and the developments of these risk were discussed extensively. With regard to the large projects (exchange activities with Alliander and the restructuring of the EDON loan), we have mainly examined the financial-technical aspects and advised the board on these aspects. We also issued a positive advice with regard to the issue of a new Eurobond in the fall of 2015.

The committee gives advice with regard to the functioning of the CFO and evaluates the functioning of the external auditor. With the transfer of the audit by EY to PwC in the course of 2015, the evaluation had a concluding character and we mainly examined the communication.

Remuneration and Selection Committee

The committee convened four times in 2015. Important items are the functioning of the Executive Board, discussing the succession potential in the senior management, the assessment and determining of the revised profile of the Supervisory Board, the maximisation of the pensionable salary to EUR 100,000, and the organising and execution of the search process for new supervisory board members. In this process, we explicitly looked into the possibility of increasing the diversity of the Supervisory Board. The developments regarding the remuneration of the Executive Board and senior officials in connection with the Standards for the Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) also demanded the necessary time, not only the contents and the interpretation of the act but also reporting on this in the annual report and the financial statements. We are very concerned about the consequences of the possible extension of the scope of the WNT for the availability of sufficient qualified managers and specialised employees for Enexis.

Financial Statements 2015

We have taken note of the draft financial statements for 2015 as these have been prepared by the Executive Board and the audit findings and unqualified audit opinion of the external auditor PwC. We recommend that the General Meeting of Shareholders adopt the financial statements 2015 unchanged.

Word of appreciation

The Executive Board, management team, managers and employees have put in a good performance again during 2015 and further strengthened Enexis's reputation as a reliable and cost-conscious grid operator. We thank them for their contribution and wish them a lot of success and job satisfaction for 2016.

's Hertogenbosch, 03 March 2016

Supervisory Board

Doeko Bosscher (Chairman)

Marc Calon

Monique Caubo

Rinse de Jong

Piet Moerland

Shareholders Committee Report

We, as shareholders, look back on 2015 with appreciation and pride: Enexis is a solid company with solid results. 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 business-like attitude.

An important step also took place in 2015 in the organising of the servicing areas of the grid operators in line with provincial boundaries. As of 1 January 2016, the Enexis's grids in Friesland and Noordoostpolder have become the property of grid operator Alliander as a result of an exchange. The grid areas in the Eindhoven and Zuidoost Brabant region (Endinet) thus became the property of Enexis as of 1 January 2016. An exchange offers advantages for customers, who previously had different grid operators for gas and electricity. They will now have one grid operator. In addition, efficiency advantages can be achieved which will benefit customers in the future. As the efficiency advantages of the grid companies are converted into lower tariffs for consumers through the Netherlands by the Netherlands Authority for Consumers and Markets (ACM).

A lot is currently going on in the energy sector. The changes in the coming years will take place faster than in previous years. The challenges with gas in Groningen and the recently concluded climate agreement in Paris make it clear that the energy transition has to be accelerated. This will be a difficult quest in which Enexis will have to play an important role. This demands that the company must demonstrate that it can continue to innovate. That the company visibly demonstrates its connection to society in order to find a sufficient base of support and that it can meet the demands of the energy supply in the future with a flexible grid. Enexis is on the right path with innovative projects such as Buurkracht, Jouw Energie Moment, the realisation of a charging infrastructure for electric cars, examining how it can adapt its services to meet the needs of energy cooperatives and their local initiatives.

I have also noticed at the kitchen table in Brabant and in dialogues with shareholders and supervisory board members and the company that people from Brabant like working together actively to realise the energy transition.

In the shareholders committee, we were very interested to hear how Enexis is preparing for the future based on different scenarios. We are looking forward to an intensive continuation with a lot of confidence and interest.

Anne-Marie Spierings
Chairman of the Shareholders Committee



At year-end 2015, the composition of the Shareholders Committee¹ was as follows:

- ◆ Province of Noord-Brabant: Ms Spierings (member of the Provincial Executive of Noord-Brabant)
- ◆ Province of Overijssel: Mr Lievers (member of the Provincial Executive of Overijssel)
- ◆ Province of Limburg: Mr Koopmans (member of the Provincial Executive of Limburg)
- ◆ Province of Groningen: Mr Brouns (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, Chairman of VEGANN)
- ◆ Municipalities in Brabant: Mr Hoskam (member of the Municipal Executive of the Municipality of 's-Hertogenbosch)

¹ Formal appoint will take place at AGM 2016.

Report of the Works Council

As Works Council we convened 17 times in 2015, of which six in connection with the exchange between Enexis and Alliander. In addition, we had eight consultation meetings with the Executive Board and three extra meetings in connection with the exchange. We also had a meeting with the Supervisory Board and the Executive Board this year with as theme the new electricity legislation STROOM. We also discussed developments on the way to 2020 with the Executive Board. Topics of discussion were, for example, employment conditions and Asset Management. Finally, we held three-party consultations twice with the Human Resources department and the trade unions and we have an informal consultation every quarter with the Supervisory Board member who was nominated by the Works Council.

We reviewed seven advice requests and one approval requests from the organisation in 2015. With regard to all topics, our focus is on our stakeholders, whereby the interests of our employees but also of the company have our attention.

Looking back on 2015

We look back on 2015 with mixed feelings. It was a busy year, especially in connection with the exchange with Alliander, with issues that we look back on positively and issues that could have been handled better.

Employee participation structure

During the previous term, the Works Council worked on a new employee participation structure in consultation with the Executive Board, which offers more room for employee participation in the decision-making process. This was implemented after the elections in 2014. As a result, many new colleagues have found their way to the way to employee participation in the decision-making process. Unfortunately, a considerable number (11) had to already leave the Works Council in 2015 for various reasons. Also due to reorganisations and lack of time. These people have already been replaced in the Works Council in the meantime. There still are a number of vacancy in Division Committees (OCs). Interim elections will be held in the spring of 2016 at three OCs to fill these vacancies.

A positive aspect is that the OCs have learned a lot in the past year and good teamwork has taken place within the OCs so that the OCs are able to fulfil their roles better and better. In addition, the OCs and the management of the business division concerned are working together better. The cooperation between the Works Council and the OCs is also positive and pleasant. We regard all of these developments as very positive in view of the fact that many new people have joined the employee participation bodies and that we have worked this year for the first time according to the new structure.

Exchange with Alliander

The Works Council is of the opinion that the exchange with Alliander fits in well with Enexis's strategy and supports the agreement with Alliander. However, the execution of the agreement has proceeded difficultly and slowly. For a long time, the exact agreements were not clear and information was only obtained with difficulty. As a result, it was very difficult to obtain insight into what the exchange would mean for the employees, how to participate in the discussion and to be able to advise properly. The coordination with the employee participation would have proceeded better if the OR had been involved in the procedure.

Reorganisations

With the introduction of sustainable employment (DI+) within Enexis, we expected to mainly receive DI+ applications, for reorganisations in around two years. Just as in previous years, this year, we were also confronted with reorganisations that the Works Council did not previously know about.

Acquisition Cogas

Enexis acquired Cogas Meetdiensten in 2015. This concerned 11 employees. We were involved in this process timely and we were able to advise properly. All the parties involved were satisfied with this process and therefore, we also look back on this with a positive feeling.

Initiative proposals

The Works Council did not submit any initiative proposals in 2015, whereas we had intended to do so. This was due to the busy agenda with advice requests and approval requests and the to be discussed topics. However, we see this proactive manner of providing advice as an important task of the Works Council.

Outlook 2016

The wish that we also expressed in the past year, remains standing for 2016: inform the Works Council about proposed reorganisations in an early stage and discuss this with the Works Council. In addition, the Works Council would like to see more dialogue in 2016 between the Works Council and the organisation and we would like to create more joint involvement with regard to many changes, for example, the changes that we can expect in connection with the energy transition. The sessions with the Executive Board and the Supervisory Board on topical themes such as the new electricity legislation STROOM in 2015 turned out to be very valuable for the Works Council. Such open discussions without an agenda enable us to get to know each other better and to gain more understanding for each other's standpoints.

's-Hertogenbosch, 3 March 2016

On behalf of the Works Council,

Eef Verhoeven (Chairman)

Composition of the Works Council 2015

- ◆ Eef Verhoeven (Chairman)
- ◆ Aldo van den Bos (Secretary)
- ◆ Peter Weldam (Vice-Chairman)
- ◆ Doreleijers (Deputy Secretary)
- ◆ Lucas Arts (ad from 29 September)
- ◆ Dik Brokken
- ◆ Vladimir Chalyt (from 16 April to 6 May)
- ◆ Harrie Darding
- ◆ Berry Hamers (as from 18 June)
- ◆ Andy Hamstra (up to 1 April)
- ◆ Harry Helfferich (from 25 February to 29 September)
- ◆ Guus ter Laare
- ◆ Roy van Lent (up to 22 April)
- ◆ Schra Rijkx (up to 25 February)
- ◆ Frank Schonewille (up to 24 June)
- ◆ Algèr Snijder
- ◆ Alfons Vollenbroek (as of 29 June)
- ◆ Marysia Zolik
- ◆ Jo Custers (official secretary)



Peter Vermaat
CEO



Maarten Blacquière
CFO

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). Member of the board of the Koninklijke Vereniging van Gasfabrikanten in Nederland (KVGN), Brede Stroomversnelling and the Nederlandse Vereniging Duurzame Energie (NVDE).

Maarten Blacquière **Member of the Executive Board /CFO**

Maarten Blacquière (1967) studied Technical Business Economics at the University of Twente. He entered the employment of Esso Nederland in 1989, where he held various positions in the Netherlands and abroad. From 2005 through 2012, he was the CFO of gas trading company GasTerra. He has been a member of the Executive Board / CFO of Enexis since 1 January 2013. He joined the Supervisory Board of Ziut in January 2014 and the Supervisory Board of Energie Data Services Nederland (EDSN) in October 2014. He has also been a member of the Supervisory Council of healthcare group Zorggroep Treant since 2011.



D.D.P. Bosscher



M.E.J.M. Caubo



M.A.E. Calon

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 a member of the Remuneration and Selection Committee. The former Director Technology & Development at Sappi Fine Paper plc. is a Dutch national.

Ms M.E.J.M. Caubo

Ms Caubo (1961) was reappointed as a Supervisory Board member in 2015 and is due to retire in 2019. She is also a member of the Audit Committee. Ms Caubo is Manager Business Development at Human Capital Care. In addition, she is the Chair of the Supervisory Board of the foundation Stichting Conrisq 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 (an association of housing corporations) and Chairman of Housing Europe. He is a Dutch national.



R. de Jong

P.W. Moerland

Mr R. de Jong

Mr De Jong (1948) was appointed as a Supervisory Board member in 2008 and is due to retire in 2016. He is a member of the Audit Committee. Mr De Jong, former CFO of Essent N.V., is the Chairman of the Supervisory Board of N.V. Nederlandse Gasunie, Rabobank Arnhem and Surrounding Area and Bakeplus Holding B.V., and a Supervisory Board member at USG People N.V., member of the Supervisory Council of Amsterdam University of Applied Science, advisor of the Supervisory Council of Amsterdam University, board member of the foundation Stichting Aandelenbeheer BAM Groep, board member of the foundation 'Stichting tot het houden van Preferente Aandelen Wereldhave' and member of the Supervisory Council of the foundation 'Stichting Toneelgroep Oostpool'. He is a Dutch national.

Mr P.W. Moerland

Mr Moerland (1949) was appointed as a Supervisory Board member in 2014 and is due to retire in 2018. He is Vice-Chairman of the Supervisory Board and Chairman of the Remuneration and Selection Committee. Previously, Mr Moerland was Chairman of the Board of Directors of Rabobank Nederland. Mr Moerland is Chairman of the board of the foundation Stichting Berenschot Beheer, Chairman of the Supervisory Council of the foundation Stichting Stadhuismuseum Zierikzee and a member of the board of the foundation Stichting Administratiekantoor Heijmans. In addition, he is a member of the Board of the Dutch Bach Association. He is a Dutch national.



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Consolidated financial statements 2015

Consolidated income statement

| amounts in millions of euros | Notes | 2015 | 2014 |
|--|-------|--------------|--------------|
| Revenue | 1 | 1,353.4 | 1,399.5 |
| Less: transmission- and systemservices and distribution losses costs | 2 | 231.5 | 243.0 |
| Other operating income | 3 | 19.4 | 20.2 |
| Balance available for operating activities | | 1,141.3 | 1,176.7 |
| Employee benefits expenses | 4 | 286.8 | 276.8 |
| Depreciation, impairments and decommissioning | 5 | 300.9 | 310.1 |
| Cost of work contracted out, materials and other external expenses | 6 | 140.8 | 132.6 |
| Other operating expenses | 7 | 19.4 | 23.9 |
| Total operating expenses | | 747.9 | 743.4 |
| Operating profit | | 393.4 | 433.3 |
| Share of result of associates and joint ventures | 8 | 1.4 | 1.3 |
| Financial income | 9 | 4.5 | 4.3 |
| Financial expenses | 9 | 97.5 | 83.3 |
| Financial income and expenses | | -93.0 | -79.0 |
| Profit before tax | 10 | 301.8 | 355.6 |
| Corporate income tax expense | 11 | 78.7 | 90.1 |
| Profit for the year | | 223.1 | 265.5 |
| Attributable to: | | | |
| Minority shareholders | | 0 | 0 |
| Shareholders | | 223.1 | 265.5 |
| Average number of shares during the financial year | | 149,682,196 | 149,682,196 |
| Profit per share ¹⁾ | | 1.49 | 1.77 |

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



Consolidated statement of comprehensive income

| amounts in millions of euros | 2015 | 2014 |
|---|--------------|--------------|
| Profit for the year | 223.1 | 265.5 |
| Released part of non-realised income through hedge reserve | 0.8 | 0.8 |
| Tax released on non-realised income through equity | -0.2 | -0.2 |
| Total result including non-realised income ¹⁾ | 223.7 | 266.1 |
| Attributable to: | | |
| Minority shareholders | 0.0 | 0.0 |
| Shareholders | 223.7 | 266.1 |

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 2015 | 31 December 2014 |
|----------------------------------|-------|------------------|------------------|
| Assets | | | |
| Property, plant and equipment | 12 | 5,717.4 | 5,884.6 |
| Intangible assets | 13 | 106.8 | 107.5 |
| Associates and joint ventures | 14 | 12.6 | 12.5 |
| Other financial assets | 15 | 9.4 | 10.4 |
| Non-current assets | | 5,846.2 | 6,015.0 |
| Inventories | 16 | 30.2 | 20.8 |
| Receivables | 17 | 157.5 | 172.6 |
| Corporate income tax | 18 | 16.4 | - |
| Other financial assets (current) | 19 | 122.2 | 112.3 |
| Cash and cash equivalents | 20 | 536.7 | 96.3 |
| Current assets | | 863.0 | 402.0 |
| Assets held for sale | 21 | 370.2 | - |
| Total assets | | 7,079.4 | 6,417.0 |

| amounts in millions of euros | Notes | 31 December 2015 | 31 December 2014 |
|---|-------|------------------|------------------|
| Liabilities | | | |
| Issued and paid-up share capital | | 149.7 | 149.7 |
| Share premium reserve | | 2,436.3 | 2,436.3 |
| General reserve | | 802.3 | 669.5 |
| Hedge reserve | | -3.7 | -4.3 |
| Profit for the year | | 223.1 | 265.5 |
| Equity | 22 | 3,607.7 | 3,516.7 |
| Non-current interest-bearing liabilities | 23 | 1,660.7 | 1,747.4 |
| Non-current provisions | 24 | 62.3 | 67.1 |
| Advance contributions for the installation of grids and connections | 25 | 613.6 | 587.7 |
| Deferred corporate income tax | 26 | 195.1 | 191.1 |
| Non-current liabilities | | 2,531.7 | 2,593.3 |
| Trade and other payables | 27 | 259.3 | 212.9 |
| Current interest-bearing liabilities | 28 | 608.4 | 26.3 |
| Corporate income tax | 18 | - | 40.7 |
| Current provisions | 24 | 11.2 | 12.9 |
| Advance contributions to be amortised in the following year | 25 | 15.1 | 14.2 |
| Current liabilities | | 894.0 | 307.0 |
| Liabilities held for sale | 29 | 46.0 | - |
| Total liabilities | | 7,079.4 | 6,417.0 |

Consolidated cash flow statement

| amounts in millions of euros | Notes | 2015 | 2014 |
|---|-----------|---------------|---------------|
| Profit for the year | | 223.1 | 265.5 |
| Depreciation and impairments | | 300.9 | 310.1 |
| Amortised contributions for installation of grids and connections | | -15.1 | -13.6 |
| Share of result of associates and joint ventures | | -1.4 | -1.3 |
| Dividend received from associates | | 1.3 | 1.2 |
| Change in operational working capital | 30 | -6.9 | 22.6 |
| Change in deferred corporate income tax | | 21.8 | -6.8 |
| Change in non-current provisions | | -1.8 | -0.4 |
| Others | | 0.7 | 0.8 |
| Cash flow from operational activities | | 522.6 | 578.1 |
| Investments in property, plant, equipment and intangible assets | | -498.6 | -461.7 |
| Acquisitions | | -4.3 | - |
| Contributions for the installation of grids and connections | | 67.0 | 65.6 |
| Loans granted | | -2.1 | -0.9 |
| Increase deposits and money market funds | | -410.0 | -695.0 |
| Decrease deposits and money market funds | | 400.0 | 670.0 |
| Repayment of loans granted | | 3.2 | 2.4 |
| Cash flow from investing activities | | -444.8 | -419.6 |
| Cash flow before financing activities | | 77.8 | 158.5 |
| Issuing bond notes ¹⁾ | | 494.5 | - |
| New interest-bearing liabilities excluding amounts owed to credit institutions | | 18.0 | - |
| Repayment of interest-bearing liabilities excluding amounts owed to credit institutions | | -4.0 | -4.3 |
| Dividend paid | | -132.8 | -119.5 |
| Cash flow from financing activities | | 375.7 | -123.8 |
| Total cash flows | | 453.5 | 34.7 |
| Cash and cash equivalents at the beginning of the financial year | 30 | 82.6 | 47.9 |
| Cash and cash equivalents at the end of the financial year | 30 | 536.1 | 82.6 |

1. EUR 500 million nominal after deduction of EUR 5.5 million acquisition costs that are amortised during the term of the loan.



Consolidated statement of changes in equity

| amounts in millions of euros | Number of ordinary shares | Share capital | Share premium reserve | General reserve | Hedge reserve | Profit for the year | Total equity |
|--|---------------------------|---------------|-----------------------|-----------------|---------------|---------------------|----------------|
| At 1 January 2014 | 149,682,196 | 149.7 | 2,436.3 | 549.9 | -4.9 | 239.1 | 3,370.1 |
| Profit for the year 2014 | - | - | - | - | - | 265.5 | 265.5 |
| Amortisation hedge reserve 2014 | - | - | - | - | 0.6 | - | 0.6 |
| Total result including unrealized results | 149,682,196 | 149.7 | 2,436.3 | 549.9 | -4.3 | 504.6 | 3,636.2 |
| Profit appropriation for 2013 | - | - | - | 119.6 | - | -119.6 | - |
| Dividend paid for 2013 | - | - | - | - | - | -119.5 | -119.5 |
| At 31 December 2014 | 149,682,196 | 149.7 | 2,436.3 | 669.5 | -4.3 | 265.5 | 3,516.7 |
| At 1 January 2015 | 149,682,196 | 149.7 | 2,436.3 | 669.5 | -4.3 | 265.5 | 3,516.7 |
| Profit for the year 2015 | - | - | - | - | - | 223.1 | 223.1 |
| Amortisation hedge reserve 2015 | - | - | - | - | 0.6 | - | 0.6 |
| Subtotal | 149,682,196 | 149.7 | 2,436.3 | 669.5 | -3.7 | 488.6 | 3,740.5 |
| Profit appropriation for 2014 | - | - | - | 132.7 | - | -132.7 | - |
| Dividend paid for 2014 ¹⁾ | - | - | - | - | - | -132.8 | -132.8 |
| At 31 December 2015 ²⁾ | 149,682,196 | 149.7 | 2,436.3 | 802.3 | -3.7 | 223.1 | 3,607.7 |

1. The dividend for 2014, to which the shareholders are entitled in 2015 and which has been paid to shareholders in 2015, amounted to EUR 0.89 per share (2014: EUR 0.80), calculated on the basis of the number of shares at year-end.
2. Total equity per share at year-end 2015 was EUR 24.10 (2014: EUR 23.49), 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. The consolidated financial statements of the company for the financial year 2015 comprise the company and its subsidiaries (hereafter referred to as the Group). 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 PricewaterhouseCoopers Accountants N.V., were presented to the Supervisory Board for signing on 03 March 2016. The financial statements, signed by the Supervisory Board, will be presented to the General Meeting of Shareholders for adoption on 18 April 2016.

2. Accounting principles

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. Sales and purchase transactions in foreign currencies are processed on the transaction date at the settlement exchange rate.

Enexis Holding N.V. applies the International Financial Reporting Standards (IFRS), as adopted within the European Union, as the accounting principles for valuation and determination of the result. The financial statements have been prepared in accordance with the provisions of Title 9, Book 2 of the Dutch Civil Code. The financial statements are prepared based on historical cost unless stated otherwise.

2.2 Changes in IFRS

Amendments in 2015 with no impact

The following new or amended IFRS standards and IFRIC interpretations have come into effect in 2015. These have no immediate consequences for Enexis's financial statements.

- ◆ Changes in IAS 19 – Employee Benefits
- ◆ Annual improvements of IFRS, cycle 2010-2012:
 - ◆ IFRS 2 Share-based Payment
 - ◆ IFRS 3 Business Combinations
 - ◆ IFRS 8 Operating Segments
 - ◆ IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
 - ◆ IAS 24 Related Party Disclosures
- ◆ Annual improvements of IFRS, cycle 2011-2013:
 - ◆ IFRS 3 Business Combinations
 - ◆ IFRS 13 Fair Value Measurement
 - ◆ IAS 40 Investment Property

Future standards that have not yet come into effect in 2015

The IFRS improvements and amendments below have been published and approved by the European Union in 2015, but have not yet entered into force in 2015, and as such have not been applied.

- ◆ Amendment of IFRS 11 'Joint Arrangements' – 'Accounting for Acquisitions of Interests in Joint Operations', into effect on 1 January 2016. These amendments will not have any impact on the Group's financial position and results.
- ◆ Amendments of IAS 16 Property, plant and equipment and IAS 41 'Agriculture' – 'Bearer Plants', into effect on 1 January 2016. These amendments will not have any impact on the Group's financial position and results. The Group does not have any 'bearer plants'.
- ◆ IFRS annual improvements, cycle 2012-2014, into effect on 1 January 2016. First-time adoption of this standard is planned for the reporting period 2016. The impact of these improvements on the accounting principles already applied by the Group and/or on the explanatory notes is being investigated further.
- ◆ Amendments of IAS 1 – Presentation of financial statements – Explanatory notes initiatives, into effect on 01 January 2017. First-time adoption of this standard is planned for the reporting period 2017. The impact of this amendment of the accounting principles already applied by the Group and/or on the explanatory notes is being investigated further.
- ◆ Amendments of IAS 16 Property, plant and equipment and IAS 38 Intangible assets – Clarification of accepted methods for depreciation and amortisation, into effect on 1 January 2016. This amendment will not have an impact on the Group's financial position and results.

The following IFRS improvements and amendments have been published but were not yet adopted by the European Union in 2015. Possible improvements or amendments are applicable as of the financial years after 2015 and have not yet been applied in 2015.

- ◆ IFRS 9 – Financial instruments, into effect on 1 January 2018. This amendment is not expected to have an effect on the Group's accounting principles and/or explanatory notes.
- ◆ IFRS 14 – Regulatory deferral accounts; into effect on 1 January 2016. First-time adoption of IFRS by the Group is not the case; therefore, this standard is not relevant for the Group.
- ◆ IFRS 15 – Revenue from Contracts with Customers, into effect on 1 January 2018. First-time adoption of this standard is planned for the reporting period 2018. The impact of this standard on the accounting principles already applied by the Group and/or on the explanatory notes is not yet known and is being investigated further.

