Schiphol Group

Annual Report 2014

Schiphol Group

Value creation

Connecting the Netherlands

Schiphol Group's mission is Connecting the Netherlands: Permanently connecting the Netherlands to the rest of the world in order to contribute to prosperity and well-being in this country and elsewhere.

Why

Mission
Connecting the Netherlands: Permanently connecting the Netherlands to the rest of the world in order to contribute to prosperity and well-being in this country and elsewhere.

Ambition
To develop Schiphol into Europe's Preferred Airport for travellers, airlines and logistic service providers alike.

What

Four themes underpin our strategy for accomplishing our job: Top Connectivity, Excellent Visit Value, Competitive Marketplace and Sustainable Performance.

Top Connectivity
Connective
- Network of direct destinations
- Airport infrastructure
- Accessibility by road and rail

Excellent Visit Value
Competitive
- Ease of travel
- Price/quality
- Distinctive

Competitive Marketplace
Attractive
- Locations, products and services
- Flexible logistics
- Attractive business climate

Sustainable Performance
Future preparedness
- People
  Planet
  Profit
- Financial solidity
- Stakeholder dialogue

How

Schiphol uses three mutually reinforcing business areas to bring the AirportCity concept into practice: Aviation, Consumer Products & Services and Real Estate. The fourth business area, Alliances & Participations, focuses on our regional airports and international business activities.

Aviation
Infrastructure and facilities for airlines, passengers, handling agents and logistics service providers at Schiphol.

Consumer Products & Services
Products and services for travellers and businesses at Schiphol.

Real Estate
Operational and commercial real estate at Schiphol and other airports.

Alliances & Participations
Participating interests in airports in the Netherlands and abroad, other domestic and international activities.

Who

Schiphol has many stakeholders who represent a wide range of interests: travellers, airlines, local residents, sector partners, government bodies, financial stakeholders, business partners and employees.

Travellers

Airlines

Local residents
- Alders Platform
- Schiphol Local Community Council
- Local Community Contact Centre Schiphol

Sector partners
- Airlines
- Air Traffic Control the Netherlands (LVNL)
- Handling agents
- Royal Netherlands Marechaussee
- Dutch Customs

Government bodies
- Neighbouring municipalities
- Provinces
- Ministries

Financial stakeholders
- Shareholders
- Banks
- Bond investors

Business partners
- Concessionaires
- Lessees
- Security companies
- Facility service providers
- Construction and installation companies

Employees

Value

Capital	Input	Output
Produced	• Airport infrastructure • Buildings • Car parks • Roads	• High-grade facilities and infrastructure • Competitive airport charges • Attractive real estate
Social and relationships	• Stakeholder dialogue • Collaborations	• Relationships with sector partners, business partners, suppliers and employees • Local support base
Human	• Employees • Schiphol workers	• Skilled and trained employees • Diversity • Safe working conditions
Intellectual	• Knowledge • Expertise	• Brands and concepts • Innovation
Nature	• Energy • Raw materials • Drinking water • Land holdings	• Emissions • Noise • Material use and waste • Waste water • Surface water • Space requirements • Biodiversity
Financial	• Financial position • Creditworthiness	• Return • Credit rating • Taxes • Dividend

Outcome

- Connections
- Economic value
- Stakeholder value
- Safety
- Support base
- Brand value
- Committed and motivated workforce
- Water, air and soil quality

Prosperity

Well-being

Contents

Events in 2014

First quarter

- On 24 and 25 March, Amsterdam Airport Schiphol hosted 51 world leaders and their staff attending the Nuclear Security Summit (NSS). Runway 18R-36L was decommissioned for this purpose. This complex event was a resounding operational success. The NSS was followed by large-scale maintenance on Runway 18L-36R.
- Schiphol received the SKYTRAX award for Best Airport in Western Europe. Worldwide, Schiphol fell from third to fifth position in 2014.
- A new catering cluster was opened at Schiphol Plaza comprising La Place, HEMA and Happy Seafood.

Second quarter

- In April, Schiphol Group and Lelystad Airport presented the Lelystad Airport Business Plan, which outlines the proposed development of Lelystad Airport to support Amsterdam Airport Schiphol in serving non-Mainport-related air traffic.
- Schiphol was granted Airport Carbon Accreditation 3+ for its CO_2 emissions reduction efforts, earning the airport a place among the world's most sustainable airports.
- Schiphol donated 212,000 euros to UNICEF. Of this amount, 152,000 euros were raised via collection points in the terminal and 60,000 euros through campaigns organised by our own employees.
- Schiphol's Orange Wave Goodbye app was a commercial success; via large screens, the public waved goodbye to the Dutch football team on their way to the World Cup in Brazil on 5 June.
- For the 19th time, Schiphol won the Asian Freight & Supply Chain Award (AFSCA) for Best Airport in Europe.

Third quarter

- On 17 July flight MH17, which had departed from Schiphol, crashed in Ukraine with 283 passengers – including 196 Dutch nationals – and 15 crew members on board. This disaster had a huge impact on Dutch society. A special commemorative site was created at Schiphol where people could leave expressions of sympathy.
- On 1 September Ad Rutten, COO since 2005, retired. He was succeeded by Birgit Otto as Chief Operations Officer of Schiphol Group.
- At the Market Consultation Day for Area A, over 150 prospective partners and suppliers provided input for the construction and call for tenders for a new pier and terminal on the southern side of Schiphol.
- Start of the Departure Lounge 2 renovation project, which is to create 20% additional retail and food service space. Completion in 2015.

Fourth quarter

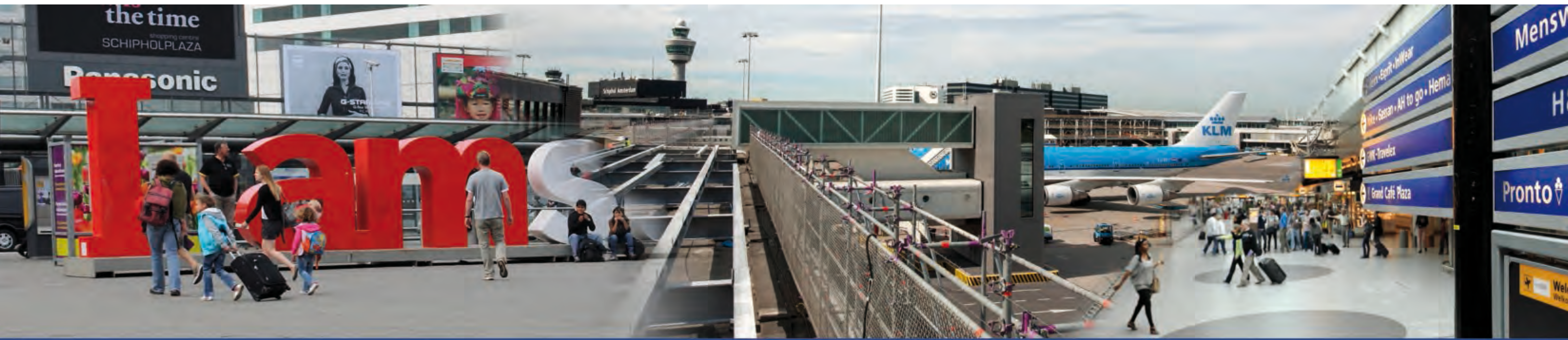
- Definitive Airport Decree for Eindhoven Airport; the legal framework for further expansion.
- The new security filter in Departure Hall 1 was taken into operation. This is the first in a series of five new, innovative and user-friendly central security checkpoints.
- Business Traveller Award: for the 25th time, British business travellers named Schiphol 'Best Airport in Europe'.
- At Schiphol, 167 (electric) Tesla Model S vehicles were put into use for passenger taxi services by BBF Schipholtaxi and BIOS Group. No other airport in the world uses so many green taxis.
- The Airport Charges Consultation was finalised in October: the rates are to be decreased by around 7% as of 1 April 2015.
- Schiphol received international praise for its Corporate Responsibility programme, and was presented with the Airports Going Green Award from the Chicago Department of Aviation.
- Schiphol was Europe's first major hub airport to be granted the EASA certificate. The rules issued by the European Aviation Safety Agency are even stricter than the national or ICAO standards.

About us

AIRFRANCE KLM
FLYINGBLUE
TAKES YOU FURTHER
Elite priority starts here
Privium P

Profile

Schiphol Group is an enterprise that operates airports in the Netherlands, conducts international activities and participates in airports abroad. Operating Amsterdam Airport Schiphol is the Group's largest activity. Schiphol Group is the owner and operator of Rotterdam The Hague Airport and Lelystad Airport, and holds a majority share in Eindhoven Airport.



Of Europe's main hub airports, over the years Amsterdam Airport Schiphol has grown into Europe's Preferred Airport, with direct connections to 319 destinations. In 2014 the number of travellers served by Schiphol grew by 4.6% to almost 55 million, and 1.6 million tonnes of cargo were handled. More than five hundred companies are based at Schiphol, employing around 65,000 people in total. The activities at and around Schiphol are an important driver of the sustainable growth of the Dutch economy.

As a whole, the Group welcomed nearly 61 million passengers at its Dutch airports. The number of travellers served by Rotterdam The Hague Airport and Eindhoven Airport grew by 6.1% and as much as 16% respectively.

Schiphol Group has four shareholders: the Dutch state (69.8%), the municipality of Amsterdam (20.0%), Aéroports de Paris (8.0%) and the municipality of Rotterdam (2.2%). The company aims to achieve a reasonable return on its equity based on moderate increments in airport charges and a stable dividend distribution trend. We invest in the infrastructure and facilities at our airports on the basis of a sound financial policy aimed at safeguarding our full independence in the financing of these assets, both today and in the future.

Schiphol Group collaborates closely with foreign airports which can strengthen its position, including the airports operated by Aéroports de Paris, a company in which we have an 8% cross-participation. In addition, we are involved in Terminal 4 at JFK International Airport in New York, are engaged in a strategic collaboration with Incheon Airport, have an interest in Brisbane Airport and conduct operations at the airports of Hong Kong and Aruba. In all, these international activities account for a significant part of Schiphol Group's results.

At the airports we collaborate with partners, government organisations and other parties in a variety of networks. We aim to provide efficient, reliable and inspiring facilities for airlines and travellers alike. In terms of operational management we collaborate closely with sector partners, such as the airlines, handling agents, Air Traffic Control the Netherlands (LVNL), Dutch Customs and the Royal Netherlands Marechaussee, government bodies, business partners such as retail and catering companies, and security businesses. Close, long-term and constructive collaboration with all of these parties is key to the permanent success of airport operations. And since it is crucial to generate support for our activities among stakeholders in our environment, we also maintain close contact with local residents.

At the end of 2014, Schiphol Group employed 2,104 people, the majority of whom (1,915) worked at the Schiphol location.

Schiphol Group

Facts and figures

- **319** destinations Schiphol
- **296** passenger destinations Schiphol
- **31%** business travel Schiphol
- **5** main runways Schiphol
- **1.6** billion € real estate
- **CO_2** neutral (own activities Schiphol)
- **39%** by public transport to Schiphol
- **31%** employees female
- **EBITDA 43%**

- **61** million passengers
- **55** million passengers Schiphol
- **40%** transfer passengers Schiphol
- **1.6** million tonnes cargo Schiphol
- **5.8** billion € total fixed assets
- **88%** occupancy rate real estate
- **2.7%** energy efficiency Schiphol
- **26%** waste separated Schiphol
- **3.6%** absenteeism
- **ROE 8.2%**

Key figures

EUR million unless stated otherwise	2014	2013[1]	%
Results			
Revenue	1,474	1,364	8.1
Result on sale of investment property	1	-	553.1
Fair value gains and losses on investment property	-2	3	178.6
Operating expenses (excluding depreciation, amortisation and impairment)	837	796	5.1
EBITDA[2]	635	571	11.3
Depreciation and amortisation	228	248	-8.1
Impairments	4	17	-75.9
Operating result	403	305	32.1
Financial income and expenditure	-86	-90	-4.8
Share in results of associates and joint ventures	27	61	-55.1
Result before tax	345	276	24.9
Corporate income tax	-71	-45	57.2
Result after tax	274	231	18.5
Net result	272	227	19.5
Total equity	3,453	3,309	4.3
Investments in fixed assets	396	323	22.4
Cash flow from operating activities	508	462	10.0
Proposed dividend	138	135	2.5
Ratios			
RONA after tax[3]	6.6%	6.1%	
Return on equity (ROE)[4]	8.2%	7.0%	
Leverage[5]	35.0%	36.2%	
FFO/total debt[6]	26.5%	26.0%	
FFO interest coverage ratio[7]	6.4	5.8	
Earnings per share[8]	1,461	1,222	
Dividend per share	744	727	
Business volume (in numbers)			
Air transport movements[9]	484,250	468,996	3.3
Passenger movements (x 1,000)[9]	60,591	57,556	5.3
Cargo (x 1,000 tonnes)[9]	1,633	1,531	6.7
Workforce in average full-time equivalents	2,039	2,058	-0.9

1 Comparative figures for 2013 have been restated as a result of the introduction of IFRS 11.
2 Operating result plus depreciation, amortisation and impairment
3 Operating result after tax plus share in results of associates and interest income / (Average non-current assets less deferred taxes)
4 Net result (attributable to shareholders) / Average total equity
5 Interest-bearing debt / (Total equity + interest-bearing debt)
6 Funds from operations (cash flow from operating activities before changes in working capital) / interest-bearing debt
7 Funds from operations plus gross interest expense / gross interest expense
8 Based on net result (attributable to shareholders)
9 Schiphol Group: Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport

Mission

Schiphol Group's mission is Connecting the Netherlands: permanently connecting the Netherlands to the rest of the world in order to contribute to prosperity and well-being in this country and elsewhere; *Connecting to compete* and *to complete*. We conduct our domestic and international operations in a balanced manner, and in doing so reflect our key values: reliability, efficiency, hospitality, inspiration and sustainability.

Connecting the Netherlands

Schiphol Group is an airport company with an important socio-economic task. The airports of the group, and Amsterdam Airport Schiphol in particular, create value for society and for the economy, both in the Netherlands and elsewhere.

Connecting the Netherlands is meaningful from various different perspectives, as it involves both economic and human aspects. First of all, connections lead to sustainable growth. The more direct connections there are between the Netherlands and major centres all over the world, the easier it is for Dutch companies to do business internationally or to attract high-quality knowledge. Connections augment prosperity. They increase the appeal of Dutch cities as locations for foreign companies and head offices. This is a significant asset in a globalised world where economic activity tends to concentrate in a limited number of metropolitan areas. We refer to this as *Connecting to compete.*

And then there is the human aspect: *Connecting to complete.* Connections have a human dimension in that they enable people from different countries to meet and create social networks. As such, connections contribute to the well-being of individuals and societies in all parts of the world.

The network of connections is the heart of Schiphol. Schiphol's customers include a large number of airlines, and the mainstay of our network of connections for both passengers and cargo is our home carrier KLM. We can only facilitate those connections if we are able to provide the airlines and their passengers with top-class facilities and sufficient capacity. Our connectivity also depends on the accessibility of our airports by public transport and by car, for travellers and for people working there. The same applies to cargo: good connections to the road and rail networks are essential.

Schiphol Group believes it has a duty to maintain Amsterdam Airport Schiphol and to further develop it as a Mainport. The regional airports in which Schiphol Group participates – Rotterdam The Hague Airport and Eindhoven Airport – play a crucial part in this. Connecting their respective regions with the rest of Europe, they provide a major extension to the network of Amsterdam Schiphol Airport, in terms of handling both leisure and business traffic. In the future, Lelystad Airport will provide space to support the further development of Schiphol's Mainport function. Our international participations, too, contribute to strengthening the Mainport.

For us, connection means more than merely facilitating OD and transfer passengers. We are developing our airports not only as journey start and end points but also as inspiring locations where people can pass their time, do business and work.

We take our environment into account in everything we do. We are very conscious of the impact of aviation activities, for example on the environment and on the available space. We are also aware that the benefits and drawbacks of our airports are not evenly distributed across the surrounding region, and are therefore constantly working with our stakeholders to mitigate the consequences and investing with a view to improving the quality of life in the immediate vicinity of our airports.

Creating value

Schiphol Group operates the Netherlands' largest airport, Amsterdam Airport Schiphol, and several regional airports. Schiphol Group creates value by connecting the Netherlands and increases prosperity and well-being in this country and elsewhere.

Airports in the value chain

The passenger and cargo transport processes constitute an airport's value chain. An airport provides infrastructure and facilities for departing, transferring and arriving passengers and cargo, and for the businesses involved in this process. In addition to being a multimodal hub, we are an attractive marketplace for products and services and offer a wide range of location options for businesses. The most important partners in this chain are airlines, handling agents, Air Traffic Control the Netherlands (LVNL), Dutch Customs and the Royal Netherlands Marechaussee, business partners such as retail and catering companies, and security businesses.

Airport area

- Material aspects: significance for the region, operating capacity, accessibility, customer appreciation, safety, CO_2 emissions, air quality, circular economy, supply chain responsibility, financial solidity.
- The quality and capacity of the total chain have enabled us to create a vast network of destinations, offer a high-quality visitor environment and ensure that all activities conducted here generate considerable economic spin-off for the region, the Netherlands and Schiphol Group. Schiphol Group develops, builds and operates real estate in the airport grounds, and is the owner of the terminal and various other buildings. The company also leases out land under long leases. Schiphol develops a large number of office buildings, warehouses and other buildings such as hotels on behalf of or in collaboration with users/lessees. Schiphol Group shares joint responsibility with government authorities for the spatial planning of the airport grounds.

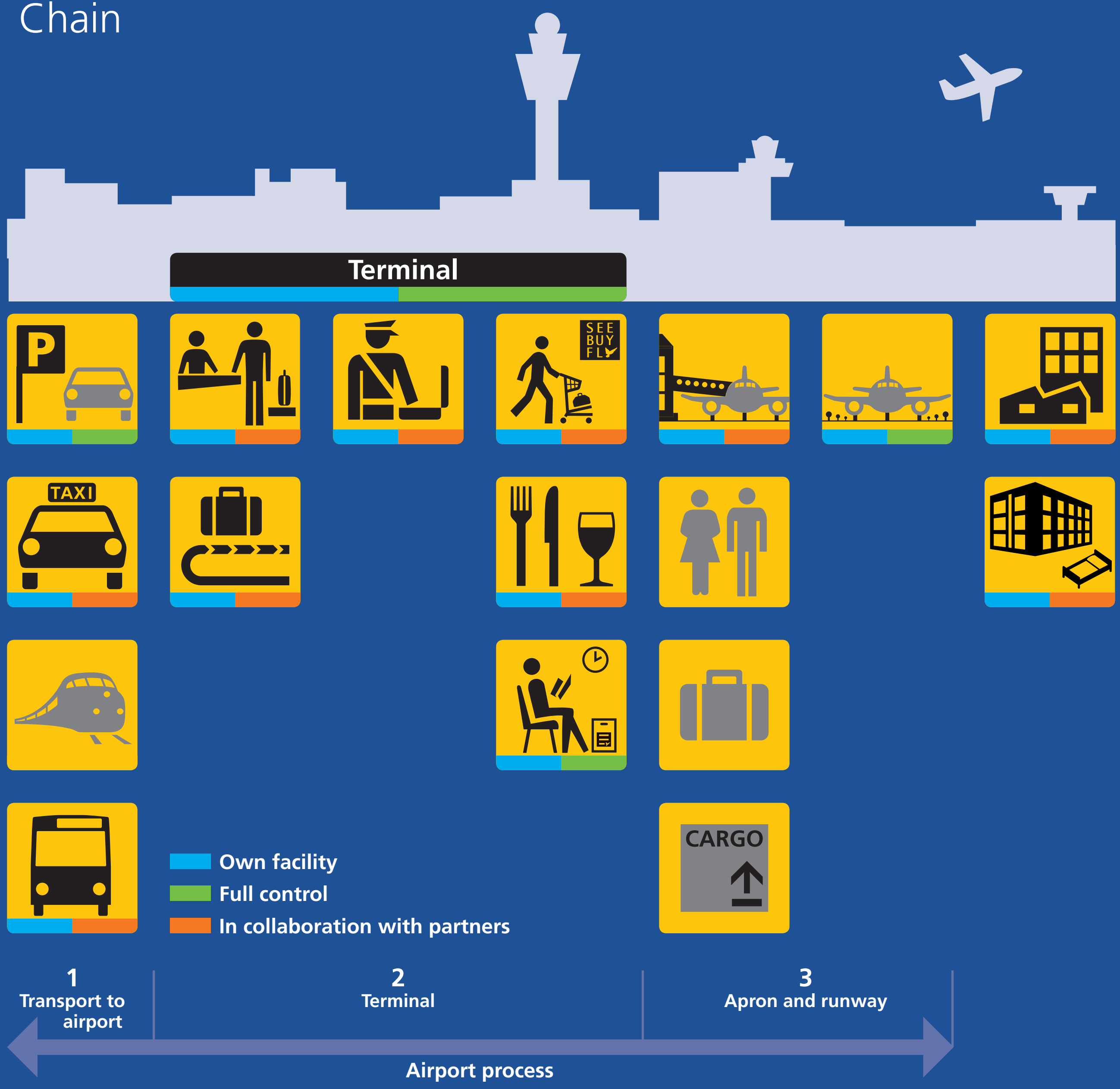
1. Transport to/from the airport

- Material aspects: accessibility, CO_2 emissions, air quality.
- Schiphol Group owns the car parks and controls their use by means of parking charges. Picking up and dropping off passengers involves four vehicle movements; parking only two. Schiphol issues concessions for taxi transport at the airport. In collaboration with NS (Dutch Railways) and ProRail, Schiphol is working to optimise rail transport. Schiphol builds roads and bus lanes at the airport, and is developing a high-quality bus network together with bus operators and government authorities.

2. Terminal

- Material aspects: operating capacity, customer appreciation, safety, CO_2 emissions, supply chain responsibility, circular economy, employment practices.
- The terminal is infrastructure owned by Schiphol Group. The airport's own employees work in the terminal as well as those of sector and business partners. The check-in desks and baggage system are Schiphol Group assets. Sector partners (airlines and handling agents) use the airport infrastructure. The safe and efficient screening of passengers and cargo is carried out jointly by the security companies (Schiphol Group suppliers), the Royal Netherlands Marechaussee and Dutch Customs. The departure lounges located after border/security control featuring seating areas, retail and catering outlets are Schiphol Group assets. Schiphol grants concessions for operating retail and catering outlets. Schiphol develops retail and leisure concepts in association with its business partners.

Chain


Terminal
SEE
BUY
FLY
TAXI
CARGO
Own facility
Full control
In collaboration with partners
1
Transport to airport
2
Terminal
3
Apron and runway
Airport process

3. Aprons and runways

- Material aspects: operating capacity, safety, CO_2 emissions, supply chain responsibility, circular economy, air quality.
- The gates where passengers board an aircraft are Schiphol Group assets. Schiphol Group is responsible for the infrastructure for the embarkation and disembarkation process. Aircraft are owned by the relevant airlines. The airlines are responsible for the safe carriage of passengers, baggage and cargo. The aprons and runways are Schiphol Group assets. Schiphol Group is responsible for the maintenance, availability and safety of the apron and runway infrastructure. Air Traffic Control the Netherlands (LVNL) indicates which take-off or landing runways should be used and the LVNL air traffic control tower maintains contact with pilots. Airline operations (flights) cause noise disturbance to local residents.

Read more about the material aspects in *stakeholders and materiality*.

Joint responsibility

A large number of parties are involved in the passenger and cargo transport processes. As an airport operator, Schiphol Group is responsible for these processes. This is set out in legislation and in our operating licences. The parties concerned collaborate closely with each other to perform the complex, daily airport operations process. Airports do not always have complete control of the performance results; this is a shared responsibility of multiple parties. A runway incursion can, for instance, occur as a result of an incorrect act by a Schiphol employee or by an airline, LVNL or handling agent employee. The decreasing number of runway incursions is a good example of the joint efforts undertaken by all parties concerned.

The airport also is the party which is largely held accountable for noise disturbance and CO_2 emissions, whilst noise and emissions are largely attributable to air traffic. Fleet renewal enables the airlines to operate technologically advanced, quieter and cleaner aircraft, in turn reducing the number of complaints from local residents, even though the improvement is not attributable to the airport operator. The same applies to CO_2 emissions, which are largely generated by air traffic. In consultation, KLM and Schiphol Group have decided to accelerate the development of biofuels. ArkeFly has undertaken a similar initiative.

Airport

The job the airport fulfils in this process is that of the airfield operator. The operating requirements are laid down in the Aviation Act (Wet luchtvaart). The Act states that it is our social responsibility to promote the optimum use of the airport as a high-quality hub for domestic and international air traffic, with due observance of the safety and environmental standards. The airport is responsible for providing the facilities required to ensure the proper handling of air traffic and the associated passenger and cargo transport at the airport.

Schiphol Group has set out this responsibility in its mission: Connecting the Netherlands. In its business model Schiphol Group's mission is reflected in four core activities: Aviation, Consumer Products & Services, Real Estate and Alliances & Participations. For more information, see *business model*.

We have developed a strategy with which to accomplish our mission in the years ahead, taking account of trends and developments, risks and the operating environment. We have linked our objectives to our ambitions in our 2013-2017 Strategic Plan. For more information, see *strategy*.

Organisations provide insight into how they add value in a value creation model. The input for the model consists of resources that create value. Based on this input, business activities generate a certain output (e.g. products, services and waste). Business activities combined with the output represent the outcome. The outcome reflects the changes in value arising from business activities in both positive and negative terms.

Business model

Schiphol Group distinguishes four activity clusters: Aviation, Consumer Products & Services, Real Estate, and Alliances & Participations. These activities collectively determine the success of Schiphol Group.

Schiphol Group derives its income from a range of sources, including landing fees and passenger charges, concession fees from retail and catering companies, revenue from advertising objects and parking services, property rents and leaseholds and income from associates.

Schiphol as an AirportCity

We have developed Schiphol into an AirportCity: a location offering travellers, airlines and businesses all the services they need, 24 hours a day. As part of its efforts to stand out from its competitors, Schiphol continues to develop a wide range of commercial activities.

Business areas

Schiphol uses three mutually reinforcing business areas to bring the AirportCity concept into practice: Aviation, Consumer Products & Services and Real Estate.

Serving travellers, airlines, handling agents and logistic services providers alike, the Aviation business area has a pivotal role at the airport. Aviation supplies and manages the infrastructure that is required to ensure pleasant, reliable and efficient arrival and departure processes for travellers, baggage and cargo. It is responsible for coordinating safety in the terminal, on aprons and roads and in areas and buildings on airside.

The Consumer Products & Services business area offers travellers a range of products and services that facilitate a carefree and comfortable travel process. It includes shops, catering facilities and parking services at the airport. In addition, the business area markets advertising opportunities at the airport.

The Real Estate business area develops and manages real estate at and around the airport. The central task of this business area is to ensure that the airport area offers attractive business locations and a pleasant environment for hotel guests and other visitors. Real Estate provides a large variety of high-quality real estate options in the form of offices, commercial premises and logistics buildings.

The fourth business area, Alliances & Participations, focuses on the operation of regional airports and the development of international business activities. Just as Schiphol itself, the regional airports are developed in accordance with the AirportCity concept through investments in real estate and the creation of an attractive range of shops, hotels and restaurants. We also export our AirportCity concept and operational expertise to airports abroad, while using those foreign operations to enhance our own knowledge. We have set up partnerships for the joint development of innovative concepts and solutions, as well as for joint procurement initiatives (where possible).

Economic regulation

The scope available to Schiphol Group for charging costs directly related to its primary airport operations, infrastructure and security is largely determined by economic regulation. We are subject to what is known as dual-till regulation: a system that distinguishes between regulated and non-regulated income flows.

The rates for Amsterdam Airport Schiphol's aviation activities are regulated: the returns on these activities are subject to specific ceilings. The return has been capped at the regulated average weighted average cost of capital (WACC) determined annually, on which the ten-year interest rate on government bonds has a considerable impact. This means that Schiphol Group's return on aviation activities depends on the development of the interest rate. The rates, including take-off and landing fees and passenger and security charges that Schiphol receives from the airlines, are periodically determined in accordance with legal provisions in the Aviation Act.

The regulated WACC that was used to determine the 2014 airport charges amounted to 4.3%. The regulated WACC used to determine the airport charges for 2015 is significantly lower, namely 2.9%. In 2014 the Aviation business area realised a 3.9% return on net assets (RONA).

Non-aviation activities at Schiphol are not regulated. These include all activities in the fields of retail, catering, leases, media, real estate development, parking and our international activities. The operation of our regional airports is not regulated either. Our non-regulated revenue stream substantially contributes to the group's financial results, allowing us to maintain a healthy financial position.

Read more about our operational environment and our strategy in the *strategy* section.

Key figures

EUR million	2014	2013	%
Total revenue	839	793	5.7
Operating expenses	565	550	2.8
Depreciation and amortisation	163	189	-13.5
EBITDA	274	244	12.3
Operating result	110	55	101.2
Average asset base	2,147	2,093	2.6

EUR million	Aviation			Security		
	2014	2013	%	2014	2013	%
Total revenue	551	521	5.8	288	272	5.7
Operating expenses	323	317	1.7	242	232	4.4
Depreciation and amortisation	123	152	-18.9	40	37	8.7
EBITDA	229	204	12.1	45	40	13.3
Operating result	105	52	103.0	5	3	71.1

Key Performance Indicators

Number of scheduled destinations

Passengers and cargo

2014	**319**
2013	323

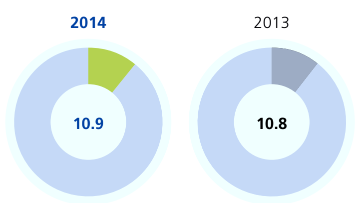
IR rate for baggage handling

(% of baggage delayed)

2014	**1.6**
2013	1.7

Passenger market share

Top 10 European airports (in %)



Punctuality of arrivals

(in %)

2014	**86.1**
2013	87.6

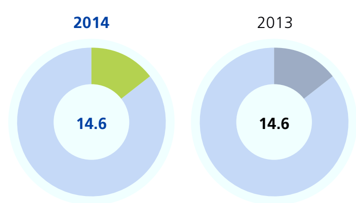
Punctuality of departures

(in %)

2014	**79.0**
2013	81.9

Cargo market share

Top 10 European airports (in %)



Key figures

EUR million	2014	2013	%
Total revenue	366	366	0.0
Operating expenses	158	156	1.3
Depreciation and amortisation	27	29	-9.9
EBITDA	208	210	-0.9
Operating result	181	180	0.6
Average asset base	298	282	5.7

EUR million	2014	2013	%
Concessions	145	149	-2.8
Parking	86	82	5.4
Retail sales	82	85	-3.8
Rents and leases	18	19	-7.2
Advertising and Media	18	19	-2.0
Other activities	17	12	42.6
Total revenue	366	366	0.0

Key Performance Indicators

Spend per passenger Retail Airside

EUR per departing passenger

2014	**14.48**
2013	15.89

Spend per passenger Catering Airside

EUR per departing passenger

2014	**3.82**
2013	3.88

Parking revenue

EUR per departing NL passenger

2014	**7.79**
2013	7.50

Concession income

EUR per departing passenger

2014	**5.26**
2013	5.67

Key figures

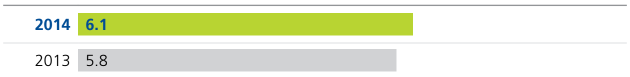
EUR million	2014	2013	%
Total revenue	205	145	41.5
Operating expenses	103	75	37.9
Depreciation and amortisation	20	17	14.0
Impairments	4	17	-75.9
EBITDA	102	74	38.4
Operating result	79	39	100.5
Average asset base	1,702	1,478	15.2

EUR million	2014	2013	%
Investment property, buildings	70	42	65.1
Investment property, land	24	24	1.7
Operating property	43	44	-2.1
Other	68	35	96.2
Total revenue	**205**	**145**	**41.5**

Key Performance Indicators

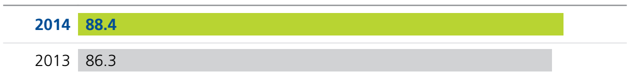
Direct return on investment property

(in %)



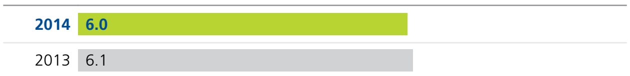
Occupancy rate

(in %)



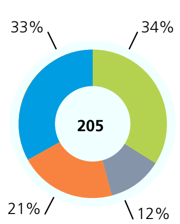
Total return on investment property (incl. indirect return)

(in %)



Revenue split in 2014

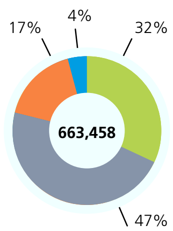
EUR million (in %)



	EUR million
Investment property, buildings	70
Investment property, land	25
Operating property	43
Other	68

Property portfolio per category

In %



	m^2
Offices	213,853
Industrial units	313,179
Operating property, terminal building	110,172
Operating property, other	26,254

Key figures

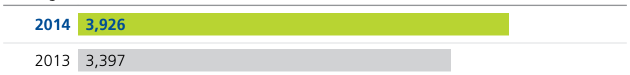
EUR million	2014	2013	%
Total revenue	178	166	7.6
Operating expenses	126	122	3.0
Depreciation and amortisation	19	13	45.7
EBITDA	51	43	18.4
Operating result	33	31	7.0
Share in results of associates including interest and dividend	42	56	-24.5
Average asset base	921	929	-0.9

EUR million	Airports abroad		Regional airports		Other subsidiaries		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Total revenue	15	10	88	79	76	78	178	166
Operating result	6	6	16	15	11	10	33	31
Share in results of associates including interest and dividend	42	56	-	-	-	-	42	56
Total result	49	62	16	15	11	10	75	87
Average asset base	754	752	112	104	55	73	921	929

Key Performance Indicators

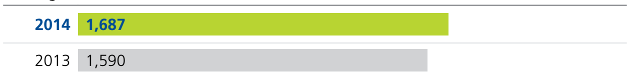
Eindhoven Airport

Passengers x 1,000



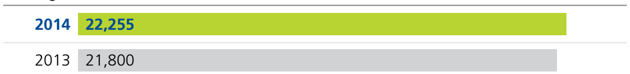
Rotterdam The Hague Airport

Passengers x 1,000



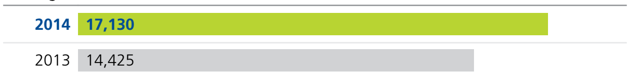
Brisbane Airport (Australia)

Passengers x 1,000



JFK IAT, New York (USA)

Passengers x 1,000



Stakeholders and materiality

Schiphol Group believes it is its job to sustain and further develop Mainport Schiphol's position and that of the regional airports. This is the subject of regular consultations with our stakeholders.

In dialogue

Schiphol Group has a great many stakeholders who represent a wide range of interests. We regularly engage in dialogue with our stakeholders at various levels and on a wide range of different topics. Several stakeholders also visit the airport. We share information with our stakeholders about daily operations and laws and regulations as well as current issues, such as large-scale investments and renovation projects. Schiphol Group's Management Board is involved in these contacts. Regular contact and dialogue enable us to stay abreast of stakeholder opinions and concerns. We, in turn, inform our stakeholders of what is happening at Schiphol Group.

Our stakeholders have indicated that they obtain most of the information relating to our strategy and objectives when speaking to us directly. In addition we use other communication channels (including social media, websites and newsletters) to inform them, depending on the topic and target audience. Our annual report attracts comments in particular from shareholders, financiers, policymakers and the regulatory authorities. The annual report provides an account of current projects, important developments and results, information which is also useful for other stakeholders as well as current and prospective employees and suppliers.

Discussion topics

Schiphol Group has emphatically reached out to its stakeholders – not only our supply chain partners but also to businesses in other sectors. It is our intention to involve influential businesses in a number of issues; their specific knowledge and insights will enable us to keep a sharp eye on developments. Moreover we wish to demonstrate that Schiphol Group is more than a financially focused enterprise, feels engaged with the local community and fulfils an important socio-economic role.

We are facing various challenges and dilemmas relating, for instance, to selectivity (growth versus the quality of the Mainport network), employment (shifts in employment arising from automation, such as automated baggage handling in the baggage basements and the implementation of central security non-Schengen), accessibility (regional public transport in the context of international rail links), customers (expansion of operating capacity in relation to airport charges), health (emissions in relation to health and the environment). We prefer to address these challenges in close collaboration with our stakeholders. Schiphol Group acts on issues and recommendations arising from these discussions where possible.

Materiality

In 2013 we launched an initiative to find out whether the topics we report on in our annual report are also of material significance to our stakeholders. We drew up a materiality analysis based on information obtained through dialogues and interviews. In 2014 we subsequently assessed the material aspects with the relevant departments and colleagues who maintain direct contact with our

Examples of stakeholder dialogues

During two meetings, hosted by our CEO and attended by management board members representing a broad cross-section of the business community, the participants shared views on the strategic challenges facing Schiphol Group. It emerged that several companies felt that the business community should strengthen the relationship with the ministry of Economic Affairs. Various attendees expressed concern about the infrastructure in the Netherlands, pointing out that more infrastructural investments should be made to bolster the country's competitive position. We also noted that the companies wish to be kept abreast of Schiphol's hub strategy and the future role that Lelystad Airport is to play in this regard. For more information, see *significance for the region*.

The parties involved in the Alders Platform and Schiphol discuss the current status of *covenants* and the new system of environmental standards. The parties also share their opinion on the implementation of noise mitigation measures and runway usage. One discussion topic was the use of four runways during peak periods. At the end of January, the Alders Platform and CROS changed into the newly formed Schiphol Local Community Council (Omgevingsraad Schiphol). For more information, see *significance for the region* and *noise*.

The plan concerning Noise and the Local Community, indicating Schiphol's intention to strengthen community engagement, was discussed with the neighbouring municipalities. In 2014, to mark the occasion of Ad Rutten's retirement as COO, we organised a symposium on our relationship with the local community. Theo Weterings, mayor of the municipality of Haarlemmermeer, Kees van Ojik, the local residents' representative, Hans Alders and Ad Rutten candidly exchanged views on the impact of the airport on the surrounding residential areas. Evening sessions concerning the development of Lelystad Airport were organised in the environs of Lelystad under the auspices of the Lelystad Alders Platform. For more information, see *significance for the region* and *noise*.