- ◆ Amendments of IFRS 10, IFRS 12 and IAS 28 – Investment entities: Application of consolidation exception, into effect on 1 January 2017. This amendment is not relevant for the Group as there are no entities within the Group that qualify as investment entities under IFRS 10.
- ◆ Amendments in IFRS 10 Consolidated financial statements and IAS 28 Investments in associates and joint ventures – Sales or contributions of assets between an investor and associates and joint ventures, into effect on 1 January 2016. This amendment will not have an impact on the Group's financial position and results.
- ◆ Amendments of IAS 27 Separate financial statements – Equity method in separate financial statements, into effect on 1 January 2016. These amendments will not have an impact on Enexis's consolidated financial statements.
- ◆ IFRS 16 – Leases, into effect on 1 January 2019. First-time adoption of this standard is planned for the reporting period 2019. The impact of this standard on the accounting principles already applied by the Group and/or on the explanatory notes is not yet known and is being investigated further.

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 decisive control with regard to the management and financial policy can be exercised and the possibility exists to determine the financial and operational policy in such a manner that benefits can be obtained with this. 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 the criteria for group companies are no longer fulfilled.

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.

In the event of loss of control, the assets and liabilities of the subsidiary, any minority interests and other equity components in connection with the subsidiary are no longer included in the balance sheet. Any surplus or shortfall resulting from the loss of control is recognised in the income statement. If the Group retains an interest in the former subsidiary, that interest is recognised at fair value as from the date that control ceased to exist. After initial recognition, the interest is recognised as an investment in accordance with the equity method or as a financial asset available for sale, depending on the degree of control that is maintained.

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 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 'Property, plant 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 24, see also 'Provisions' in the accounting principles) and the reporting of the net revenues (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 it is the case that there is a contractual right to offset the recognised amounts and it is the case that there is the intention to offset. In the event that there is no right to offset amounts and there is no intention to settle asset and liability items at the same time, then these are recognised separately.

There where based on a contract the 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 presentation of the income statement follows the classification in categories. The transmission, system services and distribution losses costs are presented directly after the net revenue and other operating income due to the relationship with the net revenue, as well as the distinction in relation to other operating costs that our organisation can influence more in the short term. This manner of presentation is a reflection of the internally used reporting and steering means.

Valuation at fair value

The Group values a number of financial instruments (such as derivatives) as at the balance sheet date at fair value. In addition, an explanation of the fair values of interest-bearing liabilities is provided in note 31. "Financing policy and risks associated with financial instruments". The fair value is the price that would be received when selling an asset on the valuation date or that would be paid to transfer a liability if transactions took place regularly 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: The fair value equals the listed prices in an active market.
- ◆ Level 2: The fair value is based on parameters that are directly or indirectly observable in the market.
- ◆ Level 3: The fair value is based on parameters that are not observable in the market.



For assets and liabilities that are recognised at fair value 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.

Business combinations and goodwill

Business combinations are accounted for by using the acquisition method. The costs of the acquisition are valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity. The Group determines for each business combination whether the minority interests in the acquired entity are valued at fair value or the proportional share of the identifiable net assets of the acquired entity. Costs in connection with the acquisition are recognised in the result in the year in which these costs are incurred.

When the Group acquires a company, it assesses the financial assets and acquired liabilities for the appropriate classification and allocation based on contractual conditions, economic circumstances and relevant circumstances on the date of acquisition. This also comprises the separation of derivative instruments included in contracts in base contracts of the acquiring party.

Every conditional payment that is transferred by the acquiring party will initially be valued at fair value on the acquisition date. A conditional payment that classifies as an asset or a liability as a financial instrument and that falls within the scope of IAS 39, is valued at fair value, whereby changes in fair value are recognised in the income statement.

Goodwill is the difference between the costs of the acquisition of the company (valued at the total of the fair value on the acquisition date of the transferred compensation and the amount of the minority interests in the acquired entity) 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 losses. 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.

There where goodwill is allocated to a cash-flow generating unit and forms part of the divested activities within this unit, the goodwill that pertains to the divested activities forms part of the book value of the activities when determining the book result of the divested activities. Goodwill, which is divested under these circumstances, is valued based on the relative values of the divested activities and the part that remains in the cash-flow generating unit.

Net revenue

Net 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 tariffs to be used for the determination of the revenue are regulated by the Netherlands Authority for Consumers and Markets (ACM). The revenue is determined by adding the estimate of the still to be invoiced grid charges to the invoiced grid charges and deducting the estimate of the still to be invoiced grid charges at the end of the previous reporting period.

Transmission, system services and distribution losses costs

This comprises the costs of transmission services, system services and grid losses that can be attributed directly to the net revenue.

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 as soon as 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. 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 depreciation charges calculated over this value and any impairments. Up to 2008, the acquisition price was less the contributions received because these were not booked separately as liabilities up to this year.

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 |
| Smart 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.

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

| | Period |
|------------------------------|---------|
| Estimated useful life | |
| Software | 5 years |
| Goodwill | n.a. |

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 net realisable value.

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 is reversed in the event that it is determined that the points of departure based upon which at the time the recoverable amount was determined have changed and insofar as the remaining carrying amount of the assets is lower than the carrying amount that would have been determined after the deduction of depreciation charges, had no impairment of the asset been recognised in previous years. The effects of reversing an impairment are credited to the result.

Associates and joint arrangements

Associates

The valuation of economic interests that are not included in the consolidation takes place based on the equity 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 by virtue of legal obligations.

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 'Accounting principles for valuation and the determination of the result'.

Joint arrangements

The financial figures of entities that qualify as joint arrangements are classified as joint ventures or joint operations depending on the statutory and contractual rights and obligations that each investor has stipulated. The existing contractual agreements all qualify as joint ventures. Joint ventures are entities in which Enexis, together with one or several other investors, has joint control. These are valued based on the equity method.

Financial instruments

Purchases and sales of financial instruments are recognised on the transaction date. The Group no longer recognises a financial asset in the balance sheet if the contractual rights to the cash flows from the asset have expired, or if the Group transfers the contractual rights to the receipt of the cash flows from the financial asset by means of a transaction, whereby all of the risks and benefits connected to the ownership of this asset are transferred.

The Group makes use of the following financial instruments:

Non-derivative financial instruments

Non-derivative financial instruments comprise deposits, trade debtors and other receivables, loans provided, borrowings and other financing obligations, trade payables and other payables.

Non-derivative financial instruments are recognised initially at fair value. After initial recognition, non-derivative financial instruments are recognised in the manner described below.

Financial assets and liabilities are recognised separately. Offsetting only takes place in the even that:

- ◆ the Group has a legally enforceable right to set off this amount; and
- ◆ if the Group intends to set off on a net basis and to realise the asset and the liability at the same time.

Financial assets held to maturity

Financial assets held to maturity comprise loans provided to associates and external parties.

When the Group explicitly has the intention, and is able, to retain financial assets up to maturity, these are then valued at amortised costs plus any direct attributable transaction costs based on the effective interest method less impairment losses.

Financial assets classified as available for sale

Depending on the applicable maturities and conditions, the Group's investments in deposits and Money Market Funds are classified as financial assets available for sale.

After initial recognition, these assets are valued at fair value and any changes in the fair value. Impairments and foreign currency gains and losses on monetary items that are available for sale are recognised directly in equity via the total result.



Attributable transaction costs are recognised as an expense in the income statement when they are incurred. When an investment is no longer recognised in the balance sheet, the cumulative profit or the cumulative loss recognised in equity is transferred to the income statement.

Other non-derivative financial instruments

Other non-derivative financial instruments comprise trade debtors and other receivables.

Other non-financial instruments are valued at amortised cost based on the effective interest method less impairments that are recognised in the income statement.

Derivative financial instruments

The Group can make use of derivatives to hedge the risk of changes in future cash flows of periodically to be paid interest or to hedge the risks 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 based on cash flow 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 current or non-current other financial assets in the event that the fair value is positive and under current or non-current financial liabilities in the event that the fair value is negative.

Other financial liabilities

Other financial liabilities comprise borrowings, guarantees received, trade payables and other payables and other financing obligations.

Other financial liabilities are carried at amortised cost using the effective interest method.

A financial liability is no longer recognised if the obligation ceases to exist, i.e. when the obligation laid down in the contract has not been fulfilled or the obligation has been dissolved or has expired. In the event that existing financial obligations are replaced by other obligations that are entered into with the same lender and the conditions differ significantly, or the conditions of the existing obligation have been revised significantly, then such a replacement or amendment is treated as the termination of the existing obligation and the entering in of a new obligation. Difference in valuation is charged to or credited the result.

Inventories

Inventories are recognised at costs 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.



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 payable on demand. Cash and cash equivalents that are not payable on demand are recognised under other current financial assets, depending on the applicable maturities and conditions.

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. In addition, deferred taxes pertain to non-realised results of derivative transactions that have been formed as a hedge reserve via the other comprehensive result and the liability pursuant to the settlement agreements for the repayment of the perpetual loan. Corporate income tax deferrals are valued at nominal value at the corporation 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 of employee-related provisions is calculated using the project unit credit method. Any resulting actuarial gains and losses are recognised directly in the result.

Any expenditure expected within one year after 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, the pension fund investments and the expenses to the individual participants. The contributions paid in the financial year are recognised in the result.

The cover ratio at pension fund ABP amounted 97.2% at the end of 2015 (2014: 104.7%). The financial position of the pension fund has suffered under the disappointing returns of the turbulent financial markets. Decreasing interest rates also had a big impact on the level of the cover ratio. In addition, the new data published by Statistics Netherlands (CBS) (December 2015) regarding a higher life expectancy also had a negative effect on the cover ratio. The pension contribution for 2015 amounted to 19.6% (2014: 21.6%). The pension contribution of 19.6% is the sum of the cost-covering contribution for the retirement pension and surviving dependents' pension of 18.7% (including the increase due to a higher life expectancy rate) and a one-off contribution of 0.9% as a consequence of extending the term of compensation schemes to the State Old Age Pension retirement age for existing benefits. The division between the employer and the employee shifted in 2015 from 65.79: 34.21 to 68: 32 (and in 2016 to 70 : 30). In determining the pension contribution for 2015, the changes in the pension scheme as of 1 January 2015 in connection with changes in the fiscal framework (adjustment of the accrual percentage and maximum pensionable income limited to EUR 100,000.) have been taken into account. As of 1 January 2016, the cost-covering contribution for the retirement pension and the surviving dependents' pension has been determined at 17.8% In connection with the low



cover ratio of 97.2% on 31 December 2015, the pension fund has decided to apply a mark-up to the pension contribution of 1% as of 1 April 2016. The total pension contribution will then amount to 18.8%. The mark-up to the pension contribution as of 1 April 2016 applies in principle for a period of five years.

Corporate income tax expense

The tax on the result for the reporting period comprises the payable and offsetable corporate income taxes and deferred corporate income taxes.

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

Offsetting of deferred tax assets and deferred tax liabilities only takes place if a formal right to offset exists, in connection with the taxation of profits which is levied by the same tax authority and the company has the intention to settle the deferred taxes at the same time. Deferred taxes are recognised at nominal value.

Lease

The assets of which the company or its subsidiaries has the economic ownership by virtue of a lease agreement are classified as financial lease. The company or its subsidiaries have the economic ownership if practically all of the risks and benefits connected to ownership have been transferred to the company or its subsidiaries. Contracts whereby the economic ownership is in the hands of third parties are classified as operational lease. The economic reality (and not the form of the contract) is leading for the classification of lease agreements as operational or financial 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 Standards for the Remuneration of Senior Officials in the Public and Semi-Public Sector (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.

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 (with regard to net revenue, profit for the year and total assets, the share of these activities is more than 90%) and consist of management, maintenance and modernisation of the regional gas and electricity grid over which the supplier delivers gas or electricity to consumers at home or to businesses.

The segments classified as 'Other' concern the activities of Fudura B.V. and Enexis Vastgoed B.V. 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 Vastgoed [Real Estate] leases own properties.

| amounts in millions of euros | Enexis regulated | | Other | | Normalisation and eliminations | | Enexis total | |
|---|------------------|---------|-------|-------|--------------------------------|--------|--------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Income statement | | | | | | | | |
| Revenue | 1,291.0 | 1,335.7 | 75.9 | 74.9 | -13.5 | -11.1 | 1,353.4 | 1,399.5 |
| Transmission system services and distribution losses costs | 231.5 | 243.0 | - | - | 0.0 | 0.0 | 231.5 | 243.0 |
| Other operating income | 20.1 | 21.6 | 3.0 | 2.9 | -3.7 | -4.4 | 19.4 | 20.2 |
| Balance available for operating activities | 1,079.6 | 1,114.3 | 78.8 | 77.8 | -17.2 | -15.6 | 1,141.3 | 1,176.7 |
| Operating expenses | 711.3 | 707.0 | 50.5 | 46.6 | -14.0 | -10.2 | 747.9 | 743.4 |
| Operating profit | 368.3 | 407.3 | 28.3 | 31.3 | -3.2 | -5.3 | 393.4 | 433.3 |
| Share of result of associates and joint ventures | 1.4 | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 1.4 | 1.3 |
| Financial income and expenses | -75.9 | -75.0 | -3.5 | -4.0 | -13.7 | 0.0 | -93.0 | -79.0 |
| Profit for the year | 217.1 | 249.1 | 18.7 | 20.4 | -12.7 | -4.0 | 223.1 | 265.5 |
| Assets and liabilities | | | | | | | | |
| Total assets | 7,066.3 | 6,377.2 | 178.7 | 181.1 | -165.6 | -141.3 | 7,079.4 | 6,417.0 |
| Non-consolidated associates and joint ventures | 12.6 | 12.5 | 0.0 | 0.0 | 0.0 | 0.0 | 12.6 | 12.5 |
| Liabilities (provisions and debts) | 3,477.1 | 2,880.8 | 112.1 | 115.8 | -117.7 | -96.3 | 3,471.6 | 2,900.3 |
| Others | | | | | | | | |
| Investments in property, plant, equipment and intangible assets | 487.4 | 450.2 | 11.2 | 11.5 | 0.0 | 0.0 | 498.6 | 461.7 |
| Number of employees at year-end (FTE) | 3,968.1 | 3,984.5 | 180.3 | 176.1 | 0.0 | 0.0 | 4,148.4 | 4,160.6 |



Costs and revenues charged between the segments and receivables, payables and current-account positions between the segments have been eliminated. In the segmentation overview, these costs and revenues are recognised under normalisations and eliminations. The eliminated costs and revenues mainly concern services provided by the INFRA department for Fudura B.V. and accommodation expenses charged by Enexis Vastgoed B.V.

Exceptional items per segment

Enexis reports the normalised results per segment internally. This normalisation takes place based on the items as included in note 10 Exceptional items. The exceptional items in 2015 can be divided over the segments as follows:

| amounts in millions of euros | Regulated activities | Other | Total 2015 |
|---|----------------------|------------|-------------|
| Accelerated depreciation conventional meters | 6.0 | - | 6.0 |
| Additional financial expenses in connection with termination of perpetual loan. | 13.7 | - | 13.7 |
| Acquisition and unbundling costs | 7.4 | - | 7.4 |
| No depreciation takes place on assets held for sale | -10.2 | - | -10.2 |
| Total | 16.9 | 0.0 | 16.9 |

The exceptional items in 2014 were divided over the segments as follows:

| amounts in millions of euros | Regulated activities | Other | Total 2014 |
|---------------------------------|----------------------|------------|------------|
| Impairment/Write-off of debtors | 5.3 | - | 5.3 |
| Total | 5.3 | 0.0 | 5.3 |

4. Business Combinations

Endinet

An agreement was signed with Alliander N.V. on 27 July 2015 to acquire Endinet Groep B.V. on 1 January 2016. For the acquisition on 1 January 2016, reference is made to the events after the balance sheet date.

As a grid operator, Endinet B.V. is responsible for the gas and electricity grid in part of the Eindhoven and part of the South-East Brabant region. Enexis acquired full control over Endinet Groep B.V. on 1 January 2016, after which Endinet Groep B.V. will be consolidated in the group figures. 241 employees have been welcomed as new colleagues.

The acquisition of Endinet Groep B.V. forms part of an exchange transaction whereby assets and liabilities in Friesland and the Noordoostpolder (i.e. the municipality Noordoostpolder and Urk; furthermore in the financial statements referred to as Noordoostpolder) were transferred to Alliander N.V. As a result of this transfer, 123 employees have left our company and have entered the employment of Alliander.

The acquisition price amounted to EUR 691.8 million, consisting of EUR 355.7 million in cash and EUR 336.1 million in the sales value of the assets transferred during the transaction.



The fair value of Endinet Groep B.V. has been determined provisionally and can be specified as follows:

| amounts in millions of euros | 2015 |
|---|--------------|
| Property, plant and equipment and intangible assets | 675.2 |
| Financial assets | 0.1 |
| Current assets | 6.3 |
| Total acquired assets | 681.6 |
| Trade and other payables | |
| Deferred corporate income tax liabilities | 85.4 |
| Total acquired liabilities | 85.4 |
| Fair value net assets | 596.2 |
| Purchase price of acquisition | 691.8 |
| Goodwill | 95.6 |

The tangible and intangible fixed assets concern approximately 398,000 gas and 108,000 electricity connections and concern grid sections, connections, meters and other assets.

The amount of current assets concerns mainly debtors for the regular operating activities after the deduction of a provision for the estimated collectability of doubtful debts.

Deferred taxes pertain to the differences between the commercial and fiscal valuation of the assets.

The goodwill of EUR 95.6 million can be specified as follows:

| amounts in millions of euros | 2015 |
|---|-------------|
| Expected synergy benefits | 54.9 |
| Deferred corporate income tax on the assets allocated to the identified additional acquisition price (step-up); | 46.4 |
| Others | -5.7 |
| Goodwill | 95.6 |

For possible off-balance sheet liabilities of Endinet as well as any indemnifications in connection therewith, if applicable and insofar as relevant, reference is made to note 35. Events after the balance sheet date.

The expenses that have been made for the acquisition of Endinet Groep B.V. amounted to EUR 3.6 million of which EUR 2.5 million has been recognised in the income statement of 2015 and EUR 1.1 million in 2014.

The assets and liabilities in Friesland and the Noordoostpolder that were transferred in this exchange transaction concern approximately 223,000 gas and 79,000 electricity connections and grid sections, connections, meters and other assets. The sales price was determined at EUR 336.1 million.



The value of the assets and liabilities to be transferred to Alliander amounts to EUR 322.4 million and can be specified as follows:

| amounts in millions of euros | 2015 |
|--|--------------|
| Sales price | 336.1 |
| Property, plant and equipment and intangible assets | 367.6 |
| Inventories | 0.2 |
| Total assets to transfer | 367.8 |
| Provisions | 1.8 |
| Advance contributions | 25.1 |
| Deferred corporate income tax | 17.9 |
| Trade and other payables | 0.6 |
| Total liabilities to transfer | 45.4 |
| Value of to be transferred assets minus liabilities | 322.4 |
| Transaction result | 13.7 |
| Goodwill attributable to sale | 2.1 |
| Result of sale | 11.6 |

In the determination of the value to be attributed to the Noordoostpolder, based on pipe lengths and number of connections, allocation keys were used of on average 1.51% of the total value of Enexis B.V. with the assumption that the assets of the grid section of Noordoostpolder are a reflection of the whole grid of Enexis B.V. The sensitivity of the allocation keys used for this is EUR 500,000 in the event of a deviation of 1/100 percentage point.

The to be recorded assets and liabilities were presented as assets and liabilities held for sale in the year-end balance sheet 2015. The goodwill attributed to the acquisition and the sale does not form part of the transaction and is deducted from the sale result. The sale result will be recognised in the income statement 2016 as an exceptional result.

No further depreciation charges have been levied on the tangible fixed assets held for sale and the amounts related to this as from the General Agreement [Overeenkomst op Hoofdlijnen (OOH)] concluded between parties on 24 March 2015. Up to and including December 2015, this amounts to an expense item of EUR 10.2 million; therefore, the result before taxes has been influenced positively. The expenses attributed to the sale amounted to EUR 5.4 million of which EUR 5.0 million has been recognised in the income statement of 2015 and EUR 0.4 million in 2014.

Cogas Meetbedrijf B.V.

An agreement was signed with grid operator Cogas B.V. on 1 June 2015 to acquire Cogas Meetbedrijf B.V.

Cogas Meetbedrijf B.V. is responsible for metering services and as such active nationwide on the commercial market for the metering activities for high-volume consumers of electricity, gas and heating. Enexis acquired full control over Cogas Meetbedrijf B.V. on 1 June 2015, after which Cogas Meetbedrijf B.V. was consolidated in the group figures. Eleven employees have been welcomed as new colleagues.



The acquisition price amounted to EUR 2.4 million which was paid completely in cash. The fair value of Cogas Meetbedrijf B.V. amounted to EUR 2.4 million at the time of the acquisition and can be specified as follows:

| amounts in millions of euros | 2015 |
|---|------------|
| Property, plant and equipment and intangible assets | 4.6 |
| Current assets | 0.5 |
| Total acquired assets | 5.1 |
| Deferred corporate income tax | 2.5 |
| Trade and other payables | 0.2 |
| Total acquired liabilities | 2.7 |
| Fair value of net assets | 2.4 |
| Purchase price of acquisition | 2.4 |
| Goodwill | 0.0 |

The tangible and intangible fixed assets concern approximately 1,800 metering systems. The amount of current assets concerns debtors in connection with the regular operating activities after the deduction of a provision for doubtful debts. The non-current liabilities concern deferred taxes in connection with differences between the commercial and the fiscal valuation of the assets. Current liabilities concern trade payables, valued at fair value, resulting from regular operational activities.

The costs that were incurred for the acquisition of Cogas Meetbedrijf B.V. amounted to EUR 44 thousand and were recognised in the 2015 income statement.

Cogas Meetbedrijf B.V. entered into a legal merger with Fudura B.V. on 1 October 2015 after which the activities were fully integrated into Fudura B.V.

Metsens B.V.

Reference is made to other information, events after the balance sheet date.

Notes to the consolidated financial statements

1. Net revenue

| amounts in millions of euros | 2015 | 2014 |
|--|----------------|----------------|
| Transmission fees electricity current year | 771.0 | 795.0 |
| Periodic connection fees electricity | 92.5 | 103.2 |
| Transmission fees gas current year | 230.2 | 248.7 |
| Periodic connection fees gas | 37.5 | 40.2 |
| Adjustments of transmission fees of previous years | 2.5 | 2.1 |
| Metering services | 130.7 | 119.5 |
| Other products and services sold | 89.0 | 90.8 |
| Total | 1,353.4 | 1,399.5 |

Total revenue increased by EUR 46.1 million in 2015 compared to 2014. This decrease can be attributed practically completely to the changed regulated tariffs.

The decrease in revenue of EUR 24.0 million in the electricity transmission fees and the decrease in revenue of EUR 10.7 million in the periodic electricity connection fees were both completely caused by lower tariffs in 2015. The total decrease in revenue of 3.5% can be attributed for 3.8% to lower tariffs and for 0.3% to volume growth.

Revenues from gas transmission and gas connections declined together by EUR 21.2 million mainly due to tariff effects. The tariffs for the gas transmission service and gas connection service decreased by 6.8% in relation to a total decrease in revenue of 7.3%.

The increase in revenue from the metering services of EUR 11.2 million was practically completely due to applying the maximum meter rental charges. Maximum tariffs were not yet charged in the year 2014 and previous years. Together with the above items, meter rental is part of the total amount invoiced to consumers.

2. Transmission- and systemservices and distribution losses costs

| amounts in millions of euros | 2015 | 2014 |
|----------------------------------|--------------|--------------|
| Transmission- and systemservices | 166.9 | 154.3 |
| Distribution losses | 64.6 | 88.7 |
| Total | 231.5 | 243.0 |

The costs of transmission- and systemservices increased in 2015 by EUR 12.6 million. This increase was caused by higher purchasing costs at TenneT and are the result of an increase in tariffs (EUR 14.2) which was offset to some extent by a lower volume (EUR 1.6 million).

Distribution losses decreased by EUR 24.1 million compared to 2014. This is due to lower costs for grid losses that occur due to effects in the allocation and reallocation process. The allocation effect amounted to EUR 9.5 million positive. The reconciliation effect – which arises from the subsequent settlement of the differences between the expected electricity consumption of customers and their actual consumption – resulted in a positive settlement of EUR 14.4 million compared to 2014.

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 of the calendar year in question is finalised. Based on estimates, Enexis tries to estimate the final reconciliation as accurately as possible.

3. Other operating income

| amounts in millions of euros | 2015 | 2014 |
|--|-------------|-------------|
| Amortised contributions to investments for installation of grids and new connections | 15.1 | 13.6 |
| Subsidies and refunds received | 0.9 | 1.5 |
| Proceeds from sale of assets | 0.0 | 0.4 |
| Rental income buildings | 0.9 | 1.6 |
| Other | 2.5 | 3.1 |
| Total | 19.4 | 20.2 |

Other operating income decreased by EUR 0.8 million in 2015. This is mainly due to lower received subsidies and refunds, as well as lower rental income, compensated by an increase of the amortised contributions. The revenues under other decreased due to non-recurrent compensations of costs that were received from the lease company in 2014.

4. Employee benefits expense

| amounts in millions of euros | 2015 | 2014 |
|--|--------------|--------------|
| Salaries | 241.8 | 236.1 |
| Social security contributions | 28.7 | 28.8 |
| Pension costs | 32.8 | 35.8 |
| Outside staff | 55.2 | 47.6 |
| Allocation to provisions for employee benefits | 2.9 | 2.9 |
| Other | 31.4 | 30.6 |
| Less: own production capitalised | -106.0 | -105.0 |
| Total | 286.8 | 276.8 |

The development of the workforce in 2015 can be specified as follows:

| | 2015 | 2014 |
|--|--------------|--------------|
| Own staff with permanent employment | 4,148 | 4,161 |
| Outside staff with a temporary employment | 618 | 558 |
| Total FTE at year-end | 4,766 | 4,719 |
| Average number of own staff | 4,183 | 4,160 |
| Average number of outside staff | 624 | 514 |
| Total average number of staff in the year | 4,807 | 4,674 |

Total employee benefits expenses rose by EUR 10.0 million to EUR 286.8 million due to a regular Collective Labour Agreement increase of the wage costs (EUR 5.7 million), which was offset by a decrease of EUR 3.1 million of the social security contributions and pension costs for our own employees. The costs of outside staff contributed an amount of EUR 7.6 million to the increase in employee benefits expenses.

The costs of outside staff increased due to an increase in the number of hired external employees during the year, which was mainly caused by an increase in the number of hired external employees who were employed in a number of projects in the departments Customer & Market and INFRA.

5. Depreciation and decommissioning

| amounts in millions of euros | 2015 | 2014 |
|---|--------------|--------------|
| Depreciation of property, plant and equipment | 257.2 | 257.6 |
| Depreciation of intangible assets | 26.6 | 32.1 |
| Decommissioning | 17.1 | 20.4 |
| Total | 300.9 | 310.1 |

No further depreciation charges have been levied on the property, plant and equipment held for sale and the amounts related to this as from the General Agreement [Overeenkomst op Hoofdlijnen (OOH)] concluded between Alliander and Enexis on 24 March 2015. As a result, the depreciation of property, plant and equipment is EUR 10.2 million lower up to and including December 2015. On the other hand, depreciation charges increased by EUR 6.0 million due to a change in estimates for the total useful life of the conventional meters and EUR 3.7 million due to higher regular depreciation. This was due to the large-scale offering and installation of the smart meter based on the final roll-out planning for the period 2015-2020.

The lower depreciation on intangible fixed assets were a consequence of the end of the depreciation period of software systems. The investments that were included in the depreciation for the first time this year were lower than the investments in previous years – which were mainly made as preparation for the introduction of the new market model – which were fully depreciated at the end of last year.

The decommissioning mainly concerned cables and pipelines for an amount of EUR 10.5 million (2014: EUR 11.3 million) and electricity and gas meters for an amount of EUR 3.7 million (2014: EUR 3.4 million).

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

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|--------------|--------------|
| Work contracted out | 55.0 | 61.7 |
| Materials | 21.6 | 15.6 |
| Other external expenses | 64.2 | 55.3 |
| Total | 140.8 | 132.6 |

The cost of work contract out decreased in 2015 by EUR 6.7 million to EUR 55.0 million. This decrease is due to structural savings by constantly steering on efficiency and process improvements.

The material costs increased by EUR 6.0 million to EUR 21.6 million in connection with more material use for maintenance activities.

Other external expenses increased by EUR 8.9 million to EUR 64.2 million. This increase is mainly due to higher costs that were incurred for sustainability projects, improvement projects, activities in connection with the sale of the assets and liabilities of Friesland and the Noordoostpolder, and the acquisition of Endinet Groep B.V.

6a. Auditor's fees

EY charged costs for work that was carried out in 2015 in connection with the assurance statement over 2014 that were not related to legal obligations, following from the financial statements. PwC charged costs for the regular audit activities that were carried out in 2015.

| amounts in millions of euros | 2015 | 2014 |
|--|------------|------------|
| Fees for the audit of the financial statements | 0.4 | 0.4 |
| Fees charged for other audit assignments | 0.1 | 0.1 |
| Total | 0.5 | 0.5 |

7. Other operating expenses

| amounts in millions of euros | 2015 | 2014 |
|---------------------------------------|-------------|-------------|
| Allocated to/released from provisions | 1.3 | 9.8 |
| Other | 18.1 | 14.1 |
| Total | 19.4 | 23.9 |

Other operating expenses decreased in 2015 by EUR 4.5 million to EUR 19.4 million. This decrease was due to lower costs for allocations to (or any releases of) provisions which were largely offset by an increase in other expenses.

The allocation to the provision for doubtful debts decreased by EUR 6.8 million. For EUR 5.3 million, this was due to the extra allocation in 2014 due to a change in the calculation method of the provision in that year. In addition, the provision decreased due to more targeted fraud invoicing.

Other operating expenses increased mainly due to compensation payments for damages suffered in connection with electricity interruptions (EUR 0.6 million) and taxes (EUR 1.9 million).

8. Share of results of associates and joint ventures

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|------------|------------|
| ZEBRA Gasnetwerk B.V. | 1.4 | 1.3 |
| Total | 1.4 | 1.3 |

For a more detailed explanation of the results and book values of the associates and joint ventures and the dividends received, reference is made to note 14. Associates and joint ventures.

9. Financial income and expenses

| amounts in millions of euros | 2015 | 2014 |
|--------------------------------------|--------------|--------------|
| Financial income | 4.5 | 4.3 |
| Total financial income | 4.5 | 4.3 |
| Interest added to provisions | 1.2 | 1.8 |
| Other financial expenses | 96.3 | 81.5 |
| Total financial expenses | 97.5 | 83.3 |
| Financial income and expenses | -93.0 | -79.0 |

The negative balance of financial income and expenses amounted to EUR 93.0 million in 2015 and has thus deteriorated by EUR 14.0 million compared to 2014.

The increase in financial expenses amounted to EUR 14.2 million and can mainly be attributed to the termination of the agreement regarding the perpetual loan and the new obligation that arose as a result of the settlement agreements that were signed with the providers of the perpetual loan (EUR 13.7 million) in December 2015 and the interest expenses in connection with the issue of a bond loan of EUR 500.0 million under the EMTN programme (EUR 1.6 million) in October 2015. For more detailed information, reference is made to note 23. Interest-bearing liabilities (non-current).

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 lower limit 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 | 2015 | 2014 |
|--|--------------|--------------|
| Profit before tax (including exceptional items) | 301.8 | 355.6 |
| Changes in method for determining provision non-recoverable debts | - | 5.3 |
| Accelerated depreciation conventional meters | 6.0 | - |
| Additional financial expenses in connection with termination of perpetual loan | 13.7 | - |
| Acquisition and unbundling costs | 7.4 | - |
| No depreciation takes place on assets held for sale | -10.2 | - |
| Total exceptional items | 16.9 | 5.3 |
| Profit before tax (excluding exceptional items) | 318.7 | 360.9 |

2015

An estimate change took place in 2015 for the total useful life of the conventional meters. Due to the large-scale offering and installation of the smart meter, EUR 6.0 million has been depreciated additionally on conventional meters based on the current planning for the period 2015-2020.

The extra financial expense arose due to the early termination of the agreement regarding the perpetual loan and the new obligation due to the settlement agreements entered into with the providers of the perpetual loan.

The costs of the acquisition and unbundling concern the purchase of Endinet Groep B.V. and the operational employee expenses and work performed by third parties attributable to the purchase and sale of assets and liabilities in Friesland/Noordoostpolder.

The terminated depreciation of assets held for sale pertain to the grid sections of Enexis in Friesland and Noordoostpolder that were transferred on 1 January 2016 by means of the sale.

2014

In order to mitigate possible risks in the future, Enexis increased the provision for doubtful debts in 2014 taking into account the updated collection percentages. The change in the methodology was qualified as an extraordinary item due to the incidental nature of the item.

The effect of the above items on the profit before tax is as follows:

| amounts in millions of euros | 2015 | 2014 |
|--|--------------|--------------|
| Profit for the year (including exceptional items) | 223.1 | 265.5 |
| Total exceptional items | 16.9 | 5.3 |
| Tax on exceptional items | -4.2 | -1.3 |
| Profit for the year (excluding exceptional items) | 235.8 | 269.5 |

11. Corporate income tax

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. are part of the tax entity for corporate income tax.

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 % | 2015 | 2014 |
|--|--------------|--------------|
| Nominal statutory corporate income tax rate in the Netherlands | 25.00 | 25.00 |
| Exempt from corporate income tax and prior-year settlements | 1.08 | 0.34 |
| Effective tax rate for current year ¹⁾ | 26.08 | 25.34 |

1. Total taxes as a percentage of results before taxation

| amounts in millions of euros | 2015 | 2014 |
|--|--------------|--------------|
| Profit before tax | 301.8 | 355.6 |
| Exempt income and prior-year settlements | -1.9 | -1.2 |
| Taxable profit | 303.7 | 356.8 |
| Tax on current year | 75.9 | 89.3 |
| Adjustment preceding year | 2.8 | 0.8 |
| Total taxes | 78.7 | 90.1 |
| Of which deferred | 21.8 | -7.0 |
| Current portion | 56.9 | 97.1 |

The balance of the non-taxable results and non-deductible expenses can be specified as follows:

| amounts in millions of euros | 2015 | 2014 |
|---|-------------|-------------|
| Share of result of associates | 1.4 | 1.3 |
| Non-taxable part of taxed salaries or limited deduction of mixed expenses | -0.9 | -0.9 |
| Acquisition costs | -2.4 | -1.6 |
| Total | -1.9 | -1.2 |

The correction of the corporate income tax of the previous year (EUR 2.8 million) pertains to an item that has to be settled with Essent N.V. resulting from the period before the unbundling.

12. Property, plant and equipment

The changes in property, plant and equipment in 2015 are as follows:

| amounts in millions of euros | Land and Buildings | Cables, pipelines and equipment | Other non-current assets | Work in progress | Total 2015 |
|--|--------------------|---------------------------------|--------------------------|------------------|-----------------|
| Cost at 1 January 2015 | 658.1 | 10,646.3 | 214.7 | 145.8 | 11,664.9 |
| Accumulated depreciation at 1 January 2015 | 312.0 | 5,304.0 | 164.3 | - | 5,780.3 |
| Carrying amount at 1 January 2015 | 346.1 | 5,342.3 | 50.4 | 145.8 | 5,884.6 |
| Reclassified work in progress | 10.0 | 115.2 | -1.0 | -124.2 | 0.0 |
| Acquired through acquisition | 0.0 | 4.3 | 0.0 | 0.0 | 4.3 |
| Investments ¹⁾ | 8.9 | 316.7 | 9.7 | 134.8 | 470.1 |
| Depreciated | -11.9 | -233.2 | -12.1 | - | -257.2 |
| Decommissioning | -0.5 | -16.0 | 0.0 | 0.0 | -16.5 |
| Held for sale | -15.5 | -346.8 | -0.5 | -5.1 | -367.9 |
| Carrying amount at 31 December 2015 | 337.1 | 5,182.5 | 46.5 | 151.3 | 5,717.4 |
| Accumulated depreciation at 31 December 2015 | 304.3 | 5,225.8 | 168.9 | - | 5,699.0 |
| Cost at 31 December 2015 | 641.4 | 10,408.3 | 215.4 | 151.3 | 11,416.4 |

1. In 2015 EUR 1.1 million (2014: EUR 1.1 million) construction interest was capitalised and recorded as financial income. This was calculated with an interest rate of 4.35% (2014: 4.37%).

The comparative overview for 2014 is 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 | 638.6 | 10,344.1 | 208.6 | 171.5 | 11,362.8 |
| Accumulated depreciation at 1 January 2014 | 299.8 | 5,176.4 | 157.6 | - | 5,633.8 |
| Carrying amount at 1 January 2014 | 338.8 | 5,167.7 | 51.0 | 171.5 | 5,729.0 |
| Reclassified | 0.3 | -0.3 | 0.0 | 0.0 | 0.0 |
| Reclassified work in progress | 7.5 | 128.1 | 2.9 | -138.4 | 0.1 |
| Investments | 12.0 | 295.3 | 12.9 | 112.7 | 432.9 |
| Depreciated | -12.2 | -232.3 | -13.1 | - | -257.6 |
| Decommissioning | -0.3 | -16.2 | -3.3 | 0.0 | -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 | 5,304.0 | 164.3 | - | 5,780.3 |
| Cost at 31 December 2014 | 658.1 | 10,646.3 | 214.7 | 145.8 | 11,664.9 |

At the same time as the purchase of Endinet Groep B.V., assets of Enexis in Friesland and in the Noordoostpolder will be transferred to Alliander N.V. on 1 January 2016. The property, plant and equipment consisting of grid sections, connections, meters and other assets and concerning approximately 223,000 gas and 79,000 electricity connections have been classified as held for sale at year-end 2015.

The acquisition concerns the purchase of Cogas Meetdiensten B.V.

The depreciation of property, plant and equipment decreased compared to 2014 by EUR 10.2 million due to the termination of the depreciation of assets in Friesland and the Noordoostpolder due to the sale. This decrease was offset for EUR 6.0 by higher additional depreciation charges due to changes in the estimates of the useful life of the conventional meters and for EUR 3.7 million by higher regular depreciation charges.

The decommissioning concerned decommissioned cables, pipelines and electricity and gas meters.

Other fixed assets include company vehicles in finance lease recorded at the net present value of the minimum future lease payments. The book value amounted to EUR 4.7 million at year-end 2015. The divestments mainly concern land that was sold.

Impairments

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 net realisable value is taken as the point of departure. For this purpose, the goodwill that arose from the acquisition of the former Intergas has been attributed to the cash flow generating unit of the gas-related activities.

The net realisable values of the regulated assets (specified in Electricity and Gas) and of the non-regulated assets are determined based on the most recent Long-Term Financial Calculation. This calculation comprises a period of five and ten years. The most important points of departure that are included in this calculation 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 net realisable values 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:

| | Principles regulated assets | Principles non-regulated assets |
|---|----------------------------------|----------------------------------|
| Variables | | |
| Cash-generating units | Electricity and Gas | One cash generating unit |
| Source of financial results in future years | Long term financial calculations | Long term financial calculations |
| Cost debt capital | 4.05% | 3.55% |
| Cost equity | 6.03% | 7.52% |
| Discount rate after taxes | 4.53% | 7.52% |

13. Intangible fixed assets

The changes in intangible fixed assets in 2015 are as follows:

| amounts in millions of euros | Goodwill | Software | Under construction | Total 2015 |
|--|-------------|--------------|--------------------|--------------|
| Cost at 1 January 2015 | 16.9 | 287.3 | 17.9 | 322.1 |
| Accumulated depreciation at 1 January 2015 | - | 214.6 | - | 214.6 |
| Carrying amount at 1 January 2015 | 16.9 | 72.7 | 17.9 | 107.5 |
| Reclassified | - | 11.9 | -11.9 | 0.0 |
| Investments | - | 18.5 | 10.1 | 28.6 |
| Depreciation | - | -26.6 | - | -26.6 |
| Held for sale | -2.1 | - | - | -2.1 |
| Decommissioning | - | -0.6 | - | -0.6 |
| Carrying amount at 31 December 2015 | 14.8 | 75.9 | 16.1 | 106.8 |
| Accumulated depreciation at 31 December 2015 | - | 240.8 | - | 240.8 |
| Cost at 31 December 2015 | 14.8 | 316.7 | 16.1 | 347.6 |

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 2014 is 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 |
| Decommissioning | - | -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 | 287.3 | 17.9 | 322.2 |

The depreciation is lower due to the end of depreciation charges on software systems whereby the investments that were depreciated for the first time this year were lower than the investments that were fully depreciated at the end of the previous year.

Enexis carries out an annual assessment to determine whether there is any impairment of the goodwill. For a more detailed specification of the impairments, reference is made to note 12. Property, plant and equipment.

14. Associates and joint ventures

The associates and joint ventures consist of the following:

| amounts in millions of euros | 2015 | 2014 |
|---------------------------------------|-------------|-------------|
| Associates: | | |
| -Energie Data Services Nederland B.V. | 0.0 | 0.0 |
| -Ziut B.V. | 0.0 | 0.0 |
| -Other associates and foundations | 0.0 | 0.0 |
| Joint ventures: | | |
| -Zebra Gasnetwork B.V. | 12.6 | 12.5 |
| At 31 December | 12.6 | 12.5 |

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 Ziut B.V. have been assessed. Enexis does not see any reason to reverse the earlier impairment.

ZEBRA Gasnetwork 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 shares in EDSN held by TenneT and Gasunie were transferred to the grid operators in 2015 as a result of which the share of Enexis rose by 7% to 23%

Changes in associates and joint ventures were as follows:

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|-------------|-------------|
| At 1 January | 12.5 | 12.4 |
| Purchased | 0.0 | 0.0 |
| Profits for the year | 1.4 | 1.3 |
| Dividends received | -1.3 | -1.2 |
| At 31 December | 12.6 | 12.5 |

Dividends received concern the dividend distribution received from ZEBRA Gasnetwork B.V. over the previous financial year.

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

| amounts in millions of euros | 2015 | 2014 |
|---|-------------|-------------|
| Non-current assets | 23.6 | 24.3 |
| Current assets | 29.1 | 30.7 |
| Non-current liabilities | -21.9 | -22.5 |
| Current liabilities | -18.2 | -20.0 |
| Book value at 31 December | 12.6 | 12.5 |
| Revenue | 33.6 | 32.0 |
| Costs (including financial income and expenses) | -30.5 | -30.0 |
| Profit before tax | 3.1 | 2.0 |
| Corporate income tax expense | -1.7 | -0.7 |
| Profit for the year | 1.4 | 1.3 |

An overview of all of the associates and joint ventures (group companies, joint ventures and other associates) is provided in note 53. Associates and joint ventures. None of the associates and joint ventures is listed on a stock exchange.

15. Other financial fixed assets

Other financial fixed assets consist of the following:

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|------------|-------------|
| Loans and receivables | 9.4 | 10.4 |
| Total | 9.4 | 10.4 |

The changes in financial fixed assets in 2015 are as follows:

| amounts in millions of euros | Loans granted to staff | Other loans | Total 2015 |
|------------------------------|------------------------|-------------|-------------|
| At 1 January 2015 | 1.7 | 8.7 | 10.4 |
| New loans | 0.8 | 1.3 | 2.1 |
| Redemptions | 0.9 | 2.2 | 3.1 |
| At 31 December 2015 | 1.6 | 7.8 | 9.4 |

Other financial fixed assets concern loans provided to EDSN B.V., Ziut B.V., and Mijn Aansluitingen and loans provided to employees in connection with financing arrangements. The average weighted effective interest rate amounted to approximately 3.5% (2014: 3.4%).

The interest rate that is charged for the loans included in other financial fixed assets is higher than the market interest rate at year-end 2015. 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 | 2015 | 2014 |
|------------------------------|-------------|-------------|
| Materials | 16.1 | 17.9 |
| Smart meters in stock | 15.7 | 4.3 |
| Provision for obsolescence | -1.6 | -1.4 |
| Total | 30.2 | 20.8 |

Inventories increased by EUR 9.4 million compared to 2014. The value of the inventories increased by EUR 11.4 million due to keeping a larger number of smart meters in stock. This in order to ensure an uninterrupted progress of the roll-out of smart meters.

The value of the regular inventories, i.e. the inventories not including the smart meters, decreased compared to 2014 by EUR 1.8 million. The decrease of the regular inventories is due to optimization of inventory management. The regular inventories form the basis for the provision for obsolescence.

17. Receivables

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|--------------|--------------|
| Trade receivables | 60.1 | 73.0 |
| Amounts receivable | 114.1 | 120.1 |
| Provision for doubtful debts | -16.7 | -20.5 |
| Total | 157.5 | 172.6 |

Trade receivables decreased mainly due to the decrease of the energy transmission tariffs, a tighter debtor policy and lower fraud invoicing.

The still to be received amounts concern for an amount of EUR 34.6 million (2014: EUR 39.1 million) the monthly estimate of transmission payments to high-volume energy consumers and for EUR 73.6 million (2014: EUR 77.2 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 2015 (in comparison to the 2014 figures):

| amounts in millions of euros | 2015 | | | 2014 |
|------------------------------|-------------|--------------|-------------|-------------|
| | Net | Provision | Gross | Gross |
| Not past due | 24.7 | 0.0 | 24.7 | 26.3 |
| 0-30 days past due | 9.5 | -0.2 | 9.7 | 16.3 |
| 31-60 days past due | 1.9 | -0.3 | 2.2 | 1.7 |
| 61-90 days past due | 1.0 | -0.2 | 1.2 | 1.0 |
| 91-365 days past due | 2.9 | -3.1 | 6.0 | 9.5 |
| Over 365 days past due | 3.4 | -12.9 | 16.3 | 18.2 |
| Total | 43.4 | -16.7 | 60.1 | 73.0 |

The collectability of the trade debtors was assessed, depending on the customer profile, individually or as a group based on a risk estimate by the management. A change took place in 2014 in the method for the determination of the provision for non-collectable debts as a result of which an extra allocation of EUR 5.3 million has taken place in that year.

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

| amounts in millions of euros | 2015 | 2014 |
|-----------------------------------|--------------|--------------|
| At 1 January | -20.5 | -16.4 |
| Allocation through profit or loss | -4.0 | -10.7 |
| Write-offs | 8.6 | 7.4 |
| Reversals of earlier write-offs | -0.8 | -0.8 |
| At 31 december | -16.7 | -20.5 |

18. Corporate income tax

The debit position of the corporate income tax was caused by the earlier payment to the tax and customs administration in comparison to the previous year. For a more detailed specification of the corporate income tax expense, reference is made to note 11. Corporate income tax.

19. Other financial assets (current)

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|--------------|--------------|
| Loans with maturity < 1 year | 2.2 | 2.3 |
| Short-term deposits | 120.0 | 110.0 |
| At 31 december | 122.2 | 112.3 |

Surplus cash in 2015 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. All deposits are available on the maturity date. Depending on the degree in which these instruments can be qualified as “liquid” based on the applicable maturities and conditions, an amount of EUR 120.0 million in deposits has been presented as current other financial assets.

The not yet used portion of the bond loan issued in October 2015 was invested in the above manner and will be used in the course of 2016 to refinance loans and to finance operational activities.

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 | 0.13 | 20.0 |
| 0-3 months | 0.13 | 75.0 |
| 3-6 months | 0.17 | 25.0 |
| | 0.14 | 120.0 |

20. Cash and cash equivalents

| amounts in millions of euros | 2015 | 2014 |
|--------------------------------|--------------|-------------|
| Cash at bank and cash balances | 81.0 | 96.3 |
| Cash deposited at notary | 355.7 | - |
| Money Market Funds | 100.0 | 0.0 |
| Total | 536.7 | 96.3 |

The balance of cash and cash equivalents decreased from EUR 96.3 million at year-end 2014 to EUR 81.0 million at year-end 2015. Reference is made to the cash flow statement and the explanatory notes to the cash flow statement as included in note 30 for a specification of the cash flows. Notes to the cash flow statement.

The balance of cash and cash equivalents consists of the balances of the cash pools placed with Rabobank, 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.

By virtue of IAS 32, the cash pools may not be offset against one another and positive and negative bank balances of Group companies cannot be offset against each other. As a consequence, EUR 0.6 million (2014: EUR 13.7 million) of negative bank balances have been presented as current liabilities.

Cash funds in deposit at the notary concern the cash amount that was transferred to the deposit of the notary on 31 December 2015 and which was available for the payment of the purchase price of Endinet Groep B.V. to Alliander N.V. on 1 January 2016.