Over the course of the year we conducted various meetings with the airlines to discuss forecasts, investments and strategic developments. The annual consultation process is the occasion on which we discuss these matters, as well as airport charges, with the airlines. The consultations are not only a formal and legal requirement; we also use this dialogue to coordinate the hub strategy and the timing of investments. We jointly evaluate the consultation process and carry out improvements, examples of which are the introduction of pre-consultations (in which information is provided at an early stage) and issuing a letter of intent regarding airport charges. Read more under *financial solidity* and *operating capacity*.

In 2014 during the run-up to the call for tenders for security services, the trade unions and employers' organisations asked that attention be paid to the time spent standing by security staff while at work. This prompted Schiphol to set standards in the tender documentation for the time security staff spend standing at work, which will improve as soon as the new contract is awarded. Technical installations from the 1970s were still being used on Pier C. At the request of KLM, which uses the pier the most, Schiphol put measures in place to adjust the climate control system and the incidence of light on the pier. Read more under *safety* and *supply chain responsibility*.

During the Market Consultation Day organised in conjunction with the development of Area A, more than 150 companies from every sector, including airlines, building contractors and knowledge institutes, were able to provide their input on the sustainability and design choices entailed in this major building project. Schiphol also organised a business day to bring small and medium-sized businesses in and around the Lelystad region up to date and give them an opportunity to ask questions. For more information, see *operating capacity*.

stakeholders. For the purpose of this assessment we also made use of media analyses and our own analyses of trends, developments and risks. We additionally looked at the aspects reported on by Aéroports de Paris, Heathrow Airport and Frankfurt Airport. The results are summarised in a materiality matrix schematically showing which aspects are of significance to our stakeholders and to us. The matrix, which has been validated by the Management Board, confirms that we have have established the correct priorities in our business strategy.

Scope

The subjects in the matrix concern Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport alike. In view of the intended development of Lelystad Airport, these topics are anticipated to also play a part at that location. Lelystad Airport falls outside the scope of the matrix, at least until it is put into operation for non-Mainport-related commercial passenger traffic.

The content of this annual report has been determined on the basis of material aspects as represented in the materiality matrix, which enables us to explain for readers the impact and relevance of the information included.

Materiality Matrix

In the chain

All aspects included in the matrix are relevant to both our airports and other parties in the *chain*. This annual report includes information on all material aspects over which Schiphol Group has full control, with the exception of the network of destinations, operating capacity, accessibility, noise and safety. Performance reported in these areas also concerns our chain partners.

Development

Schiphol Group has clustered the following material aspects around five CR themes: significance for the region, accessibility, noise, CO_2 emissions, air quality, circular economy and employment practices (see *Corporate Governance* - organisation of CR). In 2014 we worked on defining targets more closely aligned with the strategic character of these five themes. These targets will also be effected at – and in consultation with – the Rotterdam, Eindhoven and Lelystad airports in 2015. The 2014 annual report further reports on the indicators used over the past five years to describe our performance.

Stakeholders in the spotlight

We asked a number of stakeholders who are also technical experts in the aviation sector to share their opinions on how we have handled material aspects of relevance to them.

Stakeholder	Material aspect
Airlines	Network of destinations, operating capacity, customer appreciation, significance for the region, safety, financial solidity, noise, accessibility, CO_2 emissions, supply chain responsibility, air quality, circular economy
Passengers	Network of destinations, operating capacity, customer appreciation, safety, accessibility
Sector partners (Dutch Customs, Royal Netherlands Marechaussee, Air Traffic Control the Netherlands (LVNL), ground handlers)	Network of destinations, operating capacity, safety, noise, supply chain responsibility
Business partners (construction companies, security businesses, facility service providers, concessionaires, tenants, other suppliers)	Network of destinations, operating capacity, significance for the region, safety, financial solidity, supply chain responsibility
Financial stakeholders (shareholders, financial backers)	Operating capacity, significance for the region, financial solidity
Employees	Significance for the region, safety, financial solidity, noise, accessibility, CO_2 emissions, air quality, employment practices, supply chain responsibility
Local residents	Significance for the region, safety, financial solidity, noise, accessibility, CO_2 emissions, air quality, circular economy
Authorities (ministries, provinces, municipalities)	Network of destinations, operating capacity, customer appreciation, significance for the region, safety, financial solidity, noise, accessibility, CO_2 emissions, supply chain responsibility, air quality, circular economy, employment practices, water
Network and special interest organisations	Network of destinations, operating capacity, customer appreciation, significance for the region, safety, financial solidity, noise, accessibility, CO_2 emissions, supply chain responsibility, air quality, circular economy, employment practices, water
Knowledge institutions	Safety, noise, accessibility CO_2 emissions, air quality, circular economy, water

On 30 April 2014 it was announced that Amsterdam Airport Schiphol was the first hub airport worldwide to be awarded Airport Carbon Accreditation (ACA) 3+. The ACA helps provide insight into airports' efforts to reduce CO_2 emissions. Eindhoven Airport has been accredited at the same level.

'It is a testament to the vision of Amsterdam Airport Schiphol that it has achieved certification at the highest level of Airport Carbon Accreditation: neutrality. Although there are 17 other carbon neutral airports out there, Schiphol – welcoming 55 million passengers a year – can rightfully claim to be the busiest carbon neutral airport in the world. Its work in this regard is ongoing at every level of the airport's operations – from its impressive intermodality, its low-emission airside vehicles, its ongoing implementation in A-CDM, its fleet of Tesla zero-emission taxis and much more. I congratulate Amsterdam Airport Schiphol on another excellent year and look forward to sharing in the forthcoming celebrations of its centenary in 2016.'

Olivier Jankovec
Director General, Airports Council International Europe

At Air Traffic Control the Netherlands (LVNL) we of course have a specific responsibility for safety, but in my view the Schiphol Safety Platform is the leading forum for jointly addressing safety at and around the airport. That is why I take part in this platform in my capacity as CEO.

The Schiphol Safety Platform is an excellent demonstration of the awareness that aviation safety is a joint responsibility. All parties convene on a regular basis to witness and experience this joint responsibility and, more importantly, to formulate joint policy for the airport (ground and landside), which serves to strengthen cooperation between the aviation companies. While each company's internal safety is good, there are still safety gains to be made in terms of cooperation and consistency within the aviation value chain. A good example of the gains achieved through this collaboration is the reduction in the number of runway incursions at the airport, especially in the light of this airport's complexity.

Aviation parties' processes are tied in various visible and invisible ways, but are also interwoven and perpetually dependent on each other. As such, whenever there is a change, everyone needs to ascertain the consequences both for themselves and for others. In recent years it has become clear just how dependent LVNL is on Schiphol's infrastructure, which makes effective collaboration a must.

You need to ensure a good cost-benefit analysis that takes account of all parties involved. Quite often, we see that the parties who make an investment are not the ones to profit from it. In a normal competitive business setting, such investments would not be made. But as far as we are concerned, such individual business interests are less important than our shared responsibility. Accordingly, LVNL and Schiphol are rising to the challenge to do this even more effectively in the future, thus further enhancing integral safety.

Paul Riemens
CEO Air Traffic Control the Netherlands (LVNL)

In today's globalising society, good international connectivity is crucial for metropolitan regions. It minimises travel costs for consumers and creates an attractive climate for businesses. Regions with excellent connectivity are more innovative and more productive: 'Connectivity is key to competitiveness'.

Schiphol provides the Amsterdam Metropolitan Region with excellent connectivity to the main economic centres of Europe and beyond. Its strong, internationally oriented local market, good landside accessibility, high peak-hour capacity, short transfer times, high service levels and competitive visit costs are all trump cards that the airport can play in the battle for passengers and airlines.

Schiphol's connectivity is even far greater than what you would expect on the basis of the local market alone. A key reason for this is the hub operation of KLM and its partners, which combines local and transfer transport on a single flight. That is not to say that competing hub airlines, low-cost carriers and other airlines are not important to international connectivity – on the contrary. However, it is the hub carrier that delivers the connectivity advantage.

Looking to the future, this is also one of our most critical vulnerabilities. European hub airlines are all under pressure from having to compete with low-cost carriers on the European market. At the same time, we are up against a new generation of hub airlines from the Gulf Region and Turkey that are profiting from the global economy's shift towards Asia and from low cost levels. Though this competition is good for consumers, it also threatens to eat away at connectivity.

Guillaume Burghouwt
Head of Aviation cluster, SEO Economic Research

All aviation partners stand to gain from good partnerships and openness. It is only by working together that we as a sector can respond effectively to the intense global competition between not only airlines, but also airports. Airlines operate under tight margins and we have to respond fast to market supply and demand.

We see an airport not as an end but as a means. That is why we look critically at the rationale for airport infrastructure expansions and the associated investments and financial effects on airport charges.

In the past few years, this has occasionally brought Schiphol and the airlines head-to-head. We have kept each other focused. Responding to the repeated appeals from BARIN to take account of the position of the airlines as users of Amsterdam Airport Schiphol has helped to improve cooperation.

The Schiphol consultation process has now evolved into a dialogue centred on transparency. The airport is demonstrating that it is taking the necessary steps to boost efficiency, control costs and improve the management of its assets. These efforts, together with favourable interest rate trends and passenger volumes that yet again exceeded estimates, have led to a reduction in airport charges by almost 7% as from April 2015. This is a constructive result that is genuinely helping to reduce cost levels for airlines, thereby contributing to the competitive strength of the airlines and airport alike. It proves that well-founded investments in a leading airport can and must go hand in hand with highly competitive charges. In the coming years, we have to continue making strides in this direction – after all, we can never take Schiphol's position for granted.

Frank Allard
Chairman, Board of Airline Representatives in the Netherlands (BARIN)

Strategy

Message from the CEO

The year 2014 was an eventful year for Schiphol Group. The event that made the deepest impression was the crash of flight MH17 in Ukraine, on its way from Schiphol to Kuala Lumpur, in which all 298 passengers and crew members were killed. Numerous families and relatives suffered an unbearable loss. A large number of employees at Amsterdam Airport Schiphol were directly or indirectly affected by the consequences of the tragedy, either because they played a role in handling the flight or provided assistance to next-of-kin, or because they tended the impressive sea of flowers placed in front of Departure Hall 3 in tribute to those who had lost their lives. A great deal of good work was carried out under significant emotional stress. I am deeply grateful to everyone for their efforts.

The year was also marked by positive events, such as the Nuclear Security Summit in March. Preparations for the event were lengthy and intensive, not least on account of the considerable number of public and private parties involved and the significant interests at stake. Operationally everything went smoothly and that certainly merits a compliment to all.

Even though Schiphol Group recorded growth in revenues and in passenger and cargo volumes in 2014, vigilance is nonetheless called for. The aviation sector is experiencing uncertain times, characterised by persistent geopolitical concerns in the Middle East and Ukraine, as well as in the West stemming from the threat of terrorism. The pace of economic recovery is sluggish, especially in Europe. And if we look at the aviation sector, the rapid inroads being made by the airports in the Gulf Region and in Istanbul stand out in particular. But Schiphol's competitors in Western Europe – London Heathrow and the airports in Munich and Frankfurt – are also making substantial investments in capacity and quality. Competition is clearly increasing. Times are equally challenging for the European network carriers. Our largest business partner, KLM, is facing considerable challenges. Other airlines are also feeling the pressure; low-cost airlines are capturing market share, as are network carriers from the Gulf Region and Turkey. Although the global passenger market is expected to grow by 3-5% annually in the next 15 years, the degree to which Amsterdam Airport Schiphol will be able to benefit from this development remains to be seen. Passenger flows are changing and shifting, and consequently the hubs in Western Europe – including Schiphol – will become less self-evident options.

How should we respond to these developments? How can we guarantee our success in the long term? The answer is to remain *Europe's Preferred Airport*. This is the focus of all our activities, each and every day. Take, for example, the large-scale airport renovation programme we commenced in 2013 under the heading 'Schiphol constructs, converts and connects' with the aim of increasing capacity and enhancing quality. In 2015 the first results of our efforts will emerge with the completion of our innovative central security concept, the stylish Departure Lounge 2 and the new Hilton Hotel. The presentation of the Lelystad Airport Business Plan in April 2014 should be viewed in the same vein. The call for tenders has meanwhile been issued. The transfer of flights that are not vital to

Schiphol's Mainport function to Lelystad Airport serves to free up capacity required for Mainport-related traffic so as to maintain Schiphol's competitiveness. As not everyone agrees on the benefits, necessity and timing of the development of Lelystad Airport, we will continue to engage in dialogue on this issue with all stakeholders concerned. The reduction of airport charges by approximately 7% with effect from 1 April 2015 at the Schiphol location similarly aims to boost the competitive position of both the airlines and the airport. The interests of the Mainport and all our partners who operate within it are central to the investment choices that we make.

Schiphol connects the Netherlands. Schiphol's connections facilitate international trade and enhance the appeal of the Netherlands as a business location for foreign companies. Connections augment prosperity; the added value of the Schiphol hub for the Netherlands is in the region of 30 billion euros. Yet connectivity is not merely a matter of euros, economic growth and profit. Connectivity similarly embraces a social component. Schiphol enables people to meet and to create social networks – not only from distant corners of the globe but also from close by. Connectivity equally means respecting people, the environment and the local community. Amsterdam Airport Schiphol must remain a hub airport if it is to maintain its connective power. Without a hub function for Schiphol, our domestic market is simply too small to be able to maintain a position of relevance on the global stage.

Two aspects are fundamental to achieving and facilitating sustainable growth. First, Mainport Schiphol must distinguish itself from its competitors by offering direct connections to the regions where passenger growth is concentrated. This means that there must be room to grow. Lower growth will inevitably encroach on our unique competitive position and undermine our strength as a driver of employment. Second, Schiphol must remain an attractive choice for both passengers and cargo on the basis of passenger comfort, sufficient operating capacity, a competitive cost level and efficient handling. Taking all of these aspects into consideration, we must ensure that we retain the support of local residents and all other relevant stakeholders. We will continue to engage in dialogue with our neighbours and stand by our agreements. Should those agreements prove unworkable, however, we hope that we can jointly seek realistic alternatives beneficial to all parties, based on flexibility and mutual understanding.

The benefits and drawbacks of the airport are not always evenly distributed. Economic growth and employment benefit the whole of the Netherlands whereas only local residents are affected by noise disturbance. Society is attaching greater importance to sustainability and the social contribution made by organisations. As a bulk consumer of fossil fuels, the aviation sector is regarded as a polluter. These aspects are all dilemmas that require effort, transparency and continuous dialogue. Schiphol takes that task seriously. We believe that it is our responsibility to not only create value by generating economic growth and employment, but also to contribute to the well-being of individuals by connecting people and respecting our environment. Mainport Schiphol is both an economic and social unity.

To cement that unity further and ensure that it is future-proof, we have already made substantial investments. Yet we believe that it is crucial to go the extra mile. Taking all the developments into the equation, growth is anything but self-evident. We will more than ever need to fight for our share of the market, and will therefore intensify our efforts in a number of areas. First and foremost, we aim to further enhance the efficiency of operational and other processes. On the one hand, we plan to tighten control of the costs of our own processes. On the other hand, we will also work with our partners to further improve supply chain efficiency. Heightened efficiency will greatly benefit all parties at Schiphol, particularly our home carrier. We expect that this will further increase our competitive strength.

Finally, we aim to enhance the accessibility of Schiphol. In 2015, completion of the Schiphol-North High-Quality Public Transport Link (HOV Noord) will mark a step in the right direction. This is a bus junction where passengers can transfer comfortably and quickly onto bus services to Schiphol Plaza, Haarlem, Amsterdam, Amstelveen and Amsterdam-Zuidoost. However, we are also looking further ahead. Our desire to have the North-South metro line extended to Schiphol may be a topic with a long-term perspective, but now is the right time to undertake efforts in that direction. And that is exactly what we plan to do.

Schiphol is nearing its centenary. We take pride in this achievement. At the same we feel it is our duty to ensure that Schiphol remains a significant economic and social factor in connecting the Netherlands with the rest of the world for the next 100 years. The aviation industry must continue to prosper in the Netherlands. We will dedicate efforts to the steadfast pursuit of this aim.

Jos Nijhuis

President & CEO of Schiphol Group

Changing business environment

In order to maintain and strengthen our favourable position, we pro-actively anticipate changes in our operating environment, in the aviation sector and across the globe. We must respond promptly taking a forward-looking approach to the opportunities and threats that arise.

Turbulent world

Geopolitical developments can have a considerable impact on airports and hence on our business. The unrest in the Middle East and Ukraine as well as the Ebola virus outbreak in West Africa are examples of events that can impact airline operations and passengers' desire to travel by air.

Economic situation

The economic situation within and beyond Europe's borders affects our business. Although the global economy is recovering, the uncertainty remains, due in part to sluggish growth in the European Union.

Scenario analyses produced by the CPB Netherlands Bureau for Economic Policy Analysis indicate that Schiphol must prepare for a considerable rise in passenger volumes, in view of the predicted growth of the global economy. Accommodating this expansion is also essential if the growth aspirations of the Randstad conurbation are to be realised. Economic activity is expected to concentrate more strongly in the metropolitan regions in the decades ahead, which means that the quality and connectivity offered by large urban regions will become more important than ever. This is in line with our mission of *'Connecting the Netherlands'*.

The forecast influx of travellers can have a favourable effect on the commercial turnover generated by our airports, provided the product range and services offered continue to match the expected level of growth. The range of high-quality real estate offered in the vicinity of airports is a key factor in ensuring the appeal of a metropolitan region.

Changing passenger flows

The aviation sector will also be faced with a change in the supply of passengers and worldwide passenger flows. The passenger market is forecast to grow by 3-5% annually over the next 15 years. As most of the growth will be generated in Asia, the hubs in Western Europe will no longer be the obvious travel choice for these passenger flows. The airports in Asia and the Middle East are set to dominate the Top 25 world airports: thanks to their geographic location in relation to North America, Africa and Australia they have the potential to develop into strong transfer hubs. In collaboration with our partners we will need to work hard to maintain our market share. We can only benefit from the future growth of passenger traffic if we manage to connect Amsterdam Airport Schiphol to the world's primary growth regions, such as the Far East and Latin America, and in a manner that distinguishes us from other hubs.

Challenging times for network carriers

European network carriers are experiencing difficult times. Their business model is costlier than that of rival point-to-point carriers or carriers operating from other regions. Competition from point-to-point airlines is increasing, not just in the leisure but also in the business segment. Gulf Region carriers, such as Emirates, Qatar Airways and Etihad, are recording higher market shares in Europe. The strong growth of network carrier Turkish Airlines has equally affected the European playing field, and Air France-KLM, the parent company of our home carrier KLM, is also facing fiercer competition. The extent to which Air France-KLM is able to keep pace with the competition is crucial to Schiphol, as around 70% of flights out of and into Schiphol are currently operated by KLM or one of its SkyTeam or codeshare partners.

Increasing competition

To ensure that Amsterdam Airport Schiphol maintains its hub function in Europe, it must moreover keep pace with the increasing competition from other hub airports. It is usually the combination of airport and network that determines the success of a hub in the global aviation sector. In the transfer markets, inroads are being made particularly by Istanbul and the airports in the Middle East. At the same time Schiphol's traditional rivals in Western Europe, such as London Heathrow, Munich and Frankfurt, are also investing substantially in capacity and/or quality. In addition the airports in our own catchment area, such as Brussels and Düsseldorf, are attracting travellers who could also opt to travel via Schiphol. It is vital therefore that Schiphol remains an attractive choice for travellers and that we continue to invest in operating capacity and quality. The airport will need to expand and renew itself to accommodate the growing number of larger aircraft and serve the correspondingly large passenger flows.

More cargo

Cargo is an important source of income for the Netherlands. As a Mainport Schiphol fulfils a role in the transportation of high-quality, time-critical cargo flows. We expect to see continued growth in cargo volumes in the years ahead. Cargo flows from countries such as China are routed through a number of main European gateways. We have also noted that industrial growth is accelerating, especially in Germany and in Eastern and Southern European countries. If Schiphol is to consolidate and even strengthen its position as a cargo hub, it is essential that the connections to these regions be maintained.

Support for growth

An airport conducts its activities in the spotlight of public opinion. Despite the positive socio-economic effects, it is becoming more difficult to generate support for airport expansion in metropolitan regions. Consideration must be given to local residents and regional authorities who directly face the consequences of air traffic growth. Moreover, as a bulk user of fossil fuels and raw materials, the sector faces challenges that must be addressed the world over: protecting the environment, combating climate change and using raw materials efficiently. We will need to redouble our efforts to gain support for our activities, including necessary large-scale expansion projects.

SWOT analysis

Strengths

- Network of destinations
- Modern and well-equipped hub airport
- Non-aviation activities
- Price/quality ratio
- Innovative strength
- Conscious weighing of people, planet and profit aspects
- Local community engagement
- Accessibility by road
- Reputation and brand recognition

Opportunities

- Traffic and transport from strongly emerging regions
- Implementation of selectivity based on Alders Platform agreements
- Supply chain innovation and sustainability initiatives
- Direct international train connections to and from the airport
- International activities
- Collaboration with airlines and other partners
- Single European Sky
- Ongoing digitisation and big data

Weaknesses

- Small domestic market
- Dependence on the transfer market
- Peak-driven capacity utilisation
- Relatively old infrastructure in relation to rival airports
- Complex system of rules and agreements for using runways and airspace capacity
- Geographic location in relation to Asia less favourable than that of Istanbul and Dubai airports
- Dependence on a number of large customers

Threats

- Competition from other airports
- Geographic shift of transport and trade flows
- Threat of hubs being by-passed due to the use of new types of aircraft
- Challenges facing European network carriers
- Weak European economy
- Shortage of capacity
- Intensified security requirements
- Quality perception under pressure due to large-scale renovation projects
- Online retail and price comparison
- Less support in metropolitan regions
- European regulations
- Air quality concerns
- Accessibility by rail

Strategy

Our job is to maintain and further develop Mainport Schiphol's position as a multimodal hub. To do this, Schiphol Group must be successful across the board. Four themes underpin our strategy for meeting this challenge: Top Connectivity, Excellent Visit Value, Competitive Marketplace and Sustainable Performance.

It is Schiphol Group's ambition to continue to develop Schiphol into Europe's Preferred Airport for travellers and airlines alike. We are proud that passengers rate Schiphol highly and choose the airport as their preferred point of departure or transfer. Our policy seeks to maintain this leading position in Europe, which requires a clear strategy and close cooperation with our partners and stakeholders.

Amsterdam Airport Schiphol's position as a Mainport is crucial to the Netherlands. To strengthen Schiphol's economic function and to meet the noise mitigation agreements, the parties in the Alders Platform agreed to allow Schiphol scope for continued, selective growth. To accommodate such selective growth at Schiphol, Eindhoven Airport and Lelystad Airport are undergoing development as alternative airports for non-Mainport-related air traffic. Furthermore Rotterdam The Hague Airport and Eindhoven Airport have their own networks to serve the business and non-business (leisure) markets in their respective regions.

Our international activities make a significant contribution to the group's strategy and financial results, and strengthen Schiphol's Mainport function. This is exemplified by our involvement in the development of Terminal 4 at John F. Kennedy International Airport in New York. Our strategic alliance with Aéroports de Paris, the airport operator of airports including Paris Charles de Gaulle (Europe's largest SkyTeam hub), is equally important. At the same time we are gaining beneficial experience of other business models. Our international presence moreover helps raise awareness of the Schiphol brand.

Mainport Schiphol

Strategic themes

For the purpose of implementing our strategy we have identified four strategic themes: Top Connectivity, Excellent Visit Value, Competitive Marketplace and Sustainable Performance.

Top Connectivity
Maintaining and expanding the network of destinations, in collaboration with our home carrier and other airlines, is our most important duty. Thanks to its network Schiphol ranks among the five major hubs in Europe. The development of Eindhoven Airport and Lelystad Airport supports Schiphol's Mainport function. Good road and rail access is essential for ensuring the connectivity of our airports.

Excellent Visit Value
We aim to offer the best quality for an attractive price to airlines, travellers and all other users of our airports. We invest in sufficient high-quality capacity and a high-quality range of commercial products. The appreciation shown by our customers for our facilities and services serves as the compass guiding the upgrades we carry out.

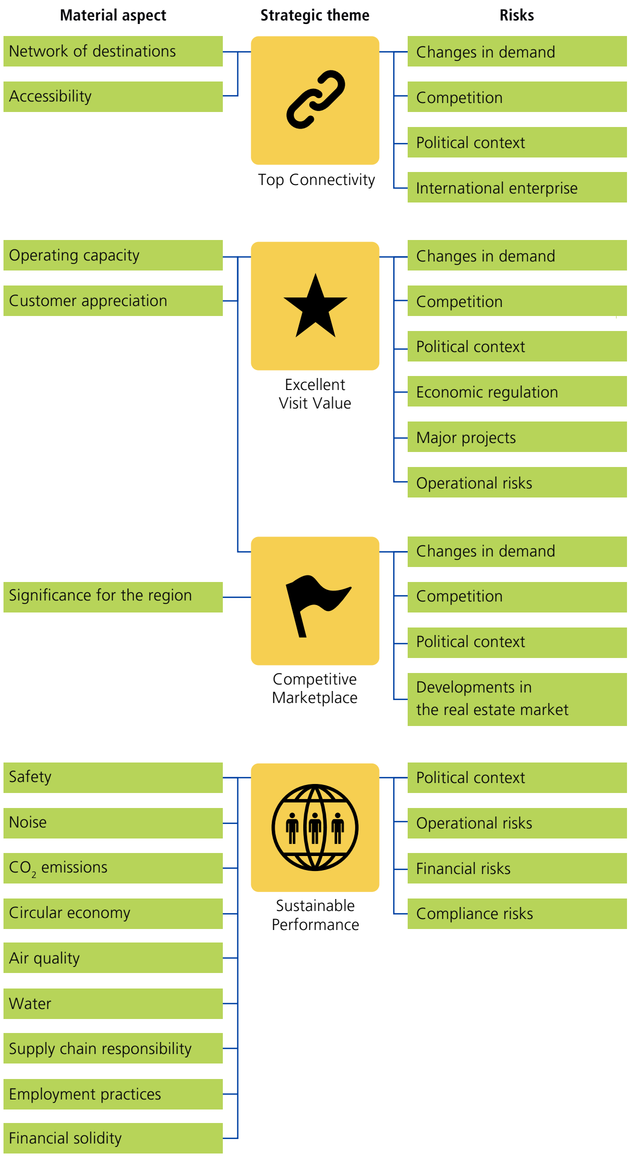
Competitive Marketplace
Our airports are attractive business and visitor locations. If we are to remain a competitive business location, we must provide a competitive marketplace where businesses can share and combine knowledge and skills. We tailor the range of facilities and real estate to demand and aim to continue developing Schiphol into a cargo distribution hub.

Sustainable Performance
Schiphol Group is a financially solid enterprise that conducts its business in a socially responsible manner, consciously weighing people, planet and profit aspects. Our airports can only grow by balancing their interests with those of the local communities. We continue to invest in a good relationship with administrators, local residents, sector partners and the government.

Most important risks

Our *strategic themes* involve certain risks. The most important of these risks are set out in this diagram, which illustrates the links between the material aspects for Schiphol Group and our strategic themes and the associated risks.

Risk relations



Targets

Targets have been defined for each strategic theme for the 2013-2017 period. We have defined these targets in a tactical plan and subsequently provide direction on the basis of KPIs. An important condition is that Schiphol Group complies with solid financial policy criteria to ensure that it maintains its creditworthiness. We furthermore strive to at least meet the return requirement determined by the Dutch state and currently set at 6.7% (return on equity) for Schiphol Group. The Management Agenda for 2015 is directly linked to our strategic objectives and sets out the key focus areas for the current calendar year. The level of variable remuneration for the management of Schiphol Group partly depends on the successful implementation of the management agenda and the associated individual management targets.

The Management Agenda for 2015 focuses primarily on capacity, quality, costs and corporate culture. Improving Mainport Schiphol's competitive position and preparations for the development of Area A are high up on the agenda. It is also crucial to ensure that the current large-scale investment projects, including central security in the non-Schengen area, are completed on schedule.

2015 Management Agenda	Top Connectivity	Excellent Visit Value	Competitive Marketplace	Sustainable Performance
Improve the competitive position of the Mainport, including development of Lelystad Airport and the other regional airports.	●	●	●	●
Continue to implement and develop the Master Plan, including Area A	●	●	●	●
Continue and intensify stakeholder management	●	●	●	●
Complete key investment projects with minimal operational disruption and with specific attention to Corporate Responsibility	●	●	●	●
Ensure that Schiphol Group maintains its solid financial position				●
Continue to develop international activities	●			●
Achieve the Corporate Responsibility ambitions	●	●	●	●
Increase income from non-Aviation activities		●	●	●
Complete the organisational transition and achieve further efficiency gains		●	●	●
Focus on leadership, culture and compliance	●	●	●	●

Our results


Vertrek
Departures 2
Departures 1
Check-in 1-8
Gates B C D 59-87
Check-in 12 13
Check-in 15 16
Economy
Sunweb
'Schat, ik kom eraan
Welke vertrekhal?'
Flight departures | Vertrekken

2014 Management Agenda

In the past year we have worked towards expanding our capacity and improving our competitive position. Due to effective cost control and the growth of passenger volumes, airport charges have been reduced by approximately 7% with effect from 2015. The preparations for the development of the new terminal and pier (referred to as 'Area A') are well underway, although a number of issues have yet to be resolved before finalising the design. We are also working hard on upgrading the current terminals, including central security in the non-Schengen area and the renovation of Departure Lounge 2. The new central security filters for non-Schengen destinations are expected to be completed as scheduled. Work on a number of constituent projects will continue through the second half of 2015.

We have made considerable progress in implementing our strategy for both retail and real estate. Furthermore we have generated a higher operating result and Schiphol Group enjoys a solid financial position. In the year ahead, we aim to further enhance the professionalism and efficiency of our organisation.

2014 Management Agenda	Top Connectivity	Excellent Visit Value	Competitive Marketplace	Sustainable Performance
Promote the development of the Mainport by continuing to focus on aspects such as competitive airport charges	Target achieved	Target achieved	Target achieved	Target achieved
Further implement the Master Plan, including development of Area A	Target partially achieved	Target partially achieved	Target partially achieved	Target partially achieved
Continue our intensive dialogue with stakeholders				Target achieved
Complete major investment projects with minimal disruption to operations and with specific attention for Corporate Responsibility	Target partially achieved	Target partially achieved	Target partially achieved	Target partially achieved
Ensure sufficient liquidity and access to financing				Target achieved
Consolidate international activities and Schiphol's international position	Target achieved			Target achieved
Achieve our Corporate Responsibility objectives	Target achieved	Target achieved	Target achieved	Target achieved
Further successfully implement the Retail Vision 2020 and improve the market position of our Real Estate business based on the 'Creating Preferred Locations' strategy		Target achieved	Target achieved	Target achieved
Focus on a lean organisation and further efficiency improvements		Target partially achieved	Target partially achieved	Target partially achieved
Achieve our compliance objectives	Target achieved	Target achieved	Target achieved	Target achieved

- Target achieved
- Target partially achieved
- Target not achieved

Our results

It is Schiphol Group's job to safeguard the continuity of and develop Mainport Schiphol and the regional airports. In fulfilling this responsibility we have an impact on society.

Our results reflect how we take responsibility and seek to strike the right balance between the positive and negative effects of our activities. We always endeavour to consciously weigh people, planet and profit aspects in our investment decisions, calls for tender and other business activities.

Significance for the region

On account of its geographic location, excellent infrastructure and education system, the Netherlands is well-positioned to attract international business. The presence of Schiphol international airport and the regional airports enhance the appeal of the Netherlands as a business location.

Driver of the Dutch economy

The activities at and around Schiphol are an important driver of the Dutch economy and employment. In a 2011 study BCG/McKinsey calculated that the aviation industry contributes around 26 billion euros to Gross Domestic Product (GDP) and directly or indirectly generates 290,000 jobs. In 2014, the Schiphol site alone accommodated some 500 companies that provide jobs for approximately 65,000 people.

Our other airports similarly play a pivotal role in the economy. Rotterdam The Hague Airport provides employment to 142 people and indirectly to 2,500 people. Eindhoven Airport provides 300 direct jobs and some 1,200 indirect jobs.

The appeal of the Netherlands, with cities like Amsterdam, Rotterdam, Eindhoven and The Hague, has both a direct and indirect impact on our airports. In 2014 the number of incoming tourists rose, according to figures published by the National Bureau for Tourism and Congresses (NBTC). In that year the Netherlands welcomed over 14 million visitors from abroad, a 10% increase relative to 2013. Many foreign tourists arrive via Schiphol. The Netherlands draws tourists from almost all European countries as well as from other continents, especially from Asia.

Significance for Amsterdam and the Randstad conurbation

Our airports, the Amsterdam Metropolitan Region and the Randstad conurbation are inextricably linked and reinforce each other. Schiphol makes a vital contribution to the Amsterdam Metropolitan Region. As a Mainport the airport performs a prominent function for the Netherlands, offering fast, direct road, rail and water transport connections to the rest of Europe. Thanks to the network of connections Schiphol ranks among Europe's major hubs, which is an exceptional accomplishment given the small domestic market in the Netherlands.

The regional airports play an essential – and increasingly significant – connective role in their respective regions in terms of economic activity, knowledge development and tourism. They also make a vital contribution to the development of Schiphol's Mainport function. The development of Eindhoven Airport and Lelystad Airport is important to the growth of Mainport Schiphol, as they will provide an alternative for non-Mainport-related air traffic.

Rotterdam The Hague Airport's network of destinations is increasingly meeting the need for transport to and from the south-western part of the Netherlands. The airport has explicitly positioned itself as the gateway to the cities of Rotterdam and The Hague and their respective regions; the cities and the airport promote the area as being a particularly attractive business location thanks in part to the presence of the airport.

Eindhoven Airport is an essential factor in the development of the Eindhoven region, connecting Brainport, the city's high-tech centre, with other, mostly European destinations. The airport enhances the business climate and plays a crucial role in helping the region achieve its ambitions.

Schiphol AirportCity

Flexibility, multifunctionality, connectivity, experience and value for money represent the values that distinguish Schiphol as a prime location. Featuring work, visitor and leisure facilities, Schiphol itself is a dynamic city. The AirportCity offers businesses and logistics service providers a wide range of locations, office and business premises and lease options, plus a very special advantage: the proximity of an international airport. Despite the difficult conditions on the real estate market we managed to achieve an occupancy rate of 85-90%, which is a good result.

Serving as a host to the companies located at the airport and their 65,000 employees, Schiphol seeks to develop communities that contribute to the appeal of the work location. The year 2014 marked the launch of the SPOT Schiphol Community: an online platform which enables businesses and employees to network and helps raise awareness of the facilities at Schiphol. Events were also organised, such as TEDx Schiphol. The redeveloped The Base office building illustrates how we combine facilities for working and for meeting people. This multifunctional building houses a range of functions. Besides offices and restaurant facilities, The Base Business Centre features meeting facilities and small, flexible work spaces. The first companies moved into The Base in 2014, which also offers a 24-hour child day-care centre and a Starbucks coffeehouse. A hairdresser, sports facilities and restaurants are scheduled to open in early 2015.

First-class hotel facilities are indispensable to attract businesses and cater to the needs of international business travellers. The construction of the new Hilton Hotel at Schiphol is nearing completion. The landmark hotel will offer 433 hotel rooms, 23 conference rooms and a wide range of high-quality facilities. It has its own underground car park and a covered walkway connecting the hotel directly with the WTC and the Schiphol terminal. The hotel is scheduled to open in 2015.

We offer visitors and travellers alike shopping and leisure opportunities at our airports, and are expanding the range on offer where possible. A new cluster of catering outlets opened at Schiphol Plaza comprising La Place, La Place Express, Happy Seafood and HEMA.

Employment at and around airports

Schiphol Aviation College (Luchtvaart College Schiphol), a joint venture between KLM, the Amsterdam Regional Training Centre (ROC) and Schiphol Group, combines the strengths of aviation-related businesses, vocational training and government bodies in the region and enhances the job market at Schiphol. Each year an average of six hundred students pursue study programmes, three hundred students obtain work placements while a thousand employees undergo training and education. At Schiphol, the College promotes intersectoral mobility aimed at facilitating employee job rotation among the companies located at the airport. The College also finds job placements for individuals who have limited chances on the labour market.

Rotterdam The Hague Airport is currently running a youth employment project. Following up on the 2013 'Startbaan' training and employment project, in 2014 the airport launched 'Startbaan II' in collaboration with the Rotterdam Police and the municipality of Rotterdam. Further partners, including the Port of Rotterdam, have now joined the organisation, enabling the airport to offer a broader work experience programme.

Community engagement

Schiphol aims to be an engaged and reliable neighbour. Good relations with the parties in the surrounding area are essential for maintaining support for our activities and future growth. We can only realise our mission together with our partners and the various authorities, and in close consultation with other stakeholders (see also *Noise*).

Schiphol takes part in various structural consultations at the municipal and provincial level. We highly value these consultations. Following the municipal elections in 2014 we hosted a working visit by the newly elected municipal council members from neighbouring municipalities. We also actively participate in SMASH (the Mainport Amsterdam Schiphol Haarlemmermeer Structural Concept), a consultation body which aims to strengthen the metropolitan region and looks at the role the airport can play in this regard.

We organise activities to maintain contact with our immediate neighbours. This also offers us an opportunity to highlight the positive aspects of our business. We distributed teaching materials to primary schools in 2014 and, just as in previous years, organised Neighbour Days for local residents. In 2015 Schiphol Group plans to initiate a number of new activities focusing on the relationship with local residents, in line with our vision of fostering closer ties with local residents and increasing the added value Schiphol can bring to them.

Our regional airports likewise invest in maintaining a good relationship with the local community. In Lelystad, working with the regional Alders Platform, we have intensified consultations with local stakeholders with a view to our plans for a major expansion in the years head. In Eindhoven the regional Alders Platform discusses airport development with key stakeholders. Rotterdam has its own Regional Consultative Committee, which holds regular meetings with the main parties in the local community.

Network of destinations

Through its airports Schiphol Group facilitates an extensive network of European and intercontinental destinations. The number of destinations and flight frequencies determine the socio-economic value of the network. We aim to maintain and expand this network.

The year 2014 saw an upward trend in passenger and cargo volumes as well as in the number of air transport movements at Amsterdam Airport Schiphol, Rotterdam The Hague Airport and Eindhoven Airport. Schiphol achieved higher growth than the Top 3 European airports: London Heathrow, Paris Charles de Gaulle and Frankfurt. Yet the overall trend cannot be perceived as merely positive. Among the Top 10 passenger airports, Schiphol has been overtaken by Istanbul Atatürk Airport, which currently ranks fourth and has an 11.3 % market share. Schiphol is Europe's fifth largest airport and has a 10.9% market share (2013: 10.8%).