Surplus cash in 2015 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. All deposits are available on the maturity date. Depending on the degree in which these instruments can be qualified as “liquid” based on the applicable maturities and conditions, an amount of EUR 100.0 million in money market funds has been presented as cash and cash equivalents.

The not yet used portion of the bond loan issued in October 2015 was invested in the above manner and will be used in the course of 2016 to refinance loans and to finance operational activities.

21. Assets held for sale

| amounts in millions of euros | 2015 | 2014 |
|-------------------------------|--------------|----------|
| Property, plant and equipment | 367.9 | - |
| Intangible assets | 2.1 | - |
| Inventories | 0.2 | - |
| Total | 370.2 | - |

Assets held for sale practically all concern the assets of Enexis in Friesland and in the Noordoostpolder which have been transferred to Alliander N.V. on 1 January 2016 with the exchange transaction of Endinet Groep B.V. The transferred assets consist of the following components:

The value of the transferred property, plant and equipment pertains to approximately 223,000 gas and 79,000 electricity connections and concerns grid sections, connections, meters and other assets. In the determination of the value to be attributed to the Noordoostpolder, based on pipe lengths and number of connections, allocation keys were used of on average 1.51% of the total value of Enexis B.V. with the assumption that the assets of the grid section of Noordoostpolder are a reflection of the whole grid of Enexis B.V. The sensitivity of the allocation keys used for this is EUR 500,000 in the event of a deviation of 1/100 percentage point. No further depreciation charges have been levied on the tangible fixed assets held for sale and the amounts related to this as from the General Agreement [Overeenkomst op Hoofdlijnen (OOH)] concluded between parties on 24 March 2015. The positive effect on the result before taxes amounted to EUR 10.2 million.

The intangible fixed assets concern the goodwill attributable to the sale and purchase.

The inventories concern materials that were transferred from the warehouse in Leeuwarden.

In addition to the above transaction, a small amount of this item also pertains to the proposed sale of the Intermediate HS activities by Fudura. At the end of 2015, it was plausible to assume that the activities will be sold within one year; therefore, the assets connected to the HS activities with a value of EUR 0.4 million have been classified as assets held for sale and as from that moment these assets have no longer been depreciated. The effect on the result was nil.

22. 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 nominal value of EUR 149,682,196 have been issued and fully paid up. In the General Meeting of Shareholders of 7 December 2015, approval was granted for the repurchase and sale of the company's own shares and the issue of new shares up to a maximum of EUR 82.2 million. The shares can be repurchased or issued and delivered as repayment for the termination of the perpetual loan of nominal EUR 82.2 million.

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 the phase prior to the issue of the notes (EUR 300.0 million in January 2012) with the aim of hedging the risks arising from the expected future interest payments. The interest rate swaps were settled when the bond loan of EUR 300.0 million was issued under the EMTN programme in 2012 and the loss over the remaining term of the loans recognised in the cash flow hedge reserve up to that date was charged to the result. The change in the hedge reserve amounted to EUR 0.6 million positive (2014: EUR 0.6 million positive).

The result following from the income statement for the financial year 2015 before taxation concerns only realised results. After the deduction of corporate income tax expenses, the realised profit in 2015 amounted to EUR 223.1 million (2014: EUR 265.5 million). It was agreed with shareholders that a maximum of 50% of this net result will be paid out as dividend. In determining the amount of equity, the proposal for profit appropriation was not taken into account. At year-end 2015, the equity amounted to EUR 3,607.7 million (2014: EUR 3,516.7 million). At year-end 2015, the total equity per share amounted to EUR 24.10 (2014: EUR 23.49).

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

23. Interest-bearing liabilities (non-current)

| amounts in millions of euros | 2015 | 2014 |
|---|----------------|----------------|
| Euro Medium Term Notes | 1,288.7 | 793.8 |
| Shareholders' loan with a conversion right to convert into equity (tranche D) | 350.0 | 350.0 |
| Shareholders' loans (tranche C) | 0.0 | 500.0 |
| Non-current part of settlement agreements perpetual loan | 15.6 | 0.0 |
| Perpetual loan | 0.0 | 93.9 |
| Private loan | 3.9 | 4.9 |
| Lease obligations | 2.5 | 4.8 |
| Total | 1,660.7 | 1,747.4 |

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.

For more information on the interest-bearing liabilities (non-current), reference is made to note 31. Financing policy and risks associated with financial instruments.

The shareholders' loan tranche C of EUR 500.0 million will be repaid in accordance with the agreement no later than on 30 September 2016 and has thus been qualified as a current liability.

A third stock-listed bond loan was issued under the EMTN programme in October 2015 for an amount of EUR 500.0 million. The funds taken up from the issue were used for the acquisition of Endinet Groep B.V. and for the funding of operational activities.

The stock-listed bond loans together amount to EUR 1,300.0 million nominal, less the amortised costs related to these loans, thus a value remains of EUR 1,288.7 million.

For the perpetual loan for an amount of EUR 82.2 million nominal, (EUR 93.9 million including compensation for market terms which was received in 2009 at the time of the split-off of Essent), it has been agreed by means of a settlement agreements between Enexis and the providers of the perpetual loan that the nominal amount of the perpetual loan (EUR 82.2 million) will be repaid at the end of 2016. The manner of repayment is in Enexis shares or in cash.

In connection with the repayment, Enexis shares will be repurchased from existing shareholders of Enexis up to the maximum amount that is necessary for the repayment. If insufficient shares have been offered at the end of 2016, repayment in shares will take place in part in later years.

It has further been agreed with the providers of the perpetual loan that they will receive an interest rate supplement during the years 2017 up to and including 2019, which is a compensation for the loss of interest of 9% under the former terms and conditions of the loan. A liability has been recognised in 2015 for this. The interest over 2016 has been recognised as a current liability.

Of the new liability of EUR 107.6 million that has arisen as a result of the settlement agreement signed with the providers of the perpetual loan, EUR 15.6 million has been recognised as a non-current liability and EUR 92.0 has been recognised as a current liability.

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

| amounts in millions of euros | 2015 | | | 2014 | | |
|------------------------------------|----------|-----------|-----------|----------|-----------|-----------|
| | < 1 year | 1-5 years | > 5 years | < 1 year | 1-5 years | > 5 years |
| Nominal lease obligations | 2.3 | 2.5 | 0.0 | 3.3 | 4.8 | 0.0 |
| Present value of lease obligations | 2.3 | 2.5 | 0.0 | 3.3 | 4.7 | 0.0 |

Lease obligations 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.

24. Provisions

The provisions at year-end 2015 can be specified as follows:

| amounts in millions of euros | Service-related benefits | Shorter working hours and special-purpose leave | Ohter employee benefits | Remediation of gas sites | Ohter | Total provisions 2015 |
|----------------------------------|--------------------------|---|-------------------------|--------------------------|------------|-----------------------|
| Obligations at beginning of year | 34.4 | 35.5 | 4.4 | 0.4 | 5.3 | 80.0 |
| Interest | 0.6 | 0.6 | - | - | - | 1.2 |
| Recognised claims in 2015 | 4.3 | 2.7 | 3.5 | 0.0 | 0.0 | 10.5 |
| Liabilities held for sale | -1.2 | -1.2 | - | - | - | -2.4 |
| Released | -3.4 | -4.1 | -0.2 | 0.0 | -2.5 | -10.1 |
| Benefits paid | -2.4 | 0.0 | -2.9 | -0.4 | 0.0 | -5.7 |
| Total | 32.3 | 33.5 | 4.8 | 0.0 | 2.9 | 73.5 |
| Less: current portion | 3.2 | 3.7 | 1.5 | 0.0 | 2.8 | 11.2 |
| Total non-current portion | 29.1 | 29.8 | 3.3 | 0.0 | 0.1 | 62.3 |

With the purchase of Endinet Groep B.V., Enexis's employees, who worked in Friesland and the Noordoostpolder, entered into the employment of Alliander N.V. as of 1 January 2016. The personnel provisions related to these employees with a value of EUR 2.4 million were classified at year-end 2015 as liabilities held for sale.

The current portion of the provisions of EUR 11.2 million (2014: EUR 12.9 million) has been included separately under the current liabilities.

The comparative overview for 2014:

| amounts in millions of euros | Long-service benefits | Shorter working hours and special-purpose leave | Ohter employee benefits | Decontamination of gas sites | Ohter | Total provisions 2014 |
|----------------------------------|-----------------------|---|-------------------------|------------------------------|------------|-----------------------|
| Obligations at beginning of year | 32.0 | 35.1 | 6.7 | 2.0 | 5.4 | 81.2 |
| Interest | 0.9 | 0.9 | - | - | - | 1.8 |
| Recognised claims in 2014 | 4.8 | 3.2 | 0.8 | 0.0 | 0.0 | 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 | 0.0 | -6.9 |
| Total | 34.4 | 35.5 | 4.4 | 0.4 | 5.3 | 80.0 |
| Less: current portion | 2.2 | 3.7 | 1.7 | 0.0 | 5.3 | 12.9 |
| Total non-current portion | 32.2 | 31.8 | 2.7 | 0.4 | 0 | 67.1 |

Estimates of employee-related provisions

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

| | 2015 | 2014 |
|--|------------|-----------|
| Discount rates | 0,03%-2,4% | 0,2%-2,6% |
| Estimated future annual CLA wage increases | 1.2% | 1.2% |
| Company-specific annual periodic indexation | 1.0% | 1.0% |
| Estimate future departure probability | 1.5% | 1.0% |
| Holiday allowance and social security expenses | 14.7% | 14.4% |

Service-related benefits

In accordance with the provisions of the collective labour agreement (CLA), Enexis grants service-related benefits to employees. As from the commencement of the employment, a provision is formed for the service-related 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 remediation of gas sites

This provision relates to the financial risk associated with obligations to remediate sites. This provision was settled in 2015.

Other provisions

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

25. 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 | 2015 | 2014 |
|---|--------------|--------------|
| At 1 January | 601.9 | 549.9 |
| Received during the year | 67.0 | 65.6 |
| Held for sale | -25.1 | 0.0 |
| Depreciated | -15.1 | -13.6 |
| Total | 628.7 | 601.9 |
| Current portion to be amortised in following financial year | 15.1 | 14.2 |
| Total non-current portion | 613.6 | 587.7 |

At the same time as the purchase of Endinet Groep B.V., assets and liabilities of Enexis in Friesland and in the Noordoostpolder were transferred to Alliander N.V. on 1 January 2016. The advance contributions related to these transferred grid sections and connections with a value of EUR 25.1 million were classified as assets held for sale.

26. Deferred corporate income tax

Deferred corporate income tax liabilities mainly relate to differences between the carrying value and the tax basis of tangible fixed assets.

| amounts in millions of euros | 2015 | 2014 |
|---|--------------|--------------|
| Deferred corporate income tax assets for provisions | -8.3 | -9.1 |
| Deferred corporate income tax assets for derivatives | -1.2 | -1.1 |
| Deferred corporate income tax assets for settlement agreements repayment perpetual loan | -3.4 | - |
| Deferred corporate income tax liabilities for property, plant and equipment | 208.0 | 201.3 |
| Total | 195.1 | 191.1 |

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).

With the purchase of Endinet Groep B.V., the assets and liabilities of Enexis in Friesland and in the Noordoostpolder were transferred to Alliander N.V. on 1 January 2016. The deferred taxes related to these transferred assets and liabilities with a value of EUR 17.9 million are classified as liabilities held for sale.

27. Trade and other payables

| amounts in millions of euros | 2015 | 2014 |
|---------------------------------------|--------------|--------------|
| Suppliers | 102.2 | 47.5 |
| Tax and social security contributions | 64.1 | 64.9 |
| Payments to employees | 40.0 | 44.0 |
| Other | 53.0 | 56.5 |
| Total | 259.3 | 212.9 |

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

The trade payables show an increase due to a number of invoices with high amounts concerning transmission- and systemservices costs received in the second half of December 2015.

With the purchase of Endinet Groep B.V., the assets and liabilities of Enexis in Friesland and in the Noordoostpolder were transferred to Alliander N.V. Employee benefits with a value of EUR 0.6 million are classified as liabilities held for sale.

28. Interest-bearing liabilities (current)

| amounts in millions of euros | 2015 | 2014 |
|---|--------------|-------------|
| Shareholders' loan to be repaid in following financial year (tranche C) | 500.0 | - |
| Settlement agreements repayment perpetual loan | 92.0 | 0.0 |
| Loan ZEBRA Gasnetwerk B.V. | 12.0 | 8.0 |
| Private loan | 1.0 | 0.7 |
| Amounts owed to credit institutions | 0.6 | 13.7 |
| Guarantee deposits received | 0.5 | 0.6 |
| Lease obligations | 2.3 | 3.3 |
| Total | 608.4 | 26.3 |

In accordance with contractual agreements with banks, the cash pools may not be offset against one another and positive and negative bank balances of the Group cannot be offset against each other. As a consequence, there is a shift of cash and cash equivalents to current liabilities (amounts owed to credit institutions).

The shareholders' loan tranche C of EUR 500.0 million will be repaid in accordance with the agreement no later than on 30 September 2016 and has thus been qualified as a current liability.

For a detailed explanation of the settlement agreements in connection with the repayment of the perpetual loan, reference is made to note 23. Interest-bearing liabilities (non-current).

In 2015, ZEBRA Gasnetwork B.V. prolonged the existing loan of EUR 8.0 million and Enexis drew down an additional EUR 4.0 million at a variable interest rate of 0.0% applicable at year-end 2015 with a remaining term to 6 January 2016.

29. Liabilities held for sale

The liabilities held for sale concern the liabilities of Enexis in Friesland and in the Noordoostpolder which have been transferred to Alliander N.V. on 1 January 2016 with the exchange transaction of Endinet Groep B.V. The transferred liabilities consist of the following components:

| amounts in millions of euros | 2015 | 2014 |
|---|-------------|----------|
| Advance contributions for the installation of grids and connections | 25.1 | - |
| Non-current provisions | 2.4 | - |
| Deferred corporate income tax | 17.9 | - |
| Trade and other payables | 0.6 | - |
| Total | 46.0 | - |

30. 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 | 2015 | 2014 |
|-------------------------------------|--------------|-------------|
| Cash at bank and cash balances | 536.7 | 96.3 |
| Amounts owed to credit institutions | -0.6 | -13.7 |
| Total | 536.1 | 82.6 |

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 | 2015 | 2014 |
|--|-------------|-------------|
| Corporate income tax expense recognised through profit or loss | 56.9 | 96.8 |
| Corporate income tax paid or received | -114.0 | -80.7 |
| Interest received and paid recognised through profit or loss | 93.0 | 79.0 |
| Interest paid | -90.3 | -79.9 |
| Interest received | 0.8 | 4.3 |
| Working capital before tax and interest | 46.7 | 3.1 |
| Total | -6.9 | 22.6 |

Specification net working capital:

| amounts in millions of euros | 2015 | 2014 | |
|--|---------------|---------------|-------------|
| Inventories ¹⁾ | 30.4 | 20.8 | 9.6 |
| Receivables | 157.5 | 172.6 | -15.1 |
| Subtotal | 187.9 | 193.4 | -5.5 |
| Trade and other payables ¹⁾ | -261.1 | -214.5 | -46.6 |
| Corporate income tax | 16.4 | -40.7 | 57.2 |
| (Current) provisions | -11.2 | -12.9 | 1.8 |
| Subtotal | -255.8 | -268.1 | 12.3 |
| Total¹⁾ | -67.9 | -74.8 | 6.9 |

1. Included amounts held for sale.

31. Financing policy and risks associated with financial instruments

General

The aim of Enexis's debt 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 department'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.

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 interest rates, foreign exchange rates and market prices. Enexis does not hold any financial instruments for trading purposes.

Market risk consists of interest rate risk, foreign exchange rate risk and commodity price risk:

Interest rate risk

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.

The basis for the interest rate risk policy is diversification. By means of diversification in refinancing, financing and maturities of loans, interest rate fixing and interest-typical maturity (fixed or variable), type of loan and possibly geographical diversification over financing markets, availability is ensured and the interest rate risk is reduced.

Within the adopted policy, 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 derivatives in 2015 to hedge interest rate risks.

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 is 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 maturity date | Initial contract period (years) | Remaining period (years) | Interest |
|---|---------------|---------------------------|---------------------------------|--------------------------|----------|
| Shareholder loan (tranche C) | 500.0 | 30 September 2016 | 7.0 | 0.8 | 4.65% |
| Shareholder loan with a conversion right to convert into equity (tranche D) | 350.0 | 30 September 2019 | 10.0 | 3.8 | 7.20% |
| Euro Medium Term Notes 1st issue | 300.0 | 26 Januari 2022 | 10.0 | 6.1 | 3.375% |
| Euro Medium Term Notes 2nd issue | 500.0 | 13 November 2020 | 8.0 | 4.9 | 1.875% |
| Euro Medium Term Notes 3rd issue | 500.0 | 20 Oktober 2023 | 8.0 | 7.8 | 1.500% |
| Settlement agreements perpetual loan | 107.9 | 30 September 2019 | 1.0 | 1.0 | 9.0% |
| Private loan ¹⁾ | 4.9 | several | several | 5.5 | 3.24% |

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

The fair value of the interest-bearing loans amounted to approximately EUR 2,433.6 million at year-end 2015. This fair value for the bond loans is in accordance with the listed price and for the other loans in accordance with the calculation method based on the Euro Utility (A) BFV yield curve on 31 December 2015 (year-end 2014: EUR 2,053.2 million). For the other loans, the values 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, as is the case for the nominal value, has also risen due to the issue of a third bond loan of EUR 500.0 million in October 2015.

The bond loans concerns “level 1” financial instruments. For Enexis, this means that the fair value is based on listed prices in an active market. The other loans 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 unbundling, part of the shareholders’ loans (tranche D) in the amount of EUR 350.0 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 in view of 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 financial covenants.

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

Foreign exchange rate risk

Enexis may be exposed to foreign exchange rate risk when issuing financial instruments and when making purchases in currencies other than the euro. It is Enexis's policy to hedge both the foreign exchange rate risk 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 whether the foreign 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 2015 amounted to zero, which means that foreign exchange rate risks and sensitivity to foreign exchange rate fluctuations were not relevant.

Commodity price risk

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, by 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 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.

Credit risk

The credit risk is the risk of sustaining a loss in the event that a counterparty 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 energy debtors with regard to the to be paid grid payments, the receivables are collected by the energy suppliers who 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.

Liquidity surpluses are invested in securities, at market terms and conditions, at financial institutions and investment funds that are subject to the supervision of a central bank or legally appointed supervisor and at Dutch national or regional grid operators that satisfy the specified minimal rating requirements, or at the Dutch government in securities guaranteed by the Dutch government. In addition, Enexis aims to spread investment risks by observing counterparty limits in combination with minimum rating requirements.

Solvency and Liquidity Risk

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 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 hedge this risk, Enexis also has a committed Revolving Credit Facility (RCF) of EUR 600.0 million. This facility was concluded with a group of eleven banks and has a term of five years, which would end mid-2019. Enexis extend the term of this facility by one year to mid-2020 and has the option to request the banks to extend the term again by one more year in 2016.

Enexis did not make use of the RCF in 2015; however, Enexis retains this facility for any unforeseen liquidity requirements. In order to retain the RCF, Enexis has contractual obligations to the participating banks. In addition to an availability fee, these obligations mainly concern providing information to the banks involved, satisfying the usual financial covenants 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 20.0 million was made available to one of these cash pools and a non-committed credit facility of EUR 10.0 million was made available to the other cash pool.

Enexis had a positive cash balance of EUR 81.0 million at the end of 2015 (2014: EUR 96.3 million) and EUR 355.7 million in cash was held in deposit at the notary for the payment of the purchase price of Endinet Groep B.V. In addition, at year-end 2015, EUR 220.0 million was held in short-term deposits and money market funds (2014: EUR 110.0 million).

Contractual term analysis

The table below shows the contractual and non-discounted cash flows at year-end 2015:

| amounts in millions of euros | < 1 month | < 3 months | 3-12 months | 1-5 years | > 5 years | Total |
|--|--------------|------------|--------------|----------------|--------------|----------------|
| Non-current interest-bearing liabilities | 0.0 | 0.0 | 0.0 | 864.5 | 796.2 | 1,660.7 |
| Trade and other payables | 166.4 | 0.0 | 93.0 | 0.0 | 0.0 | 259.3 |
| Current interest-bearing liabilities | 1.2 | 0.4 | 606.9 | 0.0 | 0.0 | 608.4 |
| Interest on interest-bearing liabilities | 0.0 | 0.0 | 78.9 | 183.4 | 33.4 | 295.7 |
| Total | 167.5 | 0.4 | 778.7 | 1,047.9 | 829.6 | 2,824.2 |

The contractual and non-discounted cash flows at year-end 2014 amounted to:

| amounts in millions of euros | < 1 month | < 3 months | 3-12 months | 1-5 years | > 5 years | Total |
|--|--------------|-------------|--------------|----------------|--------------|----------------|
| Non-current interest-bearing liabilities | 0.0 | 0.0 | 0.0 | 859.7 | 887.7 | 1,747.4 |
| Trade and other payables | 112.3 | 0.0 | 81.2 | 19.3 | 0.0 | 212.8 |
| Current interest-bearing liabilities | 0.3 | 22.9 | 3.1 | 0.0 | 0.0 | 26.3 |
| Interest on interest-bearing liabilities | 0.0 | 0.3 | 76.4 | 236.5 | 65.1 | 378.3 |
| Total | 112.6 | 23.2 | 160.7 | 1,115.5 | 952.8 | 2,364.8 |

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.

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 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 2015 | Actual 2014 |
|--|----------|-------------|-------------|
| FFO- interest cover ¹⁾ | ≥ 3,5 | 8.3 | 8.0 |
| FFO/net interest-bearing liabilities ¹⁾ | ≥ 16% | 30% | 34% |
| Net interest-bearing liabilities / (equity + net interest-bearing liabilities) ¹⁾ | ≤ 60% | 33% | 32% |

1. For definitions, please refer to the glossary.

The credit ratings of Enexis Holding N.V. and Enexis B.V. were reconfirmed in 2015 by both rating agencies. Moody's credit rating remained unchanged at Aa3 with a stable outlook. The credit rating issued by Standard & Poor's (S&P) was maintained at A+ with a stable outlook. The credit ratings at year-end 2015 of Aa3/A+ with a stable outlook more than satisfy Enexis's requirements for maintaining an A rating profile.

By complying with these key ratios and maintaining the current credit rating, the Group amply satisfies its statutory requirements concerning capital ratios and creditworthiness (Besluit financieel beheer netbeheerders – Network 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.

32. 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 2015, 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 1.9 million in 2015 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 2015 amounted

to EUR 1.8 million. Shareholders' loans provided by the shareholders amounted to EUR 943.9 million at year-end 2015 (2014: EUR 943.9 million). Interest payments on these loans in 2015 amounted to EUR 55.8 million (2014: EUR 55.8 million). Dividend payments to shareholders amounted to EUR 132.8 million (2014: EUR 119.5 million).

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

With own associations and participations, sales transactions were concluded amounting to EUR 3.0 million (2014: EUR 4.8 million) and purchase transactions were concluded amounting to EUR 10.0 million (2014: EUR 8.7 million).

The total value of receivables from associates at year-end 2015 amounted to EUR 0.3 million (2014: EUR 0.6 million) and the total amount of trade debts amounted to EUR 0.8 million (2014: EUR 1.0 million).

Loans provided to associates at year-end 2015 amounted to EUR 10.0 million (2014: EUR 11.0 million). Loans received by associates at year-end 2015 amounted to EUR 12.0 million (2014: EUR 8.0 million).

Interest payments in connection with these loans in 2015 amounted to EUR 0.3 million (2014: EUR 0.3 million). Dividends received from associates amounted to EUR 1.3 million (2014: EUR 1.2 million).

Transactions with members of the Executive Board and the Supervisory Board only concern remunerations. For more information, reference is made to note 34. 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 below. For more detailed information, please see note 53. Associates and joint ventures.

| amounts in millions of euros | Registered office | Equity stake held by Enexis Holding N.V. 31 december 2015 | Equity stake held by Enexis Holding N.V. 31 december 2014 |
|--------------------------------------|-------------------|--|--|
| ZEBRA Gasnetwerk B.V. | Bergen op Zoom | 67% | 67% |
| Energie Data Services Nederland B.V. | Arnhem | 23% | 16% |
| Ziut B.V. | Arnhem | 47% | 47% |

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%).