Beyond the Top 10 airports, Brussels in particular has recorded significant growth. Like other European airports, Brussels Airport has seen an increase in low-cost traffic. Schiphol has managed to maintain its market share in its direct catchment area.

Network development

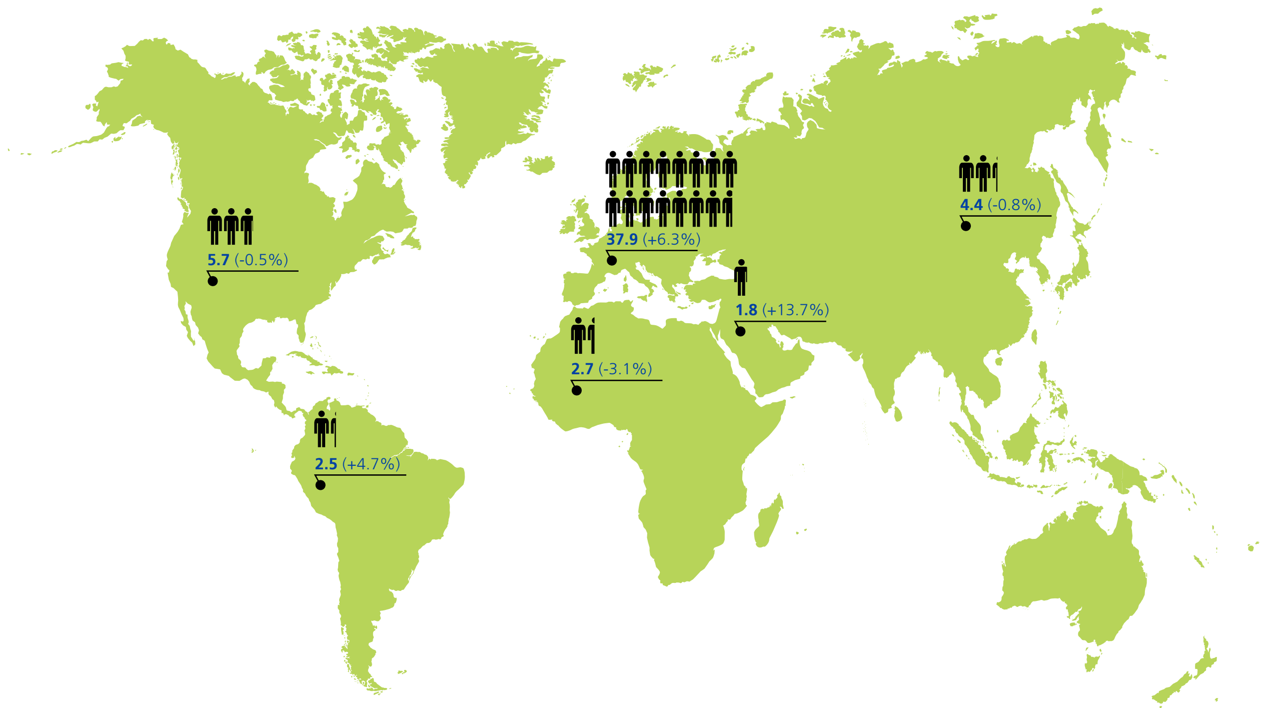
The number of direct destinations at Schiphol totalled 319, compared with 323 in 2013. By far the majority of destinations, 296, are passenger destinations, with full freighter destinations accounting for the remaining 23. The number of destinations operated by KLM and its codeshare partners rose by three to 206. The geographical diversity of Schiphol's destinations is attributable to the transfer product offered primarily by our home carrier KLM and its partners. Amsterdam Airport Schiphol focuses on Mainport-related traffic.

The entire catchment area is experiencing substantial growth of low-cost traffic. Furthermore the strong development of airlines from the Gulf Region and Istanbul continued, both at Schiphol and at other European airports. Thanks to these airlines, passengers now have more choice in their flights to Asia: they can choose to transfer at Amsterdam Airport Schiphol or an airport in the Gulf Region.

No major changes occurred in the geographic composition of the network. KLM added Santiago (Chile) to its network and also began operating services to Bilbao (Spain) and Zagreb (Croatia). Las Vegas and Oakland are no longer direct destinations served by Schiphol.

Passenger volume and growth per continent

Millions of Schiphol passengers (growth versus 2013)



The number of destinations operated from Rotterdam The Hague Airport remained unchanged in 2014 at 40. Over a quarter of these destinations are offered year round, and the remainder seasonally. A new destination is Istanbul Atatürk Airport, operated by Turkish Airlines. British Airways commenced five daily services to London City Airport. The number of destinations operated from Eindhoven Airport continued to rise in 2014, from 70 to 76. This is attributable to the growth among low-cost airlines such as Wizz Air, transavia.com and Ryanair.

Further increase in passenger volumes

In 2014 geopolitical unrest had little impact on traffic flows, and only marginally affected the number of passengers travelling via our airports. The total number of passengers served by our airports in the Netherlands increased by 5.3% to 60.5 million.

Amsterdam Airport Schiphol recorded 55 million passengers, an increase of 4.6%. The number of air transport movements rose by 3.0% to 438,300. Average seat capacity increased by 1.3% to 159, and the aircraft passenger load factor also rose (82.2% compared with 81.7% in 2013).

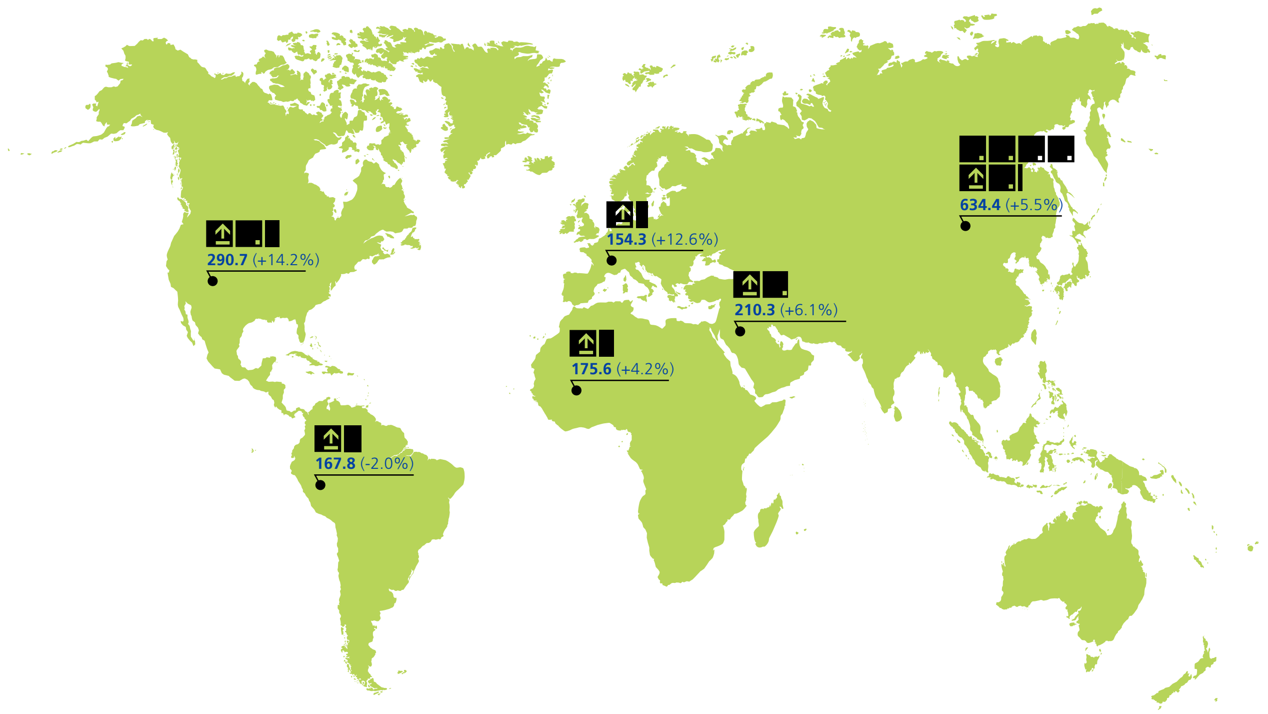
The number of O&D passengers (origin and destination passengers using Schiphol as their airport of departure or arrival) increased markedly by 7% to 32.7 million. The Netherlands as destination saw especially marked growth. Transfer passenger growth, however, trailed, rising by just 1.2% to 22.3 million. As a result, the transfer passenger share of the total passenger volume declined slightly from 41.9% to 40.5%. The share of passengers served by Schiphol who travelled for business purposes totalled 31%.

Air traffic within Europe saw especially marked growth, increasing to 69% of the overall passenger volume. The Gulf Region witnessed strong growth of 13.7%, especially Abu Dhabi (34%) and Dubai (23%). The region now accounts for 3% of our total number of passengers. The number of passengers travelling to and from the United States declined slightly (-0.5%), but still accounts for over 10% of the total number of passengers; New York, Atlanta and Minneapolis remain especially important destinations. The volume of passengers travelling to Asia (-0.8%) and Africa (-3.1%) declined.

Passenger numbers served by the regional airports also rose: by 6.1% to over 3.9 million at Rotterdam The Hague Airport and by 16% to over 1.7 million at Eindhoven Airport. Between 20% and 25% of passengers travelling via Eindhoven travelled for business purposes while the remainder travelled either for personal reasons or on holiday.

Cargo volume and growth per continent

Cargo Schiphol x 1,000 tonnes (growth versus 2013)



2014 Air transport movements at Amsterdam Airport Schiphol

2014 Ranking	2013 Ranking	Airline	Total	Growth relative to 2013) in %
1	(1)	KLM	221,178	2.6%
2	(2)	transavia.com	28,411	3.5%
3	(3)	easyJet	25,837	3.0%
4	(5)	Delta Air Lines	10,962	-3.4%
5	(6)	British Airways	10,805	2.4%
6	(4)	Air France	9,550	-29.3%
7	(7)	Lufthansa	8,534	-16.6%
8	(8)	ArkeFly	8,207	-3.2%
9	(9)	Flybe	6,497	14.8%
10	(11)	SAS	5,113	4.7%
11	(13)	Vueling	5,104	12.0%
12	(10)	Aer Lingus	4,927	-1.4%
13	-	Cityjet	4,001	-
14	(14)	Turkish Airlines	3,652	-1.0%
15	(12)	Alitalia	3,598	-23.8%
16	(20)	Corendon Dutch Airlines	3,075	19.4%
17	(15)	Martinair	2,980	-3.6%
18	(16)	Swiss	2,912	0.4%
19	(17)	United Airlines	2,731	-0.7%
20	(19)	TAP Portugal	2,642	-1.6%
21	(21)	China Southern	2,602	2.9%
22	(18)	Austrian Airlines	2,584	-4.3%
23	(38)	HOP!	2,263	113.7%
24	(27)	Emirates	2,168	42.1%
25	(22)	Pegasus	2,105	1.3%
26	(24)	LOT Polish Airlines	2,006	7.5%
27	(23)	Corendon	1,950	-0.6%
28	(30)	Aeroflot	1,886	29.4%
29	(25)	Norwegian	1,861	0.1%
30	(26)	Royal Air Maroc	1,652	2.0%
Other airlines			46,503	15.8%
Total			**438,296**	**3.0%**

Solid cargo position

The current economic recovery has begun to produce results in the cargo segment. The volume of cargo shipped via Schiphol totalled 1.6 million tonnes in 2014, up 6.7%. Full-freighter aircraft (all-cargo aircraft) reflected the highest increase, up by 8.3%. New cargo destinations added in 2014 were Malmö and Monrovia. As a result Schiphol has held on to its third place among the Top 10 European cargo airports, behind Frankfurt and Paris Charles de Gaulle. Our market share totalled 14.6% (2013: 14.6). It should be noted, however, that Air France-KLM is cutting back its full-freighter capacity.

In order to maintain our solid position as a distribution and cargo hub, we will continue to innovate the logistics process. One example of this is eLink or paperless cargo handling. 2014 saw the start of foundation work for SmartGate Cargo: an integral, fast customs clearance procedure. This represents one of the very first public-private partnerships in the air cargo sector.

Operating capacity

Schiphol Group invests in operating capacity so as to be able to continue accommodating the forecast growth in passenger numbers. Our primary objective is to ensure high-quality services for all airlines and passengers at all times, while maintaining focus on a competitive cost level.

Amsterdam Airport constructs and converts

Amsterdam Airport Schiphol is reaching its capacity limits, particularly during peak hours. To support and ensure Schiphol's continued growth, the airport's facilities will undergo extensive renovation, expansion and renewal in the years ahead. To that end we have developed a Master Plan with a modular structure to enable us to expand capacity gradually, thereby enhancing passenger comfort with more spacious terminals and piers, and more streamlined passenger processes. We are currently implementing the first phase of the Master Plan.

A number of improvements and upgrades were already implemented in October 2014. We opened a new-style security checkpoint in the Schengen section of the terminal (departure filter 1), which is more customer-friendly and efficient. The upgrade has helped streamline passenger flows in the terminal. The modifications to the fork of Pier D have also been finalised. Ten aircraft stands are now available for the larger aircraft types, such as the B737-700 and B737-800.

Central security in the non-Schengen area

Departure Halls 2 and 3 have gained an additional (mezzanine) floor for the purpose of building central security filters. The new security equipment is due to be installed in the first quarter of 2015. In Area EF, Holland Boulevard has meanwhile been extended outward by 16 metres towards the apron. The new GH building, where transfer passengers will undergo screening, has been completed. Construction of the additional floors on Piers E, F and G commenced in 2014. All new security filters are scheduled to be operational in June 2015. All these activities put pressure on the organisation: carrying on construction work in a terminal amid 24-hour operations is a highly complex matter. It will take until well into 2016 to complete the entire project.

Renovation of Departure Lounge 2

In 2014 we initiated the large-scale renovation and renewal of the complete retail and catering area in Departure Lounge 2. This project will be completed in the second half of 2015. The end of 2014 saw the opening of two new airline lounges (British Airways and Servisair) on the roof of the Panorama Terrace.

The renovation projects currently being carried out at Schiphol have an adverse effect – mostly of a temporary nature – on the passenger experience as well as on passenger spending. With a number of retail and catering outlets being temporarily closed, or less accessible or visible during the renovation work in Departure Lounge 2, here too passenger spending has fallen.

The upgraded security filter in the Schengen area will have a negative effect on passenger spending as the new departure filter encroaches on several square metres of retail space in Departure Lounge 1.

Preparations for Area A

The development of Area A is the next step in implementing the Schiphol Master Plan. Preparations are currently being made for the construction of a new passenger terminal adjacent to the current south baggage basement and Pier B. The terminal is necessary to accommodate the growing number of passengers from both intercontinental and European destinations.

The construction of the new Pier A is part of the Area A project. Pier A will be designed to handle medium-sized aircraft (B737s) on the north side, and alternately large and medium-sized aircraft on the south side. The pier thus addresses the expected shortage of aircraft stands and gates in the next few years.

Schiphol is developing Area A in anticipation of continued growth, in order to facilitate airlines and travellers with a high-quality product and to continue to fulfil its ambition of remaining Europe's Preferred Airport.

Long-term covered parking

Our indoor and outdoor car parks are reaching their capacity limits during more and more periods throughout the year. In December 2014 Schiphol signed a contract for the construction of a new multi-storey car park at the P3 long-term car park. The new facility, the first covered, long-term car park at the airport, will have five levels to accommodate up to 2,500 cars. The work commenced at the end of 2014 and is scheduled for completion in the second quarter of 2016.

Parking revenue rose by over 6% in 2014. This is attributable to factors such the growth of the number of departing passengers and our new Holiday Valet Parking product (valet parking for five days or more).

Development of Lelystad Airport

In order to maintain and strengthen Schiphol's economic function, it was agreed to allow Schiphol to grow on a selective basis and to develop Eindhoven Airport and Lelystad Airport as alternative airports for non-Mainport-related traffic.

Amsterdam Airport Schiphol's facilities and infrastructure cater to the needs and specific requirements of network carriers and their passengers, who largely use Schiphol as a transfer airport. We only need a basic infrastructure to handle leisure flights, which we do not consider vital to the Mainport function, and still offer excellent service. This is also set out in the Business Plan for the development of Lelystad Airport published by Schiphol Group in 2014. Lelystad Airport aims to offer basic yet attractive facilities to airlines that mainly operate flights to holiday destinations. Although we cannot require airlines to operate flight services from Lelystad Airport, we can make it attractive for them to do so by offering competitive rates and efficient facilities, including ample passenger parking facilities.

We are aware that the sector has raised questions about the time-frame for, and feasibility of, developing Lelystad Airport, and are engaged in a continuous dialogue on this issue with the stakeholders concerned. The airport decree constituting the legal framework for the envisaged development of Lelystad Airport is expected to be issued in the first half of 2015.

Growth of Rotterdam The Hague Airport

Similarly, Rotterdam The Hague Airport aims to meet regional demand for new connections to promote economic activity and tourism. An application for an airport decree, which is intended to facilitate phased growth by adding new destinations, is being prepared. An environmental impact assessment, economic feasibility and social cost-benefit analysis are among the documents that will be drawn up for the purpose of the airport decree. Broad support is being sought among regional administrators and local residents, which is expected to result in a shared position in 2015. This broad support base is necessary in order to support the application for the airport decree.

Airport decree for Eindhoven Airport enters into force

The airport decree for Eindhoven Airport entered into force on 1 November 2014. This means that Eindhoven Airport has definitively been given the go-ahead for further development to absorb part of the growth of air traffic at Schiphol. Capacity growth will also mean a boost for the regional economy and for the reinforcement of Brainport Eindhoven. The number of air transport movements is permitted to grow to 43,000 annually and passenger volume to 5.5 million. Eindhoven Airport expects to handle 30,000 air transport movements and over four million passengers in 2015. The Alders Platform has agreed to review a number of aspects in 2015, during the so-called first phase of growth, including whether sufficient noise mitigation measures have been put in place. The objective is to start the second phase of growth in 2016.

Accessibility

Schiphol works continuously to ensure an extensive, reliable and accessible network of multimodal connections, which are required to feed the Amsterdam Metropolitan Region and Mainport Schiphol. We want to be optimally accessible not only by air but also by road and rail. This is crucial to travellers, businesses, suppliers and employees.

There is limited space around Amsterdam Airport Schiphol to expand the road system, parking facilities and public transport in tandem with the growth of the airport. We therefore devote considerable attention to the efficient design of facilities and smooth traffic circulation at the airport. We are working on a dense, high-frequency public transport network as well as on a varied and adequate range of parking options that meet the needs of visitors, passengers and employees. At and around our regional airports, improving public transport connections and quick access roads are the main issues that need to be addressed.

Schiphol's accessibility

We are aware that access to Schiphol is under pressure. This has an adverse effect on our competitive position. The three other European hubs (London, Frankfurt and Paris) offer fast international rail links. We therefore believe that it is essential to take measures. The North-South metro line should be extended as an additional public transport connection to the Amsterdam metro system. This should free up rail capacity that can be utilised for international rail connections. Alongside the Paris rail connection, Schiphol needs rail links with Berlin and Frankfurt. Trains and metro transport moreover are green options that support our CO_2 emissions reduction target.

Improving road and rail access requires a long-term vision. Many of our plans cannot yet be undertaken because the Schiphol railway station is too small and the capacity of the railway tunnel is limited.

It is our endeavour to reconcile the interests of all parties concerned in consultation with the national and regional authorities, the Department of Public Works and Water Management (Rijkswaterstaat) and the transport operators, in order to continuously improve the accessibility of the airport. A number of improvements were achieved in 2014.

By car

The Coen Tunnel has been renovated. Tunnel capacity has been expanded and traffic congestion reduced as a result. The re-routing of the A9 motorway commenced; completion is scheduled for 2018. This should improve traffic flows at the A4/A9 junction.

Public transport

The North High-Quality Public Transport Hub (HOV Noord) is nearing completion. This is a new bus station where many bus lines converge. HOV Noord will improve the accessibility of Schiphol from Haarlem and other regions. Travellers will be able to transfer quickly and comfortably at this hub onto fast, high-quality bus services to Schiphol Plaza, Haarlem, Amsterdam, Amstelveen and Amsterdam-Zuidoost. The project – a collaboration between Schiphol, the Amsterdam Metropolitan Area, the Province of North-Holland and the municipality of Haarlemmermeer – is scheduled for completion in spring 2015.

In consultation with Schiphol, ProRail and NS (Dutch Railways) put measures in place to reduce the number of disruptions to rail traffic. This involved greater focus on maintenance of the railways around Schiphol and extra efforts to keep the Schiphol tunnel clean, which has decreased the amount of airborne particles and, as a result, the number of false fire alarms.

Daily late-night train services from Amsterdam to Schiphol were resumed from December 2014; during the preceding twelve months, on three of the seven nights a week passengers could only use a shuttle bus. The former train services along this route have been restored and passengers no longer need to make an inconvenient transfer.

Travellers' choice of transport

Travellers appreciate Amsterdam Airport Schiphol's accessibility, which they have ranked second only after Copenhagen Airport in the annual Airport Service Quality survey. This is in line with our target. The survey, which covers 280 airports, measures passenger satisfaction.

We monitor the perceived quality of public transport among Amsterdam Airport Schiphol visitors. The score for train services rose most significantly, from 70 to 78.

We conduct surveys among passengers in the gate waiting areas throughout the year. One of the questions asked is how passengers travelled to Schiphol. In 2014 the share of passengers who were taken by car and collected upon return fell, whereas the share of passengers who parked their car at Schiphol rose. We are satisfied with this trend as parking involves two transport movements compared with four transport movements for dropping off and picking up passengers at the airport. The share of passengers travelling by public transport stabilised after having fallen for several years. The number of Schiphol tunnel disruptions declined in 2014, which should help restore confidence in the reliability of rail travel.

Passengers' choice of transport to and from Schiphol

(in %)	2014	2013
Public transport	**39.1**	39.2
Dropped off by car	**26.2**	26.6
Parked car at airport	**13.7**	13.0
Taxi	**9.3**	9.9
Group transport	**8.4**	8.0
Other	**3.3**	3.3

Accessibility of regional airports

Public transport access to Rotterdam The Hague Airport has improved. RET, the public transport operator for Rotterdam and the surrounding area, has increased the frequency of shuttle bus services between the Meijersplein RandstadRail Station and the airport terminal, which now operate every ten minutes. Signs have now been placed at this station, situated along the rail route between The Hague Central Station and Rotterdam Zuid, which clearly indicate the bus stop for Rotterdam The Hague Airport. The airport can also be reached by bus from Rotterdam Central Station.

Eindhoven Airport is working in conjunction with the national and regional authorities to improve accessibility. In 2014 headway was made in implementing plans to improve the airport's connections to the A2 and A58 motorways by 2020. The parties are looking to improve public transport to and from the airport in the longer term. The possibility of building a railway station at Eindhoven Airport by 2028 is also being examined.

Schiphol Group aims to offer passengers top-class services and comfort at all of its airports. Only if we consistently deliver high quality will we be able achieve our ambition, which is that travellers will continue to choose Amsterdam Airport Schiphol above other European airports as the start of their journey or as a transfer airport.

Customer satisfaction at our airports in 2014

Each year we conduct a customer satisfaction survey measuring passenger satisfaction with the arrival and departure process, the accessibility of the airport and the price/quality ratio of the shops and catering outlets beyond passport control.

Amsterdam Airport Schiphol

The Airport Quality Service (ASQ) benchmark, which compares European airports, shows how travellers rate our service level and facilities. Schiphol ranks fifth among O&D passengers (origin and destination passengers using Schiphol as their airport of departure and arrival); Copenhagen Airport ranks in the top spot. Our goal is to achieve third position. Transfer passengers have ranked us third; in this group Munich occupies the top spot. We are aiming to rank first by 2020.

The surveys have also revealed that passengers are happy with the shorter waiting times at the new central security checkpoint in Departure Lounge 1. Passengers indicated that they appreciate the improved ambience and the more efficient process compared with the old situation. The new security concept will be implemented in Departure Halls 2 and 3 from summer 2015. Accessibility and the availability of baggage trolleys were also rated positively. Passengers were the least satisfied with waiting comfort at the gates. This will improve once central security has been introduced across the entire terminal. This year we also received a lower score for walking distances and the ease of passenger way-finding in the terminal, which can be attributed in part to the renovations at Holland Boulevard and in Departure Lounge 2.

Despite the major renovation projects taking place at the airport, on average quality perception has not declined. Measurements show that effective communication has a positive effect on passenger experience. Schiphol will further expand these communication activities, particularly in the vicinity of renovations.

At 30, the Net Promoter Score remained virtually unchanged (2013: 29). The ASQ benchmark shows that Schiphol has maintained its high service level for the departure process, scoring 4.03 (2013: 4.03) on a scale of 1 to 5. This also applies to the arrival process.

The ASQ benchmark also shows that passengers rate the price/quality ratio of our retail outlets with a score of 3.09 (3.05 in 2013). The score for the price/quality ratio of catering outlets rose to 2.99 (2.91 in 2013).

Schiphol also achieved positive scores from airlines in 2014. During the World Routes Conference, the annual forum for international airports and airlines, Schiphol was recognised for its marketing efforts, capturing the Highly Commended Routes Europe Marketing Award and the Highly Commended World Routes Marketing Award in the 50-million-plus passengers category.

Rotterdam The Hague Airport

The Net Promoter Score for Rotterdam The Hague Airport rose from 29 to 30 in 2014. The airport attributes this to activities such as the Certified Smile training programme, a collaboration with Hotelschool The Hague, during which service staff from both the airport and its supply chain partners received training on traveller hospitality.

Awards

Amsterdam Airport Schiphol and our regional airports have received high scores in external surveys and opinion polls. They were again recognised with various awards in 2014.

Amsterdam Airport Schiphol

- SKYTRAX: Best Airport in Western Europe. The airport has ceded its third position and now ranks number 5 in the global ranking. Presented at the World Airport Awards 2014.
- Highly Commended Routes Europe Marketing Award, and Highly Commended World Routes Marketing Award (50-million-plus passengers category).
- Moodie International: Best Mobile App. Plus an honourable mention as Best Facebook Page and Best Twitter Feed.
- Cargonews Asia: Best Airport in Europe (for the 19th time). Presented during the Asian Freight & Supply Chain Awards.
- IATA: Cargo Excellence Award
- Airport Going Green Award for Schiphol's Corporate Responsibility programme, presented by the Chicago Department of Aviation.
- Future Travel Experience Award 2014: Best Airport Security Initiative.
- Blue Insurance Travel Media Awards 2014: Best International Airport.

- Grand Prix Content Marketing: Schiphol TV best video channel.
- Zoover Awards: Best Airport 2014.

Rotterdam The Hague Airport
- Zoover Awards: Best (Regional) Airport 2014

Eindhoven Airport
- Zoover Awards: Most Popular Airport 2014

Noise

Schiphol Group respects the local community and listens to its neighbours. We are engaged in a continuous dialogue with official bodies, such as the Alders Platform and the Schiphol Regional Consultative Committee (Commissie Regionaal Overleg luchthaven Schiphol), which became the Schiphol Community Council (Omgevingsraad Schiphol) on 29 January 2015.

In 2008, the Alders Platform reached *agreements* on improving the quality of life in the vicinity of Amsterdam Airport Schiphol, the selective growth of Schiphol and measures to limit noise impact.

Improving quality of life

Schiphol Group is cooperating with efforts to improve the quality of life in areas that could be negatively impacted by the activities at and around our airports. Schiphol participates in the Schiphol Quality of Life Foundation, alongside the Province of North-Holland and the Dutch government. The foundation funds various projects aimed at improving the quality of life in the Schiphol region. It also offers benefits-in-kind (such as noise insulation) to individual victims of intolerable or unworkable circumstances who fall outside the scope of the existing statutory regulations for compensation. In 2014, the foundation decided to make funds available to resolve distressing cases that had initially failed to receive assistance due to reasons such as expiration of the application period. Efforts are being made to resolve all outstanding cases by 1 April 2015.

Amongst other projects, the foundation participated in the renovation of the Halfweg station area. The modernised area was completed in November 2014. The foundation contributed a total of 2.8 million euros. Projects are also being conducted at Campus Uilenstede in Amstelveen and the Iepenlaan in Uithoorn. For more information, see *significance for the region* - community engagement.

Noise mitigation

In 2014 Schiphol continued its efforts to contain noise disturbance as effectively as possible in collaboration with other aviation parties, including KLM, BARIN and Air Traffic Control the Netherlands (LVNL). We acknowledge that noise disturbance will inevitably increase in certain areas as air traffic continues to grow. It was already evident in 2013 that we will easily exceed the 5% noise reduction target agreed upon the during Alders Platform negotiations. At a volume of 510,000 air transport movements, the number of residents experiencing severe noise disturbance in the area directly affected and beyond will decline by 10-12% as compared to a situation without noise reduction measures.

Further optimisation of KLM's take-off procedures in 2014 also helped to reduce noise disturbance in parts of the area around Schiphol. We are also seeing positive developments in terms of fleet renewal: airline companies are increasingly using new, quieter aircraft types. For example, KLM's MD11 fleet was phased out over the course of 2014.

New environmental standards

In October 2013 the Alders Platform reached agreement on a new system of environmental standards for Schiphol. The old system, with 35 noise enforcement points, proved to be difficult to explain in practice: when the maximum permissible noise levels were reached at these enforcement points, due to the use of preferred runways that caused less widespread nuisance, air traffic was diverted to other runways where the noise hindrance was greater.

The New Environmental Standards and Enforcement System features regulations designed to ensure that all take-offs and landings are to be carried out on runways that minimise the number of residents experiencing severe noise disturbance under the prevailing conditions (mainly weather conditions), while ensuring that the number of runways used does not exceed the absolute minimum needed in view of air traffic volumes.

Alders Platform negotiations in 2014 saw further discussions on restricting the simultaneous use of four runways as a part of the new environmental standards. In practice, this regulation already proved an impediment under current traffic volumes, and would impede the further development of Amsterdam Airport Schiphol. A solution was negotiated in the form of an agreement between the Alders Platform partners in January 2015. Schiphol will have less room for growth until 2020, with the maximum traffic volume being reduced from 510,000 to 500,000 air transport movements a year. In exchange, Schiphol will be allowed to use its fourth runway more frequently.

These agreements will help to achieve the right balance between the development of Schiphol and reliable network operations on the one hand, and the quality of the living environment on the other.

The rules under the new system are to be laid down in laws and regulations. Schiphol has initiated an environmental impact assessment which is expected to be completed in 2015, after which the new system can legally take effect.

One breach in 2014

Pending the legal enshrinement of the new enforcement system, we will continue to report on the basis of the current system. Under this 'old' system, there are 35 enforcement points for the 24-hour period and 25 enforcement points for the night-time period (23:00

to 07:00 hours). A statutory, annual maximum noise impact level applies to each of these points. Our goal is to create a situation where no noise levels are exceeded. Measurements conducted on the basis of the current system showed a single breach of the maximum noise level at one enforcement point along Runway 06-24. This was a direct consequence of consistent application of the new enforcement system, whereas reporting is still conducted on the basis of the current 'old' system. The Alders Platform agreements specify that all runway usage should be coordinated on the basis of the new system. Naturally, we informed the State Secretary for Infrastructure and the Environment and local parties of the breach.

Reports from local residents

We strive to offer local residents clear information on air traffic developments. The Local Community Contact Centre Schiphol (Bas) provides regular updates on runway maintenance and usage.

The Local Community Contact Centre (Bas), which is financed by Air Traffic Control the Netherlands (LVNL) and Amsterdam Airport Schiphol, provides information on air traffic and living in the Schiphol area. Bas visits habitual complainers and other local residents who feel seriously affected and have requested face-to-face contact.

The Bas website features daily updates on the runways used for take-offs and landings, and reasons for their usage. Visitors to the site can then compare this information with the order of preference specified in the new environmental standards. A report detailing the day's activities and a preview of the rest of the day is published in the early evening.

People submitting reports to Bas, and the nature of the reports

	2014	2013
Number of people submitting reports	**7,472**	4,624
Number of specific reports	**104,307**	93,045
Number of period reports	**46,424**	28,189
Number of general reports	**1,115**	537

Bas figures show that the number of reports from the area around Schiphol rose considerably in 2014. The downward trend in the total number of people submitting reports has thus ended, reaching 2006 levels. The total number of period, specific and other reports also deviated from the trend as a result of the increase. This rise in both the number of people submitting reports and the total number of reports can be attributed to various factors.

These include the more long-term runway maintenance in comparison with the 2013 operating year. The construction of a new taxiway at Runway 06-24 also played a role in this regard, rendering the runway partially or fully out of service for lengthy periods of time. Runway 18R-36L was also out of service for an extended period as a result of the NSS nuclear summit and major maintenance work. A special preferential table was also regularly applied due to maintenance work on other runways.

The use of runway combinations other than 'preference 1' (use of northern runways) resulted in a greater number of residents experiencing noise disturbance, a greater number of people submitting reports and a greater number of reports. The southern runway combinations were used more often in 2014, due to more frequent winds from southerly to westerly directions. The greatest increase in disturbance was experienced in residential areas to the south of Amsterdam Airport Schiphol. Many of these population clusters saw the number of people submitting reports increase by over 100%.

Schiphol Group regrets this increase in the number of reports. This development shows that changes in runway usage – due to factors such as taking runways out of service – increase the level of disturbance experienced by the surrounding environment. The safe handling of air traffic requires regular runway maintenance. 2014 saw extensive efforts to inform local stakeholders about runway maintenance in 2015, which is set to be highly intensive.

Noise disturbance around Rotterdam The Hague Airport

Noise impact in the area around Rotterdam The Hague Airport is measured on the basis of six enforcement points. No breaches occurred during the 2014 operating year. The airport currently operates on the basis of transitional regulations, which serve as a provisional airport decree (based on the Aviation Act). The regulations set out a total of eight enforcement points, where actual noise impact may not exceed the limit value. The airport used approximately 95% of available noise capacity at the most critical enforcement point over the course of the 2014 operating year.

Rotterdam The Hague Airport will require a new (and – for the first time – comprehensive) airport decree on the basis of the Aviation Act in the short term. Amongst other measures, this will require an environmental impact assessment. The procedure will involve an assessment aimed at identifying preferential growth scenarios. At minimum, the selected strategy must comply with applicable noise impact thresholds.

Noise disturbance around Eindhoven Airport

A different method is used for measuring the noise impact in the area around Eindhoven Airport. Outside a certain area, the maximum noise impact of aircraft during take-off and landing may not exceed 35 Ke. The 6.5 km^2 zone designated for more intensive noise impact was fully utilised in 2014. The Alders Platform has agreed to review a number of aspects in 2015, during the so-called first phase of growth, including whether sufficient noise mitigation measures have been put in place. The second development phase, based around a maximum noise zone of 10.3 km^2, is scheduled to commence in 2016. The airport decree came into force in 2014.

Alders Platform agreements on Lelystad Airport

An environmental impact assessment on the envisaged development of Lelystad Airport was prepared over the course of 2014. The impact of specific flight paths on the airport's surrounding area was investigated. The Alders Platform discussed the various potential scenarios and involved local residents as well. The parties eventually opted for the flight path that will best avoid population clusters and minimises environmental impact. No houses will have to be demolished. However, an area in which no new housing may be developed was designated. The selected flight path has been presented to local residents. Following a positive recommendation from the Alders Platform, the ministry of Infrastructure and the Environment incorporated the scenario into the draft version of its new airport decree.

Further information

For further information on air traffic developments, visit *www.bezoekbas.nl*. For further information on the Alders Platform and the Schiphol Local Community Council, visit: *www.alderstafel.nl* and *www.omgevingsraadschiphol.nl*.

Safety

Safety is a key priority underlying both our own operations and those of our partners. We work to ensure the safety of our travellers, visitors and employees and improve workplace safety in cooperation with the airlines, the Royal Netherlands Marechaussee, contractors and other companies.

A safe and healthy airport environment and workplace is the shared responsibility of all stakeholders. Each partner is responsible for ensuring the safety of its own processes. As airport operator, Schiphol Group monitors compliance with all relevant regulations. Safe working conditions are the focus of even greater attention during large-scale construction projects such as the current implementation of the Master Plan.

Management and employees must lead by example and communicate the importance of health and safety both within and and outside of the organisation. Safety awareness is measured on the basis of the HSE Culture Ladder, which applies a scale from 1 to 5 (whereby 5 represents a highly innovative and safety-concious attitude). Schiphol's target is to attain level 4, which reflects a proactive attitude. The 3.6 score achieved in 2010 increased to 3.8 over the course of 2014.

Amsterdam Airport Schiphol was the first major European hub airport to obtain the EASA safety certificate in 2014. The EASA regulations will come to replace national legislation and ICAO standards and are set to become mandatory at the end of 2017.

The airports apply a range of definitions. For more information, see: *performance indicators*.

Safety on and around runways

Our runway safety policy is mainly aimed at preventing situations in which aircraft or other vehicles enter a runway when this is not permitted or desirable. We make every effort to minimise the likelihood of a runway incursion. If such an event does take place, we do everything we can to minimise the possible consequences. In implementing this policy, we cooperate closely with all the parties within the aviation process, in particular with Air Traffic Control the Netherlands (LVNL).

Schiphol

In 2014 a total of 17 runway incursions were registered at Amsterdam Airport Schiphol (2013: 23). This figure is below our target maximum of 22. The decrease is attributable to continued focus on the issue, both at Amsterdam Airport Schiphol and within the aviation industry as a whole. Most runway incursions consisted of procedural deviations, such as cases involving uncertainty about the issued radio clearance.

Over the course of 2014, a special task force appointed by the Schiphol Safety Platform implemented improvements at several locations prone to repeated runway incursions. The Sierra taxiway on the south side of Runway 06-24 was taken into operation in November 2014. This taxiway connects the Sierra cargo apron with Schiphol-Centre via the end of Runway 06-24. As a result, fewer aircraft have to cross Runway 06-24, reducing the chance of runway incursions.

Rotterdam The Hague Airport

A total of five runway incursions were registered at Rotterdam The Hague Airport in 2014 (two in 2013). These incursions concerned minor procedural deviations. In 2014, a decision was made to install Runway Guard Lights on all taxiways leading to the runways used for take-off and landing, in order to reduce the likelihood of runway incursions.

Eindhoven Airport

The past year saw the number of runway incursions at Eindhoven Airport drop from 22 in 2013 to 8 in 2014. The number of runway incursions at Eindhoven Airport concerns both civil and military air traffic. The past year saw an active poster campaign aimed at preventing runway incursions. Air traffic control also proactively alerted all aircraft.

Number of runway incursions at Schiphol

(per year)

2014	**17**
2013	23
2012	42
2011	36
2010	31

Bird strikes
Schiphol
Bird strikes involving aircraft represent a serious safety risk. A team of bird controllers works around the clock at the Schiphol landing area in order to control this risk. We are taking a wide range of measures to prevent birds from entering the airport grounds. We continued to make progress in this area over the course of 2014.

Airports benefit from limited biodiversity. For example, we now mow the grass around the runways more frequently (seven to eight times a year) in order to maintain a length that will discourage birds from nesting and breeding. We also check ditches, trees and buildings more intensively for nests. Furthermore, we initiated a trial with a special, less edible type of grass. This grass helps keep the landing area free from hares and other small rodents that serve as a food source for birds of prey.

Schiphol also purchased the bird detection system with which we experimented extensively during 2013. We are one of the first civil aviation airports around the world to use such a system. The bird detection system will help the Bird Control Department gain insight into the precise risk locations. It also serves as a useful tool in measurements for various experiments, such as our trial with an experimental grass mix.

The activities of the Netherlands Control Group for Bird Strikes (NRV) were continued over the course of 2014. We completed the development of a bird study aimed at gaining insight into the effects of agriculture and other activities near the airport on bird populations and bird movements. The outcomes will help us more accurately identify potential risks to our flight operations.

Grain residues in the agricultural areas around the airport were ploughed under the soil at an accelerated pace in order to reduce the amount of available food. This helped to reduce the number of geese flying over the airport grounds during the summer months.

In 2014, the number of bird strikes at Schiphol per 10,000 air transport movements amounted to 5.8 (6.1 in 2013). We are pleased that through our joint efforts we have been able to reduce the number of bird strikes for the fifth consecutive year.

Rotterdam The Hague Airport
In 2014, the number of bird strikes at Rotterdam The Hague Airport totalled 5.7 for every 10,000 air transport movements (3.0 in 2013). This increase is partly attributable to the large amount of rainfall in August. Furthermore, Rotterdam The Hague Airport was not able to use birds of prey to chase away birds. As a result of a change in European legislation, airports are only allowed to use hawks and peregrine falcons to scare off other birds, whereas Rotterdam The Hague Airport mainly used other species. Despite consultations with the Province of South-Holland, the airport has not yet been able to obtain an exemption. The government also took various measures in an effort to control the bird flu outbreak; as a result, Rotterdam The Hague Airport was temporarily prohibited from using birds of prey.

Number of bird strikes at Schiphol

(per 10,000 air transport movements)

2014	**5.8**
2013	6.1
2012	7.0
2011	7.6
2010	7.7

Eindhoven Airport
The number of bird strikes rose in 2014 to a total of 6.4 for every 10,000 air transport movements (5.5 in 2013). The number of bird strikes at Eindhoven Airport concerns both civil and military air traffic.

Working safely
Safe employability means that employees and third parties understand the importance of safe working practices and occupational health and safety. The action points formulated in the *Safe and Sustainable Employability Long-Term Plan for 2012-2014* have been implemented or initiated. The Schiphol Working Conditions Catalogue now features a section on psychosocial work stress: the result of factors such as bullying, high workloads and discrimination. This is one of the main causes of absenteeism in the Netherlands.

We ensure safe and sustainable employability by means of the Occupational Health & Safety Management System, which was updated in 2014. As a result of this recent update, the management system which ensures safe and sustainable employability is now structured along the same lines as our other management systems. Key risks in the area of working conditions have been identified; the associated control measures will be anchored in our management system over the course of 2015.

Safety during construction work
The various construction projects at Amsterdam Airport Schiphol and their interaction with airport processes in and around the terminal required additional attention this year, since we want to ensure a safe environment for our passengers. This complex process involves an unprecedented number of construction activities, which have to be integrated into our ongoing operations. The various projects are interlinked and inevitably influence one another, occasionally resulting in unforeseen and undesirable situations.

We have set up two prevention teams in order to proactively improve safety at the construction sites and ensure the continuity of our operations and the construction activities. The recommendations formulated by these prevention teams are being actively implemented by a special team. Concrete measures include the establishment of a tactical and operational fire safety team, charged with assessing the risks of the various projects and communicating this information throughout the organisation. This will ensure that the relevant departments are informed about the confluence of various construction projects and any potential consequences at an earlier stage, allowing for timely additional measures.

In 2014, the airport launched a web page for contractors, outlining the Schiphol-specific requirements for safe construction work. All Schiphol employees directly involved in construction have a VCA certificate (Health, Safety and Environment checklist for Contractors, featuring information specific to Schiphol). The Schiphol Project Office will furthermore structure its organisation in line with the VCO (Client Health, Safety and Environment Checklist). Our contractors are also obliged to obtain VCA certification.

Industrial accidents

Schiphol Group has established methods for the measurement of safety at work on airside, in the terminal and in connection with contractor activities. The procedure for reporting accidents and unsafe situations, by both internal and external parties, is now embedded in our Occupational Health & Safety Management System. We are currently developing an app that will enable employees to digitally report unsafe situations.

Schiphol uses Lost Time Injury Frequency (LTIF) when registering work-related accidents that result in absenteeism. This allows us to effectively compare our performance with that of other companies within or outside the sector. Amsterdam Airport Schiphol experienced a total of eight industrial accidents, five of which involved the fire service. These incidents were not specifically related to the fire service itself. One work-related accident concerned airport operations, while the remaining two did not. In 2014, Schiphol Nederland B.V. (excluding the fire service) achieved an LTIF score of 1.2 (2013: 0), which means that the LTIF target of lower than 3 was achieved. The fire service achieved a 22.7 score, as compared to the target of 40 (2013: 14.2).

Approximately 100 incidents involving passengers injured in the terminal were registered over the course of 2014. Half of these accidents were related to the use of a staircase, escalator or moving walkway. In three cases, a passenger was injured as a result of construction or maintenance work. We regret every accident and continue to work to prevent accidents. This number of accidents is comparatively low relative to the total number of passengers (55 million).

A total of two accidents took place at Rotterdam The Hague Airport over the course of 2014, resulting in nineteen absence days.

Emissions

Schiphol Group takes responsibility for environmental protection and the effort to stem climate change. We pursue active policies in the area of emission reduction. In addition to focusing on our own business operations, we also stimulate our partners at the airport to take measures in the area of sustainability.

According to a June 2013 United Nations report, the global population will have grown to a total of 9.5 billion people by the year 2050. Over the next 35 years, the planet will have to accommodate an additional two billion people or more who wish to live, work and travel. This development could have implications for the earth's climate. The Intergovernmental Panel on Climate Change (IPCC, the UN climate panel) report on 2014 confirms that it is 'highly likely' that global warming is being caused by human activities.

The global aviation industry is responsible for 3% of all CO_2 emissions, most of which are caused by the combustion of kerosene. In order to maximise the reduction of CO_2 emissions, therefore, the aviation industry will have to focus on limiting the use of fossil fuels.

Biofuels

Airlines apply various strategies to reduce their CO_2 footprint: operational measures such as the use of lighter materials on board (trolleys and the like), and the use of new aircraft types (more energy-efficient engines built from lighter materials) and biofuels. The use of biofuels offers the greatest potential in terms of reducing CO_2 emissions. In a joint project with KLM and SkyNRG, Schiphol is working with companies to achieve a breakthrough in the use of biokerosine in aviation. In 2014, KLM operated a series of 20 biofuel-powered flights to Aruba and Bonaire – the longest biofuel-powered route to be operated with an Airbus until now. KLM developed the initiative in order to demonstrate that biofuels can genuinely reduce the environmental impact inherent to the aviation industry.

KLM previously operated intercontinental flights to Rio de Janeiro and New York and European flights to Paris using biofuel partially composed of waste deep-fryer oil. In addition to government subsidies, the initiative also receives financial support from various businesses through KLM's Corporate BioFuel-programme. The participating businesses provide funds as a part of their sustainability policies. This support enables KLM to operate a portion of its total number of flights on specific routes with biofuel-powered aircraft. Schiphol Group also participates in the programme. Schiphol Group and KLM also collaborate in a number of subsidised university studies and pilot projects on the use of biofuels and the potential for their more extensive use in the aviation industry.

As a part of the European Single European Sky initiative, efforts are underway to optimise the use and capacity of available airspace. At present, aircraft often opt for longer routes due to diverging national interests, thus consuming additional fuel and emitting more CO_2. Schiphol Group supports the accelerated introduction of a Single European Sky.

Leading the way in CO_2 emission reduction

Schiphol Group reduces its own emissions through the more efficient use and application of sustainable energy and fuels. We have pursued the goal of CO_2-neutral business operations since 2012.

Schiphol is the world's first hub airport to obtain the highest status (3+) in the Airport Council International (ACI)'s Airport Carbon Accreditation (ACA) system. We were awarded this status in recognition of our CO_2 reduction programmes and results achieved, and have thus met our target for 2014. We aim to maintain this standard in future. Eindhoven Airport was awarded 3+ status in 2013; its CO_2 footprint is not yet available.

Rotterdam The Hague Airport is currently not yet ACA-accredited. We thus wholeheartedly support Rotterdam The Hague Airport's efforts to provide insight into the sources of its CO_2 emissions over the 2014 operating year. This will enable the airport to benchmark the results of future initiatives. CO_2 emissions, calculated on the basis of a different method than the one used to determine CO_2 emissions by Amsterdam Airport Schiphol, totalled 2,484 tonnes. The past few years have seen various initiatives aimed at reducing CO_2 emissions, such as the installation of LED lighting in the landing area and on the apron, the re-insulation of the entire terminal building and the installation of solar panels.

As in previous years, Amsterdam Airport Schiphol met its target of CO_2-neutral business operations in 2014, partly by compensating for emissions through certificates. We are striving to further cut back our CO_2 emissions and reduce the compensation percentage. We are also working to influence the behaviour of airport users, partners and employees.

The decrease in CO_2 emissions is attributable to several factors: electricity consumption was lower due to the fact that Fixed Electrical Ground Power (FEGP) is classified as a handling process rather than electricity consumption by Schiphol itself, in accordance with applicable calculation methods. This is a change in scope relative to 2013, when FEGP was still included in the calculation. As a result, the figures for 2013 and 2014 are not entirely comparable, reflecting a difference in CO_2 emissions of approximately 2,100 tonnes. We also implemented various energy-saving measures and intensified use of the combined heat and power system in the terminal.

CO_2 emissions by Amsterdam Airport Schiphol

In tonnes[1]	Caused by	2014	2013
Scope 1	Natural gas and fuel consumption under the SNBV licence	**15,994**	19,309
Scope 2	Electricity	**79,156**	85,639
Scope 3	Indirect emissions of own activities	**6,136**	2,746
	Total CO_2 emissions	**101,286**	**107,694**

1 This relates to emissions during the operating year

Energy efficiency

As part of our energy efficiency efforts, we strive to handle more aircraft, passengers and cargo using proportionally less energy. In the event of major expansion, energy consumption may increase in absolute terms despite the more efficient use of energy. The realisation of our energy efficiency targets will require a joint effort by various departments.

The terminal, parking garages and airside areas now feature LED lighting, yielding both energy and cost savings. As a result of these and other measures, Schiphol Group managed to meet its energy efficiency targets in accordance with our multi-year agreements with the government: approximately 4.2%, compared with our target of 3.9%. This percentage is comprised of an energy efficiency component (2.7%) and a sustainable energy component (approximately 1.5%). Overall energy consumption decreased by approximately 5% over the course of 2014. Half of this decrease is attributable to the relatively mild weather, while the other half is due to an absolute drop in our electricity consumption. As of 2015, our target for the energy efficiency component has been raised to 4%.

Sustainable energy

By 2020 we aim to independently generate 20% of our energy requirements by sustainable means. In 2014 Schiphol successfully completed a tendering procedure for a biomass fermentation plant that is expected to be taken into operation by early 2016. We estimate the plant will help us meet 40% (8% of our 20% target) of our sustainable energy target. We commissioned two heat and cold storage (HCS) systems and are currently developing an HCS plan for the entire Schiphol complex. Based on the proportion of sustainable energy in 2013, its proportion in 2014 totalled an estimated 1.5% (2% in 2013). This figure is lower than the 2% target due to the fact that the majority of our sustainable energy is generated by means of heat and cold stored in the soil. The amount of heat and cold stored and subsequently extracted from the soil was lower as a result of the moderate summers and winters.

Solar panels in landing area?

We regularly receive suggestions to install solar panels in the landing area, which seemingly offers an ideal location. However, the fact that we have not yet installed any solar panels there is due to various considerations. We have discussed the suggestion with stakeholders such as Air Traffic Control the Netherlands (LVNL) and airlines over the past few years. This is important in view of the need to ensure that solar panels would not endanger or affect air traffic in any way. A 3,000-m^2 field of solar panels was installed at Schiphol-Northwest in 2012. An assessment was conducted in order to determine whether the reflections from these panels would hinder pilots or disrupt airport communication systems. The results showed that this was not the case. Once the testing phase had been concluded, we conducted an assessment of the landing area to find the most suitable installation locations. Safety being the main consideration, aircraft could potentially skid off the runway and end up in a field full of solar panels. Schiphol Group will assess the potential for installing a 2-MegaWatt field of solar panels in the landing area over the course of 2015.

Air quality

We aim to lead the industry when it comes to reducing the amount of NO_x, PM_x and airborne particles. These efforts are important in view of our commitment to the health of Schiphol staff and our direct environment. Particle emissions are caused by the combustion of fuel in aircraft engines.

2014 saw efforts to develop a *sustainable vision on fuel for transportation* at the request of the ministry of Infrastructure and the Environment. The long-term (2030-2050) vision offers insight and guidance in support of efforts to improve the sustainability of mobility and make the transition to more sustainable energy consumption in the transportation sector. The Netherlands aims to promote the transition to electrically powered vehicles in road transportation sectors with great potential for electric driving. Electrically powered transportation will be combined with sustainable biofuels and renewable gas as a transitional option and long-term solution for heavy transport. The aviation sector is striving to ensure greater efficiency through the innovation of aircraft technology, operations and infrastructure, and the further development and application of sustainable biokerosene sourcing, production and distribution. Over one hundred organisations, including Schiphol Group, contributed to the development of this vision, which was presented to the State Secretary for Infrastructure and the Environment in October 2014.

The Netherlands Organisation for Applied Scientific Research (TNO) published a study on the amount of ultra-fine airborne particles in the air around Schiphol in December 2014. According to the researchers, the concentration of ultra-fine airborne particles within a 40-kilometre radius of the airport may have increased as a result of aircraft taking off. Further research into the health effects of these airborne particles is required. According to the World Health Organisation, there is still no effective scientific basis for determining safe ultra-fine airborne particle concentration levels. However, the WHO does recommend minimising exposure to such particles. Schiphol Group will contribute to studies in this area and independently initiate further research where necessary. We are closely monitoring all follow-up studies.

In the meantime, we will focus on stimulating clean transport to, from and at Amsterdam Airport Schiphol. Passengers travelling to or from the airport by taxi now have a sustainable option. We conducted a successful tendering procedure in 2014 that was also the focus of much international attention. Concession holders BIOS and BBF Schipholtaxi took a fleet of 167 electrically powered Teslas into service. As a result, Schiphol now boasts the largest fleet of electrically powered taxis of any airport in the world.

We also conduct our business operations with a growing percentage of cleaner vehicles. Airside handling agents are using a growing amount of electrically powered equipment. This development necessitates effective harmonisation and planning: the growing number of electrically powered vehicles and equipment will require sufficient charging points and electrical capacity. Our fleet will be supplemented with a total of 35 electrically powered passenger buses, three of which were taken into service during 2014.

Two aircraft stands were equipped with 400 Hz systems in 2014. As a result, 69 permanent aircraft stands can now supply aircraft with Fixed Electrical Ground Power, eliminating the need for kerosene engines or diesel generators. In practice, these systems are not yet being put to optimal use due to their unwieldy weight. This underlines the need to balance all relevant aspects when making investment decisions. In this particular case, we failed to devote sufficient attention to working conditions.

Circular economy

The scarcity of raw materials is a global issue. We are adjusting our business operations in order to stimulate circular supply chains, the concious use of materials, reuse and waste recycling.

As the world's population grows, demand for resources is increasing. In parallel to this development, natural resources are being depleted and the amount of waste is growing. In response, we are seeing a global effort to conserve raw materials through circular product chains.

Schiphol Group also acknowledges the importance of this circular economy, although we are still in the early stages of adopting the necessary new mentality. In addition to requiring a new way of thinking, the circular economy must be built around alternative supply chains and business models. These changes call for a long-term vision and perseverance. We are applying a multi-pronged strategy, based around both closed circular supply chains and more sustainable linear chains. Amongst other measures, we are using less harmful materials and focusing on reuse and recycling.

Schiphol is aware that the results of our projects cannot always be measured accurately. It is difficult to weigh the benefits of one method (recycling) against another (reuse). Schiphol thus regards the application of both principles as a learning process that will help us gain experience. In addition to environmental benefits, cost aspects and the need to adjust operational processes also factor into the equation. For example, more facilities are required for better waste separation, and this takes time. Such facilities are currently not available throughout the airport, and neither is the time needed to create them. In the short term, we aim to stimulate useful initiatives and determine what works and what does not on a trial-by-error basis.

Circular thinking

We will be focusing on usage instead of ownership, creating a structure whereby we coordinate the use of infrastructure and resources at our locations. Our vision for the future is based around a system whereby third parties are responsible for production and waste processing. We are working to develop further innovations in this area in collaboration with permanent partners such as KLM, VolkerWessels and Philips. A prime example would be the 'Light as a service' solution offered by Philips and Turntoo. Under the terms of this arrangement, Schiphol Group will no longer hold ownership of the lighting equipment in the terminal: instead, it purchases light as a service. Suppliers will then assume responsibility for the performance and useful life of the systems. These parties are better equipped to create circular product chains.

Use of materials

Schiphol is actively seeking out new ways to manufacture objects from biobased materials, such as hemp, elephant grass and flax rather than plastics made from fossil fuels. We supported various projects over the course of 2014 by means of cultivation and trials. Local farmers are processing crops into biobased materials, which are then used to manufacture outdoor furniture and other products.

Our suppliers are developing increasingly creative solutions. A prime example would be VanderLande Industries, who manufactured Blueveyor baggage belts from non-toxic, recyclable materials. The belts were also designed to consume 55% less energy.

Reuse of goods

We are finding evermore creative, new uses for goods and materials that have reached the end of their normal life cycle. For example, we repurposed old passenger bridges and a large quantity of landing area lights in 2014. As part of a current trial project, we are recycling these lights and selling them as vintage lamps. Parts of the passenger bridges now serve as a smoking area at the entrance to Schiphol Plaza, and will be used as a location for spotters as of 2015. We are also assessing the potential to reuse various other objects. These inspirational examples will reach a broad audience and create greater awareness of our sustainability ambitions.

Waste recycling

We aim to ensure that 70% of all operational waste (excluding construction and demolition waste, and water containing glycol) at Amsterdam Airport Schiphol is recycled by 2020. The percentage of separated waste dropped in 2014: 25.9% (2013: 36.0%). Our target was 30%. This decline is due to the smaller quantity of grass gathered from the landing area. Our mowing policy was adjusted: we now mow more often throughout the year, but leave the grass after mowing. Fore more information, see *safety* – bird strikes. There is room for improvement in terms of the percentage of separated waste; the Dutch national average currently stands at 51%. As regards the recycling of construction and demolition debris, we are performing relatively well in comparison with the three other European hubs: almost all waste in this category is reused, with less than 1% ending up at landfill sites.

Rotterdam The Hague Airport completed preparations for the implementation of waste separation in the terminal over the course of 2014. The airport is working to create a waste separation system that processes both its own waste and that of all chain partners in the terminal (such as catering outlets, stores, handling agents and security companies) by 2015. 14.2% of all waste was recycled in 2014. Although Eindhoven Airport does separate its waste, no reporting figures are currently available.

Recovery of phosphate from waste water

Phosphate, a raw material used in the production of food, is becoming increasingly scarce. The Sustainable Airport Cities project sees Amsterdam Airport Schiphol, Evides Industriewater, the Vewin water company association and KWR Watercycle Research Institute work together to extract phosphate from waste water. Schiphol offers a suitable location for a pilot project as the airport's water cycle is comparable to that of a small city.

The underlying idea is that the extraction of phosphate from waste water will improve water quality at and around the airport grounds. This will yield a more efficient purification process and reduce the need for auxiliary agents such as chemicals. Amongst other applications, the extracted phosphate is supplied to farmers in the area around Schiphol, who use it as an artificial fertiliser. They can also assess the quality of the extracted phosphate. Researchers then apply the results to further improve the extraction techniques: the more effective the product proves to be for end users, the greater the economic feasibility of the method.

Discharge into surface water

In 2014, Schiphol used 116,394 litres of potassium formate to prevent ice on runways and taxiways. This is considerably less than in 2013 (1,676,740 litres), due to the absence of any significant cold periods in 2014. The potassium formate flows into the surface water (drainage ditches) along with the rainwater through the rainwater drainage system. De-icing agents are biodegradable, but they do

Waste separation percentage at Schiphol

(per year)

2014	**25.9**
2013	36.0
2012	35.0
2011	30.2
2010	34.0

extract oxygen from water in the process. Water quality is determined on the basis of oxygen content.

Since the use of this substance depends on how cold the winter season is, we have not formulated any solid targets in terms of potassium formate usage. Schiphol prepared the *Sanitation Plan 4* at the request of the Rijnland Water Board. This plan contains measures aimed at reducing the use of potassium formate or promoting the use of alternatives. We also sweep and suck up the used potassium formate where possible in order to prevent it from ending up in the surface water.

We commissioned two cars fitted with a road-ice measurement system and installed an ice measurement system in the asphalt over the course of 2014. As a result, we can now determine whether there is any need to spray. We commissioned more energy-efficient spraying vehicles with a registration system that keeps track of the vehicles' exact routes and the amount of de-icing fluid they spray. We also apply alternative solutions: aprons are de-iced using a small quantity of potassium formate, which is then covered with sand, thereby creating a rough surface if it refreezes.

Supply chain responsibility

As an airport operator, Schiphol Group plays a coordinating role. We work to increase the sustainability of our own business operations and promote sustainability throughout our purchasing chains. We collaborate with businesses and organisations that are committed to leadership in this area. We work together to improve the sustainability of the airport and appeal of the region through concrete measures and agreements.

Schiphol Group's core processes involve close collaboration with our key partners: airlines, ground handlers, the Royal Netherlands Marechaussee, Dutch Customs and Air Traffic Control the Netherlands (LVNL). In view of the fact that we do not purchase directly from these partners, they do not fall within the scope of our sustainable procurement policy. Schiphol procures the majority of its services from construction companies, security companies and facility companies.

CR in relation to procurement processes

A key requirement is that Schiphol Group's current and potential suppliers consciously exercise Corporate Responsibility. This is an important criterion in our procurement processes, governed by the socio-economic themes to which Schiphol wants to contribute.

Schiphol Group's central procurement department is responsible for selecting the suppliers that provide works, goods and services to the various business areas. The Tendering Committee applies criteria in the area of legality and integrity, and places great emphasis on efficiency. CR is also an important consideration in all decisions. Tendering procedures are conducted on the basis of a tender document, enshrining the basic principles, considerations and results to be achieved during the various phases. This document was amended in 2014. As a part of the selection phase, candidates are required to explain how they have anchored the aspect of CR in their organisation. As a part of the awarding phase, we ask candidates to explain how their deliverables, service and/or activities will contribute to our key CR objectives.

The policy describes the framework and rules for procurement activities in areas such as working conditions. The underlying contracts feature specific agreements. If a supplier fails to meet these agreements, we can opt to unilaterally terminate the contract. One element of the Public Procurement Act is the principle of proportionality. This means that, when it comes to making choices, the requirements and conditions which Schiphol imposes on a supplier in a tendering procedure must be in a reasonable proportion to the nature and scope of the contract to be awarded.

CR in relation to tenders and contracts

By way of illustration, we will highlight two tendering procedures conducted over the course of 2014: one is largely centred around the aspect of 'people', while the other centres around 'planet'. The first example concerns a tender for security services. Following the introduction of non-Schengen central security in the terminal, there is less need for security personnel. A large number of employees will also switch employers as a result of the new tender. We entered into a covenant with the security companies for the guidance of security personnel in this transition process. The covenant also serves as a basis for negotiations with the social partners. This approach offers perspectives for the security personnel involved. The second example concerns the tendering procedure for taxi concessions, which emphasised the need to reduce emissions. Although the aspect of Corporate Responsibility initially played a relatively minor role in the tendering procedure, the diligent efforts of several colleagues eventually yielded the airport a fleet of 167 electrically powered taxis.

Schiphol commissions main contractors to carry out airport maintenance. The framework agreements are set to expire in 2016. In anticipation of this deadline, we commissioned an external agency to benchmark the contracts and assessed the potential for contract extensions. In the event of an extension, contractors will be required to actively contribute to the reduction of our CO_2 footprint and waste volumes, while helping to improve air quality.

In 2014, 77.6% of our total procurement volume was supplied by companies that consciously exercise Corporate Responsibility (target: 77%). In 2013, this figure was 77%. We measure this performance indicator on the basis of data from the group of suppliers that provide 80% of all the products and services that we purchase. As a result, the performance indicator score cannot exceed 80%.

Rotterdam The Hague Airport now also incorporates the aspect of sustainability into all negotiations with its suppliers. Amongst other results, this prompted the airport's technical contractor to invest in electrically powered vehicles. Corporate Responsibility criteria were also included in the selection phase of the call for tenders for security services at Eindhoven Airport.

Responsible market behaviour

We work in accordance with the Responsible Market Conduct Committee Code. Amsterdam Airport Schiphol helped initiate this code, to which it is also a signatory. The Code defines professionalism, quality and etiquette in the sector as 'responsible market conduct'. Collaboration among principals, employers, employees and intermediaries is key.

The Code of Responsible Market Conduct for the cleaning sector has been broadened to include the security and catering industries. As a committee member, Schiphol plays an active role in broadening the scope of this code and ensuring its further enshrinement. Amongst other aspects, the code defines good commissioning practice: companies must ensure that contractor staff are afforded the same level of care as their own employees.

Employment practices

The stable economic development of the Mainport is both contingent on and the result of sustainable employment. Schiphol Group needs committed, qualified staff willing to contribute to the success of our company and the realisation of its ambitions.

Sustainable employability

2014 saw further implementation of the Multi-Year Plan Safe and Sustainable Employability 2012-2014. Sustainable employability encompasses both mobility and vitality and centres on the ability to deliver a competent and motivated performance under healthy conditions, both now and in the future. Our philosophy is that working and learning are inextricably linked. In 2013 we focused in particular on promoting mobility, while in 2014 the focus was on vitality. For example, 375 employees participated in a large-scale vitality programme entitled 'Working in motion' (Werken is bewegen). Participants gave positive reviews in a subsequent survey, and indicated that the programme had had a demonstrable effect on their lifestyle and vitality. The programme will be continued in 2015 for new participants. Our employees are issued a personal budget which can be applied towards individual development and improved vitality. A growing number of employees are making use of this resource.

Schiphol continues to stimulate internal mobility. We believe we can increase job satisfaction and productivity by offering employees in evolving or new positions or workplaces the opportunity for personal development. We aim to achieve an annual mobility percentage of 15% and managed to meet this target in 2014 (15.2%). As our active mobility policy enters its second year, employees and managers are engaging in active discussions on the issue of sustainable employability.

From diversity to inclusiveness

We value our staff for their qualities and individuality. We strive to ensure that all our employees feel at home within the organisation, regardless of their cultural or occupational background, gender, sexual orientation or any physical handicaps.

Our diversity policy was previously focused on increasing the number of women in senior positions. The signing of the Talent to the Top Charter enshrines Schiphol's commitment to increasing the number of women in top-level positions from 20% (12 women) in early 2010 to 30% by the end of 2014. In 2014, the number of women totalled 21 (28.3%) as compared to 24 women in 2013 (30.8%). Despite the fact that we ultimately failed to achieve the target set out in the Talent to the Top Charter, our efforts did help raise awareness and yielded significant results. As of 2015, we aim to appoint five people with different cultural backgrounds to regular positions on an annual basis.

According to the provisions of the Management and Supervision (Public and Private Companies) Act, our Management Board and Supervisory Board should comprise a balanced mix with at least 30% female members. As of 1 September 2014, our Management Board consists of 50% male and 50% female members. One quarter of the current Supervisory Board members are female. We strive to fill future vacancies with female Supervisory Board members in order to meet the required standard and ensure a balanced mix.

The Participation Act, which took effect on 1 January 2015, is aimed at stimulating regular employers to hire more people with occupational handicaps. The Social Agreement on Job Creation calls for the creation of 100,000 jobs for people with a disability by 2026. Employers launched the 'Inclusive Employers' programme, which should see the creation of 7,500 jobs for people in this group by the end of 2015.

Schiphol Group regards the creation of jobs for people with disabilities as part of its social responsibility. In addition to joining the programme along with 250 other organisations, we have formulated our own objectives. As of 2015, we will be placing five disabled employees in regular positions and another five in work experience positions on an annual basis. Schiphol Aviation College serves as a crucial interface in this regard, helping Schiphol Group to establish ties with individuals with limited opportunities on the labour market. We offered four employees a work experience position in 2014, one of whom was subsequently placed in a regular position.

Schiphol also signed the Youth Covenant in 2014, an initiative aimed at increasing young people's chances on the labour market. Schiphol aims to contribute by offering traineeships, work placements, work experience positions and the opportunity to fulfil regular vacancies. Each year, we will seek to arrange five regular appointments, place five young people with a first-time job seeker grant and supervise 150 interns. We will also be training ten young people over the course of the two-year traineeship programme. All participants in the 2012 traineeship have since found employment. We will be launching the next traineeship programme in 2015.

Engagement

Schiphol is a loyal employer which invests in its staff and offers them continuous personal development opportunities. The 2014 Best Employer Survey conducted by Effectory and Intermediair ranked Schiphol Group Best Employer in the transport and logistics sector. We achieved fifth place in the 'Employers with over 1,000 employees' category. Our business partner VanderLande Industries achieved third place in the latter category, and KLM ranked in sixth place.

We are proud of this recognition, which is all the more relevant in view of the fact that the survey was conducted amongst our own employees. A quote by one staff member clearly reflects the high level of commitment: 'I like working for Schiphol Group because of Schiphol's special role in society. Schiphol is a unique hotspot, a city in itself. No two days are the same. I feel proud to work for Schiphol every time I see our passengers' happy faces in the terminal. If you're enthusiastic and committed, the sky's really the limit.'

In 2014 we continued our focus on performance management. Leadership development remains a key priority. We continued to exchange and second personnel with and to regional and international airports.

Regional airports

The regional airports are likewise taking an increasingly active approach to investing in employee quality. All operational staff at Rotterdam The Hague Airport took part in a hospitality training programme over the course of 2014. Eindhoven Airport invested in creating a more inspirational working environment for its employees. The entire office was restyled in order to create a working environment that allows for optimal flexibility.

Integrity

Schiphol places great value on the integrity of all its employees. In 2014 we launched a new version of our Code of Conduct, in combination with the Integrity Guideline. All employees were informed by means of an internal campaign. A large number of departments worked to raise awareness on the issue of integrity by means of 'dilemma sessions'; all departments will eventually be required to organise such events. Amongst other issues, the sessions focused on the reporting procedure for integrity breaches. These discussions yielded immediate results: the number of reports increased to a total of 16 over the course of 2014 (compared with 4 in 2013). Disciplinary measures were taken where necessary. One report in particular resulted in further tightening of our Code of Conduct, especially with regard to our dealings with suppliers.

We held a new round of dilemma sessions in the autumn. These sessions offer an opportunity to explore specific elements of the Code of Conduct in greater depth. For example, our relationship with external parties (suppliers, sponsors) plays an important role in this regard. In anticipation of the new supplier code – set to take effect in 2015 – we informed our suppliers about the expectations they will be required to meet. We will also be making a new e-learning tool available in 2015, in an effort to raise and assess awareness of the Code of Conduct amongst our employees and third-party staff.

Amongst other guidelines, the Code of Conduct specifies that employees must refrain from undesirable forms of behaviour such as sexual harassment, discrimination and bullying. The Code of Conduct also contains regulations concerning use of the available communication resources and facilities (such as email, the Internet, laptop computers or telephones) and social media.

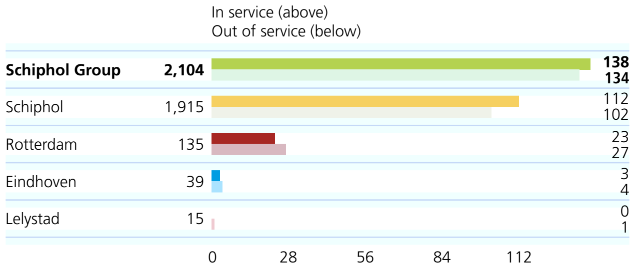
Employees in figures

In 2014, the number of FTEs remained virtually unchanged at 2,039 (2,045 in 2013). Our employees have a one-year contract or a permanent contract. Separate agreements are made with employees who are not covered by the Collective Labour Agreement. The proportion of women overall and the proportion of female managers both remained stable. One third of all Schiphol Nederland B.V. employees work in continuous shifts. Of this group, 20% are women.

In 2014, the absenteeism percentage for Schiphol Nederland B.V. rose from 3.1% to 3.4%. The Verbaan standard for Schiphol Nederland B.V. was 3.6%. Absenteeism rates amongst employees at Rotterdam The Hague Airport rose from 2.2% in 2013 to 4.0% in 2014. This rise is attributable to several colleagues with prolonged illnesses.

Staff turnover in number of employees

Per location

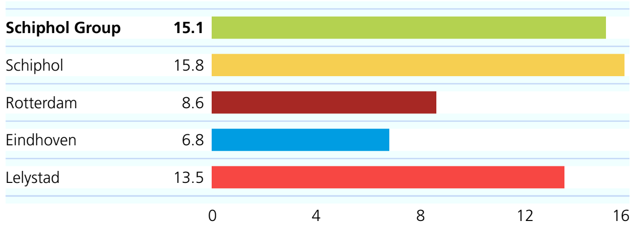


Total workforce

In FTEs and % per location

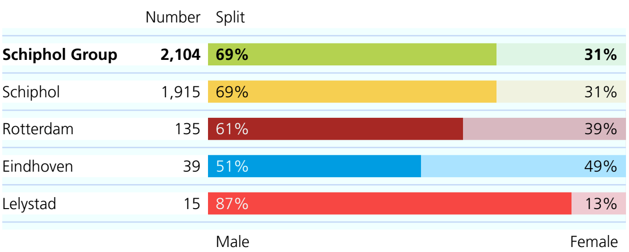
Average employment length Schiphol Group

Years per location



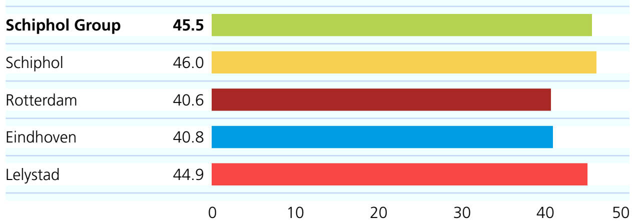
Gender split

In % of employees per location



Average age of employees

Years per location



Financial solidity

Schiphol Group's financial policy seeks to ensure a solid financial position and good creditworthiness with at least an A rating from two reputable credit rating agencies. This is of key importance to our ability to finance the necessary large-scale investments. Profitability is a vital factor in maintaining a high credit rating. The return generated by Schiphol Group determines to what extent we can create economic value for our shareholders. It equally determines the extent to which financial stakeholders believe that Schiphol Group is equipped to bear investment risks.

The dividend, which mainly depends on the amount of net profit, is important to our shareholders. Our financial policy therefore contains a pay-out ratio of 50%.

Creditworthiness

The long-term credit rating issued by Standard & Poor's in 2014 has remained unchanged at A+ with a stable outlook. The long-term credit rating issued by Moody's has remained unchanged at A1, but the 'negative outlook' has been changed to 'stable outlook'. This relates directly to the change in the outlook on the Dutch state's rating, in March 2014. The short-term ratings are P-1 (Standard & Poor's) and A-1 (Moody's).

Focus on controlling costs

In order to be able to make major investments while at the same time maintaining competitive airport charges for our aviation activities, we continuously focus on cost control.

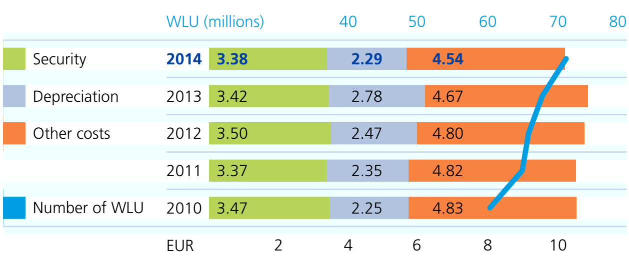
In pursuing its cost control policy, Schiphol Group carefully weighs quality and price. Our primary aim is to ensure that we can always meet the high expectations of travellers and airlines. We are aware however that quality comes at a price. Particularly where new investments are concerned, we place greater focus on the long-term implications of the choices we make. We focus on cost control and endeavour to increase our financial flexibility and resilience.

Over 50% of all Aviation costs are directly related to the infrastructure – the assets – of Amsterdam Airport. In 2013 we initiated the 'Asset Wise'! programme in order to derive the best possible value from and maximise the useful life of our assets, raise cost awareness across the entire supply chain and focus on Total Cost of Ownership. Schiphol also aims to derive increased added value from existing and new relationships with suppliers through tighter contract management. Where possible, we challenge suppliers to apply the full extent of their knowledge and expertise to enhance service provision and devise intelligent, cost-effective and innovative solutions. One such example is the Market Consultation Day on the development of Area A, held to enable future partners and suppliers to contribute ideas at an early stage about the construction of a new pier and terminal and about the corresponding call for tenders. An internal culture change is also being promoted to place more emphasis on the efficient use of our own assets and to heighten awareness of costs and cost control. This is also echoed in a tighter and more business-like approach to contract management.