33. Off-balance sheet commitments and assets

Cross-border Lease Developments in 2015

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 terminated voluntarily. 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.

Rent, lease and purchasing obligations

At year-end 2015, through its group companies Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V., Enexis Holding N.V. has entered into purchasing obligations (excluding purchasing materials) for EUR 307,8 million (2014: EUR 285,6 million).

| amounts in millions of euros | 2015 | | | 2014 | | |
|------------------------------------|--------------|--------------|-------------|--------------|--------------|-------------|
| | < 1 year | 1-5 year | > 5 year | < 1 year | 1-5 year | > 5 year |
| Passenger cars (operational lease) | 14.9 | 17.9 | 0.2 | 18.7 | 33.3 | 2.4 |
| Office locations | 14.4 | 21.8 | 9.0 | 12.0 | 14.2 | 5.9 |
| Grid loss | 65.5 | 49.1 | 0.0 | 74.8 | 53.6 | 0.0 |
| ICT | 68.4 | 42.8 | 0.0 | 42.0 | 25.4 | 0.0 |
| Others | 0.3 | 1.3 | 2.2 | 0.3 | 1.0 | 2.0 |
| Total | 163.5 | 132.9 | 11.4 | 147.8 | 127.5 | 10.3 |

Legal proceedings and disputes

Enexis Holding N.V. was involved in several legal proceedings and disputes at year-end 2015, including through its group companies Enexis B.V., Fudura B.V. and Enexis Vastgoed B.V. Based on financial risks, provisions have been formed or liabilities have been recognised in the financial statements for the claims received.

In addition to a claim received earlier in February 2015, Enexis again received a number of claims from customers in January 2016 concerning restitutions of revenues from transmission and connection services in the past. Enexis is disputing these claims and will also fight these claims legally. Also as a consequence of the ACM's decision on 21 October 2015, Enexis was fortified in its opinion that it will not be possible to uphold these claims in court. In order not to further influence the current claim process and future legal proceedings, we will not be providing a further explanation at this point.

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 (2014: EUR 0.2 million).

34. 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] (WNT) came into force on 1 January 2015. As from 1 January 2015, the statutory maximum remuneration by virtue of the WNT for senior officials has been set at 100% of the remuneration of a Minister of State.

The maximum of the WNT in 2015 is an amount of EUR 178,000. This maximum is adjusted annually by means of a Ministerial Order. This was EUR 230,474 in 2014 based on 130% of the remuneration of a Minister of State. A remuneration maximum also applies with regard to senior officials who are supervisors (the chairman and members of the Supervisory Board). The maximum for the members in 2015 is 10% and for the chairman 15% of the applicable remuneration maximum of the WNT. According to the transition right, an excess that has arisen for a senior official is permitted during a transition period.



Remuneration policy senior officials

The WNT is applicable to Enexis B.V. 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 transition right applies to Enexis's senior officials. According to this transition right, the existing remuneration of the members of the Executive Board will be respected up to and including 2018 and it will then be reduced in a period of three years so that the standard of 100% of the remuneration of a Minister of State will have been achieved as of 2022. 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. Enexis complied with this provision of the WNT in 2015.

Remuneration policy other executives who are not senior officials

Members of the Management Team of Enexis are responsible for the management of a business unit and, in that capacity, they are not regarded as senior officials within the meaning of the WNT. The remuneration of the members of the Management Team of Enexis complies – on a voluntary basis – with the WNT framework that came into effect on 1 January 2013. In connection with the lower standard as of 1 January 2015 to 100% of the remuneration of a Minister of State, the remuneration of a number of officials is higher than the reduced WNT standard of EUR 178,000 for 2015.

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

The remuneration of the members of the Executive Board and the Supervisory Board amounted to EUR 0.57 million in 2015 (2014: EUR 0.44 million).

Remuneration Policy for the Executive Board

The remuneration policy for the Executive Board of Enexis Holding N.V. was adopted by the General Meeting of Shareholders on 5 December 2012 and came into effect on 1 January 2013.

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 Pensioenfonds 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. Relevant 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 in accordance with the WNT.

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 provided to members of the Executive Board. Members of the Executive Board are entitled to holiday leave according to the provisions in the collective labour agreement for Grid Companies ENb.

Employment contracts

An employment contract for an indefinite period was entered into with both members of the Executive Board in accordance with the remuneration policy that was adopted at the end of 2012. 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 2015

The table below shows the development of the remuneration of the members of the Executive Board. The table follows the remuneration components as specified in the WNT.

| amounts in euros | 2015 | 2014 |
|---|----------------|----------------|
| M. Blacquière | | |
| Basic salary (including holiday allowance) | 187,340 | 187,340 |
| Allowance pension ¹⁾ | 11,643 | - |
| General expenditure allowance ²⁾ | 14,033 | 10,240 |
| Pension costs ³⁾ | 17,458 | 32,894 |
| Total ⁴⁾ | 230,474 | 230,474 |
| P. Vermaat ⁵⁾ | | |
| Basic salary (including holiday allowance) | 187,340 | 78,058 |
| Allowance pension ⁶⁾ | 11,643 | - |
| General expenditure allowance ⁷⁾ | 14,033 | 4,267 |
| Pension costs ⁸⁾ | 17,458 | 13,706 |
| Total ⁹⁾ | 230,474 | 96,031 |
| Total | 460,948 | 326,505 |

- The amount of EUR 11,643 (EUR 970.20 gross per month) was allocated to Mr Blacquière as of 1 January 2015 in connection with the disadvantages that have arisen as a result of the maximisation the pension accrual for an income in excess of EUR 100,000.
- The allocation of a taxable general expenditure allowance has been determined at EUR 14,033. This is possible in view of the room that has arisen due to lower pension expenses. The pension expenses were in fact lower this year due to lower pension contributions determined by ABP.
- 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.
- The amount presented at total is the amount that can be applied as from 2015 in accordance with the transitional scheme of the WNT for a period of four year. The amount of EUR 230,474 was the maximum WNT norm according to the WNT regulations of 2014.
- Mr Vermaat entered the employment of Enexis as the Chairman of the Executive Board on 1 August 2014.
- The amount of EUR 11,643 (EUR 970.20 gross per month) was allocated to Mr Vermaat as of 1 January 2015 in connection with the disadvantages that have arisen as a result of the maximisation of the pension accrual for an income in excess of EUR 100,000.
- The allocation of a taxable general expenditure allowance has been determined at EUR 14,033. This is possible in view of the room that has arisen due to lower pension expenses. The pension expenses were in fact lower this year due to lower pension contributions determined by ABP.
- 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.
- The amount presented at total is the amount that can be applied as from 2015 in accordance with the transitional scheme of the WNT for a period of four years. The amount of EUR 230,474 was the maximum WNT norm according to the WNT regulations of 2014.

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 the Chairman and EUR 3,300 for the CFO. The social security contributions that the employer is legally obliged to pay (in 2015 EUR 7,095 for both the Chairman and the CFO; in 2014 EUR 2,971 for Chairman and 7,131 for CFO) have not been included in the above table, the social security contributions do not count for the WNT.

Remuneration of the Supervisory Board

The remuneration of the members of the Supervisory Board was adopted in 2008 and 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 remuneration as of July 2015 on an annual basis amounts to: EUR 26,218 for the chairman and EUR 17,764 for members. In addition, the annual committee remuneration as of July 2015 amounts to EUR 5,335 for the chairman and EUR 4,804 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 current remuneration of the Supervisory Board members according to the policy exceeds 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 remuneration maximum of the WNT applies to new appointments and reappointments (see the remuneration for Ms Caubo and Mr Moerland in 2015). The maximum remuneration amount (including committee fees) in 2015 for the members according to the WNT is 10% of EUR 178,000 (EUR 17,800) and for the chairman 15% of EUR 178,000 (EUR 26,700). As a consequence of the changes in the Supervisory Board in accordance with the rotation schedule, the whole Board will receive remuneration in accordance with this new WNT standard in the course of 2016.

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 paid in 2015 | Remuneration-paid in 2014 |
|------------------------------------|----------------------------|----------------------------|------------------------------------|---------------------------|---------------------------|
| D.D.P. Bosscher ¹⁾ | 26,088 | 5,040 | 31,128 | 31,128 | 31,128 |
| M. Calon | 17,676 | 4,776 | 22,452 | 22,452 | 22,269 |
| Mevr. M.E.J. Caubo ²⁾ | 17,734 | 1,439 | 19,173 | 19,173 | 22,269 |
| Mevr. W.M. van Ingen ³⁾ | - | - | 0 | - | 6,103 |
| R. de Jong | 17,674 | 5,312 | 22,986 | 22,986 | 22,790 |
| P. Moerland ⁴⁾ | 17,796 | - | 17,796 | 17,796 | 8,354 |
| Total | 96,968 | 16,567 | 113,535 | 113,535 | 112,913 |

1. Mr Bosscher was the Chairman of the Remuneration and Selection Committee up to 1 July 2015; as from that time, Mr Bosscher is a member of this committee.
2. Ms Caubo was reappointed as a member of the Supervisory Board of Enexis Holding N.V. in April 2015. As from that moment, Ms Caubo's remuneration has been maximised at 10% of EUR 178,000 in accordance with the WNT.
3. Ms van Ingen stepped down as a member of the Supervisory Board of Enexis Holding N.V. on 10 April 2014. The remuneration listed in column 2014 is time proportional.
4. Mr Moreland was appointed as a Supervisory Board member of Enexis Holding N.V. in the General Meeting of Shareholders of 10 April 2014. Mr Moreland was appointed Chairman of the Remuneration and Selection Committee on 1 July 2015. Mr Moerland's remuneration has been maximised at 10% of EUR 178,000 in accordance with the WNT; the remuneration stated 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.

Disclosure by virtue of the WNT

In accordance with the WNT disclosure obligation, the remuneration of regular officials, not being senior officials, is disclosed if the remuneration amounts to more than the applicable WNT remuneration maximum for 2015; the WNT remuneration maximum for 2015 is an amount of EUR 178,000. The disclosure obligation also applies to severance payments exceeding this maximum of EUR 178,000. The publication takes place on the name of the position and is provided in the diagram below.

In accordance with Enexis's policy no officers employed by Enexis in 2015 received a remuneration that was higher than the maximum standard of the former WNT regulations in 2014 (EUR 230,474) based on the assessment criterion.



However, the publication rules proscribe that a paid out bonus is allocated to the year of payment and not to the year to which the bonus pertains. Due to this publication rule, the diagram below shows a higher remuneration than EUR 230,474 for one management team member in 2015 and for two team members in 2014. Because, in line with the WNT regulations for top officials, the bonus scheme for the management team members has been reduced voluntarily as from 2014 (for one management team member as of 2015), these excesses due to a paid out bonus have a one-off character.



| Amounts in euros | Part time-factor | Reward ¹⁾ | Cost-reimbursement ²⁾ | Pension expenses ³⁾ | One-time pension amount 2015 ⁴⁾ | Total 2015 and 2014 (incl. one-off pension amount) ⁵⁾ | One-time bonus amount ⁶⁾ | Total 2015 and 2014 (incl. one-off bonus amount) | |
|---|------------------|----------------------|----------------------------------|--------------------------------|--|--|-------------------------------------|--|------|
| | | | | | | 2014 (incl. one-off pension amount) ⁵⁾ | | 2014 (incl. one-off bonus amount) | |
| Director line Department | 1.0 | 185,894 | - | 17,414 | 27,164 | 230,472 | | 230,472 | 2015 |
| | | 185,822 | 11,992 | 32,613 | | 230,427 | 23,682 | 254,109 | 2014 |
| Director line Department | 1.0 | 155,641 | 8,985 | 16,411 | 43,962 | 224,999 | | 224,999 | 2015 |
| | | 151,732 | 6,047 | 25,337 | | 183,116 | 12,800 | 195,916 | 2014 |
| Director staff Department | 1.0 | 185,309 | | 16,989 | 28,172 | 230,470 | | 230,470 | 2015 |
| | | 185,242 | 12,777 | 30,079 | | 228,098 | | 228,098 | 2014 |
| Director staff Department ⁷⁾ | 1.0 | 172,197 | | 16,989 | 41,284 | 230,470 | | 230,470 | 2015 |
| | | 28,688 | 1,066 | 5,013 | | 34,767 | | 34,767 | 2014 |
| Director line Department | 1.0 | 185,894 | | 17,414 | 27,163 | 230,471 | | 230,471 | 2015 |
| | | 185,334 | 8,951 | 32,252 | | 226,537 | 23,111 | 249,648 | 2014 |
| Director line Department | 1.0 | 169,293 | | 16,209 | 43,877 | 229,379 | | 229,379 | 2015 |
| | | 131,952 | 9,064 | 17,592 | | 158,608 | | 158,608 | 2014 |
| Director staff Department | 1.0 | 169,124 | 3,261 | 16,803 | 39,701 | 228,889 | 14,016 | 242,905 | 2015 |
| | | 138,241 | 11,752 | 23,312 | | 173,305 | 14,346 | 187,651 | 2014 |
| Manager staff Department | 1.0 | 154,907 | 26,538 | 15,885 | 29,827 | 227,157 | | 227,157 | 2015 |
| | | 154,677 | 22,537 | 23,382 | | 200,596 | | 200,596 | 2014 |
| Manager line Department | 1.0 | 143,809 | 21,302 | 15,462 | 21,407 | 201,980 | | 201,980 | 2015 |
| | | 140,002 | 14,309 | 20,309 | | 174,620 | | 174,620 | 2014 |
| Consultant staff Department | 1.0 | 173,112 | 24,996 | 16,472 | 15,859 | 230,439 | | 230,439 | 2015 |
| | | 174,377 | 24,546 | 26,868 | | 225,791 | | 225,791 | 2014 |
| Manager staff Department | 1.0 | 133,657 | 29,500 | 15,282 | 15,974 | 194,413 | | 194,413 | 2015 |
| | | 131,916 | 18,601 | 19,254 | | 169,771 | | 169,771 | 2014 |
| Manager line Department | 1.0 | 146,805 | 21,053 | 15,646 | 26,947 | 210,451 | | 210,451 | 2015 |
| | | 151,210 | 22,640 | 21,385 | | 195,235 | | 195,235 | 2014 |
| Manager staff Department | 1.0 | 171,869 | 25,870 | 16,472 | 16,200 | 230,411 | | 230,411 | 2015 |
| | | 170,913 | 12,389 | 26,868 | | 210,170 | | 210,170 | 2014 |
| Manager line Department | 1.0 | 142,211 | 23,063 | 15,675 | 27,823 | 208,772 | | 208,772 | 2015 |
| | | 142,906 | 8,081 | 22,749 | | 173,736 | | 173,736 | 2014 |
| Consultant staff Department | 1.0 | 194,068 | 15,682 | 16,660 | 4,060 | 230,470 | | 230,470 | 2015 |
| | | 188,802 | 14,089 | 27,581 | | 230,472 | | 230,472 | 2014 |
| Consultant line Department | 1.0 | 159,895 | 12,331 | 16,290 | 41,625 | 230,141 | | 230,141 | 2015 |
| | | 174,202 | 21,523 | 26,868 | | 222,593 | | 222,593 | 2014 |

1. Included in this component 'Remuneration' are the gross salary (including any guaranteed supplement salary), the holiday allowance, the tax addition for the company car and the 'non-recurring budget' (variable remuneration and non-recurring benefits in connection with CLA measures).
2. Included in this component 'General Expenditure Allowance' are the representation expenses allowance, the employer's contributions Zilveren Kruis Achmea and Additional occupational disability pension, budget monthly, budget leave and flex budget.
3. The component 'Pension expenses' concerns the employer's contributions for the pension scheme as charged by the pension fund; the contribution paid by the executive board member has not been included.
4. In connection with the pension accrual ceiling of EUR 100,000, the Executive Board has decided to allocate a compensation to the employees to whom this applies. In principle, the amount is a one-off lump sum payment unless the payment of this amount would result in exceeding the WNT norm applicable as from 2013 (EUR 230,474) or as from 2015 (EUR 178,000), in that case the remainder will be paid in the next year.
5. The column 'Total 2015 and 2014' contains the total amount of the remuneration as specified in the WNT, both for the year 2015 and for the year 2014.
6. In this column are the bonus amounts paid which relate to the preceding year. The total remuneration in the relevant years remains below the old WNT-regime (EUR 230,474), but the diagram shows higher amounts because the publication rules require that these bonus amounts are attributed to the year of payout. The bonus amounts shown are the latest Awards; the employment contracts of all Executive Board members are now voluntarily converted on a voluntary basis and conform fully to the old WNT-regulations; the Board members cannot claim a bonus payment.
7. This official entered the company's employment on 1 November 2014.



Severance payments upon termination of employment

In connection with the termination of employment, a severance payment was paid to a full-time employee in 2015 that exceeded the WNT standard (EUR 178,000). Based on Enexis's Social Plan, this official (team manager) received a severance payment amounting to EUR 301,375.

35. Events after the balance sheet date

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

Company financial statements 2015

Company income statement

| amounts in millions of euros | Notes | 2015 | 2014 |
|--|-------|--------------|--------------|
| Share of result of group companies | 36 | 233.0 | 265.4 |
| Financial income | 37 | 75.7 | 74.1 |
| Financial expenses | 37 | 88.5 | 72.6 |
| Financial income and expenses | | -12.8 | 1.5 |
| Profit before tax | | 220.2 | 266.9 |
| Corporate income tax expense | 38 | -2.9 | 1.4 |
| Profit for the year | | 223.1 | 265.5 |
| Average number of shares during the financial year | | 149,682,196 | 149,682,196 |
| Profit per share ¹⁾ | | 1.49 | 1.77 |

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



Company statement of comprehensive income

amounts in millions of euros

| | 2015 | 2014 |
|---|--------------|--------------|
| Profit for the year | 223.1 | 265.5 |
| Released part of non-realised income through hedge reserve | 0.8 | 0.8 |
| Tax released on non-realised income through equity | -0.2 | -0.2 |
| Total result including non-realised income ¹⁾ | 223.7 | 266.1 |

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

Company balance sheet (before profit appropriation proposal)

| amounts in millions of euros | Notes | 31 December 2015 | 31 December 2014 |
|----------------------------------|-------|------------------|------------------|
| Assets | | | |
| Associates in group companies | 39 | 3,584.4 | 3,491.1 |
| Other financial assets | 40 | 1,240.2 | 1,748.1 |
| Non-current assets | | 4,824.6 | 5,239.2 |
| Receivables | 41 | 202.4 | 115.9 |
| Corporate income tax expense | 42 | 16.5 | - |
| Other financial assets (current) | 43 | 584.1 | 9.1 |
| Cash and cash equivalents | 44 | 470.9 | 60.3 |
| Current assets | | 1,273.9 | 185.3 |
| Total assets | | 6,098.5 | 5,424.5 |

| amounts in millions of euros | Notes | 31 December 2015 | 31 December 2014 |
|--|-------|------------------|------------------|
| Liabilities | | | |
| Issued and paid-up share capital | | 149.7 | 149.7 |
| Share premium reserve | | 2,436.3 | 2,436.3 |
| General reserve | | 802.3 | 669.5 |
| Hedge reserve | | -3.7 | -4.3 |
| Profit for the year | | 223.1 | 265.5 |
| Equity | 45 | 3,607.7 | 3,516.7 |
| Non-current interest-bearing liabilities | 46 | 1,657.6 | 1,647.2 |
| Deferred corporate income tax | 47 | 195.1 | 191.0 |
| Non-current liabilities | | 1,852.7 | 1,838.2 |
| Trade and other payables | 48 | 45.8 | 28.4 |
| Current interest-bearing liabilities | 49 | 592.3 | 0.3 |
| Corporate income tax expense | 50 | - | 40.9 |
| Current liabilities | | 638.1 | 69.6 |
| Total liabilities | | 6,098.5 | 5,424.5 |

Explanatory notes to the company financial statements

Accounting principles

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 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.

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 statements 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 based on the net asset value. Whereby the economic interest is initially valued at fair value 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

36. Share of result of group companies

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|--------------|--------------|
| Enexis B.V. | 214.3 | 244.9 |
| Fudura B.V. | 19.5 | 21.5 |
| Enexis Vastgoed B.V. | -0.8 | -1.0 |
| Total | 233.0 | 265.4 |

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

37. Financial income and expenses

| amounts in millions of euros | 2015 | 2014 |
|--------------------------------------|--------------|-------------|
| Interest received | 75.7 | 74.1 |
| Total financial income | 75.7 | 74.1 |
| Other financial expenses | 88.5 | 72.6 |
| Total financial expenses | 88.5 | 72.6 |
| Financial income and expenses | -12.8 | 1.5 |

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 a part of the bond loans were subsequently lent to Enexis B.V. in full and under the same conditions. The EUR 500.0 million bond loan issued in October 2015 has not subsequently been lent to Enexis B.V.

The increase in financial income of EUR 1.6 million was mainly caused by the negative interest on prepaid corporate income tax over the 2015 result (EUR 1.3 million).

The increase in financial expenses amounted to EUR 15.9 million and can mainly be attributed to the termination of the agreement regarding the perpetual loan and the new obligation that arose as a result of the settlement agreement that was signed with the providers of the perpetual loan (EUR 13.7 million) in December 2015. In addition, the interest expenses increased in connection with the issue of a bond loan of EUR 500.0 million under the EMTN programme in October 2015. For more information, reference is made to note 46. Interest-bearing liabilities (non-current).

38. Corporate income tax expense

| amounts in millions of euros | 2015 | 2014 |
|---|-------------|------------|
| Corporate income tax expense | -2.9 | 1.4 |
| Total corporate income tax expense | -2.9 | 1.4 |

Enexis Holding N.V. is head 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 expense. 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.

39. Associates in group companies

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|----------------|----------------|
| Enexis B.V. | 3,517.9 | 3,425.8 |
| Fudura B.V. | 51.3 | 49.3 |
| Enexis Vastgoed B.V. | 15.2 | 16.0 |
| Total | 3,584.4 | 3,491.1 |

Changes in the associates in group companies were as follows:

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|----------------|----------------|
| At 31 January | 3,491.1 | 3,361.7 |
| Profit for the year | 233.0 | 265.4 |
| Dividends paid | -139.7 | -136.0 |
| At 31 December | 3,584.4 | 3,491.1 |

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

40. Other financial assets

| amounts in millions of euros | 2015 | 2014 |
|----------------------------------|----------------|----------------|
| Loans granted to group companies | 1,233.2 | 1,740.0 |
| Loans granted to associates | 7.0 | 8.1 |
| Total | 1,240.2 | 1,748.1 |

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.

41. Receivables

| amounts in millions of euros | 2015 | 2014 |
|--|--------------|--------------|
| Receivables from group companies | 179.0 | 92.4 |
| Interest receivable from group companies | 23.4 | 23.5 |
| Total | 202.4 | 115.9 |

Receivables from group companies concern for an amount on EUR 93.8 million the settlement of the perpetual loan with Enexis B.V. and for EUR 81.5 million 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 interest receivable relates to the interest to be paid by Enexis B.V.

42. Corporate income tax expense

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|-------------|------------|
| Prepayments | 16.5 | 0.0 |
| Total | 16.5 | 0.0 |

The debit position of the corporate income tax expense was caused by the earlier payment to the tax and customs administration in comparison to the previous year.

For more information, reference is made to note 11. Corporate income tax expense

43. Other financial assets (current)

| amounts in millions of euros | 2015 | 2014 |
|----------------------------------|--------------|------------|
| Loans granted to associates | 2.2 | 2.3 |
| Loans granted to group companies | 506.9 | 6.8 |
| Short-term deposits | 75.0 | - |
| Total | 584.1 | 9.1 |

Loans granted to associates concern loans to EDSN B.V.

Loans granted to group companies concern the current portion of the shareholders' loan which was subsequently lent to Enexis B.V.

Surplus cash in 2015 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. All deposits are available on the maturity date. Depending on the degree in which these instruments can be qualified as "liquid" based on the applicable maturities, an amount of EUR 75.0 million in deposits has been presented as current other financial assets.

The not yet used portion of the bond loan issued in October 2015 was invested in the above manner and will be used in the course of 2016 to refinance loans and to finance operational activities.

44. Cash and cash equivalents

| amounts in millions of euros | 2015 | 2014 |
|--------------------------------|--------------|-------------|
| Cash at bank and cash balances | 15.2 | 60.3 |
| Money Market Funds | 100.0 | - |
| Cash deposited at notary | 355.7 | - |
| Total | 470.9 | 60.3 |

Cash funds in deposit at the notary concern the cash amount that was transferred to the deposit of the notary on 31 December 2015 and which was available for the payment of the purchase price of Endinet Groep B.V. to Alliander N.V. on 1 January 2016.

Surplus cash in 2015 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. All deposits are available on the maturity date. Depending on the degree in which these instruments can be qualified as “liquid” based on the applicable maturities and conditions, an amount of EUR 100.0 million in money market funds has been presented as cash and cash equivalents.

The not yet used portion of the bond loan issued in October 2015 was invested in the above manner and will be used in the course of 2016 to refinance loans and to finance operational activities.

45. 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. For more information, reference is made to note 22. Equity.

46. Interest-bearing liabilities (non-current)

| amounts in millions of euros | 2015 | 2014 |
|---|----------------|----------------|
| Euro Medium Term Notes | 1,288.7 | 793.7 |
| Shareholders' loan with a conversion right to convert into equity (tranche D) | 350.0 | 350.0 |
| Shareholders loan (tranche C) | 0.0 | 500.0 |
| Non-current part of settlement agreements perpetual loan | 15.7 | - |
| Private loans | 3.2 | 3.5 |
| Total | 1,657.6 | 1,647.2 |

Pursuant to the Instructions issued by the Minister of Economic Affairs, in connection with the unbundling, part of the shareholders' loans in the amount of EUR 350.0 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 3.8 years. For the conversion terms of this loan as well as for the information that is of importance for the other loans, reference is made to note 31. Financing policy and risks associated with financial instruments.

A third bond loan was issued under the EMTN programme in October 2015 for an amount of EUR 500.0 million. The funds raised with this issue have been used for the acquisition of Endinet Groep B.V. The not yet used part of the bond loan will be used in the course of 2016 to refinance loans and to finance operational activities.

The stock-listed bond loans together amount to EUR 1,300.0 million nominal, less the amortised costs related to these loans, thus a value remains of EUR 1,288.7 million.

The perpetual loan and the expenses in connection with this loan were transferred from Enexis B.V. to Enexis Holding N.V. in 2015. For more information, reference is made to note 23. Interest-bearing liabilities (non-current).

47. Deferred corporate income tax

| amounts in millions of euros | 2015 | 2014 |
|-------------------------------|--------------|--------------|
| Deferred corporate income tax | 195.1 | 191.0 |
| Total | 195.1 | 191.0 |

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 and the obligation pursuant to the settlement agreement for the repayment of the perpetual loan. As the participations in group companies are settled based on the commercial result, these deferrals are determined on the holding company level and presented as deferred corporate income tax.

48. Trade and other payables

| amounts in millions of euros | 2015 | 2014 |
|---------------------------------|-------------|-------------|
| Interest payable | 25.8 | 24.4 |
| Amounts owed to group companies | 0.1 | 0.1 |
| Other current liabilities | 19.9 | 3.9 |
| Total | 45.8 | 28.4 |

Interest payable relates to the interest due at the end of the year on the loans provided by the shareholders and bonds issued under the Euro Medium Term Notes (EMTN) programme.

49. Interest-bearing liabilities (current)

| amounts in millions of euros | 2015 | 2014 |
|--|--------------|------------|
| Shareholder' loan to be repaid in following financial year (tranche C) | 500.0 | - |
| Settlement agreements repayment perpetual loan | 92.0 | - |
| Private loans | 0.3 | 0.3 |
| Total | 592.3 | 0.3 |

The shareholders' loan tranche C will be repaid in accordance with the agreement no later than on 30 September 2016 and has thus been classified as a current liability. The settlement agreements for the repayment of the perpetual loan were concluded in the name of Enexis Holding with the parties involved and it is expected that this will be repaid in 2016.

For more information on the settlement agreements in connection with the repayment of the perpetual loan, reference is made to note 23. Interest-bearing liabilities (non-current).

50. Corporate income tax expense

| amounts in millions of euros | 2015 | 2014 |
|------------------------------|------------|-------------|
| Amounts payable | - | 40.9 |
| Total | 0.0 | 40.9 |

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 and the payments to the Tax and Customs Administration. Due to an early payment to the Tax and Customs Administration in comparison to last year, a debit position has arisen in corporate income tax. For more information, reference is made to note 11. Corporate income tax expense.

51. 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.

Shareholders' loans provided by shareholders and the settlement agreements amounted to EUR 942.2 million at year-end 2015 (2014: EUR 850.0 million) of which EUR 592.2 million is current. The interest payments on the shareholders' loans and on the perpetual loan, which was transferred from Enexis B.V. to the Holding in 2015, amounted to EUR 67.8 million in 2015 (2014: EUR 48.4 million). Dividend payments to shareholders amounted to EUR 132.8 million (2014: EUR 119.5 million).

Loans provided to group companies at year-end 2015 amounted to EUR 1,740.2 million (2014: EUR 1,746.9 million). Loans provided to associates at year-end 2015 amounted to EUR 9.2 million (2014: EUR 10.4 million).

52. Remuneration of the Executive Board and the Supervisory Board

Remuneration of the Executive Board

For more detailed information, reference is made to note 34. 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

For more detailed information, reference is made to note 34. 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.

53. Associates and joint ventures

| Registered office | Equity stake held by Enexis Holding N.V. | Equity stake held by Enexis Holding N.V. | Structure of division of | Joint and several liability statement | |
|---|--|--|--------------------------|---------------------------------------|----|
| | 31-12-2015 | 31-12-2014 | | | |
| Group companies | | | | | |
| Enexis B.V. | Rosmalen | 100% | 100% | Enexis Holding N.V. | ja |
| Fudura B.V. ¹⁾ | Rosmalen | 100% | 100% | Enexis Holding N.V. | ja |
| Enexis Vastgoed B.V. | Rosmalen | 100% | 100% | Enexis Holding N.V. | ja |
| Aktivabedrijf Enexis Friesland B.V. ²⁾ | Rosmalen | 100% | 100% | Enexis B.V. | ja |
| Other associates en Joint ventures (non-controlling interests) | | | | | |
| ZEBRA Gasnetwerk B.V. ³⁾ | Bergen op Zoom | 67% | 67% | Enexis B.V. | |
| Energie Data Services Nederland B.V. ⁴⁾ | Arnhem | 23% | 16% | Enexis B.V. | |
| Ziut B.V. | Arnhem | 47% | 47% | Fudura B.V. | |
| Entrade Pipe B.V. ³⁾ | Tilburg | 67% | 67% | Zebra Gasnetwerk B.V. | |
| ZEBRA Activa B.V. ³⁾ | Middelburg | 67% | 67% | Zebra Gasnetwerk B.V. | |
| ZEBRA Pijpleiding V.O.F. ³⁾ | Middelburg | 67% | 67% | Entrade Pipe B.V. | |
| Foundations | | | | | |
| Stichting BLEI ⁵⁾ | Oldenzaal | | | | |
| Stichting ELaadNL | Arnhem | | | | |
| Stichting EVnetNL | Arnhem | | | | |
| Stichting Kunstcollectie Essent - Enexis | s-Hertogenbosch | | | | |
| Stichting Mijnaansluiting.nl | Arnhem | | | | |
| Stichting sYnfra | s-Hertogenbosch | | | | |
| Stichting beheer Maastricht CBL Fondsen | Amsterdam | | | | |
| Stichting Senioren Enexis | Rosmalen | | | | |

- Fudura acquired Cogas Meetbedrijf B.V. on 1 June 2015. After the acquisition, the assets and liabilities of this participation were integrated into the administration of Fudura B.V. after which Cogas Meetbedrijf B.V. ceased to exist.
- Prior to the transfer of Activabedrijf Enexis Friesland B.V. to Alliander N.V. on 1 January 2016, the tangible fixed assets and prepaid contributions and other assets and liabilities, with a value of on balance EUR 63.6 million related to the Noordoostpolder were split-off from Enexis B.V. on 31 December 2015 and acquired by Activabedrijf Enexis Friesland B.V.
- Participations are not included in the consolidation because there is no decisive control (decisions require a majority of 75%).
- The shares in EDSN held by TenneT and Gasunie were transferred to the grid operators in 2015 as a result of which the share of Enexis rose by 7%.
- The foundation Stichting Branchesamenwerking Examenproducten Infratechniek (BLEI) was established at the end of 2014 with the aim of standardising study materials and exam products that are used in the training and education of employees in infra technology.

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 net profit, whereby a minimum level of annually EUR 100.0 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 2015 financial year

The income statement was closed with a result of EUR 223.1 million.

The profit appropriation is as follows:

| amounts in millions of euros | 2015 | 2014 |
|-----------------------------------|--------------|--------------|
| Profit for the year | 223.1 | 265.5 |
| Allocation to the general reserve | 111.6 | 132.7 |
| Proposed dividend | 111.5 | 132.8 |

The proposed dividend distribution for 2015 amounts to EUR 0.75 per share (2014: EUR 0.89). This profit appropriation proposal has not been taken into account in the balance sheet as at 31 December 2015.

Independent auditor's report ¹

To: the general meeting and supervisory board of Enexis Holding N.V.

Report on the financial statements 2015

Our opinion

In our opinion:

- ◆ the accompanying consolidated financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2015 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ('EU-IFRS') with Part 9 of Book 2 of the Dutch Civil Code, and with the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act ('WNT').
- ◆ the accompanying company financial statements give a true and fair view of the financial position of Enexis Holding N.V. as at 31 December 2015 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2015 of Enexis Holding N.V., 'sHertogenbosch ('the company'). The financial statements include the consolidated financial statements of Enexis Holding N.V. and its subsidiaries (together: 'the group') and the company financial statements.

The consolidated financial statements comprise:

- ◆ the consolidated statement of financial position as at 31 December 2015;
- ◆ the following statements for 2015: the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- ◆ the notes, comprising a summary of significant accounting policies and other explanatory information.

The company financial statements comprise:

- ◆ the company balance sheet as at 31 December 2015;
- ◆ the company profit and loss account for the year then ended;
- ◆ the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code, and with the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act ('WNT') for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

¹ This auditor's report is a translation of the original auditor's report accompanying the original consolidated financial statements 2015, both stated in Dutch. This original auditor's report can be found on the website of Enexis Holding N.V.

The basis for our opinion

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

We are independent of Enexis Holding N.V. in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten* ('ViO') and other relevant independence requirements 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.

Our audit approach

Overview and context

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at areas where management made subjective judgements, for example in respect of significant accounting estimates that required making assumptions and considering future events that are inherently uncertain, such as the assumptions underlying the valuation of property, plant and equipment and intangible fixed assets, receivables, provisions, and revenues. We also focussed on elements of special importance due to the regulated environment in which the group operates, as for instance the regulated revenues from transportation and connection services to customers for gas and electricity.

The group is highly dependent on its IT infrastructure for the continuity of its operations. We assessed the reliability and continuity of the automated data processing to the extent relevant for our audit of the 2015 financial statements. For this purpose we involved our internal IT specialists and made use of, amongst others, data analyses relating to transactions and/or processes in the areas of logical access security, procurement, payroll and journal entry processing.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. We also assessed for significant positions and disclosures the compliance with the accounting standards. As 2015 was the first year of our appointment as external auditor of Enexis Holding N.V., we performed a solid transition process from the predecessor firm.

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a network operator. We therefore included specialists in the areas of IT, regulation and taxes, and valuation experts in our team. All audit work for the group is conducted by the same audit team.



Materiality

- ◆ Overall materiality: €15 million, representing 5% of profit before tax.

Audit scope

- ◆ We conducted our audit work almost entirely at the head office of the group at 's-Hertogenbosch whereby we designed and executed our audit from a consolidated perspective.

Key audit matters

- ◆ Presentation and disclosures of the acquisition of Endinet Groep B.V. and the sale of assets and liabilities relating to the network parts Friesland and Noordoostpolder as at 1 January 2016.
- ◆ Valuation of property, plant and equipment ('PPE') and intangible fixed assets.
- ◆ Claims and legal issues.

Materiality

The scope of our audit is influenced by the application of materiality which is further explained in the section 'Our responsibilities for the audit of the financial statements'. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and to evaluate the effect of identified misstatements on our opinion. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

| | |
|--|--|
| Overall group materiality | €15 million. |
| How we determined it | 5% of profit before tax. |
| Rationale for benchmark applied | We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that financial return and thus profit before tax is an important metric for the financial performance of the company. |

We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the common information needs of users of the financial statements. On this basis we believe that financial return and thus profit before tax is an important metric for the financial performance of the company.

We also take misstatements and/or possible misstatements into account that, in our judgement, are material for qualitative reasons.

We agreed with the supervisory board that we would report to them misstatements identified during our audit above €750,000 as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

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

It is important to note that the group's activities all take place in the Netherlands and that the financial accounting and internal controls mainly take place within the same financial department. Our audit is therefore designed and executed from a consolidated perspective whereby accounting-wise we consider the group to be one entity. This means that the scope of our audit included all transaction flows and financial positions that are of material relevance for the consolidated financial statements as a whole.

Further, we have audited the consolidation of the group and the disclosures in the financial statements. We paid specific attention to the acquisition of Endinet Groep B.V. and the sale of the assets and liabilities of the network parts of Friesland and Noordoostpolder as at 1 January 2016.

By performing the procedures above we have obtained sufficient and appropriate audit evidence regarding the financial information of the group to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of the most significance in the audit of the financial statements. We have communicated the key audit matters to the supervisory board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter

How our audit addressed the matter

Valuation of property, plant and equipment (PPE) and intangible fixed assets

The disclosures on the valuation of PPE and intangible fixed assets are included in notes 12 and 13 to the financial statements.

PPE and intangible fixed assets are stated at €5,824 million as at 31 December 2015 and, therefore, represent significant financial lines in the consolidated financial statements of the group. Developments in the regulation or other circumstances in the energy landscape relevant for network operators can lead to impairments of PPE and intangible fixed assets. The management has ascertained that there are no indications for impairments. Annually, the group conducts an analysis of the existence of impairments by comparing the carrying value of the assets concerned with the recoverable amount. This analysis is significant for our audit and is based on important assumptions of management, for instance about future cash flows, which are, however, largely determined by regulation. Management has disclosed in note 12 that as at 31 December 2015 the recoverable amount of PPE and goodwill is well above the carrying amounts.

We performed audit procedures on the impairment analyses of the group, with special focus on the definition of the cash generating units, the plausibility and substantiation of the forecasted future cash flows, regulated tariffs and the applied weighted average cost of capital (WACC). We have also tested the mathematical accuracy of the calculation model used. For this work we made use of our internal valuation specialists. Given the headroom between the recoverable amounts and the carrying values the risk of an impairment is limited. We concur with management's conclusion that there is no impairment of PPE and intangible fixed assets.

Key audit matter

Presentation and disclosures of the acquisition of Endinet Groep B.V. and the sale of assets and liabilities relating to the network parts Friesland and Noordoostpolder as at 1 January 2016

The disclosures on the acquisition and sale are included in section 4 and notes 21 and 29 of the financial statements.

On 27 July 2015 Enexis Holding N.V. and Alliander N.V. signed an agreement for an exchange transaction with regard to Endinet Groep B.V. and the assets and liabilities relating to the network parts Friesland and Noordoostpolder. The factual exchange transaction took place on 1 January 2016. However, in accordance with IFRS 3R, the acquisition of Endinet Groep B.V. including the provisional Purchase Price Allocation ('PPA') has been disclosed in the 2015 financial statements. The assets and liabilities of the network parts Friesland and Noordoostpolder are, in accordance with IFRS 5, presented in the 31 December 2015 balance sheet as assets and liabilities held for sale. The accounting of the actual settlement of the transaction will occur in the 2016 financial statements. The management has made important estimates for the PPA with regard to the fair value of the assets and liabilities and the expected synergies. These estimates have significant influence on the presentation, as disclosed in the footnotes to the financial statements. For these estimates management made use of external valuation experts. Also for the administrative separation of the assets and liabilities of the network parts Friesland and Noordoostpolder, management used certain assumptions and allocation keys, for instance for the allocation of property, plant and equipment and goodwill.

How our audit addressed the matter

Given the size of this transaction and the elements of estimates involved, we have considered this matter as a key audit matter.

We have studied the agreement and the relevant clauses included therein. Apart from this we have examined the compliance of the financial presentation and disclosures in the 2015 financial statements with the requirements of IFRS 3R and IFRS 5. We have audited the values of the assets and liabilities held for sale by reconciling these to the asset registers and by assessing the fairness of the allocation keys applied by management for the administrative separation. With regard to the PPA we have assessed the objectivity and professionalism of the external valuation experts engaged by the group. In addition, together with our internal valuation specialists, we have tested the significant principles and assumptions as applied in the provisional PPA. In particular we have focused on assumptions relating to the fair values of assets and liabilities and the anticipated synergies as reflected in the goodwill amount of €95.6 million. We concur with the principles and assumptions used by the management and with the disclosures as included in section 4 and notes 21 and 29 to the financial statements.

Key audit matter

Claims and legal issues

The disclosures on the claims and legal issues are included in note 33 to the financial statements.

The group received various claims from customers and suppliers. These claims are either provided for or disclosed in the notes to the financial statements as contingent liabilities. These claims represent a key audit matter for us as the financial impact can in some cases be material and management has to make important judgements about the group's legal position, the amount of the required provisions and the nature and extent of required disclosures. The management sought advice from internal and external legal councils. Given the potential impact we have focussed in particular on claims from a number of parties regarding the question whether a certain connection qualifies under the Elektriciteitswet or whether it can lead to repayments to these parties.

How our audit addressed the matter

We have reviewed the overview of claims and legal issues as prepared by the Legal and General Affairs department of the group. Subsequently, we have tested the judgements made by management with correspondence with counter parties, minutes of meetings, external legal letters, and the financial reporting standards for accounting for provisions and disclosing of contingent liabilities. With regard to the mentioned claims from a number of parties we have also taken notice of the ruling issued by the ACM. We concur with the positions taken by management with regard to claims and as disclosed in the financial statements.

Responsibilities of management and the supervisory board

Management is responsible for:

- ◆ the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, with the rules of and following the Dutch Standards for Remuneration of Senior Officials in the Public and Semi-Public Sector Act (WNT) and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code; and 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 responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A more detailed description of our responsibilities is set out in the appendix to our report.

Report on other legal and regulatory requirements

Our report on the management board report and the other information

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

- ◆ we have no deficiencies to report as a result of our examination whether the management board report (as set out on the pages 3-58), to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this 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.

Our appointment

We were appointed as auditors of Enexis Holding N.V. on 20 April 2015 by the supervisory board following the passing of a resolution by the shareholders at the annual meeting held on 20 April 2015. We act as auditors of Enexis Holding N.V. since 2015.

Utrecht, 3 March 2016

PricewaterhouseCoopers Accountants N.V.

Original has been signed by
C.J.A.M. Romme RA

(This auditor's report is a translation of the original auditor's report accompanying the original consolidated financial statements 2015, both stated in Dutch. This original auditor's report can be found on the website of Enexis Holding N.V.)

Independent assurance report¹

To: the Board of Management of Enexis Holding N.V.

The Board of Management of Enexis Holding N.V. engaged us to provide limited assurance on certain information ('the sustainability information') in the Annual Report 2015 (leading to a 'conclusion'). We believe these procedures fulfil the rational objective as disclosed by Enexis Holding N.V. on page 166 in the paragraph 'Assurance'.

Our conclusion

Based on the review procedures we have performed and the evidence we have obtained, we conclude that with respect to the sustainability information as presented in the chapters 'About Enexis', 'Report over 2015' – with the exception of the paragraph 'Financial affairs' – and 'Other' on pages 3-45 and pages 151 – 167 in the Annual Report 2015 ('the Report'), nothing has come to our attention that causes us to believe that the sustainability information does not provide, in all material respects, a reliable and appropriate presentation of:

- ◆ Enexis Holding N.V.'s policy for and management of corporate social responsibility in the reporting year 2015;
- ◆ the events and performance of Enexis Holding N.V. relating to corporate social responsibility during the reporting year 2015, in accordance with Enexis Holding N.V.'s reporting criteria.

This conclusion is to be read in the context of the remainder of our report.

What we are assuring

We have reviewed the sustainability information, included on page 3-45 and page 151 – 167 of the Annual Report 2015 of Enexis Holding N.V., Rosmalen. The sustainability information in the Annual Report 2015 contains a presentation of:

- ◆ Enexis Holding N.V.'s policy for and management of corporate social responsibility in the reporting year 2015;
- ◆ the events and performance of Enexis Holding N.V. relating to corporate social responsibility during the reporting year 2015; and
- ◆ the reporting scope of the sustainability information, as defined by management in the paragraph 'About this report' on page 163).

A review is focused on obtaining limited assurance. The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on obtaining reasonable assurance through audit procedures. The procedures performed consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence obtained. Consequently, a review engagement provides less assurance than an audit.

The basis for our conclusion

Professional and ethical standards applied

We conducted our assurance engagement in accordance with Dutch law, including Standard 3810N 'Assurance engagements relating to sustainability reports' (hereafter 'Standard 3810N'). Our responsibilities under this standard are further described in the "Our responsibilities" section of this report. We are independent of Enexis Holding N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants by assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

¹ This assurance report is a translation of the original assurance report accompanying the original Annual Report 2015, both stated in Dutch. This original assurance report can be found on the website of Enexis Holding N.V.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore it may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

Reporting criteria

Enexis Holding N.V. developed its sustainability reporting criteria on the basis of the G4 Guidelines of the Global Reporting Initiative (GRI), which are disclosed together with detailed information on the reporting scope in section 'About this report' on pages 163-167. We consider the sustainability reporting criteria to be relevant and appropriate for our review.

Understanding reporting and measurement methodologies

The information in the scope of this assurance engagement needs to be read and understood together with the reporting criteria, for which Enexis Holding N.V. is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Our assurance approach

Materiality

We set thresholds for materiality at the planning stage and reassessed them during the engagement. These helped us to determine the nature, timing and extent of our procedures and to evaluate the effect of identified misstatements on the information presented, both individually and in aggregate. Based on our professional judgement, we determined specific materiality levels for each element of the sustainability information. When determining our materiality thresholds, we considered the relevance of information for both the stakeholders and the organisation based on the materiality analysis of Enexis Holding N.V.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Report.

Our main procedures included the following:

- ◆ performing an external environment analysis and obtaining an understanding of the relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- ◆ evaluating the acceptability of the reporting policies and consistent application of this, such as assessment of the outcomes of the stakeholder dialogue, the reasonableness of estimates made by management, as well as evaluating the overall presentation of the Report;
- ◆ understanding the design and implementation of systems and processes for data gathering, internal controls and processing of other information, such as the aggregation process of data to the information as presented in the Report;
- ◆ interviewing management and relevant staff at corporate and local level responsible for the sustainability strategy and policies;
- ◆ interviewing relevant staff responsible for providing the information for the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- ◆ on a sample basis, reviewing relevant information and internal and external documentation in order to assess the reliability of the information in the Report;
- ◆ analytical review of the data and trends;

- ◆ reviewing internal and external documentation to determine whether the sustainability information, including the disclosure, presentation and assertions made in the Report, is substantiated adequately;
- ◆ assessing the consistency of the sustainability information and the information in the Report not in scope for this Assurance Report;
- ◆ assessing whether the Report has been prepared 'in accordance' with the Sustainability Reporting Guidelines version G4 of GRI.

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

Responsibilities

The Board of Management's responsibilities

The Board of Management of Enexis Holding N.V. is responsible for the preparation of the sustainability information in the Report in accordance with Enexis Holding N.V.'s reporting criteria, including the identification of the stakeholders and the determination of material subjects. Furthermore, the Board of Management is responsible for such internal control necessary to enable the preparation of sustainability information, that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to express a conclusion on the Report based on our assurance engagement in accordance with Standard 3810N. This requires that we comply with ethical requirements and that we plan and perform our work to obtain limited assurance about whether the sustainability information is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the sustainability information in order to design 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. An assurance engagement aimed on providing limited assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the sustainability information and the Report.

Utrecht, 3 March 2016

PricewaterhouseCoopers Accountants N.V.