Cost efficiency, which we express as the cost per Work Load Unit (WLU: one passenger or 100 kilogrammes of cargo), improved in 2014. The costs per WLU for Amsterdam Airport Schiphol in 2014 amounted to 10.2 euros, a decrease of over 6% relative to 10.9 euros in 2013.

Cost efficiency: costs per WLU at Schiphol

WLU = 1 passenger or 100 kg of cargo



Competitive airport charges

To sustain our airports' competitive position, it is essential that we apply competitive airport charges. The rates charged by Amsterdam Airport Schiphol for use of the airport are regulated, and determined each year following extensive consultations with the airlines. They are subject to supervision by the Dutch Authority for Consumers and Markets (ACM). This economic regulation is provided for in the Aviation Act.

Decision-making concerning infrastructure investments, operating costs and airport charges is based on the principle that the airport's competitive position must be strengthened. The quality of our airports and the added value of the services we provide to airlines, ground handlers and passengers alike take centre stage.

The manner in which Schiphol Group has actively focused on competitive airport charges in the past few years has not escaped the aviation sector's notice. The moderate development of airport charges in recent years and the recently announced reduction of airport charges for 2015 has enabled us to distinguish ourselves from almost all other European airports.

Schiphol is aware that it is always in direct competition with other airports, especially other hubs. A large number of passengers can also choose to travel via an airport in a neighbouring country. Over the past few years, Schiphol Group's price-quality ratio has compared favourably with that of major European competitors. However, rival airports have expanded in recent years and gained new facilities, enhancing their quality.

Each year, the ministry of Infrastructure and the Environment commissions the SEO Economic Research Foundation to perform a benchmark study which looks at both the airport charges and government levies applicable to Schiphol and its key competitors. The results reveal that Schiphol Group has seven more expensive competitors. However, the study has also shown that the gap between Schiphol and the airports of Istanbul and Dubai is considerable.

Airport charges

The airport charges were increased by 0.4% with effect from 1 April 2014. Schiphol's solid growth in terms of passenger volumes and air transport movements, cost control and the low interest rate have allowed us to reduce airport charges by an average of approximately 7% effective 1 April 2015.

No objections were submitted to the ACM concerning the airport charges applicable from 1 April 2014, nor for the airport charges applicable from 1 April 2015.

Contribution from international activities

Our stakes in Aéroports de Paris S.A., BACH (Brisbane Airport) and other international activities have clearly contributed to our net result for many years. Despite the positive development of our underlying results and strong operational performance of our participations, Schiphol Group's share in results shows considerable fluctuations from year to year. This volatility is largely caused by fluctuations in the fair value of interest rate derivatives and commercial real estate at various participations. Brisbane Airport derivatives resulted in especially significant volatility; this development will be considerably mitigated through the application of hedge accounting by Brisbane Airport Corporation.

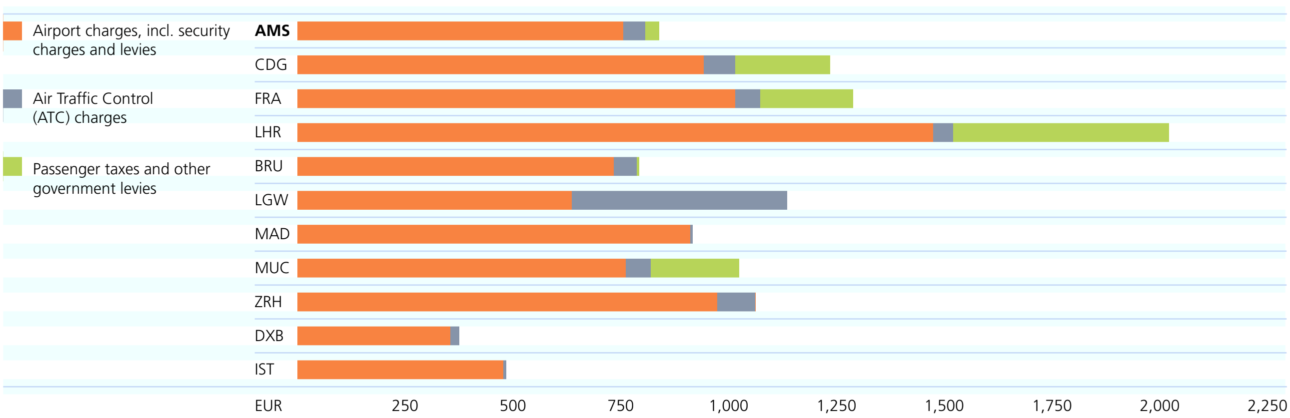
Aéroports de Paris (ADP) processed a total of 92.7 million passengers in 2014; Paris Charles de Gaulle processed a total of 63.8 million passengers (+2.8%) while Paris Orly processed a total of 28.9 million (+2.1%). ADP achieved good operating results, which were largely driven by the healthy growth of passenger numbers and the strong performance of retail outlets at the airports in Paris. The market value of ADP's 38% stake in TAV Airports – operator of airports such as Istanbul's rapidly expanding Atatürk Airport – also increased significantly. These developments jointly contributed to a significant rise in Aéroports de Paris S.A.'s market value.

Brisbane Airport saw passenger numbers rise by 1.9% in 2014, with the total number of passengers increasing from 21.8 million to 22.2 million. The international passenger segment grew by 5.5% to a total of almost 5.2 million passengers. Brisbane Airport had a busy year in many respects; 18 international airlines increased their frequencies, while Tigerair opened a base at the airport. A number of international events generated additional growth; the G20 summit in Brisbane in particular accounted for international media attention. Infrastructure was improved in various parts of the airport, and the first phase of construction work on a new parallel runway was completed. Redevelopment of the international terminal also progressed rapidly over the course of 2014.

The number of passengers using Terminal 4 at New York's JFK Airport showed strong growth in 2014, increasing to a total of 17.1 million (+18%). This terminal, the largest at JFK Airport accommodating 31 international airlines, was expanded to include several new shops and catering facilities over the course of 2014. Delta Air Lines commissioned 11 new gates at the start of 2015.

The number of passengers flying via Aeropuerto Internacional Reina Beatrix in Aruba increased by 10.1% to 2.5 million. The number of air transport movements rose by 4.3%.

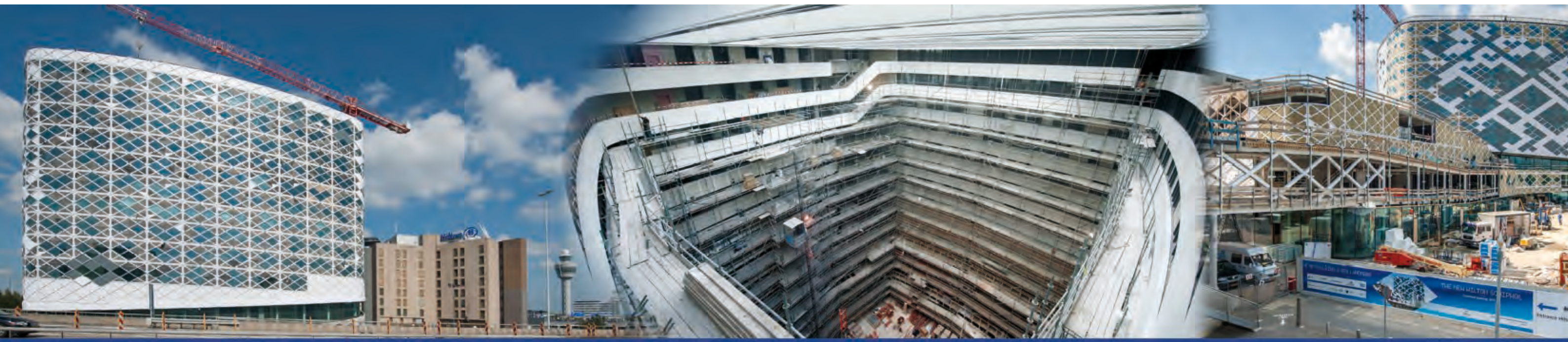
SEO Benchmark study on airport charges and government levies



Aeronautical revenue (x EUR million) for 2014 for the 'Schiphol package' calculated on the basis of charges applicable in mid-2014. Source: SEO report 'Benchmark study on airport charges and government levies', December 2014.

Financial performance

Schiphol Group achieved sound financial results thanks to the growth in passenger volumes and its cost control efforts. The associated improvement in the returns enables us to continue to invest in the Mainport.



Schiphol Group's net result contains a number of exceptional effects, such as a write-down of 21 million euros on land holdings. In addition, by acquiring the remaining 38.85% interest in AREB C.V. in the first half of 2014 Schiphol became the full owner of this real estate fund, which has led to a number of one-off effects. The better than expected development in passenger volumes and lower depreciation charges will, in accordance with the Aviation Act, result in a settlement of around 35 million euros in airport charges with effect from 1 April 2016.

Revenue

Our revenue increased by 110 million euros (+8.1%) from 1,364 million euros in 2013 to 1,474 million euros in 2014.

EUR million	2014	2013	%
Airport charges	**864**	816	5.9
Concessions	**136**	137	-0.7
Rents and leases	**157**	140	12.1
Retail sales	**85**	85	-0.2
Parking fees	**104**	98	5.4
Advertising	**19**	19	-1.5
Services and activities on behalf of third parties	**19**	18	7.6
Other revenues	**89**	51	77.2
Net revenue	**1,474**	**1,364**	**8.1**

The total revenue from airport charges generated by Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam The Hague Airport rose by 5.9% to 864 million euros in 2014. This is mainly attributable to the increase in traffic and transport with a minimal (0.4%) rise in the airport charges as of 1 April 2014. Total revenue from concessions declined by 0.7% relative to 2013. The decline is largely due to the fall in average retail spending per departing passenger in the shops beyond passport control at Amsterdam Airport Schiphol, which decreased from 15.89 euros in 2013 to 14.48 euros in 2014 (-8.9%). Spending is under pressure in almost all retail categories as a result of construction work and very busy peak periods. External factors include unfavourable exchange rate effects and increased price sensitivity arising from the wider range of products offered online, as well as (online) price comparison. Total revenue from rents and leases rose by 12.1% to 157 million euros, mainly as a result of the expansion of the interest in AREB C.V. and a rise in the property occupancy rate from 86.3% at year-end 2013 to 88.4% at year-end 2014. Total parking revenue rose by 5.4% to 104 million euros on account of improved capacity utilisation. The increase in other revenues relates to the one-off effects of the expansion of the interest in AREB C.V. (30 million euros) as well as the sale of our interest in Arlanda Schiphol Development Company A.B., generating sales proceeds of 5 million euros.

Operating expenses

Operating expenses rose by 8 million euros (+0.7%) from 1,062 million euros in 2013 to 1,070 million euros in 2014. Adjusted for the one-off effects of the expansion of the interest in AREB C.V., the costs fell by 7 million euros (-0.7%).

EUR million	2014	2013	%
Outsourcing and other external costs	630	604	4.4
Employee benefits	189	186	1.6
Depreciation and amortisation	228	248	-8.1
Impairments	4	17	-75.9
Other operating expenses	19	7	159.7
Operating expenses	**1,070**	**1,062**	**0.7**

Outsourcing and other external costs rose largely on account of increased security activities and higher maintenance costs, with a one-off effect of 7 million euros related to the expansion of the interest in AREB C.V. Depreciation and amortisation costs declined by 20 million euros due to the extension of the baggage system depreciation periods arising from the asset's presumed longer useful life. The impairment of 4 million euros primarily relates to the write-down of land developments at Schiphol-East (2013: 17 million euros of write-downs on land developments in Rotterdam and at Schiphol East). In addition to a one-off effect of 8 million euros relating to the expansion of the interest in AREB C.V., the other operating costs comprise a write-down of 7 million euros for an onerous contract concerning land holdings, in which Schiphol Group participates with third parties.

Operating result

The operating result rose by 98 million euros from 305 million euros in 2013 to 403 million euros in 2014 due to the higher result generated by the Aviation and Real Estate business areas.

EUR million	2014	2013	%
Aviation	110	55	99.5
Consumer Products & Services	181	180	0.6
Real Estate	79	39	100.5
Alliances & Participations	33	31	8.9
Operating result	**403**	**305**	**32.1**

Financial income and expenditure

The net financial expense declined by 4 million euros in 2014 to 86 million euros mainly due to lower interest charges following refinancing.

Share in results of associates

EUR million	2014	2013	%
Brisbane	11	28	-61.4
Aéroports de Paris (ADP)	26	22	21.0
Other investments	-10	11	-191.5
Share in results of associates	**27**	**61**	**-55.1**

The share in the results of associates amounted to 27 million euros in 2014 against 61 million euros in 2013. The operating results of the Brisbane and ADP associates developed favourably. However, other effects had an adverse impact on the share in the results of associates. Brisbane Airport saw the value of its derivatives fall by 17 million euros compared with 2013. With Brisbane having begun to apply hedge accounting since 1 July 2014, the volatility of the net results arising from derivatives is expected to decrease. Furthermore in 2014, a write-down of 16 million euros on an indirect Schiphol Group interest in land holdings was recorded under Other associates. Lastly, the results of AREB C.V. are no longer included in the share in the results of associates on account of its having been fully consolidated.

Corporate income tax

Corporate income tax amounted to 71 million euros in 2014 compared with 45 million euros in 2013. The effective tax burden in 2014 was 20.7%, which is higher than in 2013 (16.4%).

The lower than nominal tax burden in both 2014 and 2013 is attributable in particular to the application of the participation exemption to the dividend received on Brisbane Airport preference shares. Other effects are the exempt result on the sale of the Arlanda interest generating sales proceeds of 5 million euros in 2014, plus non-deductible corporate income tax on impairment losses in Italy.

Of the tax burden totalling 71 million euros, 69 million euros comprises Dutch corporate income tax and 2 million euros U.S. corporate income tax.

Net result

The net result for 2014 amounts to 272 million euros (227 million euros for 2013). This figure comprises positive effects from the better than expected development in passenger volumes and lower depreciation charges in 2014. In accordance with the Aviation Act, these positive effects will result in a settlement of around 35 million euros in airport charges with effect from 1 April 2016. On the other hand, property developments had a negative effect of 29 million euros (compared with a negative effect of 6 million euros in 2013), which includes a write-down of 21 million euros on land holdings. The return on equity (ROE) amounted to 8.2% in 2014 (7.0% in 2013), while RONA after tax amounted to 6.6% (6.1% in 2013).

Investments

In 2014 we invested 396 million euros in fixed assets (323 million euros in 2013), which is 22% higher than in 2013. The main investments in 2014 were:

- 168 million euros for central security in the non-Schengen area of the terminal;
- 47 million euros for the new Hilton hotel;
- 32 million euros for major maintenance;
- 16 million euros for the new security filter in Departure Hall 1;
- 14 million euros for ICT;
- 12 million euros for the Northwest buffer apron;
- 11 million euros for the Sierra taxiway;
- 9 million euros for renovating Departure Lounge 2;
- 9 million euros for redesigning the fork of Pier D;
- 7 million euros for property redevelopment (The Base).

Balance sheet developments

Schiphol Group's balance sheet total rose by 2.3% to 5,830 million euros (5,701 million euros in 2013). The expansion of the interest in AREB C.V. brought about an increase in fixed assets of 261 million euros. Furthermore, assets under construction rose by 188 million euros mainly on account of the investments made in central security. Cash and cash equivalents declined, due in part to the repayment of 221 million euros in bank loans.

Shareholders' equity increased by 143 million euros to 3,453 million euros, which is mainly attributable to the addition of the 2014 net result of 272 million euros, after payment of the dividend amounting to 135 million euros.

Cash flow developments

The cash flow from operating activities rose by 46 million euros, from 462 million euros in 2013 to 508 million euros in 2014, mainly on account of an increase in the operating result. The cash flow from investing activities amounted to 410 million euros negative compared with 321 million euros negative in 2013.

The net cash flow from operating and investing activities – the free cash flow – amounted to 98 million euros in 2014 compared with 141 million euros in 2013. The cash flow from financing activities was 397 million euros negative in 2014 against 96 million euros negative in 2013 due to the repayment of 221 million euros in bank loans, the settlement of 33 million euros in derivatives and the dividend payment. Net cash flow amounted to 299 million euros negative in 2014 (45 million euros positive in 2013). Consequently, the net amount of cash balances declined from 482 million euros at the end of 2013 to 183 million euros at the end of 2014.

Financing

The total amount of outstanding loans and lease liabilities decreased by 17 million euros in 2014, from 1,878 million euros to 1,861 million euros. A loan facility of 200 million euros concluded with the European Investment Bank (EIB) in 2013 was fully utilised in 2014. In January 2014 100 million euros was drawn under a facility for 150 million euros issued by KfW IPEX-Bank. In addition, in the first quarter Schiphol Group issued two private placements under its EMTN programme totalling 80 million euros with a term of two years and six months. Most of the various loans and facilities drawn were used to repay a 370 million euro bond loan in January 2014. Schiphol Group can draw on a total sum of 450 million euros in committed bank facilities that have not yet been used. Under the EIB facility Schiphol Group must comply with financial covenants (own funds/total assets of at least 30%). There are various financing arrangements that contain a change of control clause, usually in combination with a rating covenant. Schiphol Group remained comfortably within the agreed covenants in 2014.

Ratios

The most important financing ratios set out in our financing policy are the 'FFO/total debt' and 'FFO/interest coverage ratio'.

FFO – funds from operations – is the cash flow from operating activities adjusted for operating capital. In 2014 FFO rose from 488 million euros to 493 million euros. The increase in FFO mainly related to an increase in the operating result adjusted, among other things, for write-downs, impairments, other property results and movements in the provisions.

The FFO/total debt ratio amounted to 26.5% in 2014 (2013: 26.0%). The FFO/interest coverage ratio amounted to 6.4x in 2014, which is an improvement over the 5.8x coverage ratio in 2013 (primarily on account of the improved operating result). In addition to these two ratios, we apply the leverage ratio (ratio of interest-bearing debt to total equity plus interest-bearing debt). As at year-end, Schiphol Group's leverage stood at 35.0% (36.2% in 2013).

Governance

Report of the Supervisory Board

A. Supervision

The Supervisory Board looks back on 2014 as a year dominated by investment and future capacity, such as the major renovations carried out in the terminal, and preparations for the development of Pier A and terminal (Area A) and the development of Lelystad Airport. In this report, the Supervisory Board explains how it exercised its supervision and supported the Management Board in an advisory role. The report also examines the major issues that attracted the Board's involvement this year.

Social commitment and responsibility

Schiphol Group's ambition is to remain Europe's Preferred Airport. This is a considerable challenge in an changing market. Competition in large parts of the world is placing severe pressure on airlines, and international airports are developing at a rapid pace. Although the aviation sector is a growth market, most of this growth is occurring outside Europe. This fact, combined with the growth of the so-called *Gulf carriers* and *low-cost carriers* and the rising pressure on the traditional network companies, creates an urgency for Schiphol to continue to position itself effectively in the marketplace by retaining its network of destinations, investing in sufficient capacity and in quality, and keeping its rates competitive.

Schiphol Group's Master Plan, which provides for the expansion of operational capacity at Mainport Schiphol, including the development of Area A, was a subject of the Supervisory Board's continuous focus in 2014.

In the Alders Platform in 2008, Schiphol committed to the selective growth of Mainport Schiphol, with a focus on Mainport-related traffic. An important element of future additional capacity will come with the development of Lelystad and Eindhoven Airports as alternatives for non-Mainport-related traffic. Market research conducted by external parties has also confirmed market demand and the potential of Lelystad Airport. In 2014, the Supervisory Board approved the business plan presented by Schiphol Group for the phased development of Lelystad Airport, a plan that is keyed to support the selective development of Mainport Schiphol. The investment for the initial phase of the development has also been approved. In 2014, a formal request was submitted to the government for an airport decree for Lelystad based on the business plan and the associated environmental impact assessment (MER). The airport decree is expected to be issued in the first half of 2015. The Supervisory Board is pleased with the political support for the development of Lelystad Airport. A definitive airport decree was issued for Eindhoven Airport in October 2014, essentially safeguarding the airport's future growth in accordance with current plans.

The Supervisory Board also turned its attention to community management, another important issue, in 2014. Together with its sector partners, Schiphol engaged in close consultations within the Alders Platform on various challenges so as to accommodate the actual growth of Amsterdam Airport Schiphol. In January 2015 this resulted in an agreement that will enable Schiphol to expand to 500,000 air transport movements per annum. The Supervisory Board further considered the New Environmental Standards and

Annual Report

The Supervisory Board is pleased to present the Annual Report, which includes the financial statements for 2014. The Annual Report was compiled by the Management Board. KPMG Accountants N.V. have audited the financial statements and issued an unqualified audit opinion. For further details, see 'Other information' under the Financial Statements section of this report. The Audit Committee has discussed the financial statements extensively with the Chief Financial Officer (CFO), her team and the external auditor. The Supervisory Board subsequently discussed the annual report with the Management Board in the presence of the external auditor. These discussions have convinced the Supervisory Board that this annual report meets all relevant regulations and fulfils all governance and transparency requirements, and that it provides a sound basis for our Board's supervisory accountability.

The Supervisory Board approves the financial statements and concurs with the Management Board's proposal to distribute a dividend of 138 million euros on the issued share capital. After a withdrawal from the revaluation reserve amounting to 5 million euros and a release from the other statutory reserves of 5 million euros, the remaining portion of 134 million euros will be added to the retained earnings. The financial statements will be put before the General Meeting of Shareholders for adoption on 8 April 2015. The Supervisory Board proposes that the Management Board be granted discharge in respect of the management carried out, that the Supervisory Board be granted discharge for the supervision exercised and that the financial statements be adopted.

Enforcement System [Nieuwe Normen- en Handhavingsstelsel, NNHS] with respect to noise disturbance.

Schiphol is undertaking a number of major renovation projects involving substantial long-term investments aimed at ensuring that the airport can continue offering satisfactory quality to passengers in the long term while maintaining compliance with the relevant rules and regulations. Undertaking projects of this scale while running a 24/7 operation with all security requirements in full effect is a challenge in and of itself. The development of Non-Schengen Central Security is one of these renovation projects. The aim of this project is not only to get Schiphol ready for new security regulations, but also to enable the airport to perform more efficient security controls and offer passengers higher standards of comfort. Other major renovation projects in 2014 were the renewal of Lounge 2, the new security filter in Departure Hall 1 and the construction of the new Hilton Hotel.

In its supervision of the policies pursued and implemented by Schiphol Group, the Supervisory Board paid close attention to cost and quality control and Corporate Responsibility (CR), areas of considerable importance to Schiphol Group. This relates in part to the efficient construction and management of Schiphol's infrastructure, an essential element in business cases for, and in the implementation of, a great many investments and projects. Another core aspect of Schiphol's strategy is Corporate Responsibility – one which is expressed through a style of business characterised by respect for people, the environment and the local community. Schiphol Group does this by creating sustainable value for its stakeholders, always with the aim of striking the right balance between people, planet and profit. The Supervisory Board is highly positive about Schiphol's high ambitions in relation to CR, both as regards the strategic agenda and the integration of CR in the plans for the future development of the Mainport. The Supervisory Board is convinced that Schiphol Group will continue to challenge itself by committing to steady progress each year and by making conscious and transparent decisions concerning the strategy underlying the development of Mainport Schiphol.

In 2014, the Supervisory Board was informed on several occasions about the progress of the Asset Wise! programme, which aims to raise cost-consciousness in relation to Schiphol's fixed assets. One important pillar of this programme is the 'total cost of ownership': the consideration of the cost of an asset over its entire useful life when making investment decisions. The Supervisory Board understands that the first results of the programme are already visible in ongoing projects, and stresses the importance of this approach for future major projects at Schiphol, such as the development of Area A.

Cost-savings – implemented in consultation with the aviation sector – a reduction of depreciation and amortisation costs and positive traffic and transport developments led to a substantial reduction in Schiphol's airport charges for 2015, by approximately 7%. The Supervisory Board played a role in preparing the proposals for the new charges.

The Supervisory Board concludes that Schiphol Group has carefully considered short-term projects and investments, and investments that are vital for the future development of the Mainport and the reinforcement of its competitive position. The Supervisory Board supports the management in its activities geared towards securing Mainport Schiphol's future.

The Supervisory Board highlights a number of specific events in 2014 in further detail below.

The Nuclear Security Summit, held in The Hague in April 2014, drew an unprecedented number of heads of government to the Netherlands, presenting Schiphol with a highly challenging security and operational situation. The operation proceeded smoothly, thanks in part to the strong dedication and excellent cooperation on the part of all sector parties involved.

On 17 July 2014 Malaysia Airlines flight MH17 crashed in Ukraine, an event that left a deep impression on the entire country. Amsterdam Airport Schiphol staff played a fitting role in providing assistance to next of kin and the general public, including the provision of a location where people could place flowers and other expressions of support. The thoughts of the Supervisory Board go out to the passengers, crew and next of kin.

In terms of operations Schiphol achieved good results in 2014, in collaboration with all airlines and sector partners.

Other subjects

- Strategic sessions were held in April and October, during which the Supervisory Board and the Management Board discussed Schiphol Group in a broader context as well as long-term market developments, including those in the retail sector. The sessions also focused on the complexity of the development of Area A and Schiphol Group's international strategy. The October meeting of Supervisory Board was held in Paris, on the invitation of Aéroports de Paris. The members of the Supervisory Board were given a presentation about Paris' Charles de Gaulle airport.
- The Supervisory Board also discussed Schiphol Group's internal risk management systems, as well as the major risks facing the group. The Supervisory Board is satisfied with the internal risk management system (as described in the Risk Management section of this report). Heightened risks in 2014 included changes in demand, competition, major operational projects, and safety and security. The Supervisory Board concludes that the Management Board has operated within Schiphol's risk appetite.
- The Supervisory Board had several meetings with the Management Board regarding the relationship with the various Schiphol Group shareholders. Topics addressed included matters relating to return requirements, the remuneration policy and the appointment of new, and reappointment of current, members of the Management Board and Supervisory Board. These meetings also examined the evaluation of the Aviation Act and the policy on airport charges.
- The government's Holdings Policy issued in 2013, and its consequences for the governance of Schiphol Group, continued to hold the Supervisory Board's attention. Particular attention was paid to the proposed amendment to the articles of association announced by the Minister of Finance, based on the Holdings Policy. Future discussions on this subject by the Supervisory Board will primarily focus on the relevant corporate governance aspects.
- In February 2014, the Supervisory Board approved the transaction in which Schiphol Group acquired the remaining interest in Airport Real Estate Basisfonds C.V. ('AREB'). As a result, Schiphol now fully controls the real estate portfolio held by this fund, which contains real estate of strategic importance to Schiphol Group located at Amsterdam Airport Schiphol. The financial consequences of this transaction have been recorded in an update of the *Tactical Plan* approved by the Supervisory Board.
- The Supervisory Board was also regularly informed of the progress of the investigation instituted by the ACM, which has a bearing on the Shared Vision Committee and the relationship with KLM. The investigation is ongoing.
- At the nomination of the Supervisory Board, the General Meeting of Shareholders appointed KPMG Accountants N.V. as the new external auditor. The transition to the new auditor proceeded satisfactorily.
- The *Tactical Plan for 2015-2018*, which includes the 2015 budget and the corresponding *2015 Funding Plan*, was discussed and approved in December 2014.

Financial reporting

Each month, the Supervisory Board received reports from the Management Board that compared actual results with the 2014 budget, expectations for 2014 and the figures for 2013. These reports were also discussed during joint meetings of both Boards. Subjects discussed included the development of the company's operating and commercial results and costs, the development of the traffic and transport figures and its impact on the budget, the development of profitability, and the company's funding and cash flow position.

In view of the challenging economic conditions, the Supervisory Board has looked closely at the effect that the development in the results, the balance sheet ratios and the financial position have had on the company's creditworthiness. The Supervisory Board observes that the credit ratings of Moody's and of Standard & Poor's were upheld in 2014. In 2014, measures to guarantee the financing of the company both now and in the future were determined on the basis of the *2015 Funding Plan*.

There were no transactions in 2014 involving conflicts of interest on the part of Management Board members, Supervisory Board members, shareholders and/or the external auditor that were of material significance to the company and/or the relevant Management Board members, Supervisory Board members, shareholders and/or external auditor.

Central Works Council (COR)

The Supervisory Board, the Management Board and the Central Works Council (COR) held discussions a number of times in 2014. Members of the Supervisory Board attended one of the five consultative meetings of the management and the COR. By virtue of the COR's increased powers of recommendation, the Supervisory Board also held intensive consultations with the COR on the appointment of a new Supervisory Board member. Various discussions also took place between the COR and the Supervisory Board member/confidential advisor, Mr Cremers, in 2014. The members of the Supervisory Board experienced all of these meetings as constructive and informative.

B. Quality Assurance

Members

At the end of 2014, the Supervisory Board had two female and six male members. The Management Board has two female members and two male members. In the period ahead, the Supervisory Board will continue to work with the Management Board to achieve as much diversity as possible, in all respects, among the seats of both bodies. Schiphol runs a development and leadership programme to ensure that both enough men and women receive the opportunity to develop themselves in preparation for senior management and executive positions. Further personal details on each member of the Supervisory Board can be found in the next section of this Annual Report.

In making new appointments, the Supervisory Board aims to safeguard the complementary expertise of its members, particularly in relation to the fields of knowledge that are relevant to Schiphol Group; these are listed in the Supervisory Board Profile (Appendix A to the Supervisory Board Regulations). The overview below indicates the knowledge areas represented by each Supervisory Director. The division of knowledge areas as set out below will factor into the filling of any new vacancies that arise.

All the members of the Supervisory Board are independent within the meaning of the *Corporate Governance Code*, with the exception of Mr Galzy, who is International and Participations Director at Aéroports de Paris SA, and Mr Wijn, who is a member of the ABN Amro Group N.V. Management Board. Mr Galzy is a French national; all other members are Dutch citizens.

Division of knowledge areas among the members of the Supervisory Board

	A. Ruys[1] (Chairman)	J. Brouwer[1]	F. Cremers[1]	L. Galzy
Year of birth and nationality	1947, Dutch	1955, Dutch	1952, Dutch	1957, French
First appointed in	2006	2011	2006	2014
Knowledge areas				
1. EU / Globalisation	•		•	•
2. Aviation				•
3. Real Estate			•	•
4. Retail / e-Business	•	•		
5. Finance / Accountancy / Risk Management			•	•
6. Corporate Responsibility		•		
7. Marketing / Sales	•	•		
8. Human Resource Management		•		
9. Politics and Schiphol's Social Climate				
10. Corporate Governance / Company Law	•		•	
11. Expertise on Amsterdam and the Amsterdam region				

	L. Gunning-Schepers	H. Hazewinkel	M. Scheltema	J. Wijn
Year of birth and nationality	1951, Dutch	1949, Dutch	1954, Dutch	1969, Dutch
First appointed in	2014	2009	2010	2012
Knowledge areas				
1. EU / Globalisation			•	•
2. Aviation				
3. Real Estate		•		
4. Retail / e-Business				
5. Finance / Accountancy / Risk Management		•	•	•
6. Corporate Responsibility	•		•	
7. Marketing / Sales				•
8. Human Resource Management	•	•		
9. Politics and Schiphol's Social Climate	•			•
10. Corporate Governance / Company Law		•	•	
11. Expertise on Amsterdam and the Amsterdam region	•			•

1 Messrs Ruys, Cremers and Brouwer will resign as members of the Supervisory Board from mid-April 2015

Continuous education

As part of the continuous education programme for all Supervisory Board members, in 2014 the Management Board organised a presentation on market developments in the aviation sector. The Supervisory Board also sought further advice on developments involving economic regulation, including the effects on airport charges.

Evaluation

In 2014 the Supervisory Board, assisted by an expert, carried out an internal evaluation. The evaluation was based in part on the results of the internal evaluation conducted in 2013, and the resulting action plan. The self-evaluation will be discussed in the closed section of the Supervisory Board meeting in the first quarter of 2015, in the presence of the external expert. The evaluation has proved useful in allowing the Supervisory Board to optimise its composition and role. The external adviser notes that the Supervisory Board, the cooperation between its members and their cooperation with the members of the Management Board are of a relatively high level.

C. Other matters

(Re)appointments

In 2014, the composition of the Schiphol Management Board underwent the following change: Mr Rutten retired as of 1 September 2014 and Ms Otto was appointed COO by the Supervisory Board as of this date. The Supervisory Board is pleased that the company has been able to find an excellent successor to Mr Rutten in the person of Ms Otten. In this context, the Supervisory Board follows developments surrounding Schiphol Group's management development programme with interest.

During the General Meeting of Shareholders held in April 2014, Mr Ruys was appointed for an additional, third one-year term at the nomination of the Supervisory Board, following a positive recommendation by the Central Works Council. Mr Ruys will remain the Chairman of the Supervisory Board until April 2015 and will also remain Chairman of the Selection and Appointments Committee.

Mr Galzy was appointed member of the Supervisory Board as of 10 February 2014 at the nomination of Aéroports de Paris. Further, Ms Gunning-Schepers was appointed member of the Supervisory Board as of 1 April 2014.

Mr Cremers, Mr Brouwer and Mr Ruys will step down as members of the Supervisory Board in April 2015. The selection procedures for the three resulting vacancies has already begun, in close consultation with the COR and the shareholders. The Supervisory Board hopes to be able to present its new members in the near term.

The changes in Supervisory Board membership have led to changes in the composition of the committees in 2014. Please see the overview below for details.

	A. Ruys (Chairman)	H. Hazewinkel (Vice-Chairman)	F. Cremers	L. Galzy
Supervisory Board				
Audit Committee		•	•[1]	•
Remuneration Committee		•[1]		
Selection & Appointments Committee	•[1]		•	
Public Affairs & Corporate Responsibility Committee				
	L. Gunning-Schepers	**M. Scheltema**	**J. Brouwer**	**J. Wijn**
Supervisory Board				
Audit Committee			•	
Remuneration Committee		•	•	
Selection & Appointments Committee	•			•
Public Affairs & Corporate Responsibility Committee	•	•[1]		•

1 Chairman

Meetings

The Supervisory Board met six times in 2014. The Management Board attended all meetings of the Supervisory Board. Both prior and subsequent to these meetings, the Supervisory Board held private consultations. Nineteen meetings of the respective subcommittees also took place. For a complete overview of all meetings and the attendance of the relevant members, please see the attached overviews.

In addition to these meetings, the Chairman and other members of the Supervisory Board discussed issues with the Management Board on numerous occasions. The members of the Supervisory Board also had contacts on a number of occasions with stakeholders both within and outside Schiphol Group, including the shareholders.

The Supervisory Board wishes to warmly thank the Management Board and the employees of Schiphol Group for their dedicated commitment in 2014, both in operations and beyond.

Schiphol, 18 February 2014

The Supervisory Board
Anthony Ruys (Chairman)
Jan Brouwer
Frans Cremers
Laurent Galzy
Louise Gunning-Schepers
Herman Hazewinkel
Margot Scheltema
Joop Wijn

Attendance in 2014

Attendance	A. Ruys (Chairman)	L. Gunning-Schepers	F. Cremers	L. Galzy
Supervisory Board	5	5	6	6
Audit Committee	n/a	n/a	2	2
Remuneration Committee	n/a	n/a	n/a	n/a
Selection & Appointments Committee	7	4	8	n/a
Public Affairs & Corporate Responsibility Committee	n/a	2	n/a	n/a
Total	**12**	**11**	**16**	**8**

	H. Hazewinkel	M. Scheltema	J. Brouwer	J. Wijn
Supervisory Board	6	6	5	6
Audit Committee	3	n/a	3	n/a
Remuneration Committee	4	4	3	n/a
Selection & Appointments Committee	n/a	n/a	n/a	7
Public Affairs & Corporate Responsibility Committee	n/a	3	1	3
Total	**13**	**13**	**12**	**16**

Meetings of the committees of the Supervisory Board

Audit Committee

The Audit Committee met three times in 2014, which was also the year in which Mr Galzy joined the committee. The Audit Committee spoke at great length with the CFO and the internal and external auditors about the 2013 financial statements, the 2013 annual report, the 2014 interim report, the associated press releases, the Management Letter, the 2013 annual report of the regulated activities (Aviation, Security) and the 2014 internal and external audit plan.

In 2014, the Audit Committee devoted specific attention to the activities of the external auditor appointed in that year (KPMG Accountants NV), including the once-only Transition Report. The Audit Committee also discussed the expansion of Schiphol Group's interest in real estate fund AREB and focused specifically on the life-cycle of assets, the equity accounting method and valuations of real estate and land, disputes, participating interests, the new format of the auditor's opinion and the subject of integrity. The regulations of the Audit Committee were also updated.

The external auditor's Management Letter was discussed with the Audit Committee and the Supervisory Board in December 2014, with a specific focus on control measures with respect to revenues, information technology and soft controls.

In line with previous years, the Audit Committee focused on policy and its implementation with respect to insurance, tax, risk management and pensions. Following the conclusion of all meetings, the Audit Committee also held discussions directly with the external auditor (KPMG Accountants NV).

Selection and Appointments Committee

The Selection and Appointments Committee met nine times over 2014. The appointments of Mr Galzy and Ms Gunning-Schepers were discussed extensively in the first months of 2014. Ms Gunning-Schepers joined the Committee in 2014 as part of the selection and appointment procedure for three new Supervisory Board members. The selection procedure is implemented with assistance from an external consultant. The Supervisory Board eventually nominated two candidates for appointment during the General Meeting of Shareholders. The committee maintained regular contact with both the Central Works Council and the shareholders in relation to the above (re)appointments.

The Selection and Appointments Committee advised the Supervisory Board on the appointment of Ms Otto as COO, resulting in her appointment as of 1 September 2014. Lastly, the committee organised the internal Supervisory Board self-evaluation.

Remuneration Committee

The Remuneration Committee met four times in 2014. In early 2014, the General Meeting of Shareholders approved the new remuneration policy submitted by the Supervisory Board in 2013. During 2014, the Remuneration Committee also focused on the amendments to pension legislation planned to take effect from 2015, on the progress of the Management Board targets for 2014 and on the definition of those targets for 2015.

Public Affairs & Corporate Responsibility Committee

The Public Affairs & Corporate Responsibility Committee met three times in 2014. The auditor's verification of the CR reporting in the annual report was discussed, as well as the CR targets that were set for the Management Board in 2013 and 2014. In 2014, the committee took an extended look at the developments surrounding the Alders Platform and the capacity restrictions currently affecting Schiphol. The committee further discussed the development of Lelystad Airport and the related political debate, and focused on stakeholder management, including the new environmental standards and enforcement system. In 2014, the Public Affairs & Corporate Responsibility Committee once again paid considerable attention to the CR policy and the implementation of CR in the business planning process.