Original has been signed by
drs. C.J.A.M. Romme RA

(This auditor's report is a translation of the original auditor's report accompanying the original consolidated financial statements 2015, both stated in Dutch. This original auditor's report can be found on the website of Enexis Holding N.V.)

Events after the balance sheet date

Endinet Groep B.V. was acquired by purchase from Alliander N.V. on 1 January 2016. Reference is made to chapter 4 for more detailed information about this purchase. Acquisitions of the explanatory notes to the consolidated financial statements. Enexis issued a group guarantee for the lease of Endinet's office in Eindhoven. Enexis has not issued an indemnification for Endinet's liabilities.

Also on 1 January 2016, at the same time as the purchase of Endinet, the company Aktivabedrijf Enexis Friesland B.V. containing all assets and liabilities of Enexis in Friesland and the Noordoostpolder was sold and transferred to Alliander N.V.

As of 26 January 2016, Fudura B.V. acquired software service provider Metsens B.V. from Cogas B.V. with retrospective effect from 1 January 2016. The acquisition is in line with Fudura's strategy to provide reliable metering data and information services to its customers.

In addition to a claim received earlier in January 2015, Enexis again received a number of claims from customers in January 2016 concerning restitutions of revenues from transmission and connection services in the past. Enexis is opposing these claims and will also fight these claims legally. Also as a consequence of the ACM's decision on 21 October 2015, Enexis was fortified in its opinion that it will not be possible to uphold these claims in court. In order not to further influence the current claim process and future legal proceedings, we will not be providing a further explanation at this point.



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The Enexis Way of Working

Personnel developments

The tables below show the composition of the workforce of Enexis. There were no significant fluctuations in the number of employees in 2015. 99.7% of the personnel fall under the collective labour agreement for grid companies (CAO Netwerkbedrijven).

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|--------|--------|--------|---------------------|---------------------|
| Number of employees at year-end | 4,299 | 4,316 | 4,294 | 4,229 | 4,101 |
| FTEs at year-end | 4,148 | 4,161 | 4,141 | 4,072 ¹⁾ | 3,797 ¹⁾ |
| Female employees as a % of the total workforce | 18.2 | 17.5 | 17.2 | 17.7 | 17.7 |
| Absence due to illness (%) | 4.3 | 4.2 | 3.8 | 4.0 | 4.8 |
| Number of participants in Training & Education courses including exam | 23,392 | 20,525 | 22,589 | 17,784 | 14,223 |
| Employee involvement score (%) ²⁾ | 86 | 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.
2. Measuring method changed due to switch to other research agency. As a result, the figure for 2015 is not directly comparable to previous years.

| Job profile | Male | Female | Total |
|--------------------------|--------------|------------|--------------|
| Administrative personnel | 1,124 | 650 | 1,774 |
| Management personnel | 287 | 70 | 357 |
| Technical personnel | 2,101 | 64 | 2,165 |
| Personnel not assigned | 3 | | 3 |
| Total | 3,515 | 784 | 4,299 |

| Age category | Male | Female | Total |
|--------------------|--------------|------------|--------------|
| 0 - 19 years | 1 | | 1 |
| 20 - 24 years | 79 | 8 | 87 |
| 25 - 29 years | 213 | 38 | 251 |
| 30 - 34 years | 298 | 73 | 371 |
| 35 - 39 years | 290 | 87 | 377 |
| 40 - 44 years | 321 | 85 | 406 |
| 45 - 49 years | 412 | 155 | 567 |
| 50 - 54 years | 542 | 173 | 715 |
| 55 - 59 years | 653 | 94 | 747 |
| 60 years and older | 706 | 71 | 777 |
| Total | 3,515 | 784 | 4,299 |
| Percentage | 81.8% | 18.2% | 100% |

Employees entering retirement

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 2015 | Number | After five years | After ten years | After five years | After ten years |
|---|--------------|------------------|-----------------|------------------|-----------------|
| Number living in the Netherlands | 4,268 | 602 | 1,361 | 14.10% | 31.89% |
| Total Enexis | 4,299 | 606 | 1,371 | 14.10% | 31.89% |

Standards and norms

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 company regulations.

Enexis has a code of conduct for employees. In addition, employees who have access to price-sensitive information are required to sign a confidentiality statement. Furthermore, the supplier code of conduct is a standard part of Enexis's purchasing conditions. 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. The existing supplier code of conduct will be evaluated in 2016 in connection with a periodic revision.

Finally, 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 embedded in a board statement and in principles.

Staff turnover

| Age category | Inflow | | | Outflow | | |
|--------------------|------------|------------|------------|-----------|-----------|-----------|
| | Male | Male | Total | Female | Female | Total |
| 0 - 19 years | | | | | | |
| 20 - 24 years | 16 | 1 | 15 | 5 | | 5 |
| 25 - 29 years | 34 | 11 | 23 | 13 | 2 | 11 |
| 30 - 34 years | 22 | 6 | 16 | 7 | 4 | 3 |
| 35 - 39 years | 12 | 6 | 6 | 8 | 3 | 5 |
| 40 - 44 years | 11 | 12 | -1 | 8 | 3 | 5 |
| 45 - 49 years | 11 | 11 | | 4 | | 4 |
| 50 - 54 years | 9 | 3 | 6 | 1 | 2 | -1 |
| 55 - 59 years | 1 | 3 | -2 | | | |
| 60 years and older | 2 | 102 | -100 | | 3 | -3 |
| Total | 118 | 155 | -37 | 46 | 17 | 29 |

Parental leave

Enexis applies the statutory regulations for parental leave that have been elaborated in the CLA for Grid Companies (CAO Netwerkbedrijven). 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.

| | 2015 | 2014 | 2013 |
|---------------|------------|------------|------------|
| Male | 202 | 160 | 124 |
| Female | 58 | 57 | 43 |
| Total | 260 | 217 | 167 |

Performance and career development

Enexis has a regular objective and appraisal cycle, the 'SOR cycle', which is applicable 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.

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 | | | 2 | 2 | | | 1 | 1 | 3 |
| 35 - 39 years | 1 | | 1 | 2 | 1 | | | 1 | 3 |
| 40 - 44 years | | | | | | | 1 | 1 | 1 |
| 45 - 49 years | | 2 | 3 | 5 | | | | | 5 |
| 50 - 54 years | | 2 | | 2 | | 1 | 2 | 3 | 5 |
| 55 - 59 years | | 10 | 2 | 12 | | 1 | 3 | 4 | 16 |
| 60 years and older | | 6 | 3 | 9 | | | 1 | 1 | 10 |
| Total | 3 | 20 | 11 | 34 | 1 | 2 | 8 | 11 | 45 |

Operational changes

The CLA parties (Enexis and the trade unions) in consultation with the Works Council, formulated a new social policy in 2014 to replace the existing social plan. The new policy provides for timely investments in the development and mobility of employees with the intention to avoid redundancy in a period of two years. To this end, two years before the reorganisation, the target group in question will be given the status 'Sustainable employability plus.' As a transitional measure, the existing social plan will continue to apply up to 1 May 2016 as a safety net. The company regulations 27 and 28 that have replaced this have been agreed with the Works Council.

Agreements about working conditions topics with the trade unions

Various agreements with regard to health, occupational disability and/or safety have been laid down in the sector and/or company collective labour agreements (CLA). 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 wage obligation in the event of illness. Furthermore, agreements were made regarding sustainable employability.

Memberships

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

- ◆ Netbeheer Nederland (sector association of energy grid operators)
- ◆ Dutch Power
- ◆ Nederlandse Vereniging Duurzame Energie
- ◆ EurElectric

In addition, Enexis participates in regional and local associations and initiatives through its branch offices. These are not registered or reported centrally.

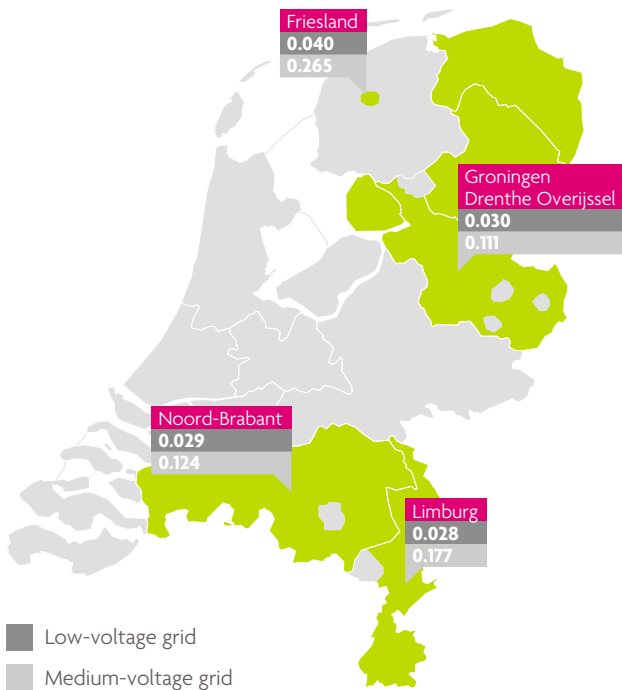
Reliable

Connections

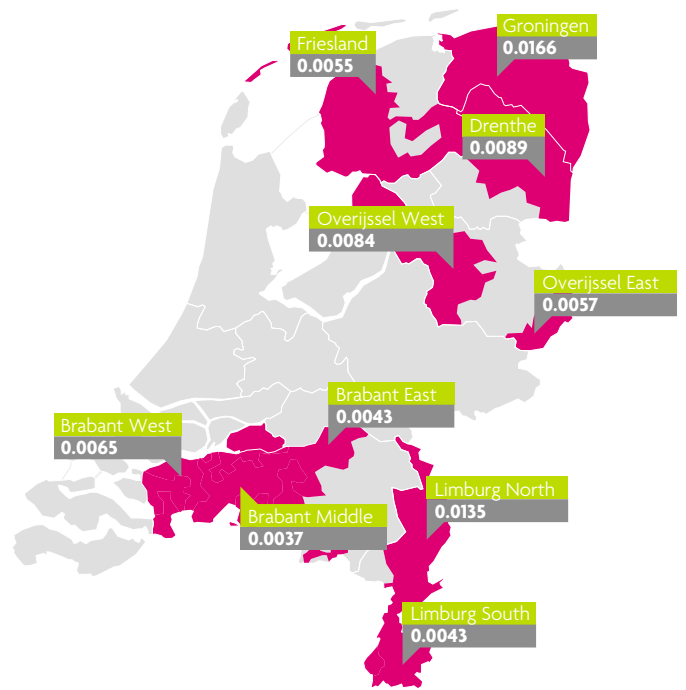
Enexis has a connection obligation for the distribution of electricity, everybody will be connected to the electricity grid. There is also a connection obligation for gas. There is an exception for low-volume users in so-called unprofitable areas and areas with a heating grid.

Average number of outages in our servicing area

Average number of low-voltage outages and medium-voltage outages per customer



Average number of gas outages per district per customer



Significant fines

No significant fines were received at the departments Legal and General Affairs (JAZ) and other relevant departments in 2015 with regard to the services provided by Enexis, non-compliance with the E-Act and the G-Act, environmental laws or laws and regulations regarding the delivery and use of products and services.

Affordable

Enexis is not dependent on government contributions for its core activities. Enexis did receive a number of subsidies in 2015, in particular for its innovation projects in connection with the energy transition and for the training of employees.

| Amounts in euros | 2015 |
|---|----------------|
| Grant Scheme "Praktijkleren" | 666,325 |
| WBSO scheme (Salaries Tax and Social Insurance Contributions (Reduced Remittances) | 88,216 |
| Smart grids | -5,935 |
| Technology for Distribution Area Situational Awareness in Electrical Networks (tDASA) | 2,000 |
| ESS Understanding Risk Management (return subsidy 2012) | -8,512 |
| Municipality Maastricht: "Maastricht Bereikbaar" | pm |
| SGIB (Smart Grid in Balance) | 57,000 |
| Electro Mobility project DAME | 42,195 |
| Grants Scheme for Sustainable Energy – Sun (SDE) | 20,676 |
| GeUR (Green gas and unique smell detection) | 8,198 |
| TEI (Accessible Energy Information) | 47,000 |
| Total | 917,163 |

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 [Netwerkkode]

Services

| In percentages | 2015 | 2014 | 2013 | 2012 | 2011 |
|---|------|------|------|------|------|
| 1 In the event of a fault technician at location within 2 hours | 99 | 99 | 98 | 99 | 98 |
| 2a Correspondence handled within 10 working days | 100 | 100 | 100 | 99 | 100 |
| 2b Offer letters handled within 10 working days | 98 | 98 | 96 | 93 | 98 |
| 3 Appointments with customer made in time slots of 2 hours | 98 | 98 | 97 | 97 | 98 |
| 4 Work is carried out within 3 days ¹⁾ | 90 | 90 | 86 | 81 | 97 |
| 5 Maintenance appointments are made 5 days before execution | 98 | 98 | 97 | 89 | 99 |
| 6 In the event of work with interruption of the energy supply, warning 3 days before | 98 | 98 | 98 | 96 | 99 |
| 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.

Safety of products and services

The safety of products and services concerns mainly the safe use of energy. Enexis is not responsible for this, but Enexis does support customers with this where possible. Enexis provides information about the safe use of energy via the website energieveilg.nl. 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 down until the customer has had the problem solved.

Information on products and services

For high-volume customers, a copy of the General Terms and Conditions are included with each offer letter. Customers in the low-volume users segment can consult the general terms and conditions and obtain information about, for example, the services and tariffs via enexis.nl.

As far as we know, no complaints have been received regarding non-compliance with regulations and voluntary codes regarding information about and labelling of products and services, according to type of result.

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 Regulation department. No cases of non-compliance are known in 2015 regarding the Electricity Act and the Gas Act and ACM related matters.

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 2015. 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.

| Asset | 2015 | 2014 |
|-------------------------|-------|-------|
| Transformers | 526 | 603 |
| MV switch installations | 1,022 | 1,051 |
| Compact stations | 437 | 456 |
| LV cable (km) | 1,571 | 1,455 |
| MV cable (km) | 746 | 677 |
| PVC pipelines (km) | 550 | 446 |
| PE pipelines (km) | 759 | 649 |
| Peko pipelines (km) | 98 | 104 |
| Steel pipelines (km) | 20 | 15 |

Socially responsible procurement

With the suppliers' code of conduct, the suppliers declare that they are aware of their responsibility and that they will comply with applicable standards in the area of People, Planet and Profit. The code is always included in tenders and additional criteria are added depending on the type of product or service which are taken into account in the selection of suppliers.

In addition, Enexis has regular contacts with its strategic suppliers on several levels whereby, among others, the responsibilities following from the supplier code of conduct are also a topic of discussion. When a supplier does not comply with the policy, Enexis will call the supplier to account and will take action if necessary. As a result of this approach, the cooperation with one supplier was terminated in 2015 due to repeatedly not complying with Enexis's safety standards.

Explanation of CO₂ footprint

Reduction of energy consumption and CO₂ emissions

The footprint decreased in 2015 by 32.3% compared to 2014. This decrease was mainly caused by the large reduction of the leakage loss from the gas grid due to a decrease in the emission factor per gas pipeline kilometre following an evaluation of the emission factor by Kiwa-Gastec. Based on the former factors, the leakage loss from the gas grid also decreased compared to 2014. Just as in 2014, this is partly due to the replacement of grey cast iron pipelines by new plastic pipelines.

In addition, the footprint showed a decrease in emissions as a result of a decrease of SF₆ leakage to a percentage of 0.11% compared with the total amount.

Notwithstanding the general decrease, there has also been an increase in CO₂ emissions in a number of areas in 2015 compared with 2014.

- ◆ The decrease that started in 2014 for the emissions produced by mobility unfortunately did not continue in 2015. This can be attributed to an increase of the vehicle fleet. The target for reduction of CO₂ emissions on mobility has not been achieved.
- ◆ More gas was used to heat the offices in 2015 than in 2014. This was due to higher number of degree days in 2015. The electricity consumption of the offices in 2015 decreased compared with 2014. This did not lead to a reduction in CO₂ emissions as Enexis already makes use of Dutch green electricity for 100% of its electricity consumption.

Compensation of environmental effects

Enexis operates in accordance with the Trias Energetica principle. For the energy consumption, this means that where possible sustainable energy is used and that the remaining emission will be compensated.

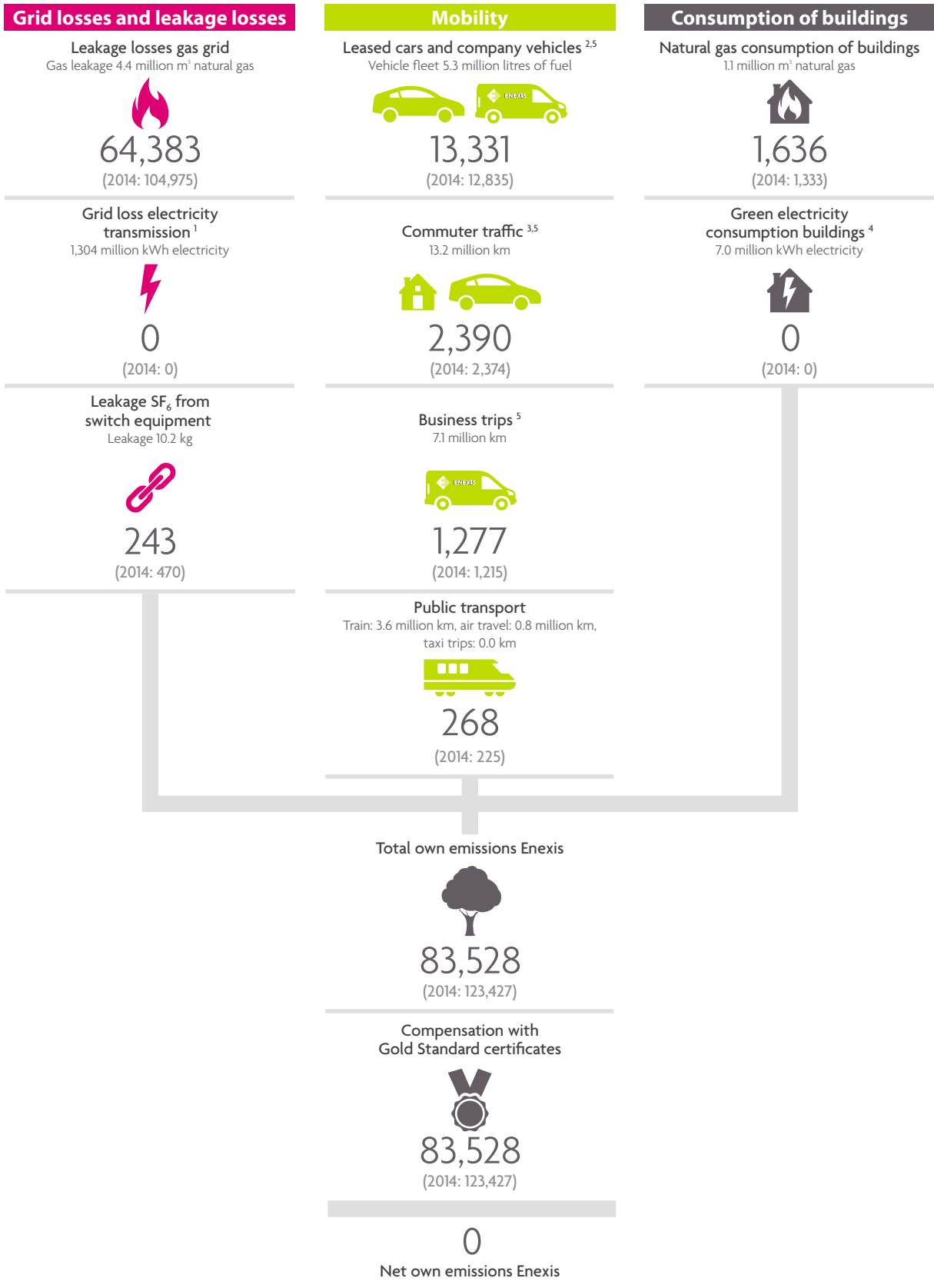
Regarding the grid losses, Enexis has compensated around 1,304,000 MWh by means of 36,000 Guarantees of Origin of Dutch wind and 1,268,000 Guarantees of Origin of Scandinavian hydroelectricity power stations. Compared to the non-earmarked electricity, with this a reduction of the footprint of Enexis was achieved of 590,644 tons of CO₂. Compared to the contracted mix before increasing the sustainability, this is a reduction of 590,814 tons of CO₂.

Dutch wind energy is used in the buildings for the total volume of 7,016 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 of the remaining emissions takes place via Gold Standard certificates. 83,528 tons of CO₂ were compensated in 2015. As a result, Enexis is emission neutral on a net basis.

Enexis's CO₂ footprint

CO₂ emissions (in tons of CO₂ equivalent)



1. Enexis purchased the grid losses sustainably via Guarantees of Origin of hydroelectricity power stations in Scandinavia. The avoided emission as a result of this was 590,644 tons of CO₂ compared to the average trade mix. Compared to the specifically purchased mix the avoided emission was 590,814 tons of CO₂.

2. Including electric vehicles.

3. Up to and including 2012, Enexis reported the emissions of employees travelling with their own vehicles or by public transport as a total as chain emissions.

In the above illustration with the CO₂ footprint, the underlying energy consumptions is provided for each category. The total energy consumption in 2015, after conversion, amounted to 249 TJ (2014: 237 TJ). A separate category is energy that is lost in the form of grid and leakage losses. 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 leakage losses amounted to 4,849 TJ (2014: 6,052 TJ). The CO₂ emissions as a result of energy consumption is expressed in the CO₂ footprint. We have also reported the CO₂ emissions per connection since 2012. This is the amount of own emission per customer. This amounted to 17.4 in 2015 (2014: 25.9). The energy intensity, the amount of consumed energy per customer, amounted to 1,064 MJ per customer (2014: 1,319 MJ).

| | CO ₂ emissions (in tons of CO ₂ equivalent) | | | |
|--|---|--------|--------|--------|
| | 2015 | 2014 | 2013 | 2012 |
| Mobility: trips taken by employees using own transport and public transport ¹⁾ | - | - | - | 5,154 |
| Production of grid components by suppliers | 37,549 | 36,496 | 39,121 | 47,725 |
| 2,317 km cables | | | | |
| 1,427 km gas pipelines | | | | |
| 526 transformers | | | | |
| 1,459 installations and stations | | | | |
| Processing of company waste | | | | |
| Emissions from processing ²⁾ | - | - | 6,590 | 5,290 |
| Avoided emissions in the chain due to recycling by Enexis | 7,538 | 7,250 | 5,450 | 4,280 |

1. As from 2013, Enexis reports mobility completely in its own emissions.
2. Figure not available at the time of reporting.