Meetings	**Number**
Supervisory Board	6
Audit Committee	3
Remuneration Committee	4
Selection & Appointments Committee	9
Public Affairs & Corporate Responsibility Committee	3
Total	**25**


SINGAPORE
AIRLINES
CARGO
TREPEL
AVIAPARTNER
FN

Supervisory Board

H.J. Hazewinkel RA[1]
(1949, Dutch nationality)

Vice-Chairman
First appointed in: 2009
Second term expires in 2017

- Chairman of the Supervisory Board of TKH Group N.V.
- Vice-Chairman of the Supervisory Board of Heisterkamp Beheer II B.V.
- Vice-Chairman of the Supervisory Board of Koninklijke Boskalis Westminster N.V.
- Chairman of the Supervisory Board of Sociaal Werkvoorzieningschap Centraal Overijssel Soweco N.V.
- Chairman of the Board of Stichting ING Aandelen
- Member of the Supervisory Board of HET Symfonie Orkest
- Member of the Management Board of Stichting Administratiekantoor Slagheek
- Non-executive partner of Baese Strategy & Finance B.V.
- Former Chairman of the Management Board of VolkerWessels

[1] chartered accountant

L.J. Gunning-Schepers
(1951, Dutch nationality)

First appointed in: 2014
First term expires in 2018

- Chair of the Executive Board of the University of Amsterdam and Amsterdam University of Applied Sciences
- Member of the Supervisory Board of Stichting VSB Vermogensbeheer
- Crown-appointed member of the Executive Board of the Netherlands Social and Economic Council
- Chair of the Scientific Advisory Board of the Aidsfonds
- Member of the Supervisory Board of Concertgebouw N.V.
- Chair of the Board of Governors of the Prins Claus Chair

J.G. Wijn
(1969, Dutch nationality)

First appointed in: 2012
First term expires in 2016

- Member of the Management Board of ABN AMRO Bank N.V.
- Member of the Supervisory Board of Koninklijke Jaarbeurs Utrecht B.V.
- Member of the Executive Board and Governing Board of the VNO-NCW Confederation of Netherlands Industry and Employers
- Member of the Supervisory Board of Stadsherstel Amsterdam
- Former Minister of Economic Affairs
- Former State Secretary of Finance
- Former State Secretary of Economic Affairs
- Former Chairman of the Board of Oranjefonds

F.J.G.M. Cremers
(1952, Dutch nationality)

First appointed in: 2006
Second term expires in 2015

- Vice-Chairman of the Supervisory Board of Royal Imtech N.V.
- Vice Chairman of the Supervisory Board of N.V. Nederlandse Spoorwegen (until March 2014)
- Vice-Chairman of the Supervisory Board of SBM Offshore N.V.
- Member of the Supervisory Board of Koninklijke Vopak N.V.
- Member of the Supervisory Board of Unibail-Rodamco S.A.
- Member of the Supervisory Board of Parcom Capital Management B.V.
- Member of the Capital Markets Committee of the AFM
- Member of the Stichting Preferente Aandelen Heijmans en Philips
- Former CFO and Member of the Management Board of VNU N.V.

M.A. Scheltema
(1954, Dutch nationality)

First appointed in: 2010
Second term expires in 2018

- Member of the Supervisory Board of ASR Nederland N.V.
- Vice-Chair of the Supervisory Board of Triodos Bank N.V.
- Member of the Supervisory Board of TNT Express N.V.
- Non-executive Director of Lonza Group Plc, Basel
- External Member of the Audit Committee of Stichting Pensioenfonds ABP (until 1 July 2014)
- (Deputy) Adviser to the Enterprise Section
- Member of the Supervisory Board of Warmtebedrijf Rotterdam
- Vice-Chair of the Supervisory Board of the Rijksmuseum Foundation
- Former CFO of Shell Nederland B.V.
- Chair of the Pension Funds Code Monitoring Committee
- Member of the Central Planning Committee

W.A. Ruys
(1947, Dutch nationality)

Chairman
First appointed in: 2006
Third term expires in 2015

- Member of the Supervisory Board of Janivo Holding B.V.
- Chairman of the Supervisory Board of the Aidsfonds / Stop Aids Now foundations
- Chairman of the Supervisory Board of of the Madurodam Foundation
- Board member of ICT India (until 1 August 2014)
- Board member of ICT India (until 1 May 2014)
- Officer of Stichting Continuïteit Cimpress
- Former Chairman of the Board of Management of Heineken N.V.

J.G.B. Brouwer
(1955, Dutch nationality)

First appointed in: 2011
First term expires in 2015

- Chairman of the Management Board of Plus Supermarkt Holding B.V.
- Member of the Supervisory Board of Hoogvliet Supermarkten B.V.
- Member of the Supervisory Board of Rabobank Sneek - Zuid-West Friesland
- Member of the Management Board of STAK Albron B.V.
- Member of the Management Board of VEDIS Detailhandelsplatform
- Member of the Supervisory Board of Albron B.V., of DA Retailgroep B.V. and of Kring-apotheek B.V. (Alliance Healthcare Nederland) (until 1 April 2014)
- Member of the Supervisory Board of Optitrade Retailgroep B.V. (until 1 June 2014)
- Former Chairman of the Management Board of de Boer N.V. and of C1000 N.V.

L.M. Galzy
(1957, French nationality)

First appointed in: 2014
First term expires in 2018

- Executive Director (international and participations) Aéroports de Paris
- Supervisory Board member TAV Airport and TAV Construction
- Supervisory Board Member ADPM, ADPI, Hub One and SDA
- Supervisory Board member OMA

Management Board

B.I. Otto

(1963, Dutch nationality)

Member of the Management Board and COO
since 1 September 2014

First term expires on 31 August 2018

- Chair of the Schiphol Security and Public Safety Steering Group
- Chair of the Schiphol Safety Platform

Aviation

J.A. Nijhuis RA[1]

(1957, Dutch nationality)

President and Chief Executive Officer

since 1 January 2009

Second term expires on 31 December 2016

- Member of the Supervisory Board of SNS Reaal N.V.
- Member of the Supervisory Board of Aon Groep Nederland B.V.
- Non-executive member of the Board of Directors of Aéroports de Paris S.A.
- Member of the ACI Europe Board and Executive Committee
- Non-executive director of Brisbane Airport Corporation PTY Ltd
- Member of the Dutch National Opera and Ballet Board of Governors
- Member of the Amsterdam Economic Board
- Co-Chairman of the Schiphol Security and Public Safety Platform
- Member of the Executive Board and Governing Board of VNO-NCW
- Member of the Supervisory Board of the Schiphol Quality of Life Foundation
- Member of the Supervisory Board of Kids Moving the World

[1] chartered accountant

M.M. de Groof

(1957, Dutch nationality)

Member of the Management Board and CCO
since 01 February 2008

Second term expires on 31 December 2016

- Member of the Supervisory Board of Eindhoven Airport N.V.

Consumer Products & Services

Real Estate

E.A. de Groot

(1965, Dutch nationality)

Member of the Management Board and CFO
since 1 May 2012

First term expires on 30 April 2016

- Member of the Supervisory Board of Beter Bed Holding N.V.
- Non-executive member of the Board of Directors of Aéroports de Paris S.A.

Alliances & Participations

Corporate Governance

General
N.V. Luchthaven Schiphol (Schiphol Group) is a public limited liability company with a full two-tier board regime. The Dutch government, the Municipality of Amsterdam, Aéroports de Paris and the Municipality of Rotterdam are joint shareholders. The governance structure is based on Book 2 of the Netherlands Civil Code, the Corporate Governance Code, the company's Articles of Association and various internal regulations.

Management Board
The members of the Management Board of Schiphol Group share responsibility for the management of Schiphol Group and for the general state of affairs both within Schiphol Group and at its group companies. Each member has accepted responsibility for a particular area, as approved by the Supervisory Board.

Supervisory Board
The Supervisory Board of Schiphol Group consists of at least five and at most eight members and meets at least four times a year. Supervisory Board members are tasked with monitoring the Management Board of Schiphol Group and the general state of affairs. The Supervisory Board also advises the Management Board.

Committees of the Supervisory Board
The Supervisory Board has four subcommittees:

- The Audit Committee, whose tasks include monitoring the internal risk management and control systems, the annual and half-year financial reports, and financing. Areas such as taxation, treasury policy, insurance policies and pensions also fall within this committee's portfolio.
- The Selection and Appointments Committee carries out preparatory activities connected to procedures for the appointment of Supervisory Board and Management Board members, including drawing up selection criteria.
- The Remuneration Committee is responsible for the remuneration policy and the remuneration of members of the Management Board. It also prepares the Remuneration Report and, together with the Chairman of the Supervisory Board, carries out periodic performance assessments of individual Management Board members and reports its findings to the Supervisory Board.
- The Public Affairs & Corporate Responsibility Committee has a dual task. On the one hand, it advises the Management Board and Supervisory Board on the communication strategy in the public domain (Public Affairs) while, on the other, it plays an important role in defining the socio-economic aspects of Schiphol Group's business.

Each of these committees is subject to a regulatory code, published on www.schiphol.nl under 'Investor Relations'. The committees meet independently and carry out preparatory work in a number of sub-areas for the Supervisory Board as a whole. The committees report on the outcome of their meetings in a Supervisory Board meeting. The Supervisory Board as a whole takes decisions based on these reports.

Corporate Governance Code
In 2004, Schiphol Group began applying the principles and best practice provisions, wherever possible and/or appropriate, of the Corporate Governance Code. Schiphol Group has implemented these provisions in its Articles of Association and various internal regulations.

Since 2012, Schiphol has applied, in full, the Code's provisions regarding remuneration to all Management Board members. The employment contracts with each of the Management Board members contain a 'claw-back' clause (Corporate Governance Code provision II. 2.11) and the possibility for the Supervisory Board to adjust variable remuneration in retrospect in certain cases (Corporate Governance Code provision II. 2.10). An updated version of Schiphol Group's 'comply or explain' overview was approved by the Supervisory Board in 2013.

In 2014 Mr Galzy joined the Supervisory Board. He is not classified as independent within the meaning of the Corporate Governance Code (provision III.2.1). Mr Wijn currently serves on the Management Board of ABN AMRO Bank, a business relation of Schiphol Group. With the appointment of Mr Wijn and Mr Galzy as Supervisory Board members, Schiphol no longer applies the principle included the Code that no more than one member may be exempted from the independence requirement as defined in the Code. It has been agreed with Mr Wijn that he will not take part in discussions and decisions at ABN AMRO which relate to Schiphol Group and vice versa. Schiphol Group is of the opinion that this sufficiently addresses the non-independence of Mr Wijn. With Mr Galzy, too, it has been agreed that he will not take part in discussions and decisions at Schiphol Group which relate to Aéroports de Paris or be involved in other subjects that could potentially result in a conflict of interests.

A detailed explanation of the above points, including a 'comply or explain' overview, has been published on www.schiphol.nl under 'Investor Relations'. The site also provides the internal regulations to which Schiphol Group is subject, including the Regulations governing Inside Information and the Holding of Securities and Securities Transactions, the Whistleblower Scheme and the rules governing the Supervisory Board, its committees and the management.

Securities transactions

Despite the fact that Schiphol Group shares are not listed on a stock exchange, the company does have a limited set of Regulations governing Inside Information and the Holding of Securities and Securities Transactions. The company has issued bonds under the *EMTN* Programme.

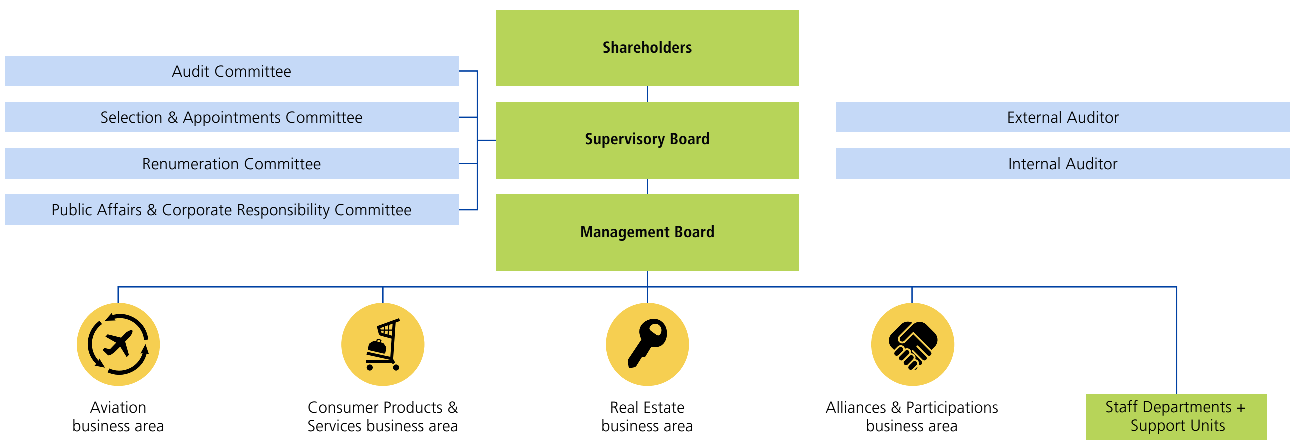
Members of the Management Board and Supervisory Board must refrain from buying and selling these bonds and/or any Aéroports de Paris S.A. shares. Mr Nijhuis and Ms de Groot both hold a board position at Aéroports de Paris S.A. In that capacity, they are under an obligation to hold at least one share in the capital of Aéroports de Paris S.A. The director of Corporate Legal is the central officer referred to in the Regulations governing Inside Information and the Holding of Securities and Securities Transactions.

Schiphol, 18 February 2015

The Supervisory Board

The Management Board

Corporate Governance Structure



Organisation of Corporate Responsibility

The President and CEO of Schiphol Group is primarily accountable for Corporate Responsibility. The Management Board is responsible for the integrated annual report. The Management Board defines the Corporate Responsibility vision and policy. Its members are assisted by the Public Affairs & Corporate Responsibility Committee of the Supervisory Board. The achievement of CR targets is also one of the elements of the remuneration policy.

The COO acts as the airport manager. The main task of the airport manager is to ensure that national and European laws and regulations, in particular those relating to safety, security and the environment, are complied with. The laws and regulations that apply at the airport are often unique. On a number of points, Schiphol itself has implemented additional rules aimed at further improving the monitoring of order and security on the airport grounds. These are the Schiphol Rules. The airport manager exercises primary supervision of compliance with the Schiphol Rules and can, to a limited extent, impose sanctions on people and companies in the event of non-compliance with these rules.

The material aspects of significance for the region, accessibility, noise, CO_2 emissions, air quality, circular economy and employment practices are clustered in five socio-economic themes: climate-friendly aviation, sustainable employment, commodity shortages, accessibility and air quality, and noise and the local community. Theme coordinators are linked to the themes to ensure that ambitions that transcend individual business areas are realised. Each quarter, the Management Board discusses the relevant Corporate Responsibility developments, dilemmas and the report on non-financial objectives.

The objectives, tasks, responsibilities, powers and working agreements relating to environmental risk control are set out in the environmental management system, airside safety management system, terminal safety management system and health and safety management system.

The CR Coordinator is responsible for the integration of Corporate Responsibility within Schiphol and is supported by the CR Advisor. Together they ensure that vision and focus are incorporated in the CR policy of Schiphol and that the ambition level is determined. They make sure that Schiphol's activities are aligned with this vision. They stimulate the collaboration with stakeholders, ensure that awareness and implementation are promoted within Schiphol and work on integrating Corporate Responsibility in the thinking and behaviour of Schiphol employees. This is achieved by consciously weighing the interests of people, planet and profit – both with regard to the choices for the future and in day-to-day operations.

This weighting process is assured as it is a set component of the investment documentation. In tendering procedures, potential suppliers are asked to indicate what contributions they can make to the five themes. Workshops focusing on the five CR themes can also be arranged for projects carried out by the project department.

Material aspect	Final responsibility	Challenges	Concrete actions see [1]
Significance for the region	CEO	Maintain Mainport position Continue our intensive dialogue with stakeholders	Significance for the region
Network of destinations	CCO	Competition from other airports	Network of destinations
Operating capacity	COO	Maintaining operations during renovation Development of Lelystad Airport	Operating capacity
Accessibility	Director of Airport Operations	Improve accessibility by road and rail	Accessibility
Customer appreciation	CCO	Maintain and enhance quality perception (despite renovations)	Customer appreciation
Noise	Manager Strategic Stakeholder Management	Transfer of Alders Platform agreements to Schiphol Local Community Council	Noise
Safety	Director of Safety, Security & Environment	Intensified security requirements	Safety
CO_2 emissions	COO	Initiatives in the chain promoting innovation and sustainability. Contribute to (further) development of biofuels	Emissions
Air quality	COO	Supply chain initiatives through innovation and sustainability Research / developments in (ultra-)fine particles	Emissions
Circular economy	Director of Asset Management	Business models must change	Circular economy
Water	Director of Airport Operations	Effect of de-icing products on surface water quality	Circular economy
Chain responsibility	Director of Corporate Procurement	Selection of suppliers	Chain responsibility
Employment practices	Director of Human Resources	Diversity Internal development and mobility	Employment practices
Financial solidity	CFO	Maintain good credit ratings	Financial solidity

1 This overview is not exhaustive

Remuneration

This remuneration report sets out the remuneration policy for the Schiphol Group Management Board and Supervisory Board in 2014.

On 10 February 2014, the General Meeting of Shareholders adopted a new remuneration policy for the Management Board of Schiphol Group. This policy took effect as of 1 January 2014 and applies to the CFO and the COO who were appointed in 2012 and 2014. The terms and conditions of employment agreed in 2008 for the CEO and CCO who were appointed in that year remain in effect unchanged.

This remuneration report examines the existing agreements with each of the members of the Management Board who do not come under the new remuneration policy that has been in effect since 1 January 2014.

General remuneration policy for the Management Board

The new remuneration policy for members of the Management Board, which has been in effect since 1 January 2014, sets out the framework for remuneration of Schiphol Group Management Board members. The remuneration policy is based on the discussions which the Supervisory Board has held with the shareholders over the past years and is compliant with the '2013 Government Holding Policy' issued by the central government. The new policy involves both a curtailment and a simplification relative to the policy applied before 2014, and seeks to ensure market conformity – with due regard for altered views in society at large – at a level that will allow us to attract high-quality managers and retain talent for the organisation. The new policy was developed with the effectiveness of the remuneration package in mind, in as much that the policy is geared towards the achievement of both financial and non-financial targets (including socio-economic targets), as adopted each year by the Supervisory Board for the members of the Management Board. The remuneration policy meets the best-practice provisions on remuneration defined in the Corporate Governance Code.

The new remuneration policy contains a number of radical changes compared with the directors' remuneration policy applied until 2014. The principal changes are a moderation of the total remuneration level and a limited exchange of variable pay for fixed salary. The CEO's remuneration package in the case of a new appointment serves as the basis for the remuneration of other Management Board members, and can be summarised as follows:

New remuneration policy – CEO [1]	Maximum (in EUR)
Fixed salary	406,000
Variable remuneration	81,200
Variable remuneration as a percentage of the fixed salary	20.0%
Total	**487,200**

1 Amounts are inclusive of the 1.5% indexation implemented as of 1 April 2014

Employment contracts

The General Meeting of Shareholders appoints Schiphol Group directors for a period of four years, in accordance with the Dutch Corporate Governance Code. In principle, directors may be reappointed for (another) four-year period. All Management Board members are employed by N.V Luchthaven Schiphol on the basis of an open-ended employment contract.

The table below provides an overview of the term and end date for each Management Board member.

	Position	Term	End of term
J.A. Nijhuis	CEO	Second	31 December 2016
E.A. de Groot	CFO	First	30 April 2016
B.I. Otto	COO	First	31 August 2018
M.M. de Groof	CCO	Second	31 January 2016
A.P.J.M. Rutten[1]	COO	Second	31 August 2014

1 Succeeded by Birgit Otto as of 1 September 2014

Structure of the remuneration package

Fixed salary

In 2014, the fixed salary of the members of the Management Board was as follows:

	Position	Fixed salary (EUR)
J.A. Nijhuis	CEO	389,039
E.A. de Groot	CFO	343,825
B.I. Otto[1]	COO	115,033
M.M. de Groof	CCO	303,893
A.P.M.J. Rutten [2]	COO	202,220

1 As of 1 September 2014
2 Until 1 September 2014

Variable remuneration

Like the remuneration policy that applied until 2014, the new remuneration policy includes a variable remuneration element, though one which has been drastically curtailed and simplified. While the old remuneration policy provided for both short-term and long-term variable remuneration (known as Short-Term Incentive and Long-Term Incentive, respectively), the new remuneration policy features only one type of variable remuneration (i.e. Short-Term Incentive), which may amount to a maximum of 20% of the fixed salary. Targets contain both a financial component and an individual or joint qualitative component, as set out in the Management Agenda. The latter component, in particular, heavily stresses the optimum fulfilment of the socio-economic role that Schiphol, as the hub airport in the Netherlands, wishes to play. The Management Agenda is drawn up annually by the Supervisory Board and contains targets that may vary from year to year and contribute to:

- The progress and achievement of the long-term strategic objectives of Schiphol Group;
- Schiphol's socio-economic responsibility in the Netherlands via the related public qualitative targets.

The public targets in the new remuneration policy represent 50 - 75% of all targets as set out in the Management Agenda.

More specifically, therefore, the annual variable remuneration available to members of the Management Board depends on the following factors:

1. A financial target consisting of the net result divided by the average return on equity (ROE) in accordance with the annual budget as approved by the Supervisory Board for the year in question.
2. One or more personal qualitative targets derived from the portfolio of the individual member of the Management Board concerned that bear a relationship with the targets as formulated in the Management Agenda.
3. One or more collective (team) objectives derived from the Management Agenda.

The targets set by the Supervisory Board are assessed at the end of the first quarter of the year concerned in light of the latest developments, and adjusted where necessary. The Supervisory Board takes these measures in order to ensure that its budgetary and other objectives remain as challenging and realistic as possible.

Based on the principles below, the Supervisory Board considers the achievement of the targets in setting the level of the variable remuneration, assessing the overall performance of the Management Board member concerned in evaluating the personal targets.

Target	STI percentage
Quantitative - Financial	0 - 15%
Qualitative - Personal/Team	0 - 10%
Total maximum	**20%**

The Supervisory Board acknowledges the degree to which the financial target has been achieved by granting 0 - 15% of the Total Fixed Salary, using the figures in the following table as a guide:

Achievement percentage	STI percentage
Less than 80%	0%
80% - 90%	2%
90% - 95%	4%
95% - 100%	8%
100% - 105%	10%
105% - 110%	12%
110% or more	15%

In 2014, the variable remuneration system as described above applied exclusively to Ms De Groot (CFO) and Ms Otto (COO from 1 September 2014, with whom an agreement had been concluded under which she accrued entitlements over 2014 on a pro rata basis).

Mr Nijhuis (CEO) and Mr De Groof (COO) have variable remuneration entitlements based on the remuneration policy that applied until 2014. Mr Rutten (COO until 1 September 2014) has pro rata entitlements based on the old remuneration policy.

The variable remuneration scheme under the old policy featured a – different – Short-Term Incentive as well as a Long-Term Incentive for variable remuneration. The maximum distribution percentages under the relevant schemes are listed below:

	CEO	COO/CCO[1]
STI percentage		
Total (including maximum swing)	47.5	45
LTI percentage		
Total (including maximum swing)	52.5	52.5

1 Ad Rutten pro rata

A detailed overview of the variable remuneration entitlements applicable under the old policy can be found in the 2013 Schiphol Annual Report.

Claw-back

A 'claw-back' clause (Dutch Corporate Governance Code) applies to variable remuneration (under both the old and new remuneration policies).

Pension arrangements

Schiphol Group's pension provision for all its employees, including Management Board members, is administered by the Algemeen Burgerlijk Pensioenfonds (ABP). The ABP scheme is an average earnings scheme. The premium, which the ABP calculates each year, consists of an employer's share and an employee's share. The pension base used to calculate the premium is made up of fixed pay elements only. In contrast to the regular pension arrangement, the variable portion of the income does not count toward the pension base.

Because the CEO and the CCO still come under the old remuneration policy, they are subject to a number of non-standard agreements, i.e.:

- A paid-up pension.
- The agreement (concluded individually with the CEO and CCO) that the employment agreement will end no later than on the attainment of the age of 62. As such, it has been arranged that they will receive an annual fixed salary supplement which is to be put towards a life-course savings scheme (at present). In the past, the level of the supplement required an actuarial calculation based on the assumption that the retirement age was 62 and the fact that between the ages of 62 and 65 no pension accrual will take place during active employment with N.V. Luchthaven Schiphol.

Effective 1 January 2015, the maximum pensionable income (for tax purposes) has been set at 100,000 euros. Consequently, no pension will be accrued for the portion of the pensionable income that is in excess of 100,000 euros. Schiphol has decided to grant an age-dependent allowance to all staff (including the members of the Management Board) affected by this erosion in pension entitlements. The allowance includes a risk insurance policy to compensate for the widow's and orphan's part. Schiphol Group's budget neutrality is central to determining the level of this compensation.

Other benefits

The secondary benefits comprise appropriate expense allowances, a company car and the use of a telephone. The company has also taken out personal accident insurance and directors' and officers' liability insurance on behalf of the Management Board members. No loans, advances or guarantees were or will be granted to members of the Management Board. A restrictive policy applies with regard to other offices, whose acceptance requires the explicit approval of the Supervisory Board.

Management Board Remuneration for 2014

Based on the 2014 financial results relative to the predetermined financial objectives, all members of the Management Board are eligible for a maximum Short-Term Incentive, to the extent it is related to the (quantitative) financial targets.

With respect to the (qualitative) personal targets, the Supervisory Board was generally positive about the results achieved. In the opinion of the Supervisory Board, all members of the Management Board achieved 67% to 75% of the agreed qualitative targets.

Considerable efforts have been made to increase both the capacity and quality of the Amsterdam Airport Schiphol location and strengthen the company's competitive position. The company also obtained high scores on the CR targets. The Asset Wise! programme has helped to increase cost awareness. Combined with the growth in passenger numbers, this has made it possible to reduce the airport charges - following a modest 0.4% increase as of 1 April 2014 - by 7% with effect from 1 April 2015.

There is room for improvement in the fields of project management and contract management. Further points for attention are efforts to promote the ongoing professionalisation and efficiency of the organisation. Good progress is being made in Area A, where, in consultation with the stakeholders, a new terminal and pier are being developed. However, some bottlenecks still have to be resolved. Both retail and real estate have posted good results. Schiphol Group's financial position is solid.

	J.A Nijhuis		M.M. de Groof / A.P.J.M. Rutten[1]	
	Potential	Realised	Potential	Realised
Financial target	20%	20%	15%	15%
Personal and overall performance	15%	10%	20%	15%
Swing percentage	12.5%	12.5%	10%	10%
Total	**47.5%**	**42.5%**	**45%**	**40%**

1 until 1 September 2014, pro rata

	E.A. de Groot		B.I. Otto[1]	
	Potential	Realised	Potential	Realised
Quantitative - Financial	15%	15%	15%	15%
Qualitative - Personal / Team	10%	7%	10%	7%
Total (max. 20%)	**20%**	**20%**	**20%**	**20%**

1 as of 1 September 2014, pro rata

Because of the different remuneration schemes for the CEO and the CCO, on the one hand, and the CFO and COO, on the other, a schematic overview is provided below of the STI percentages achieved. This overview includes, for each, the weighting of the extent to which he or she attained the (personal) qualitative targets.

The Supervisory Board, advised by the Remuneration Committee, has set the swing factor for the long-term remuneration (LTI) for the CEO, the CCO and the former COO over the 2012-2014 period at 1.5. The other members of the Management Board are not entitled to LTI.

More detailed information on the remuneration of the Management Board for 2014 can be found in the financial statements section of this annual report.

Remuneration of the Supervisory Board

General

The remuneration of the Chairman of the Supervisory Board amounts to 36,500 euros per annum. The ordinary members' remuneration is 24,000 euros per annum. All members of the Supervisory Board also receive an annual expense allowance of 1,600 euros. Members of a Supervisory Board committee are entitled to an additional fee. Each member of the Audit Committee receives 6,000 euros per annum, and each member of one of the other committees is entitled to 5,000 euros per annum.

Remuneration of the Supervisory Board for 2014

Information on the remuneration of the Supervisory Board for 2014 can be found on page *162* of this annual report.

Schiphol, 18 February 2015

Risk management

Schiphol's socio-economic role and its enterprising business model mean that it is susceptible to a range of strategic, operational, financial and compliance risks. A uniform policy has been developed to manage these risks. Risk management is an integral part of our business operations.

Risk management in 2014

A discussion of the key risks and control measures took place during the Supervisory Board meeting in October 2014. Schiphol Group's risk position has deteriorated slightly relative to 2013, mainly as a result of external developments. The most prominent among these negative developments are the uncertain recovery of the European economy, geopolitical developments, the domestic debate on aviation, long-term capacity development at Schiphol and the regional airports, and the growing competition between airports and between airlines; at the airlines, yields and cost structures are under enormous pressure. This negative trend is compensated in part by the higher than expected growth in passenger numbers and the solid financial position of Schiphol Group, as well as by the favourable development in the risk position of the group's key foreign subsidiaries.

Key developments

Schiphol Group's dependence on information systems continues to increase. In the interest of controlling information security risks, we took various measures in 2014, such as integrating a business-impact analysis as a standard component of our ICT processes. With this analysis, the business inventories its requirements with respect to the availability, integrity and confidentiality of information, allowing us to strike a better balance between risk exposure and risk response. We have made an update of the cyber security risk inventory for our major ICT systems, and will extend these updates to cover the other systems in 2015. We have also taken steps towards setting up an information security management system, the main purpose of which is to identify and control information security risks centrally. This system will be implemented further in 2015.

In 2014 we introduced an amended code of conduct together with an Integrity Guideline. All employees were informed of the code and guideline via an internal awareness campaign and individual departments focused on the issue of integrity through dilemma sessions. An e-learning tool will be introduced in 2015 to further improve and test employees' and suppliers' knowledge of the code of conduct. In 2014, the Integrity Committee investigated 16 reports of potential violations of the code of conduct, resulting in appropriate measures being taken in cases where violations were found to have occurred. Schiphol Group's compliance policy has also been formalised and an incident register opened in which compliance-related incidents can be reported to the Risk & Compliance Committee.

In 2014, we launched a new platform for reporting operational process risks. Apart from serving as a register of all major risks and control measures, the platform also allows us to link risks and control measures to our strategy, thus creating a comprehensive overview of all process risks at the central level.

In 2013, the ACM launched an investigation in response to the 'shared vision' process that Schiphol conducted with KLM and the Dutch government. The investigation is ongoing. The investigation focuses on the question of whether the relationship between Schiphol and KLM has seen any types of conduct that constitute violations of the competition rules.

Framework for risk management

Taking risks is an integral part of business. By carefully weighing up our objectives against the risks we are prepared to take, our aim is to conduct business operations that are both sustainable and socially responsible. This approach will help us attain our strategic objectives.

Our policy is based on the following philosophy:

- Management Board and management are responsible for developing and testing internal risk management and monitoring systems. These systems have been designed to identify significant risks, monitor the achievement of targets and ensure compliance with relevant legislation and regulations;
- Effective risk management and internal monitoring systems will reduce the likelihood of errors, wrong decisions and surprises due to unforeseen circumstances;
- Risk management has been integrated into line-management activities, as well as into the planning and control cycle;
- In order to thrive, an enterprise must take risks. The Management Board is responsible for determining the limits of what is acceptable (referred to as 'risk appetite').

Risk Appetite

The extent to which Schiphol Group is prepared to take risks to achieve its objectives differs according to each objective and risk category. Risk limits are set out in various policy documents, handbooks and company regulations that define the specific limits and tolerances of the various operational activities.

Risk management and internal control

Our risk management and internal control system is based on the COSO ERM guideline and the Corporate Governance Code. The system identifies, analyses and monitors strategic, operational, financial and compliance-related risks;

Line managers are responsible for the implementation of risk management and report on their activities twice a year to their directors, who in turn report to the Risk & Compliance Committee which comprises the members of the Management Board, the Finance & Control Director, the Sr Internal Audit Manager, Corporate Compliance Officer and Risk Insurance Manager. Furthermore, the Management Board of Schiphol Group meets four times a year to discuss the integral progress and results of the Corporate Responsibility objectives.

Risk management is a fixed aspect within our monthly planning and control cycle and is fully integrated in our strategic planning process (every three years with a 5-year horizon) and tactical planning process (annually with a 4-year horizon).

The Management Board reports on and accounts for the risk management and internal control system to the Supervisory Board, following discussion in the Supervisory Board's Audit Committee.

Risk Category	**Risk Appetite**	**Description**
Strategic	moderate	Schiphol Group is prepared to take moderate risks to achieve its objectives. In doing so, we aim to strike a balance between our role in society (low risk acceptance) and our commercial targets (higher risk acceptance).
Operational	very low	Schiphol Group focuses primarily on ensuring the continuity of aviation activities, regardless of circumstances. We aim to reduce the risks that threaten this continuity as much as possible. Our risk acceptance in this regard is therefore very low. In the area of safety and security, we do all we can to avoid risks that could put passengers, internal and external employees, visitors or local residents in danger.
Financial	low	We maintain a solid financial position in order to guarantee access to the financial markets. Schiphol is not prepared to take risks that could jeopardise its credit rating of at least 'A' (Standard & Poor's).
Compliance	zero	Schiphol Group strives to comply with all applicable laws and regulations, with a particular focus on security, environmental, competition, tendering and privacy/data security laws.

We aim to reduce the likelihood of errors, wrong decisions and surprises due to unforeseen circumstances as much as possible. However, there are no absolute guarantees, and we cannot exclude the possibility of being exposed to risks of which we are currently unaware, or which may not yet be considered important at this time. No risk management or internal control system can provide an absolute safeguard against failure to achieve corporate objectives, nor fully prevent any possible loss, fraud or breach of rules and regulations. To name one example, Schiphol Group is particularly susceptible to adverse weather conditions and other natural phenomena; we simply cannot prevent or influence these. We can, however, ensure that the consequences remain as limited as possible.

In light of the above, we believe that the risk management and internal control systems provide a reasonable degree of assurance concerning financial reporting risks, and that the financial reporting does not contain any material misstatements.

The Management Board declares that, to the best of its knowledge:

- the financial statements give a true and fair view of the financial assets, liabilities, financial position and profits of Schiphol Group as well as the combined consolidated enterprises;
- the annual report gives a true and fair view of the situation on the balance sheet date and of developments over the course of the financial year; and
- The principal risks facing Schiphol Group are described in this annual report.

Sensitivity analysis

By making our dependencies transparent, we gain insight into the risks that can be transferred within the chain. This enables Schiphol Group to anticipate chain reactions at an early stage.

We do this in various ways, for example by integrating sensitivity analyses for key value drivers in our *Tactical Plan for 2015-2018* and *Strategic Plan for 2013-2017*. This helps us to determine the impact of key risks.

The table below outlines the sensitivity level for Schiphol Group's key value drivers, specifying their most important risk factors.

Risks	**Value**	**Baseline value for 2014**	**Change**	**Effect**	**Impact on:**	**Assumptions**
A, B	Number of passengers at Schiphol	55 million	+/- 1%	11.3 million euros	Total turnover	Impact on revenues from airport charges and retail and catering sales: based on the assumption of a stable OD/transfer passenger ratio and unchanged passenger spending and costs
A, B, H	Number of flights	438,296	1 day without flights	3.1 million euros	Total turnover	Based on average airport charges and passenger spending in the terminal
A, B, D	Revenue from airport charges	864 million euros	+/- 1%	8.6 million euros	Total turnover	
A, B	Average spending per departing passenger	EUR 14.48	+/- 1%	1.0 million euros	Total turnover	Unchanged passenger numbers
E, H	Operating expenses	837 million euros	+/- 1%	8.4 million euros	Operating result	Baseline value is comprised of total operating expenses, not including impairment losses
C	Net initial yield from offices and industrial buildings, not including land	987 million euros	-10% +10%	+111 million euros -92 million euros	Value of real estate	A 10% rise/decline (as at year-end 2014) in the net initial yield from real estate, applied to the value of the current real estate portfolio of 987 million euros

Assessment of the most important risks

We use a risk matrix to assess and compare our risks, with the risks arranged based on an estimate of the likelihood of the risk arising and an estimate of the impact of the consequences on the achievement of our business objectives. The impact is based not just on the financial consequences but also on the impact on our reputation. We have plotted the ten most important risks, which are described below, in the risk matrix, following implementation of control measures.

Classification of Schiphol's risks following the implementation of control measures

Risk = Probability x Impact (Impact is both financial impact and impact on reputation)

Impact ↑ / Probability →	Very small	Small	Large	Extremely Large
Extremely severe			A B C E	
Severe		F H	D	
Considerable		G	J	
Minor		I		

The order of the letters within a box is irrelevant

- A Fluctuations in demand
- B Competition
- C Developments in the real estate market
- D Economic regulations
- E Political context
- F Large projects
- G International business
- H Aviation operational risk
- I Market risk, liquidity risk and counterparty risk
- J Violation of laws and regulations and breaches of integrity

Small — Extremely Large

Most important risks

Strategic risks
Increased Unchanged Decreased

A > Changes in demand

The risk of unexpected changes in demand, in our case especially the number of air transport movements, passenger numbers and cargo volumes, can lead to a shortage or excess of capacity. In such situations profitability will increase or decrease proportionally.

There is a direct co-relation between economic developments and the demand for air travel. The ongoing economic downturn poses a significant risk and may lead to a decline in passenger numbers, lower spending per passenger, decreased airline capacity and changing dynamics in the sector. A second key factor influencing demand is developments at the hub carrier, particularly given our mutual dependence. Other developments that may influence demand can emerge from politics, geopolitics, laws and regulations, technology and competition. Calamities, such as pandemics and terrorist activities that engender fear among passengers, can also negatively impact demand for air travel.

Risk management measures

- Short-term and long-term scenario planning
- Monitoring of external trends and developments
- Intensive contact with stakeholders
- Improved flexibility as a result of outsourcing activities and a modular investment plan
- Adjustment of commercial offering to stimulate demand for retail, catering services and parking.

B > Competition

A lack of investment in quality and capacity increases our risk of being unable to maintain a healthy competitive position.

Schiphol is facing increasing competition from strong airline/airport alliances in Turkey and the Middle East. The airport's retail activities are under pressure as a result of changing consumer patterns driven by the possibilities offered by multimedia applications, such as omni-channel retailing.