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. The total CO₂ emission can be attributed to the regulated activities for around 99%.

| | CO ₂ emissions (in tons of CO ₂ equivalent) | |
|---|---|---------------|
| | Regulated | Non-regulated |
| Grid and leakage losses | | |
| Leakage gas grid | 64,383 | - |
| Grid losses electricity transmission ¹⁾ | - | - |
| Leakage from SF6 switch equipment | 243 | - |
| Mobility | | |
| Lease and service vehicles ²⁾ | 12,881 | 450 |
| Commuting ²⁾ | 2,287 | 103 |
| Business trips ²⁾ | 1,198 | 79 |
| Public transport | 256 | 12 |
| Consumption of buildings | | |
| Natural gas consumption of buildings | 1,576 | 60 |
| Green electricity consumption buildings ³⁾ | - | - |
| Total own emissions Enexis | 82,824 | 704 |
| Compensation with Gold Standard certificates | 82,824 | 704 |
| Net own emissions Enexis | 0 | 0 |

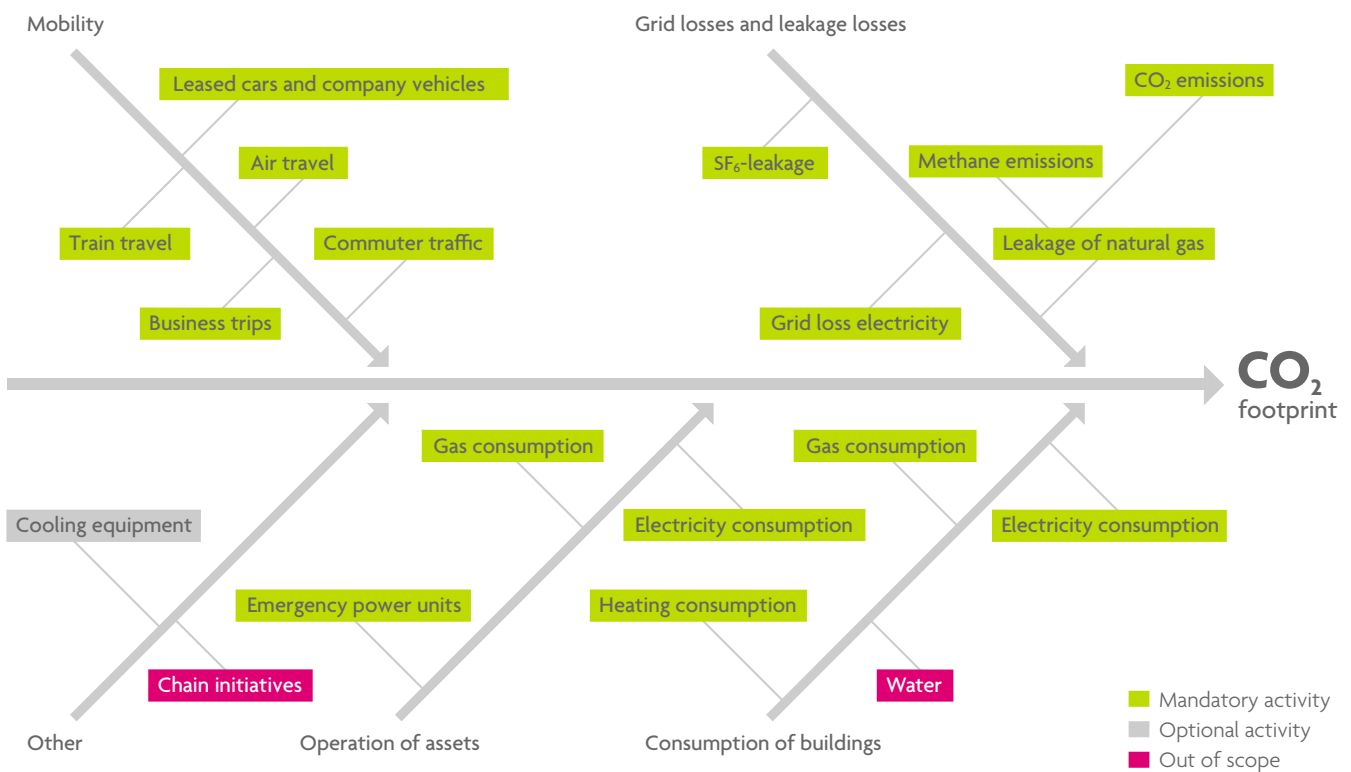
1. Enexis has purchased the grid loss sustainably by means of Guarantees of Origin from hydro-power plants in Scandinavia. The avoided emissions as a result compared to the average trade mix amounted to 590,644 tons of CO₂. The avoided emissions amounted to 590,814 tons of CO₂ compared to the specifically purchased mix.
2. The data fuel consumption 2015 was determined based on extrapolation of the period Jan - Oct 2015.
3. Enexis uses 100% Dutch wind energy in its buildings since 2012.

Explanation of the calculation of the CO₂ footprint

Enexis reports on its footprint in this annual report in accordance with the model that the grid operators developed jointly in 2013 within the sector association Netbeheer Nederland. This model uses the Greenhouse Gas Protocol Corporate Standard (GHG) as the guideline for the calculation of the CO₂ footprint. The structure of the model deviates in a few of points from the structure of the GHG in connection with the alignment with the statutory tasks of the grid operator according to the Independent Grid Operator Act, including the classification of emissions in scope 1, - 2 and -3. The model is laid down in the document CO₂ Footprint Grid Operators Manual. We have made use of version 1.3 as laid down.

The model is structured as follows:

CO₂ footprint



Assumptions

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. For this purpose, Enexis has both a field service and a supporting office organisation.

All greenhouse gases are reported in CO₂ equivalents. Besides CO₂, methane and SF₆ emissions are also reported. The conversion factors into CO₂ equivalents are derived from the IPCC Fourth Assessment Report. We have obtained the emission factors from the source www.co2emissiefactoren.nl. This source came into being after a Green deal between the Minister of Infrastructure and the Environment, with the aim to arrive at a uniform standard set of emission factors for Dutch companies and the government. So-called Tank-to-Wheel emission factors were chosen in the model.

Three values are always reported for the emissions in connection with electricity consumption.

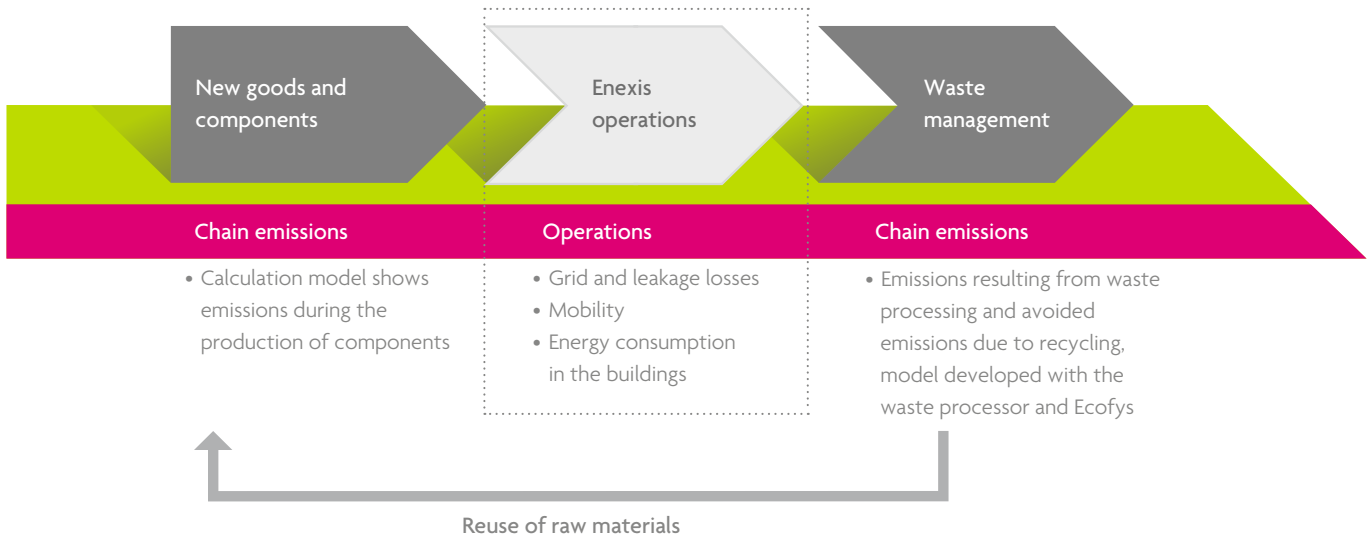
- ◆ The emissions in the event of an ‘average’ electricity consumption. The standard is the Dutch ‘Trade Mix’, which is determined annually by CE Delft.
- ◆ The emissions based on the electricity mix contracted from an energy supplier.
- ◆ The net emissions after the deduction of any purchasing of green certificates by Enexis. This is used in adding up the emissions.

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. These emissions are reported as ‘chain emissions’.

Chain emissions

Chain optimisation

Overview of the chain



There are uncertainties in quantifying CO₂ emissions due to variables such as (the choice of) emission factors that can be 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. The calculation will improve when detailed primary data becomes available.

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 associates are not included in the scope. The reporting period runs from 1 January 2015 up to and including 31 December 2015. Enexis reports on its strategic and financial performance semi-annually and annually, and the annual report is published in the first quarter of each year on www.enexis.nl. The report over 2014 was published on 10 March 2015.

The exchange of servicing areas with Alliander became final during the reporting year 2015. The formal exchange on 1 January 2016 has had a limited influence on size and structure of the organisation. There has not been any impact on the property of the organisation or the supply chain. The figures including Endinet and excluding Friesland/Noordoostpolder will be presented in the 2016 annual report.

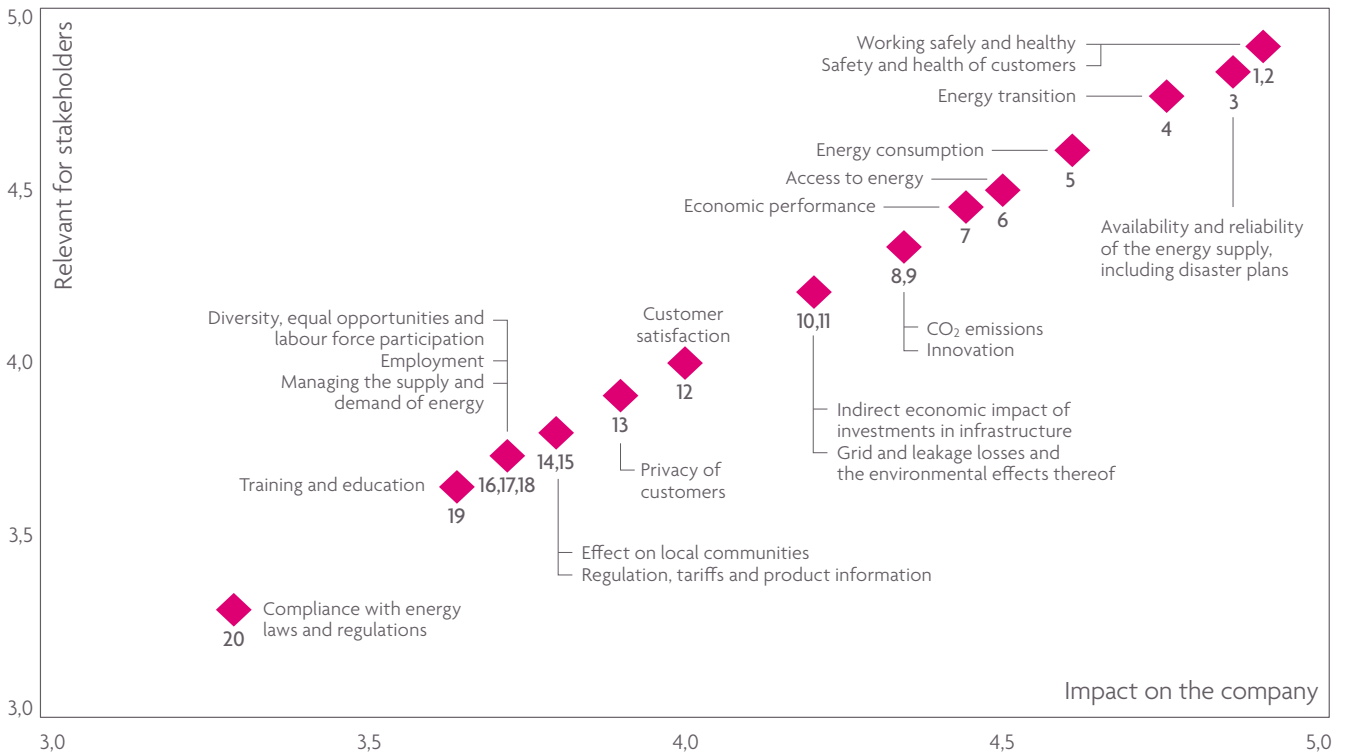
Determining the contents (materiality)

Enexis conducted a materiality analysis for the first time in 2014, which formed the basis for the 2014 Annual Report. The method used is described in the 2014 Annual Report. There were no external or internal developments in 2015 that have given cause to carry out an extensive update of the materiality analysis. A limited update of the 2014 materiality analysis was carried out in 2015, with the aim to improve the readability of and the alignment with the 2014 Strategic Plan. Internal insights were applied in this update supplemented with feedback from the representative of the shareholders and the Supervisory Board members. The update was determined in the Management Consultation.

The most important changes concerned the names of a few aspects and the clustering and division of a number of aspects. Based on the generic GRI aspects, we have made a step in the direction of Enexis's business operations with this update. This ensures that it is clear for the reader which topics from the business operations belong to which aspect. The limited update does not have any consequences for the to be reported items.

In the stakeholder overview, we have indicated which themes are specifically material for which stakeholders.

Overview material topics



High

- 1 Safe and healthy working conditions
- 2 Safety and health of customers
- 3 Availability and reliability of the energy supply, including disaster plans
- 4 Energy transition
- 5 Energy consumption
- 6 Access to energy
- 7 Economic performance
- 8 CO₂ emissions
- 9 Innovation
- 10 Indirect economic impact of investments in infrastructure
- 11 Grid and leakage losses and the environmental effects thereof
- 12 Customer satisfaction
- 13 Privacy of customers
- 14 Effect on local communities
- 15 Regulation, tariffs and product information
- 16 Diversity, equal opportunities and labour force participation
- 17 Employment
- 18 Managing the supply and demand of energy
- 19 Training and education
- 20 Compliance with energy laws and regulations

Medium

- 21 Relationship between employees and management
- 22 Anti-discrimination
- 23 Freedom of association and collective negotiation
- 24 Equal pay for men and women
- 25 Supplier evaluation
- 26 Complaint mechanisms
- 27 Providing information to minorities
- 28 Waste
- 29 Materials and raw materials
- 30 Competition restrictions
- 31 Purchasing from local suppliers
- 32 Incidents in connection with marketing communication
- 33 Contributions to political organisations
- 34 Biodiversity
- 35 Presence in the local job market
- 36 Investigation into human rights

Low

- 37 Water consumption
- 38 Banning child labour
- 39 Anti-corruption
- 40 Banning forced labour
- 41 Rights of indigenous peoples
- 42 Human rights training security personnel

Management of material issues

The management steers on all sorts of social aspects of entrepreneurship, as part of the Balanced Score Card, such as promoting health and safe working, a reliable and safe energy supply, reduction of energy consumption and CO₂ emissions, contributing to the energy transition and a controlled development of costs. In this method, the steering with regard to the social aspects of entrepreneurship in the areas People, Planet and Profit are integrated and therefore not reported separately. As part of the Balanced Score Card, these aspects are also the subject of audits and reporting to the Supervisory Board and the Shareholders. A medium-long term agenda has been elaborated for each of the strategic pillars.

The agenda provides direction in the determination of the strategic objectives by specifying interim-objectives and activities. A director is linked to each of these agendas as the responsible person for the achievement of the objectives, and a manager as the day-to-day point of contact. Progress with regard to the activities laid down in the strategic agenda is periodically reported to the Management Consultation. The Finance director is responsible for the affordability agenda, the Asset Management director is responsible for the reliability agenda and the Customer & Market director is responsible for the customer-orientation agenda. The medium-long term agenda was evaluated mid 2015 during a strategy day. The evaluation showed that we were on the right path to realising most of these objectives. Furthermore, we concluded that we will have to give extra attention to our activities to contribute to the energy transition.

Enexis applies an integral management system, whereby both financial and non-financial material issues are managed. This is described in the chapter Governance. The translation of strategic objectives into the business plan, including concrete targets, takes place in the annual business plan cycle. The material issues are embedded in the strategic objectives, as described in the chapter Strategy. Annual targets derived from the strategy are formulated and included in the business plan and the Balance Score Card. The progress is reported monthly to the Executive Board and also discussed with the Supervisory Board.

A formal risk management process and an internal audit function is in place. The strategic risks follow from this process. The Netherlands Authority for Consumers and Markets (ACM) supervises the core activities.

In the paragraph Management Approach Corporate Social Responsibility, an explanation has been included regarding the manner how sustainability has been embedded in the organisation. In addition, an elaboration of the management approach with regard to each social theme, based on the guideline ISO 26000, can be found in the CSR principles on the Enexis website.

Dialogue with stakeholders

Enexis uses a stakeholder model in which four stakeholder groups are distinguished: Shareholders, Customers, Employees and Society. In the regular cycle, the dialogue with stakeholders is ensured in the following manners:

Stakeholdermodel

| Stakeholder | What is important for the stakeholder? ¹ | 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, increasing the sustainability of the energy supply, energy savings). | <ul style="list-style-type: none"> ◆ Formal role in governance Enexis. ◆ Collaboration partners with regard to social objectives. | <ul style="list-style-type: none"> ◆ Annual General Shareholders' Meeting (AGM). ◆ Represented via the Shareholders Committee (AHC) that holds consultations with Enexis's Executive Board three to four times a year. |
| Customers | <ul style="list-style-type: none"> ◆ Affordability and reliability of the energy supply. ◆ Quality of services. ◆ Privacy. ◆ Energy savings. | <ul style="list-style-type: none"> ◆ In spite of its monopoly position, Enexis aims to be a customer-oriented company. ◆ Enexis aims to charge the lowest possible rates. | <ul style="list-style-type: none"> ◆ Affordability and reliability via the regulation and supervision by the Netherlands Authority for Consumers and Markets (ACM). ◆ Customer satisfaction measured via periodical (each quarter) customer satisfaction surveys. |
| Employees | <ul style="list-style-type: none"> ◆ Employment. ◆ Safety. ◆ Possibility to develop. | <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"> ◆ The Works Council holds consultations with the management around eight times a year. ◆ Via bi-annual employee satisfaction survey. ◆ By means of participation of employees in the development of the Enexis Way of Working and sustainable employability. |
| Society | <ul style="list-style-type: none"> ◆ Reliable energy supply. ◆ Increasing the sustainability of the energy supply (energy transition). ◆ Supporting the Energy Agreement. | <ul style="list-style-type: none"> ◆ Organisations in society identify developments and try to steer these. | <ul style="list-style-type: none"> ◆ Regional stakeholder management: dialogue with stakeholders in the region. ◆ Dialogue with nationwide operating organisations in society. ◆ Consultations with sector associations, supervising bodies and policy makers. |

¹ This concerns Enexis's own interpretation of what has come to the fore in various stakeholder dialogues.

Enexis's four most important stakeholder groups were determined prior to the General Shareholders Meeting 2010. The above stakeholder classification was approved in the strategy 2010-2014 in the GSM 2010. The column 'why is it important to involve the stakeholders' confirms that these are still the most important stakeholder groups.

In addition, an extensive dialogue was conducted in 2013 with 64 stakeholders. The interviewed group of stakeholders together formed a good representation of the various stakeholders of Enexis. The results of this dialogue, in addition to the regular stakeholder contacts, were used in 2014 to formulate strategy and policy that ultimately resulted in the 2014 Strategic Plan. The dialogue was conducted with stakeholders in 2015, for example, during the public shareholders' meeting, during consultations with the supervisor, during customer satisfaction surveys and via the Works Council. This is in line with the terminology used in the [CSR principles](#).

In addition, in connection with the development of future scenarios, an extensive trend analysis was performed whereby twelve interviews with external parties were held. The input from these interviews were included in the trend analysis that has resulted in the future scenarios. These scenarios are used for further strategy and plan forming in 2016 also in view of the energy transition.

GRI

In the preparation of the sustainability reporting, the GRI 4.0 guidelines have been applied with application level CORE. The GRI-Index has been made available as a digital appendix to this annual report. [Click here for the complete GRI-Index.](#) [Click here for the delineation of the GRI aspects.](#)

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 External Reporting & Accounting 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 benadering MVO](#)'.

Management approach corporate social responsibility (CSR)

Within Enexis, CSR is part of the regular business operations. With regard to the strategic pillar Sustainability, the management steers, for example, on the balance score card items Buurkracht and CO₂ reduction. This strategic pillar has been elaborated in a sustainability agenda, a medium-long term plan that gives direction in terms of activities and interim-objectives. The director of Fudura is responsible for the sustainability agenda.

The internal sustainability group is responsible for the sustainability portfolio with regard to progress and budget. In addition, internal communications has worked on promoting the CSR awareness of employees also by means of sustainability programmes.

Changes in comparison to previous reporting years

The scope of this report has remained unchanged in 2015 compared with 2014. The strategy was evaluated in 2015 and no significant changes resulted from this evaluation, other than reported in the paragraph 'Strategy evaluation'.

Assurance

PwC carried out an assurance assignment that aimed for obtaining a limited degree of certainty that the information provided in the chapters 'About Enexis', 'Report over 2015', 'CO₂ footprint' and 'Other' in the annual report 2015 of Enexis in all aspects of material importance are presented correctly and in accordance with the 'Sustainability Reporting Guidelines' G4 (Core) of the Global Reporting Initiative, with the guidelines for social reporting of the Council for Annual Reporting and with Enexis's internal reporting criteria. When reference is made to these chapters in the GRI table, then this information is included in the scope of the assurance assignment. If no reference is included into these chapters, then the assurance assignment does not apply. We refer to page 147 for the assurance report of the independent auditor.

Feedback

We strive to improve the quality of our reporting year after year. The points of view of critical readers provide a welcome support in this improvement process. If you have any ideas for improvement please send an e-mail to investor.relations@enexis.nl.

Glossary

Chain

The group of parties that carry out a process together. Enexis is active in the energy chain and in the resources chain.

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.

Customer Effort Score (CES)

The Customer Effort Score shows how much effort a customer has had to make to have his/her request taken care of.

Customer in Control programme

Customer in Control is a programme that contributes to the constant improvement of the customer orientation. With Customer in Control, we aim to give the customer more control with regard to how the customer wants to be helped and advised by Enexis. The programme has been running since 2013. The programme is now known under the name 'Customer-orientation agenda'.

Customer satisfaction

The term used for the assessment of Enexis's performance by customers.

DART-rate

Days Away from work, job Restrictions, and/or job Transfers. Indicator of the safety in the execution of work expressed in the number of hours away from work per 200,000 hours worked.

Delivering back energy

When customers feed energy back into the energy grid due to the generation of their own (in general sustainable) energy.

Distribution Automation in 2020

The transformer stations in the mid-voltage distribution grid are equipped with small computers so that the mid-voltage grid can be switched on and off and monitored remotely.

EBIT

Earnings Before Interest and Tax.

Effect on local communities

The effect of having, constructing, replacing, maintaining and managing the energy grids on the local community.

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 chain

Everything that has to do with the origin, production, transport and end-use of energy.

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.

Excavation-free replacement

Replacement without having to excavate the pipeline. For example, by means of slip lining, pipe bursting, close fit, sock method, steered drilling.

FFO/net interest-bearing liabilities

This is calculated as follows: (operating result + 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)

FFO interest coverage ratio

This is calculated as follows: (operating result + depreciation – amortisations + dividend received from associates + financial income – taxes due and payable) / paid interest expenses

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.

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.

HSQE

The term for activities regarding Health, Safety, Quality of life and the Environment.

Indirect economic impact of investments in infrastructure.

The economic impact of the investments with the exception of the direct objective, namely the transmission of energy.

Invested capital

Fixed assets plus assets held for sale less contributions received in advance (non-current and current) plus liabilities held for sale plus net working capital.

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.

Managing the supply and demand of energy

Aligning the supply and demand of energy to avoid the overburdening of the grid.

Market Model

The agreements and rules that determine the tasks, powers and responsibilities of the parties in the energy sector.

National Intake Portal

A joint portal of all combined providers of water, media, gas and electricity for all customers in the Netherlands to request connections and to monitor the realisation of the connection.

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

This is calculated as follows: $(\text{total interest-bearing liabilities} - 75\% * (\text{cash and cash equivalents} + \text{deposits} + \text{other freely available cash and cash equivalents})) / (\text{equity} + (\text{total interest-bearing liabilities} - 75\% * (\text{cash and cash equivalents} + \text{deposits} + \text{other freely available cash and cash equivalents})))$

Net working capital

This is calculated as follows: total fixed 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 following year and excluding derivatives).

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.

Return on equity

Result after taxes divided by equity capital at year end.

Risky situation

A situation where a potential risk exists of an incident or accident.

ROIC

EBIT divided by invested capital at year end.

Safety awareness

The ability to translate feelings and experiences effectively into alert reactions to unsafe situations so that actions can be carried out without danger.

Smart grid

An energy grid that can react to situations in which the demand and the supply of energy require steering by making use of ICT.

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.

Society

The society in which Enexis operates, including organisations, individuals and developments.

Solvency

Equity capital x 100% divided by the balance sheet total.

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.

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.'

Sustainable employability plus

A company programme that enters into force when there are developments that are expected to result in redundancies among personnel. This company programme provides extra facilities and support in order to increase their employability.

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

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Photo cover Neighbourhood battery - Jaap van den Beukel.

Neighbourhood battery: Sustainable energy is not always available when you need electricity. Storing energy can help solve this problem. Enexis is testing this, for example, in Etten-Leur with a neighbourhood battery.

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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