Risk management measures

- Timely investments in infrastructure, in close consultation with airlines
- Competition analyses
- Client Relationship Management
- Expansion of retail offering, ranges and facilities and pricing policy adjustment

C > Developments in the real estate market

As market conditions change, occupancy levels in our real estate portfolio may fall, rents may drop and we may see an increase in rental incentives, all resulting in lower profits and values. This risk is increased by the high concentration of aviation-specific real estate and our dependence on a number of large customers.

Given the persistently weak economy, we consider it too early to conclude that the market risk relating to our real estate portfolio has fallen, despite the slight upturn observed in the real estate market in 2014.

Risk management measures

- Monitoring of market conditions and current prospects
- Perform valuations of the real estate portfolio every six months using different surveyors
- Develop projects solely on the basis of minimum pre-sale requirements
- Timely renovation and redevelopment to keep the location and portfolio attractive

D > Economic regulation

Our aviation activities are subject to economic regulation, which means that there is a cap on our investment returns. Regulatory changes may affect Schiphol's ability and/or flexibility to make investments in capacity and quality, which in turn could impact Schiphol's competitive position and service levels.

Risk management measures

- Close contact with the Dutch Authority for Consumers and Markets, which monitors the implementation of aviation charges and terms and conditions at Amsterdam Airport Schiphol
- Participation in discussions with the government on the subject of regulation
- Modular investment plans

E > Political context

Political developments, policy changes and European or national laws and regulations can significantly influence our business. For example, changes to security regulations can give rise to major operational changes and escalating security costs. Another important example is regulation relating to the sale of certain consumer products at the airport.

Given the current political climate and the development of long-term capacity at Schiphol and the regional airports, including Lelystad Airport, uncertainty surrounding long-term capacity has increased.

Risk management measures

- Participation in various consultation bodies Ongoing dialogue with all stakeholders
- Monitoring and influencing political and other decision-making processes and regulatory developments

F > Major projects

A number of different major Master Plan projects (Non-Schengen Central Security, Departure Lounge 2, new Hilton Hotel) are being carried out simultaneously. This involves substantial project risks, including delays and budget overruns. The original project objectives might then become redundant, resulting in the project no longer adequately meeting our needs or not paying for itself. The rise in construction activity at the airport in 2014 has increased this risk for Schiphol.

Risk management measures

- Specialised project management department
- External benchmarks for the execution of major projects
- Standardised methods for executing major projects

G > International enterprise

International enterprise opens up opportunities and potential benefits, but also brings specific risks that would not arise in a domestic setting.

Recent developments, such as the successful completion of large investment projects at Schiphol Group's key foreign subsidiaries, have decreased the international enterprise risk.

Risk management measures

- Limit risks to local subsidiaries
- Bring in competent local management and expert local advisers
- Maintain good relationships with local airport authorities
- Detailed attention to financial instruments and investment valuations

Operational risks

H > Operational risks in aviation

Safety and security

Inadequate safety and security measures increase the risk of disruptions to airport operations as well as incidents or accidents that could have serious consequences for passengers, local residents and the employees of companies located at Schiphol.

The safety risk has risen as a result of the number of simultaneous large-scale construction projects in and around the terminal.

The heightened levels of geopolitical tension in the world have increased the security risk.

Risk management measures

- Safety management systems including supervision
- Training and drills
- Invest in innovations, such as the security scan
- Random checks to assess the performance of security control
- Operational security training for staff
- The Schiphol Security Platform, in which all parties involved participate

Unexpected business interruptions

Extreme weather events or natural phenomena, fire, pandemics, aircraft accidents, technical faults or power cuts can all lead to business interruptions. These can significantly impact business processes, results and prognoses.

- Company emergency plans and procedures
- Emergency measures
- Well-trained and prepared staff
- Insurance policies

Dependence on third parties

As an airport, we are highly dependent on inputs and materials from third parties, such as governments, statutory bodies, the Royal Netherlands Marechaussee, Dutch Customs and partners in the sector such as airlines and ground handlers. Any industrial action, business interruptions or unethical behaviour on the part of these external parties can disrupt our operations, damage our reputation and negatively affect results.

- Ensure that covenants and agreements are in place, and maintain good relationships and contact with external parties
- Screening of external contract parties
- Proper coordination and contract management

Financial risks

I > Market risk, liquidity risk, counterparty risk

Schiphol Group is exposed to a variety of financial risks, such as currency, price and interest rate risks, liquidity risks and counterparty risks. Maintaining creditworthiness is also of paramount importance: the loss of the A rating can result in reduced access to financing as well as higher financing costs.

The higher than expected revenues and related cash flows as a result of the higher than expected growth in passenger numbers mitigate the need for external financing and have decreased the financial risk.

Risk management measures

- Retain guaranteed credit facilities
- Pursue a proactive refinancing strategy
- Balanced distribution of loans and repayments
- Monitor creditworthiness of Schiphol Group (Standard & Poor's A rating) to ensure good access to the capital market.
- Limit currency, interest-rate and counterparty risks

Compliance risks

J > Violations of laws and regulations, and integrity violations

Failure to comply with applicable laws and regulations, particularly in terms of noise, safety and security, environment, competition, tendering and privacy/information security, can damage our reputation and have negative financial and operational consequences.

Schiphol Regulations and procedures

A lack of integrity and corporate responsibility can damage our reputation and lead to regulatory violations.

Risk management measures

- Compliance policy
- Compliance awareness training for staff
- Compliance and risk management procedures, management systems and reporting structures
- Sanctions Committee, Integrity Committee
- Hotline for reporting violations of the code of conduct

Socio-economic accountability

Reporting guidelines

Integrated annual reporting is a growing area of focus around the world. The *International Integrated Reporting Council* has developed a framework for this purpose. Schiphol Group was one of over 100 international participants in a pilot programme, which was completed in 2014. Integrated thinking continues to develop within our company, a fact that is clearly visible in the evolution of our annual reporting since 2009.

Annual reports are drawn up in accordance with the relevant guidelines and best practices, with Global Reporting Initiative (GRI) guideline G4 taking centre stage. The *GRI reference table* has been included, and shows where in this report information can be found about the indicators that are relevant to our business operations. The GRI sector supplement for airports has also been applied.

The Dutch ministry of Finance has determined that annual reports of state shareholdings must at least comply with GRI 3.0 level C as of 2010. With a G4, Schiphol not only satisfies this requirement but also meets its own targets in this respect. Furthermore, annual reports of state shareholdings are required to be included in a survey of the Transparency Benchmark study group, a benchmark study that was conducted by EY in 2014 and commissioned by the ministry of Economic Affairs. We have been participating in this study since 2006. A total of 409 organisations submitted their 2013 annual reports for the Transparency Benchmark, in which Schiphol Group's report ranked 14th (30th in 2013).

As a participant in the UN Global Compact, we have compiled a progress report on the Global Compact's ten principles. This is included in *Global Compact Communication on Progress*.

Scope of the report

Our socio-economic role is to maintain a multi-modal hub that connects the Netherlands with the world's most important cities and centres of activity. Four themes underpin our *strategy* for accomplishing this: Top Connectivity, Excellent Visit Value, Competitive Marketplace and Sustainable Performance. During the year under review there were no changes in policy or objectives compared with the preceding reporting period. The set of performance indicators to be assessed externally is expected to change in the future so as to be further aligned with the material aspects.

The results with regard to our financial, operational and social performance are presented in a single annual report. Over 90% of our activities take place at Amsterdam Airport Schiphol. The national and international subsidiaries and associates (airports and other activities) carry out their own initiatives, geared towards their local environment and dovetailing with Schiphol Group's vision. In 2014 we took an important step towards the integration of Corporate Responsibility. For the first time, performance indicators for Rotterdam The Hague Airport and Eindhoven Airport in the fields of safety, environment and social aspects have been included in the annual report, and reviewed externally. Since these airports use their own reporting guidelines and definitions, the majority of performance factors cannot be used for purposes of comparison. The differences are explained in the section on *performance indicators*. This experience is useful and forces us, as a group and as individual airports, to consider ways to raise Corporate Responsibility to a higher level.

In the 2014 annual report, Schiphol Group limits its reporting to the *results* achieved for the material themes. The section on *stakeholders and materiality* describes how we arrived at these themes. As described in the section on *value creation*, the interrelatedness of activities within the aviation sector means the annual report also includes performance details of areas in which Schiphol Group does not exercise full control and the results of sector partners, such as the numbers of transported passengers and spending at concessionaires.

In 2014, Schiphol Group obtained full ownership of the AREB Fund by acquiring the shares held by institutional investors in the real estate fund. In 2014, an interest in a retail joint adventure with Arlanda Airport was sold. Acquisitions are recognised in the consolidation of both financial and non-financial data from the date on which the company gains control. Disposals are removed from the company data from the actual date of the disposal. Deconsolidation takes place at the time control is lost through a sale.

In 2014, no special economic conditions or developments occurred within the sector or within the value chain that had any significant effect on the policy pursued.

In addition to this report, information is also available online at the following websites: *schiphol.nl*, *schiphol.nl/cr* and *schiphol.nl/sustainability*.

External auditor

KPMG is Schiphol Group’s independent external auditor. The airport requested the auditor to provide limited assurance concerning the reliability of the Corporate Responsibility information in the annual report with regard to Schiphol Group's performance, with the exception of performance in the areas of noise and security, which involve chain partners. The auditor performed the audit in compliance with the Netherlands Institute of Chartered Accountants (NBA) N.V. COS3810N guideline ‘Assurance opdrachten inzake maatschappelijke verslagen' (assurance engagements concerning CR reports). The *assurance report* is included in this annual report.

Material aspects	Performance indicator	Result achieved in 2014[1,2]		
		Amsterdam Airport Schiphol	Rotterdam The Hague Airport	Eindhoven Airport
Noise	Noise impact (breaches)	1	0	0
Safety	Runway incursions (number)	17	5	8
Safety	Bird strikes (number per 10,000 air transport movements)	5.8	5.7	6.4
Safety	Accidents followed by absence	LTIF SNBV: 1.2 LTIF Fire Service: 22.7	19 days of absence	not registered
CO_2 emissions	CO_2 emissions from airport activities (tonnes)	scope 1: 15,994 scope 2: 79,156 scope 3: 6,136	2,484	not yet available
Circular economy	Separated regular waste	25.9%	14.1%	not yet available
Water	Oxygen content of surface water	97.2%	not applicable	not applicable
Water	Drinking water consumption per passenger (litres)	13.1	9.6	3.2
Employment practices	Diversity	28.4%	29.4%	25%
Employment practices	Absenteeism due to illness	3.4%	4.0%	3.3%
Supply chain responsibility	Purchasing from CR-conscious suppliers	77.6%	not applicable	not applicable

1 The results in this table have been reviewed by the external auditor.
2 Since the airports use their own reporting guidelines and definitions, the majority of performance factors cannot be used for purposes of comparison. For more information, see performance indicators.

Performance indicators

Notes to performance indicators evaluated by external parties

Reporting frequency

Amsterdam Airport Schiphol's performance indicators are reported as components of existing periodic management information and are discussed by the Management Board with the relevant senior managers. The performance indicators for Rotterdam The Hague Airport and Eindhoven Airport will be added to performance indicators for Amsterdam Airport Schiphol in 2015.

Period

The information presented here concerns the 2014 calendar year. For Amsterdam Airport Schiphol and Rotterdam The Hague Airport, the operating year is of relevance for three indicators: CO_2 emissions from airport activities, noise impact and drinking water consumption per passenger. The time period applicable to the noise impact indicator is determined by law, whereas the operational year was chosen for the other two for convenience.

1. Noise impact

The noise impact in the environment of Amsterdam Airport Schiphol and Rotterdam The Hague Airport is is measured on the basis of enforcement points.

Another method is used for measuring the noise impact at Eindhoven Airport. Outside a certain area, the maximum noise impact of aircraft during take-off and landing may not exceed 35 Ke. A noise zone of 6.5 km^2 in which this impact may be exceeded is enforced. For more information on this subject, see *noise*.

2. Runway incursions

Air Traffic Control the Netherlands (LVNL), Amsterdam Airport Schiphol and Rotterdam The Hague Airport each register runway incursions. LVNL plays a leading role in this process. Schiphol Group reports on this performance indicator but relies on LVNL for compiling complete notification and incident reports.

Air traffic control at Eindhoven Airport falls under the responsibility of the ministry of Defence and therefore outside the jurisdiction of LVNL. The number of runway incursions at Eindhoven Airport covers both civilian and military traffic. We aim to achieve a downward trend for this performance indicator in the long term. For more information on airside safety, see the section on *safety*.

3. Bird strikes

Bird strikes are incidents in which dead birds or remains thereof are found on an aircraft or on a runway and in which it can reasonably be assumed that the strike occurred within the airport boundaries. Bird strikes include suspected bird strikes reported by Air Traffic Control the Netherlands (LVNL) or the pilot, an incident involving the remains of a bird being found on an aircraft following a report by a pilot or a ground mechanic or an incident involving a report by a pilot or a ground mechanic where it can reasonably be assumed that there was physical contact with the aircraft. The number of bird strikes is expressed per 10,000 air transport movements.

Each airport has supplemented the definition above to suit its own requirements.

The following altitude restrictions apply for Amsterdam Airport Schiphol: an upper limit of 200 feet for aircraft during landing and an upper limit of 500 feet for aircraft during take-off. Each month, Amsterdam Airport Schiphol compares its registered number of bird strikes with that registered by KLM. The incidents registered by the two parties are discussed every quarter in the Schiphol Bird Strike Committee, which also discusses policy and the various bird dispersal resources and their effectiveness. The average bird strike figure was calculated by dividing the total number of bird strikes reported by KLM and the number of bird strikes reported by Amsterdam Airport Schiphol involving KLM aircraft and occurring within the relevant airspace zone by the number of KLM air transport movements. The resulting average figure is thus calculated on the basis of reports covering approximately 50% of the total number of air transport movements. This approach was applied in view of the fact that the reports provided by home carrier KLM pilots are more reliable than those provided by other airlines. When it comes to the registration of bird strikes, Schiphol largely depends on KLM, which – in turn – depends on its own pilots.

In the case of Rotterdam The Hague Airport, the registration of bird strikes only counts those reported by Rotterdam The Hague Airport, regardless of the airline involved. The registration of bird strikes at Eindhoven Airport covers all air transport movements of both civilian and military traffic.

We aim to achieve a downward trend in the long term. For more information on airside safety, see the section on *safety*.

4. Work-related accidents followed by absence

Schiphol Nederland B.V. registers the Lost Time Injury Frequency (LTIF) to determine the number of work-related accidents followed by absence per million hours worked. SNBV distinguishes between fire service staff and all other Schiphol Nederland B.V employees. We will strive to obtain a 0 LTIF rate for Schiphol Nederland B.V. and to achieve a downward trend at the fire service. Rotterdam The Hague Airport measures the number of accidents and the number of resulting absence days. There were two accidents in 2014. Eindhoven Airport does not register accidents. Information on safe working practices is included in the section on *safety*.

5. CO_2 emissions from own activities

Amsterdam Airport Schiphol calculates and reports on CO_2 emissions in accordance with the GreenHouseGas protocol. This means that it reports the CO_2 emissions in scope 1, 2 and 3. The emission factors are based on of Stichting Klimaatvriendelijk Aanbesteden & Ondernemen (SKAO). In line with standard calculation methods, as of 2014 Fixed Electrical Ground Power (FEGP) will no longer be viewed as electricity consumption by Schiphol but as part of the ground handling processes. The degree days method is used to standardise gas consumption.

The CO_2 emissions generated by airport operations at Rotterdam The Hague Airport were calculated for the first time in 2014. This CO_2 footprint is not yet available for Eindhoven Airport. Read more about our activities in the section on *emissions*.

6. Separated regular waste

A waste collection company collects waste at various locations at Amsterdam Airport Schiphol and Rotterdam The Hague Airport. The airports are working to raise the recycling rate in respect of their own regular waste. The scope of this performance indicator does not correspond entirely to the environmental permit. This is because some tenants are free to enter into individual contracts with a waste collection company of their choice. As a result, our waste collector does not collect waste at all locations within the scope of the environmental permit. We aim to further increase the percentage of recycled regular waste in the future.

At Eindhoven Airport, waste is separated for collection but the percentage of separated regular waste is not calculated. Read more about our activities in the section on *circular economy*.

7. Oxygen content of surface water

Measures to keep aircraft free of ice – the process of de-icing – and to keep snow and ice off taxiways, take-off and landing runways and aprons have a substantial effect on the quality of the surface water on and around the airport grounds. The de-icing agents used are biodegradable, but they do extract oxygen from water. Water quality is determined on the basis of oxygen content. The Rijnland Water Board monitors the percentage of days on which average oxygen content exceeds 3 mg/l at the three enforcement points. We aim to ensure that all three enforcement points meet the standards at all times by 2015. Rotterdam The Hague Airport and Eindhoven Airport do not have systems for measuring the oxygen content of surface waters. Read more about our activities in the section on *circular economy*.

8. Drinking water consumption per passenger

Amsterdam Airport Schiphol supplies drinking water to buildings at Schiphol. This includes all drinking water used at catering outlets, toilets, drinking fountains and the offices above the lounges. We calculate this performance indicator on the basis of the amount of drinking water consumed in the terminal divided by the total number of passengers. The scope of this performance indicator does not correspond entirely with that indicated in the environmental permit. This is due in part to the fact that part of drinking water consumption is invoiced to Schiphol Real Estate, which then passes on these charges in the rent.

Rotterdam The Hague Airport divides drinking water consumption, excluding the water consumption by Rotterdam Airport Vastgoed (RAV), tenants of RAV and other companies established on the site, by the number of passengers. Since 2014, Eindhoven Airport has calculated this performance indicator by relating the water consumption at the Luchthavenweg 25 site to the number of passengers. Previously, the calculation also factored in the drinking water consumed outside the terminal building. We aim to achieve a further reduction in this area. Read more about our environmental activities in the sections on *emissions* and *circular economy*.

9. Diversity

Between 2010 and 2014, Schiphol Nederland B.V.'s diversity policy aimed at promoting talented women to positions in the top of the organisation, in accordance with the 'Talent to the Top' charter. Schiphol reports the number of women in top-level positions. Rotterdam The Hague Airport and Eindhoven Airport report the percentage of women in managerial positions. Further information on our employment policy is featured in the section on *sustainable employment*.

10. Absenteeism due to illness

Schiphol Nederland B.V. and Rotterdam The Hague Airport calculate absenteeism due to illness by comparing the number of calendar days lost to illness with the number of available calendar days. Eindhoven Airport uses the net absenteeism rate, which is calculated by adjusting the absenteeism rate for partial reintegration, FTE factor and safety net cases. The staff average is adjusted for the FTE factor. Further information on our employment policy is featured in the section on *sustainable employment*.

11. Purchasing from CR-conscious suppliers

We measure this performance indicator on the basis of data from the group of suppliers that provide 80% of all the products and services that we purchase. As a result, the performance indicator score cannot exceed 80%. CR-conscious suppliers are those that have proven to consciously practice Corporate Responsibility in their operations. Rotterdam The Hague Airport and Eindhoven Airport have no performance indicator for procurement from CR-conscious suppliers. European tenders are prepared together with Schiphol Group's Corporate Procurement department. Other products and services are procured from local suppliers as much as possible. Our policy on suppliers is featured in the section on *chain responsibility*.

GRI table

GRI - G4 guidelines for sustainability reporting

Ref.	Description	Chapter	Information and reference	External assurance section
Strategy				
G4-1	Statement from most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy	Message from the CEO		No
G4-2	Key effects, risks and opportunities	Changing business environment		No
Corporate profile				
G4-3	Name of the organisation	Financial Statements		Yes
G4-4	Primary products, and/or services	About us		No
G4-5	Location of organisation's headquarters		Evert van de Beekstraat 202, 1118 CP Schiphol	No
G4-6	Number of countries where the organisation operates	About us		No
G4-7	Nature of ownership and legal form	Corporate Governance		No
G4-8	Markets served	About us		No
G4-9	Scale of the organisation	About us		No
G4-10	Composition of total workforce	Employment practices	Type of employment contract not available	Yes
G4-11	Percentage of employees covered by collective labour agreements		93.2%	Yes
G4-12	Description of value chain	Creating value		No
G4-13	Significant changes during the reporting period: size, structure, ownership, chain	Socio-economic accountability		Yes
G4-14	Precautionary principle	Risk management	Also see: www.schiphol.nl/SchipholGroup1/CorporateResponsibility1.htm	No
G4-15	Endorsed, externally developed Corporate Responsibility charters or other initiatives		Global Compact, Talent to the Top Charter, Werkgevers gaan inclusief, Multi-Annual Agreement	No
G4-16	Membership of associations and/or national or international interest organisations	Supervisory Board	Industry association Airports Council International, Amsterdam Economic Board	No
		Board of Management		No
		Stakeholders and materiality		Yes
Material aspects				
G4-17	Entities included in the consolidated financial statements	Financial Statements		Yes
G4-18	Process for defining report content and scope	Stakeholders and materiality Socio-economic accountability		Yes
G4-19	Overview of material aspects to determine report content and scope	Stakeholders and materiality		Yes
G4-20	Aspect boundary within the organisation for each material subject	Stakeholders and materiality		Yes
G4-21	Aspect boundary outside the organisation for each material subject	Stakeholders and materiality Creating value		Yes No
G4-22	Re-statements of information provided in previous reports	Socio-economic accountability	Changes in the calculation of CO_2 emissions at Amsterdam Airport Schiphol	Yes
G4-23	Significant changes in scope relative to the previous reporting period	Socio-economic accountability	In 2014 performance indicators for Rotterdam The Hague Airport and Eindhoven Airport in the fields of safety, environment and social aspects were included and assessed externally for the first time	Yes

Ref.	Description	Chapter	Information and reference	External assurance section
Stakeholder involvement				
G4-24	Stakeholder groups engaged by the organisation	Stakeholders and materiality Corporate governance	Also see: www.schiphol.nl/SchipholGroup1/CorporateResponsibility1/Dialoog.htm	Yes No
G4-25	Basis for identifying and selecting stakeholders with whom to engage	Stakeholders and materiality		Yes
G4-26	Approach taken to engaging stakeholders	Stakeholders and materiality		Yes
G4-27	Key topics and concerns that have been raised through stakeholder engagement	Stakeholders and materiality		Yes
Reporting details				
G4-28	Reporting period	Socio-economic accountability	01-01-2014 – 31-12-2014	Yes
G4-29	Date of most recent previous report (if any)	03/03/2014	www.schiphol.nl/SchipholGroup1/InvestorRelations/FinancieleInformatie/Jaarverslagen.htm	Yes
G4-30	Reporting cycle		annual	Yes
G4-31	Contact point for questions		www.schiphol.nl/SchipholGroup1/InvestorRelations/IRServicesContact.htm www.schiphol.nl/SchipholGroup1/CorporateResponsibility1/InformatieEnContact.htm	Yes
G4-32	GRI reference table	Socio-economic accountability	GRI G4 Core	Yes
G4-33	Assurance report	Socio-economic accountability Corporate Governance		Yes No
Governance				
G4-34	Organisational governance structure	Report of the Supervisory Board Corporate Governance Supervisory Board Management Board		No
G4-35	Process for delegating responsibility for economic, environmental and social aspects to the highest governing body and executive management	Corporate Governance		No
G4-36	Manager responsible for economic, environmental and social aspects and whether they report to the highest governing body	Corporate Governance		No
G4-38	Composition of highest governing body	Supervisory Board Management Board		No
G4-39	Task of the Chair of the highest governing body	Corporate Governance		No
G4-47	Frequency of highest governance body's review of economic, environmental and social impacts and risks	Corporate Governance		No
G4-48	Most senior committee or individual that reviews and approves the sustainability report	Corporate Governance		No
G4-51	Remuneration policy for the highest governing body	Remuneration		No
G4-52	Procedure for determining remuneration	Remuneration		No
Ethics and integrity				
G4-56	Organisational values, principles, standards and codes of conduct	Profile Employment practices	The CLA features codes of conduct on undesirable behaviour, use of email and contact with external parties. In addition, the company applies anti-fraud regulations and a whistleblower scheme.	No Yes
Material aspects				
Financial solidity				
	Management approach	Stakeholders and materiality Financial performance Corporate Governance		Yes No No
G4-EC1	Direct economic values	Financial Statements		yes

Ref.	Description	Chapter	Information and reference	External assurance section
G4-EC7	Development and impact of infrastructure investments and services provided primarily for public benefit	Financial performance	We invested about 400 million euros in 2014. A substantial portion of this is invested in improving, maintaining and optimally deploying the airport-related infrastructure. The long-term investments contribute to the quality, accessibility and development of the airport. Additionally, regular substantial investments have been made to improve parking facilities and airport-related real estate such as hotels, offices and cargo buildings.	No
G4-EC8	Insight into and description of significant indirect economic consequences, including their scale.	Financial performance	The investments result in a substantial boost to economic activity and an increase in employment at and around the airport, particularly in the areas of construction and installation. The facilities built attract other companies to the airport which project their own economic influence on the surrounding area. The aviation sector offers direct or indirect employment to 290,000 people. Altogether, this represents a total added monetary value of around 26 billion euros (Boston Consulting Group and McKinsey, 2011).	No
Network of destinations				
	Management approach	Stakeholders and materiality Network of destinations Corporate Governance		Yes No No
AO1	Number of passengers handled over the course of one year, categorised according to international and domestic flights and O&D and transfer passengers, including transit-direct passengers.	Network of destinations	Amsterdam Airport Schiphol • Passengers (incl. transit-direct): 54,978,023 • Europe: 37,917,641 • Intercontinental: 17,060,382 • O&D passengers (total): 32,665,136 • O&D Europe: 25,072,542 • O&D Intercontinental: 7,592,594 • Transfer (total): 22,275,398 • Transfer (Europe): 12,830,922 • Transfer (Intercontinental): 9.444.476 • Transit-direct: 37,489	No
AO2	Number of air transport movements over the course of one year, categorised into day and night-time flights, and commercial, non-commercial, cargo and military flights	Network of destinations	Amsterdam Airport Schiphol • Total air transport movements: 438,296 • Cargo flights (commercial): 16,568 • Passenger flights (commercial): 421,728 • General aviation (non-commercial): 14,391 • Night-time flights (total): 21,757	No
AO3	Cargo volume	Network of destinations	Amsterdam Airport Schiphol: 1,633,194,925 kg	No
Operating capacity				
	Management approach	Stakeholders and materiality Operating capacity Corporate Governance		Yes No No
Accessibility				
	Management approach	Stakeholders and materiality Accessibility Corporate Governance		Yes No No
G4-EN30	Significant environmental impact of transporting products and other goods and materials used for the organisation's operations, and for transporting members of the workforce	Accessibility Emissions		No Yes
CO_2 emissions				
	Management approach	Stakeholders and materiality Emissions Corporate Governance		Yes Yes No
G4-EN6	Saving energy	Emissions		Yes
G4-EN15	Greenhouse gas emissions - scope 1	Emissions Socio-economic accountability		Yes
G4-EN16	Greenhouse gas emissions - scope 2	Emissions Socio-economic accountability		Yes
G4-EN17	Greenhouse gas emissions - scope 3	Emissions Socio-economic accountability		Yes

Ref.	Description	Chapter	Information and reference	External assurance section
Water				
	Management approach	Stakeholders and materiality Circular economy Corporate Governance		Yes Yes No
G4-EN8	Water consumption per source	Socio-economic accountability	Drinking water consumption per passenger; other information not material	Yes
AO4	Rainwater quality	Circular economy	Rainwater is captured using the rainwater drainage system. If it is contaminated, it is purified before being added to the surface water.	Yes
Air quality				
	Management approach	Stakeholders and materiality Emissions Corporate Governance		Yes Yes No
AO5	Air quality composition	Emissions	Air quality is monitored by the government through the National Air Quality Cooperation Programme.	Yes
Circular economy				
	Management approach	Stakeholders and materiality Circular economy Corporate Governance		Yes Yes No
G4-EN23	Total weight of waste by type	Circular economy Socio-economic accountability	Percentage of waste separated for processing; other information not material	Yes
AO6	Amount of de-icing agent used to de-ice aircraft and remove ice from runways and taxiways	Circular economy	In 2014, Schiphol used 116,394 litres of potassium formate to remove ice from runways and taxiways. Since aircraft are de-iced by handling agents, there is no exact information available on the volumes of glycol used.	Yes
Supply chain responsibility				
	Management approach	Stakeholders and materiality Supply chain responsibility Corporate Governance		Yes Yes No
G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Chain responsibility		Yes
Employment practices				
	Management approach	Stakeholders and materiality Employment practices Corporate Governance		Yes Yes No
G4-LA1	Number of new employees and staff turnover	Employment practices		Yes
Safety				
	Management approach	Stakeholders and materiality Safety Corporate Governance		Yes Yes No
AO9	Number of animals involved in wildlife strikes per 10,000 air transport movements	Safety Socio-economic accountability	Bird strikes are material	Yes
G4-LA6	Lost Time Injury Frequency (LTIF)	Employment practices Socio-economic accountability	There were no work-related deaths in 2014.	Yes
Noise				
	Management approach	Stakeholders and materiality Noise Corporate Governance		Yes Yes No
AO7	Number of people living in noise-affected areas	Noise	No definitive figures have yet been published for the 2014 operating year. In the 2014 Usage Forecast, it was anticipated that 183,000 people would experience severe noise disturbance at levels of 48 dB(A) Lden or higher. The usage Forecast for 2015 is also available online.	Yes

Ref.	Description	Chapter	Information and reference	External assurance section
Significance for the region				
	Management approach	Stakeholders and materiality Significance for the region Corporate Governance		Yes No No
G4-SO1	% of activities that affect the local community	Significance for the region	100%	No
G4-SO2	Operational activities with a significant (potentially) negative impact on the local environment	Significance for the region Noise	The airport surrounds are especially likely to encounter noise disturbance. See also: www.bezoekbas.nl	No Yes
AO8	(Estimated) number of people to be voluntarily or involuntarily relocated in connection with the development or expansion of an airport	Significance for the region	Expansion of the airport in 2014 was limited and did not require any relocations.	No
Customer appreciation				
	Management approach	Stakeholders and materiality Customer appreciation Corporate Governance		Yes No No
G4-PR5	Customer satisfaction	Customer appreciation		No

Global Compact

Global Compact principles	Included in
Human rights	
1. Schiphol supports and respects human rights	Codes of conduct Procurement regulations Integrity Committee
2. Schiphol is certain that it does not partake in any activity that violates human rights	Codes of conduct Procurement regulations Integrity Committee
Working conditions	
3. Schiphol promotes the freedom of association of employees and their right to collective bargaining.	Employees are free to unite in associations. Schiphol makes an annual payment to the trade unions as a contribution and to help cover training costs. Furthermore, employees who are active on behalf of the trade union and/or the Works Council receive a certain amount of free time to conduct these activities.
4. Schiphol eliminates all forms of forced labour	The type of work, working conditions and working times are set out in the CLA Procurement regulations
5. Schiphol eliminates child labour	Schiphol does not conclude employment agreements with people under the age of 18 Procurement regulations
6. Schiphol eliminates discrimination based on profession	Equal remuneration for men and women Code of Conduct on Undesirable Behaviour Integrity Committee Procurement regulations
Environment	
7. Schiphol focuses on environmental challenges as a precautionary measure	Climate-friendly aviation Accessibility and air quality Commodity shortages theGROUNDS ACI ACA benchmark Climate KIC SIM Innovative Mainport Alliance Knowledge and Development Center (KDC) Procurement regulations
8. Schiphol takes initiatives to enhance responsibility for the environment	Climate-friendly aviation Accessibility and air quality Commodity shortages theGROUNDS ACI ACA benchmark Climate KIC SIM Innovative Mainport Alliance Knowledge and Development Center (KDC) Schiphol Quality of Life Foundation Local Community Contact Centre Schiphol (Bas) Procurement regulations
9. Schiphol promotes the development and introduction of environmentally friendly technologies	Climate-friendly aviation Accessibility and air quality Commodity shortages theGROUNDS ACI ACA benchmark Climate KIC SIM Innovative Mainport Alliance Knowledge and Development Center (KDC)
Anticorruption	
10. Schiphol combats all forms of corruption, including bribery and extortion	Code of conduct Internal Reporting Regulations Purchasing Regulations Integrity Committee

Assurance report

Independent Auditor's Assurance Report

To the readers of the Annual Report 2014 of N.V. Luchthaven Schiphol

Conclusion
We have reviewed the socio-economic reporting in the sections 'Stakeholders and materiality', pages 46-57 of 'Our results' and 'Socio-economic accountability' of the Annual Report 2014 (hereafter: 'the socio-economic reporting') of N.V. Luchthaven Schiphol (further 'Schiphol Group').

Based on our review, nothing has come to our attention to indicate that the socio-economic reporting is not fairly presented, in all material respects, in accordance with the G4 Guidelines of the Global Reporting Initiative.

We also report, to the extent we can assess, that the information on socio-economic matters in the rest of the Annual Report 2014 is consistent with the information in the socio-economic reporting.

Basis for our conclusion
We conducted our review engagement in accordance with the Dutch Standard 3810N: "Assurance engagements relating to sustainability reports". Our responsibilities under Standard 3810N and procedures performed have been further specified in the paragraph titled 'Our responsibility for the review of the socio-economic reporting'.

We do not provide any assurance on the achievability of the objectives, targets and expectations of Schiphol Group.

We are independent of Schiphol Group in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (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 assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Key review matters
Key review matters are those matters that, in our professional judgment, were of most significance in our review of the socio-economic reporting. We have communicated the key review matter to Schiphol Group. The key review matter is not a comprehensive reflection of all matters discussed. This review matter was addressed in the context of our review of the socio-economic reporting as a whole and in forming our conclusion thereon, and we do not provide a separate conclusion on this matter.

Attention for the completeness of material aspects
Risk
To ensure that Schiphol Group's stakeholders are able to base their decisions on the information provided, all material aspects must be included in the socio-economic reporting. This was a key point in our review in view of Schiphol Group's transition to the G4 Guidelines of the Global Reporting Initiative, in which materiality takes a central position.

Response
We have reviewed Schiphol Group's process for determining material topics by conducting interviews and reviewing relevant documentation of Schiphol Group. We also conducted an analysis of possible material topics for Schiphol Group, which included a media search and a peer review. A reconciliation of the results of our analysis with those of Schiphol Group has been discussed with Schiphol Group

Responsibilities of the Management Board for the socio-economic reporting
The Management Board is responsible for the preparation and fair presentation of the socio-economic reporting in accordance with the G4 Guidelines of the Global Reporting Initiative. It is important to view the socio-economic reporting in the context of these criteria. As part of this, the Management Board is responsible for such internal control as it determines is necessary to enable the preparation of the socio-economic reporting that is free from material misstatement, whether due to fraud or error.

The Supervisory Board is responsible for overseeing Schiphol Group's reporting process.

Our responsibility for the review of the socio-economic reporting

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

Procedures performed to obtain a limited level of assurance are aimed at determining the plausibility of information and are less extensive than those for a reasonable level of assurance.

The following procedures were performed:

- conducting a risk analysis, including a media search, in order to deepen our understanding of relevant issues for Schiphol Group in the reporting period;
- evaluating the suitability of the internal reporting guidelines;
- evaluating the design and implementation of the systems and processes for collecting and processing the information in the socio-economic reporting;
- interviewing relevant staff responsible for the strategy, policies, communication, implementation and reporting in relation to socio-economic matters;
- interviewing relevant staff responsible for providing the information for the socio-economic reporting;
- evaluating internal and external documentation, based on sampling, to determine whether the information in the socio-economic reporting is supported by sufficient evidence;
- site visits to Amsterdam Airport Schiphol, Eindhoven Airport and Rotterdam-The Hague Airport to evaluate the design and implementation of controls and validation procedures at local level.

During the assurance process we discussed the necessary changes in the socio-economic reporting and reviewed the final version of the socio-economic reporting to ensure that it reflects our findings.

Amstelveen, 18 February 2015
KPMG Accountants N.V.

E. Eeftink RA

Financial Statements

Contents

Consolidated financial statements

Company financial statements

Consolidated statement of income for the year ended 31 December 2014

(in thousands of euros)	Note	2014	2013[1]
Revenue	1	**1,473,917**	1,364,055
Sales of property		**3,101**	180
Cost of sales of property		**-1,918**	-
Result on sales of property	2	**1,183**	180
Fair value gains and losses on property	3	**-2,382**	3,029
Other income from property		**-1,199**	3,209
Cost of outsourced work and other external costs	4	**630,138**	603,634
Employee benefits	5	**188,426**	185,509
Depreciation, amortisation and impairment	6	**232,323**	265,714
Other operating expenses	7	**18,735**	7,214
Total operating expenses		**-1,069,622**	-1,062,071
Operating profit		**403,096**	305,193
Financial income		**14,540**	12,897
Financial expenses		**-100,131**	-102,844
Financial income and expenses	29	**-85,591**	-89,947
Share of results of equity-accounted associates and joint ventures	13	**27,360**	60,892
Profit before income tax		**344,865**	276,138
Income tax	12	**-71,281**	-45,354
Profit		**273,584**	230,784
Attributable to:			
Non-controlling interests		**1,689**	3,292
Shareholders (net result)		**271,895**	227,492
Earnings per share (in euros)		**1,461**	1,222

1 Comparative figures have been restated due to adoption of IFRS 11

Consolidated statement of comprehensive income for the year ended 31 December 2014

(in thousands of euros)	Note	2014	2013[1]
Result		**273,584**	230,784
Foreign operations – foreign currency translation differences	21	**7,723**	-18,565
Changes in fair value on hedge transactions	21	**17,310**	6,596
Share in total result associates after taxes	13	**-15,990**	1,375
Other comprehensive income, net of tax, to be reclassified to profit or loss in subsequent periods:		**9,043**	-10,594
Remeasurements of defined benefit liability	24	**-3,670**	-480
Other comprehensive income, net of tax, not to be reclassified to profit or loss in subsequent periods:		**-3,670**	-480
Total comprehensive income		**278,957**	219,710
Attributable to:			
Non-controlling interests		**1,689**	3,445
Shareholders (net result)		**277,268**	216,265

1 Comparative figures have been restated due to adoption of IFRS 11

Consolidated statement of financial position as at 31 December 2014

(in thousands of euros)	Note	31 December 2014	31 December 2013[1]	1 January 2013[1]
Non-current assets				
Intangible assets	8	**74,199**	38,039	37,226
Assets used for operating activities	9	**2,498,769**	2,449,417	2,478,217
Assets under construction or development	10	**539,019**	350,879	303,316
Investment property	11	**1,200,607**	974,858	927,150
Deferred tax assets	12	**198,034**	200,139	266,453
Equity-accounted associates and joint ventures	13	**796,922**	870,495	849,679
Loans to associates	14	**60,511**	-	80,192
Other non-current receivables	15	**43,705**	44,734	69,896
		5,411,766	**4,928,561**	**5,012,129**
Current assets				
Loans to associates	14	**-**	59,543	-
Trade and other receivables	17	**202,565**	219,130	201,001
Current income tax assets	12	**20,749**	11,585	-
Cash and cash equivalents	18	**177,663**	482,182	437,353
Assets held for sale	16	**17,416**	-	4,394
		418,393	**772,440**	**642,748**
		5,830,159	**5,701,001**	**5,654,877**

1 Comparative figures have been restated due to adoption of IFRS 11

(in thousands of euros)	Note	31 December 2014	31 December 2013[1]	1 January 2013[1]
Equity and liabilities				
Issued share capital	19	**84,511**	84,511	84,511
Share premium	19	**362,811**	362,811	362,811
Retained profits	20	**3,084,111**	2,948,497	2,829,370
Other reserves	21	**-106,401**	-111,774	-100,547
Equity attributable to owners of the Company		**3,425,032**	**3,284,045**	**3,176,145**
Non-controlling interests	22	**27,631**	25,221	21,998
Total equity		**3,452,663**	**3,309,266**	**3,198,143**
Non-current liabilities				
Borrowings	23	**1,800,360**	1,401,206	1,581,109
Employee benefits	24	**39,532**	35,475	33,668
Other provisions	25	**17,484**	10,658	13,509
Deferred tax liabilities	12	**16,369**	14,441	14,085
Other non-current liabilities	26	**170,142**	160,656	262,579
		2,043,887	**1,622,436**	**1,904,950**
Current liabilities				
Borrowings	23	**4,957**	420,146	150,329
Current income tax liabilities	12	**1,374**	-	-
Trade and other payables	27	**320,165**	349,153	401,455
Liabilities held for sale	16	**7,113**	-	-
		333,609	**769,299**	**551,784**
		5,830,159	**5,701,001**	**5,654,877**

1 Comparative figures have been restated due to adoption of IFRS 11

Consolidated statement of changes in equity

(in thousands of euros)	Note	Issued share capital	Share Premium	Retained profits	Other reserves	Non-controlling interests	Total
		Attributable to shareholders					
Balance as at 1 January 2013		**84,511**	**362,811**	**2,829,370**	**- 100,547**	**21,998**	**3,198,143**
Profit after income tax		-	-	227,492	-	3,292	**230,784**
Other comprehensive income	21	-	-	-	- 11,227	153	**- 11,074**
Comprehensive income		-	-	227,492	- 11,227	3,445	**219,710**
Dividend paid	20	-	-	- 108,365	-	- 222	**- 108,587**
Balance as at 31 December 2013		**84,511**	**362,811**	**2,948,497**	**- 111,774**	**25,221**	**3,309,266**
Profit after income tax		-	-	271,895	-	1,689	**273,584**
Other comprehensive income	21	-	-	-	5,373	-	**5,373**
Comprehensive income		-	-	271,895	5,373	1,689	**278,957**
Acquisition of NCI without a change in control	22	-	-	- 932	-	932	**-**
Dividend paid	20	-	-	- 135,349	-	- 211	**- 135,560**
Balance as at 31 December 2014		**84,511**	**362,811**	**3,084,111**	**- 106,401**	**27,631**	**3,452,663**

	dividend for 2013, paid in 2014	dividend for 2012, paid in 2013
Dividend attributable to shareholders (in euros)	**135,349,823**	108,365,000
Average number of shares in issue during the year	**186,147**	186,147
Dividend per share (in euros)	**727**	582

Consolidated statement of cash flow for 2014

(in thousands of euros)	Note	2014	2013[1]
Cash flow from operating activities			
Cash flow from operations	30	652,036	546,458
Income tax paid		- 57,827	- 31,272
Interest paid		- 116,552	- 98,111
Interest received		3,718	4,133
Dividends received		26,889	41,049
Cash flow from operating activities		**508,264**	**462,257**
Cash flow from investing activities			
Investment in intangible assets	8	- 12,134	- 12,604
Investment in property, plant and equipment	10	- 383,880	- 310,835
Finance lease investments property, plant and equipment		-	2,801
Proceeds from disposals of investment property	2	-	180
Proceeds from disposals of property, plant and equipment		105	280
Acquisition of subsidiary, net of cash acquired	13	- 18,812	-
Sale of subsidiaries	13	5,932	-
Share capital contributions to associates	13	- 1,442	- 1,161
Repayment on other loans		133	131
New other loans		-	- 222
Cash flow from investing activities		**- 410,098**	**- 321,430**
Free cash flow		**98,166**	**140,827**
Cash flow from financing activities			
Proceeds from borrowings	23	379,970	271,677
Repayment of borrowings	23	- 607,326	- 191,156
Settlement derivative financial instruments		- 32,528	- 62,709
Dividend paid	20	- 135,560	- 108,587
Other non-current liabilities paid		-	- 2,180
Finance lease instalments paid		- 1,735	- 2,893
Cash flow from financing activities		**- 397,179**	**- 95,848**
Net cash flow		**- 299,013**	**44,979**
Opening balance of cash and cash equivalents	18	482,182	437,353
Net cash flow		- 299,013	44,979
Exchange and translation differences		84	- 150
Closing balance of cash and cash equivalents		**183,253**	**482,182**
Cash and cash equivalents from continuing operations	18	177,663	482,182
Cash and cash equivalents held for sale	16	5,590	-
		183,253	**482,182**

1 Comparative figures have been restated due to adoption of IFRS 11

Notes to the consolidated financial statements

General information

N.V. Luchthaven Schiphol is a public limited liability company (two-tier status company) with its registered office in the municipality of Haarlemmermeer at Evert van de Beekstraat 202, 1118 CP, Schiphol, Netherlands. N.V. Luchthaven Schiphol trades under the name of Schiphol Group.

Schiphol Group is an airport business with Amsterdam Airport Schiphol as its main airport. It wishes to create sustainable value for its stakeholders, taking account the wide range of their interests. The core values of reliability, efficiency, hospitality, inspiration and sustainability play a central role in how it conducts business. Schiphol Group's mission is Connecting the Netherlands: Amsterdam Airport Schiphol aims to be and remain Europe's Preferred Airport: the airport that is valued for its quality, capacity and extensive network of destinations and that wishes to serve travellers, airlines and handlers as efficiently as possible, with a well-positioned airport and modern facilities.

On 18 February 2015 the Supervisory Board approved the financial statements as prepared by the Management Board. The Management Board will submit the financial statements for adoption to the General Meeting of Shareholders to be held on 8 April 2015.

This document is a translation of the Dutch original. In the case of any discrepancies between the English and the Dutch text, the latter will prevail.

Accounting policies

Schiphol Group's accounting policies on consolidation, measurement of assets and liabilities and determination of results are set out below. These policies are in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Commission, and are applied consistently to all the information presented. The applicable statutory provisions on annual reporting included in Part 9, Book 2 of the Netherlands Civil Code have also been complied with. Schiphol Group applies the historical cost convention for measurement, except for land and buildings in the investment property portfolio and derivative financial instruments, which are recognised at fair value.

New and amended standards that are mandatory with effect from 2014

Schiphol Group has applied the following new or amended standards and interpretations, which have a significant influence on the disclosures or financial information in these financial statements, since 1 January 2014:

- IFRS 10 Consolidated Financial Statements and amendments to IAS 27 Consolidated and Separate Financial Statements
- IFRS 11 Joint Arrangements and amendments to IAS 28, Investments in Associates and Joint Ventures
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 36 Impairment of Assets
- Amendments within the framework of the Annual Improvements Project 2011-2013 (effective since 1 July 2014).

The application of IFRS 10 (change in the definition of control) has not resulted in a change to the consolidation base.

As a result of applying IFRS 11 Joint Arrangements, interests in joint ventures are no longer consolidated proportionally. In accordance with IFRS 11, the equity method has been applied for this purpose since 2014. The comparative figures have been adjusted accordingly. The effect of the adjustments on the income statement and balance sheet is as follows:

(in thousands of euros)	2013 restated	2013 reported
Revenue	1,364,055	1,382,069
Other income from property	3,209	2,726
Total operating expenses	-1,062,071	-1,064,097
Operating result	305,193	320,698
Financial income and expenses	- 89,947	- 94,822
Share in results of associates and joint ventures	60,892	50,553
Result before tax	**276,138**	**276,429**
Corporate income tax	- 45,354	- 45,645
Result	**230,784**	**230,784**

(in thousands of euros)	31 December 2013 restated	Effect	31 December 2013 reported
Assets			
Non-current assets	**4,928,561**	- 121,708	5,050,269
Current assets	**772,440**	- 4,984	777,424
Total assets	**5,701,001**	**- 126,692**	**5,827,693**
Equity and liabilities			
Shareholders' equity	**3,309,266**	-	3,309,266
Non-current liabilities	**1,622,436**	- 119,077	1,741,513
Current liabilities	**769,299**	- 7,615	776,914
Total equity and liabilities	**5,701,001**	**- 126,692**	**5,827,693**

(in thousands of euros)	January 1, 2013 restated	Effect	January 1, 2013 reported
Assets			
Non-current assets	**5,012,129**	- 94,119	5,106,248
Current assets	**642,748**	- 37,846	680,594
Total assets	**5,654,877**	**- 131,965**	**5,786,842**
Equity and liabilities			
Equity	**3,198,143**	-	3,198,143
Non-current liabilities	**1,904,950**	- 122,026	2,026,976
Current liabilities	**551,784**	- 9,939	561,723
Total equity and liabilities	**5,654,877**	**- 131,965**	**5,786,842**

As a result of applying IFRS 12 Disclosure of Interests in Other Entities, Schiphol Group has expanded its disclosures on associates and joint arrangements.

New standards and amended standards that are mandatory with effect from 2015 or later

Schiphol Group has not voluntarily applied in advance new or amended standards or interpretations that will not be mandatory until the 2015 financial year or later. Schiphol Group is currently examining the consequences of the following new standards and interpretations and amendments to existing standards, the application of which is mandatory as from the 2015 financial year or later, as stated below. The following amendments have not yet been adopted by the European Union:

- IFRS 9 Financial instruments (effective as of 1 January 2018)
- IFRS 14 Regulatory deferral accounts (effective as of 1 January 2016)
- IFRS 15 Revenue from contracts with customers (effective as of 1 January 2017)
- IAS 27 Amendments: Equity method in separate financial statements (effective as of 1 January 2016)
- IAS 16 and IAS 41 Amendments: Bearer plants (effective as of 1 January 2016)
- IFRS 10 and IAS 28 Amendments: Sale or contribution of assets between an investor and its associate or joint venture (effective as of 1 January 2016)
- IAS 16 and IAS 38 Amendments: Clarification of acceptable methods of depreciation and amortisation (effective as of 1 January 2016)
- IFRS 10, IFRS 12 and IAS 28 Consolidation exemption for investment companies (effective as of 1 January 2016)
- IFRS 1 Disclosure initiative (effective as of 1 January 2016)
- IFRS 11 Amendments: Accounting for acquisitions of interests in joint operations (effective as of 1 January 2016)
- Amendments within the framework of the Annual Improvements Project 2012-2014 (effective since 1 January 2016).

Intangible assets

Intangible assets include the cost of purchased goodwill, contract-related assets and software. Goodwill arising on the acquisition of subsidiaries is recognised under intangible assets. Goodwill arising on the acquisition of associates and joint ventures is recognised as part of the carrying amount of the associate and joint ventures, using the equity method. The initial carrying amount of goodwill is subsequently reduced by accumulated impairment losses. Goodwill is not amortised. Goodwill is allocated to the cash-generating unit (subsidiary, joint venture or associate) to which it relates. This allocation is explained in greater detail in the note on intangible assets.

Contract-related assets concern the interest in JFKIAT acquired upon the acquisition of activities from third parties. These contracts are measured at fair value on the acquisition date less accumulated amortisation and impairment. Contracts are amortised over the remaining contract period.

Software includes software licences and internally developed ICT applications. Internally developed software is capitalised at the cost of internal and external hours spent on the development and implementation stages of ICT projects as recorded on the time sheets. Time spent in the proposal and definition stages is not capitalised. Software is amortised on a straight-line basis over its useful life.

See section *8. Intangible assets* for a more detailed numerical explanation.

Assets used for operating activities

In accordance with IAS 16 Property, Plant and Equipment, assets used for operating activities include runways, taxiways, aprons, car parks, roads, buildings, installations and other assets. These assets are recognised at historical cost less investment grants received, straight-line depreciation and impairment losses. Subsequent expenditure is added to the carrying amount of these assets if it is probable that Schiphol Group will derive future economic benefits and the amount can be measured reliably.

Assets used for operating activities, with the exception of land, are depreciated on a straight-line basis over the useful life of the asset concerned, which depends on its nature and its components. Useful lives and residual values are re-evaluated each year-end.

The net result on the disposal of assets used for operating activities is recognised in the income statement as revenue from other activities.

Day-to day maintenance expenses are recognised in the income statement and planned major maintenance of a long-term nature is capitalised.

See section *9. Assets used for operating activities* for a more detailed numerical explanation.

Assets under construction or development

All capital expenditure, except for that relating to intangible assets, is initially recognised as assets under construction or development, if it is probable that the Group will derive future economic benefits and the amount can be measured reliably. There are three categories of these assets:

- *(a)* assets under construction or development for future operating activities;
- *(b)* assets under construction or development as future investment property;
- *(c)* assets under construction or development by order of third parties.

Assets under construction or development for future operating activities (only category a) are measured at historical cost including:

- borrowing costs during construction of all capital projects, i.e. interest payable to third parties on borrowings attributable to the project;
- time charged at cost to capital projects by Schiphol Group employees during the construction stage.

Assets under construction or development for future operating activities are not depreciated although it may be necessary to recognise impairment losses. The same applies to assets under construction or development as future investment property (category b) until the time that the fair value can be measured reliably. After that, these assets are recognised at fair value through profit or loss under ‘fair value gains and losses on property’.

When the assets of category a are handed over and ready for use, they are transferred at historical cost to ‘assets used for operating activities’, which is also when the straight-line depreciation at the expense of the income statement commences. Assets of category b are transferred on completion to ‘investment property’ at fair value. See the accounting policies for these items for the way in which investment property is subsequently recognised.

Assets under construction or development by order of third parties (category c) are recognised using the percentage-of-completion method. Revenue and costs relating to such assets are recognised in the income statement under ‘sales of property’ and ‘cost of sales of property’ respectively, in proportion to the completion stage of the project activities on the reporting date.

See section *10. Assets under construction or development* for a more detailed numerical explanation.

Investment property

Investment property is recognised at fair value in accordance with IAS 40 Investment Property, even while it forms part of the assets under construction or development, only if the fair value can be measured reliably at that time. If this is not possible, the property is recognised at historical cost. On completion, the property is transferred at fair value to ‘investment property’. Any difference between the fair value and the historical cost is recognised in the income statement under ‘fair value gains and losses on property’.

Property purchased from outside the Group is initially recognised at cost. Expenditure after property has been commissioned is capitalised if it can be measured reliably and it is probable that future economic benefits will flow to Schiphol Group. Other expenditure is recognised immediately in the income statement.

All of the properties in the portfolio are appraised at least once a year by independent valuers. To avoid double counting, the fair value of investment property as presented in the balance sheet takes account of the lease incentives included in the balance sheet. Gross rental revenues from operating leases are recognised on a time-proportionate basis over the period of the lease. Rent holidays, discounts on rent and other lease incentives are recognised as an integral part of the gross rental revenues. Service charges relate to the costs of energy, concierges, maintenance and so forth which may be passed on to the tenant under the lease. The portion of the service charges not passed on relates chiefly to property investments which have not been let and is recognised in the income statement. The costs and cost charges are not presented separately in the income statement.

Land in the investment property portfolio is measured at fair value. Land is appraised based on in-house valuations and by independent external valuers. A different part of the land positions is appraised by independent external valuers each year. The market value of land let on long lease is calculated by discounting the value of the future annual ground rents and the residual value under the contracts concerned (DCF method).

Fair value gains and losses on investment property are recognised in the statement of income in the year in which they arise. Gains or losses realised on disposal of assets, i.e. differences between carrying amount and net selling price, are recognised through the income statement. Investment property is not depreciated.

See section *11. Investment property* for a more detailed numerical explanation.

Depreciation and amortisation
Intangible assets and assets used for operating activities are amortised and depreciated on a straight-line basis according to the schedule below. Goodwill is not amortised and no depreciation is charged on investment property, assets under construction or land. The section under *Critical judgements and estimates* contains information about the adjustment to the estimated useful life.

Intangible assets	
Contract-related assets	33 years
ICT hours charged to application development	5 years
Software licences	5 years

Assets used for operating activities	
Runways and taxiways	15-60 years
Aprons	30-60 years
Paved areas etc.:	
- Car parks	30 years
- Roads	30 years
- Tunnels and viaducts	40 years
- Drainage systems	40 years
Buildings	20-60 years
Installations	5-30 years
Other assets	5-20 years

See section *6. Depreciation, amortisation and impairment* for a more detailed numerical explanation.

Impairments
The carrying amounts of non-current assets are tested periodically against their recoverable amounts if there are indications of impairment. Goodwill is tested annually, regardless of such indications. The recoverable amount is the higher of an asset's net realisable value and its value in use. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Value in use is the present value of the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. These tests are performed at cash-generating unit level, with Aviation and Consumer Products & Services treated as a single cash-generating unit. If the recoverable amount is lower than the carrying amount, the difference is recognised as an impairment loss in the statement of income and the carrying amount of the asset is reduced to the recoverable amount. Where applicable, the straight-line depreciation over the remaining useful life of the asset concerned is adjusted accordingly. If circumstances indicate the need to reverse an impairment loss, the carrying amount of the asset is increased to the recoverable amount. Impairment losses on goodwill purchased on the acquisition of subsidiaries and joint ventures are not reversed.

See section *6. Depreciation, amortisation and impairment* for a more detailed numerical explanation.

Subsidiaries, associates and joint arrangements
(a) General
Where necessary, the accounting policies of subsidiaries, associates and joint arrangements are adjusted to be in line with the Schiphol Group accounting policies.
See section *13. Associates and joint ventures* for a more detailed numerical explanation.

(b) Subsidiaries
The financial information of N.V. Luchthaven Schiphol and its subsidiaries is fully consolidated. Subsidiaries are those companies in which N.V. Luchthaven Schiphol has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The other shareholders' share in consolidated equity and results is presented in the balance sheet as non-controlling interests (part of equity) and in the income statement as profit after income tax attributable to non-controlling interests. The results of subsidiaries acquired in the course of the year are consolidated from the date on which the company gains control. The financial information relating to subsidiaries disposed of in the course of the year continues to be included in the consolidation up to the date on which control ceases. In the event the company loses control of a subsidiary while retaining a financial interest, all assets and liabilities are deconsolidated and the remaining interest is initially recognised at fair value. The remaining difference is recognised in the income statement.

(c) Associates
An associate is an entity over which the company has significant influence. Investments in associates are recognised using the equity method, meaning that the investment is initially recognised at cost and subsequently adjusted for the company's post-acquisition share in the change in the associate's net assets. The carrying amount of these investments in associates includes purchased goodwill. The company's share in the results of associates over which it has significant influence is recognised in the statement of income (share in results of associates). The cumulative movement in the net assets of associates is recognised in proportion to Schiphol Group's interest under the heading of investments in associates. The company ceases to recognise its share in the results of an associate in the income statement and its share in the net asset value of that associate immediately if this would lead to the carrying amount of the investment becoming negative and if the company has not entered into any commitments or made payments on behalf of the associate. Investments in associates are recognised as other financial interests from the date on which the company ceases to have significant influence or control.

(d) Joint arrangements
The financial data of entities that qualify as a joint arrangement are recognised as either joint ventures or joint operations, depending on the statutory and contractual rights and obligations stipulated by each individual investor. All existing contractual agreements qualify as joint ventures. Joint ventures are entities of which Schiphol Group and one or more other investors have joint control, and are measured on the basis of the equity method.

(e) Acquisition of subsidiaries, associates and joint arrangements
An acquisition of a subsidiary, an associate or a joint arrangement is accounted for according to the purchase method, under which the cost of such an acquisition is the sum of the fair values of the assets and liabilities transferred by the acquirer on the acquisition date, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. For acquisitions of associates and joint ventures this also includes the related transaction costs. The identifiable assets, liabilities and contingent liabilities acquired are initially measured at their fair value at the acquisition date. The excess of the cost of the acquisition over the company's interest in the net fair value of the acquired assets and liabilities is recognised as goodwill in the consolidated financial statements under intangible assets (in the case of subsidiaries) or as part of the carrying amount in the case of associates and joint ventures. If the net fair value exceeds cost, the difference is recognised immediately in the income statement. Costs relating to an acquisition of a subsidiary are recognised directly in the income statement.

(f) Eliminations
Transactions between the company and its subsidiaries, associates and joint arrangements are eliminated, in the case of joint arrangements and associates in proportion to the company's interest in those entities, along with any unrealised gains and assets and liabilities arising out of them. Unrealised losses are also eliminated unless there are indications of impairment of the asset concerned.

Loans to associates and other loans
Loans to associates and other loans recognised under non-current receivables are initially measured at cost, being the fair value of the loans granted less transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and the carrying amount being amortised over the remaining term to maturity using the effective interest method.

See section *14. Loans to associates* for a more detailed numerical explanation.

Non-current receivables
In the case of prepaid ground leases, the amount paid to buy out the leasehold is included as a lease asset in the balance sheet and recognised as an expense in the statement of income in equal instalments over the lease term.

See section *15. Non-current receivables* for a more detailed numerical explanation.

Financial instruments, including derivative financial instruments
The company classifies financial instruments in the following categories: loans and receivables, fair value through profit or loss and assets held for sale. The company uses derivative financial instruments to hedge the risk of changes in future cash flows connected with periodic interest payments and repayments or funding resulting from movements in market interest rates and exchange rates. In addition, the company uses derivative financial instruments to a limited extent to hedge exchange rate risks incurred

on received dividends. The instruments used to hedge these risks are interest rate swaps and currency swaps.

Derivative financial instruments are initially recognised at fair value on the date when the derivative contract is concluded and then at the fair value at each reporting date. The method for recognition of the result depends on whether hedge accounting is applied and if so, if the hedging relationship is effective. A hedging relationship is effective if the actual effectiveness is within a bandwidth of 80% and 125%. If the hedging relationship is effective, hedge accounting is applied to those derivatives. In such cases the effective portion of fair value changes on derivative financial instruments is recognised in the hedge reserve, which is part of the equity. The non-effective part is recognised in the result. The cumulative amounts recognised in equity are recycled to the result in the same period in which the hedged transaction is recognised in the result.

At the inception of a hedge, the hedging relationship is formally documented. The effectiveness of hedging transactions is measured periodically to determine whether the hedge has been effective over the preceding period and whether it is probable that it will be effective over the period ahead.

If a hedging instrument expires, is sold, ends, is exercised or ceases to satisfy the hedge accounting criteria, hedge accounting is discontinued immediately. The fair value gains and losses accumulated up to that date continue to be carried in the hedging transactions reserve for as long as the initially hedged transaction is considered to be likely to occur, and are subsequently recognised in the statement of income simultaneously with the realisation of the hedged cash flow. If the initially hedged transaction is no longer deemed likely to occur, the gain or loss is recognised in the hedging reserve via the overall result in the statement of income.

See section *29. Management of financial risks and financial instruments* for a more detailed numerical explanation.

Inventories

Inventories are recognised at the lower of cost or net realisable value. The lower net realisable value is determined by an individual assessment of the inventories. Cost includes the purchasing costs of the product. The net realisable value is based on the expected selling price less the selling costs to be incurred.

Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any impairments. In view of the generally short period to maturity, the fair value and amortised costs of these items tend to be virtually identical to the face value.

See section *17. Trade and other receivables* for a more detailed numerical explanation.

Cash and cash equivalents

Cash and cash equivalents comprise current account credit balances with banks and deposits. Bank overdrafts are recognised in trade and other payables. Cash and cash equivalents are measured at fair value, which is normally the same as face value.

See section *18. Cash and cash equivalents* for a more detailed numerical explanation.

Assets and liabilities held for sale

Fixed assets or assets and liabilities that relate to a component that will be sold are presented separately as 'held for sale' if they are available for immediate sale and the sale is highly likely to occur within the next 12 months. The sale is highly likely if, on the reporting date, management has committed to detailed sales plans, is actively looking for a buyer and has set a reasonable selling price and the sale is highly likely to occur within a year.

Asset and liabilities falling into this category are measured at the lower of carrying value and fair value less costs to sell. Fixed assets held for sale are not depreciated.

See section *16. Assets and liabilities held for sale* for a more detailed numerical explanation.

Shareholders' equity

(a) Issued share capital

The issued share capital is the amount paid up on the shares issued, up to their nominal value.

See section *19. Issued share capital* for a more detailed numerical explanation.

(b) Share premium reserve

The share premium reserve is the amount paid up on the shares issued in excess of their nominal value.

(c) Retained earnings

Retained earnings are the net results (i.e. that part of the result attributable to shareholders) accumulated in previous years minus distributed dividends.

See section *20. Retained profits* for a more detailed numerical explanation.

(d) Other reserves

Other reserves comprise the foreign exchange differences reserve, the hedging transactions reserve, the reserve other comprehensive income for associates and the reserve for actuarial gains and losses.

The policies on the hedging transactions reserve are disclosed in ‘derivative financial instruments’. The policies on the exchange difference reserve are disclosed under (c) in the policy on ‘foreign currency’.

See section *21. Other reserves* for a more detailed numerical explanation.

Borrowings

This item relates to bonds, private placements and amounts owed to credit institutions. Borrowings are initially recognised at fair value less transaction costs, and subsequently measured at amortised cost, with differences between the redemption value and carrying amount being amortised over the remaining term to maturity using the effective interest method.

Borrowings expected to be repaid within a year of the reporting date are presented as current liabilities.

See section *23. Borrowings* for a more detailed numerical explanation.

Employee benefits

There are four categories of employee benefits:

- (a) short-term employee benefits;
- (b) post-employment benefits;
- (c) other long-term employee benefits;
- (d) termination benefits.

These categories are defined below along with brief descriptions of the Schiphol Group employee benefits falling into them.

(a) Short-term employee benefits

Short-term employee benefits are benefits payable within a year of the end of the year in which the employee rendered the service. Within Schiphol Group, this category includes wages and salaries (including holiday pay) and fixed and variable allowances, social security contributions, paid sick leave, profit sharing and variable short-term remuneration. The costs of these employee benefits are recognised in the income statement when the service is rendered or the rights to benefits are accrued (e.g. holiday pay).

(b) Post-employment benefits

These are employee benefits that may be due after completion of employment. They include pensions and other retirement benefits, job-related early retirement benefits, payment of healthcare insurance costs for pensioners and supplementary disability benefits. Schiphol Group's pension plan is administered by the Algemeen Burgerlijk Pensioenfonds (ABP). The pension plan is regarded as a group scheme involving more than one employer that qualifies as a defined-contribution plan because:

- the members bear the actuarial and investment risks practically in full;
- the affiliated employers have no supplementary obligation to make additional contributions in the event of a deficit at the ABP, nor are they entitled to any surpluses in addition to paying the premium set by the ABP;
- each year the premium is set by the ABP board on the basis of its own file date, with due regard for the prescribed parameters and requirements.

Accordingly, in measuring the obligations arising from the pension plan, Schiphol Group merely recognises the pension contributions payable as an expense in the income statement. In addition to the group pension plans mentioned above, one subsidiary applies a non-material defined-benefit plan, with actuarial results and remeasurements being recognised directly through other comprehensive income.

The other provisions for employee benefits covering job-related early retirement benefit, payment of healthcare insurance costs for pensioners and supplementary disability benefits are calculated according to actuarial principles and accounted for using the method described in 1–3 below. Accordingly, in measuring the obligations arising from the pension plan, Schiphol Group merely recognises the pension contributions payable as an expense in the income statement. In these cases, a net asset or liability is recognised in the balance sheet, comprising:

1. the present value of the defined-benefit obligation at the reporting date, measured using the projected unit credit method, under which the present value of the pension obligations for each member is determined on the basis of the number of active years of service prior to the reporting date, the estimated salary level at the expected date of retirement and the market interest rate;
2. less any past service cost not yet recognised. If, owing to changes in the pension plans, the expected obligations based on future salary levels with respect to prior years of service (past service costs) increase, the amount of the increase is not recognised in full in the period in which the rights are granted;
3. less the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

(c) Other long-term employee benefits

These are employee benefits which do not fall wholly due within a year of the end of the period in which the employees render the related service. At Schiphol Group, this includes long-term variable remuneration for the members of the Management Board and senior executives in charge of corporate staff departments and the business areas, supplementary income for employees in receipt of disability benefits, long-service awards, sustainable employment budget and paid sabbatical leave.

The long-term variable remuneration is performance-related remuneration which is conditional on the recipient having satisfied certain performance criteria (economic profit) cumulatively over a period of three years (the reference period) from the time of award of the variable remuneration. Payment is only made if the executive is still employed by the company at the end of that period. If the contract of employment is ended by agreement, the award is made on a pro rata basis. An estimate is made of the variable remuneration payable at the end of the three-year period at each year-end. A proportionate part is charged each year to the result for the relevant year during the reference period.

The expected costs of income supplements for employees in receipt of disability benefits are recognised in full in the statement of income from the date on which an employee is declared disabled. A provision for paid sabbatical leave entitlements is recognised in the balance sheet, the costs being recognised in the year in which the leave entitlements are granted. The costs are recognised in the year in which the associated sabbatical entitlement was granted.

The liabilities with respect to long-service awards and under other long-term employee benefits are measured at present value.

(d) Termination benefits
These are employee benefits payable as a result of either a decision by Schiphol Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. Benefits under the scheme supplementing the statutory amount of unemployment benefit are an example of a termination benefit. The costs are recognised in full in the income statement as soon as such a decision is made.

Benefits are recognised at the present value of the obligation.

See section *24. Employee benefits* for a more detailed numerical explanation.

Other provisions
Provisions are made for legally enforceable or constructive obligations existing on the reporting date when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Other provisions are included at the present value of the obligation, if the effect of the time value of money is material and can be measured reliably.

See section *25. Other provisions* for a more detailed numerical explanation.

Other non-current liabilities
In the case of surrendered ground rents, the amount paid to buy out the leasehold is included as a lease liability in the balance sheet and recognised as income in the income statement in equal instalments over the lease term. This is a deferred liability arising from Schiphol Group being a lessor.

See section *26. Other non-current liabilities* for a more detailed numerical explanation.

Leases
(a) Classification
Assets where the company or one of its subsidiaries has beneficial ownership under a lease contract are classified as finance leases. The company, or a subsidiary, has beneficial ownership if substantially all the risks and rewards incidental to ownership are transferred to it. Leases where beneficial ownership of the asset remains with third parties are classified as operating leases. Whether a lease is a finance lease or an operating lease depends on the economic reality (substance of the transaction rather than the form of the contract).

(b) Schiphol Group as lessee in a finance lease
These assets are recognised as either assets used for operating activities or investment property. The borrowings associated with such lease contracts are accounted for as lease liabilities. The related assets and liabilities are initially recognised at the lower of the fair value of the leased assets and the present value of the minimum lease payments at the inception of the lease. The assets are depreciated, using a method consistent with that used for identical assets owned by the company. The depreciation period may be shorter if the lease term is shorter, if it cannot be extended and if ownership will not be obtained. The lease payments are apportioned between the finance charge and the reduction of the outstanding liability so as to present a constant periodic effective rate of interest on the remaining balance.

(c) Schiphol Group as lessee in an operating lease
Leases where beneficial ownership is held by a third party are only recognised as the lease payments in equal instalments, allowing for lease incentives, as expenses in the income statement.

(d) Schiphol Group as lessor in a finance lease
Assets leased out on a contract that qualifies as a finance lease are recognised in the balance sheet as a lease receivable at the present value of the minimum lease payments receivable at the inception of the lease. The lease payments receivable are apportioned between the finance income and the reduction of the outstanding receivable so as to present a constant periodic effective rate of interest on the remaining balance.

(e) Schiphol Group as lessor in an operating lease
Assets leased out on a contract that qualifies as an operating lease are recognised in the balance sheet and measured according to the type of asset. The lease payments receivable under such leases are recognised as income in equal instalments, allowing for lease incentives, in the income statement.

Trade and other payables
The trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. In view of the generally short period to maturity, the fair value and amortised costs of these items tend to be virtually identical to the face value.

See section *27. Trade and other payables* for a more detailed numerical explanation.

Total revenue

Many of Schiphol Group's activities generate revenue that qualifies as revenue from the provision of services (airport charges, concession fees, rents and leases and parking charges). This revenue is recognised in proportion to the service supplied at the reporting date, provided that the result can be reliably estimated. Revenue is measured at the fair value of the fees received or to be received. Revenue from retail sales is generated by the sales of goods and is recognised when these transactions take place.

Surpluses and deficits eligible for settlement under the Aviation Act are not presented as assets or liabilities, but are settled in future airport charge rates.

Total revenue represents the income from the services provided less discounts and tax (VAT and excise duty). Revenue equals total revenue less the revenue from intra-group transactions.

See section *1. Revenue* for a more detailed numerical explanation.

Financial income and expenses

Interest income and expense is recognised on a time-proportionate basis that takes into account the effective yield on the loans granted or liabilities. Royalties are recognised on an accrual basis. Dividends are recognised when Schiphol Group's right to receive payment is established.

See section *29. Management of financial risks and financial instruments* for a more detailed numerical explanation.

Income tax

Income tax on the result represents income tax payable and recoverable and deferred tax for the reporting period. These are computed on the basis of applicable tax rates and laws. Income taxes include all taxes based on taxable profits and losses including non-deductible taxes payable by subsidiaries, associates or joint ventures.

Income taxes are recognised in the income statement unless they relate to items credited or charged directly to equity or total revenue, in which case the tax is charged or credited directly to equity or total revenue.

Current tax payable or recoverable in respect of the reporting period is the tax that is expected to be paid on the taxable profit for the reporting period and adjustments to the tax payable for prior periods.

Deferred tax assets and liabilities are recognised in respect of temporary differences between the carrying amount of assets and liabilities according to tax rules and the accounting policies used in preparing these financial statements.

Deferred tax assets, including those arising from tax loss carry-forwards, are recognised if it is probable that there will be sufficient future taxable profits against which tax losses can be set off, allowing the assets to be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, associates, joint ventures and contract related intangible assets unless Schiphol Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. No deferred tax liabilities are recognised for:

1. temporary differences resulting from transactions that do not qualify as a takeover and do not influence the result for reporting purposes and for tax purposes at the time of the transaction; and
2. the initial recognition of goodwill.

The carrying amounts of deferred tax assets and liabilities are calculated at the tax rates expected to be applicable to the period in which an asset is realised or a liability is settled, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

See section *12. Income tax in the financial statements* for a more detailed numerical explanation.

Foreign currency

(a) Functional currency and presentation currency

The primary economic environment of Schiphol Group is the Netherlands and so the euro is both its functional currency and presentation currency. Financial information is presented in thousands of euros except where otherwise stated.

(b) Transactions, assets and liabilities

Transactions (capital expenditure, income and expenses) denominated in foreign currencies are accounted for at the settlement rate of exchange. Monetary assets and liabilities (receivables, payables and cash and cash equivalents) denominated in foreign currencies are translated at the rate prevailing on the reporting date. Exchange differences arising on translation and settlement of these items are recognised in the statement of income in financial income and expenses, with the exception of exchange differences on financial instruments denominated in foreign currencies against which derivative financial instruments are held with the object of hedging exchange risks on future cash flows. Exchange differences on these financial instruments are recognised directly in equity provided the hedge is determined to be highly effective. The ineffective portion is recognised in the income statement under financial income and expenses.

(c) Subsidiaries

Income and expenses denominated in foreign currencies are translated at the exchange rate on the transaction date, which in practice is usually approximated using an average exchange rate.

Assets and liabilities are translated at the rate prevailing on the reporting date. Goodwill and changes in fair value arising on the acquisition of investments in associates are treated as assets and liabilities of the entity concerned and are similarly translated at the rate prevailing on the reporting date. Exchange differences arising on the translation of balance sheets and income statements of subsidiaries, joint ventures and associates outside the euro zone are recognised directly in equity under the exchange differences reserve. On disposal of subsidiaries, joint ventures and associates outside the euro zone, the accumulated translation differences initially recognised in the exchange differences reserve are recognised in the income statement as part of the result on disposal.

Segment information
An operating segment is a clearly identifiable part of a company that engages in business activities with associated revenues, costs and operating results, and about which separate financial information is available that is regularly reviewed by the Management Board in order to assess the performance of the segment and make decisions about the resources to be allocated to it. Schiphol Group identifies fourteen operating segments, which have been combined into nine segments for reporting purposes in view of the size and characteristics of the operating segments. Group overhead costs are allocated to the segments largely on the basis of their relative share in the direct costs of Schiphol Group.

See section *Segment information* for a more detailed numerical explanation.

Cash flow statement
The cash flow statement is prepared using the indirect method.

See section *Consolidated statement of cash flow for 2014* and section *30. Cash flow from operations* for a more detailed numerical explanation.

Company statement of income
The option of presenting the company statement of income in abridged form pursuant to Section 402 of Book 2 of the Dutch Civil Code has been exercised.

See section *Company income statement for 2014* for a more detailed numerical explanation.

Critical judgements and estimates

The assumptions and estimates made in the financial statements often concern expected future developments. Since the actual developments may deviate from the assumptions used, the actual outcomes may significantly deviate from the current measurements of a number of items in the financial statements. As a result, the assumptions and estimates used may significantly influence Schiphol Group's equity and results. Assumptions and estimates used are tested periodically and adjusted where necessary. To a significant degree, these assumptions and estimates are based on past experience and on Schiphol Group's management's best estimate of specific circumstances which – in the management's view – apply in the given context. This section discusses the principal areas where the measurement of items is strongly influenced by the assumptions and estimates used.

Useful life, residual value and impairment of property, plant and equipment
The carrying value of property, plant and equipment is calculated on the basis of estimates of depreciation periods derived from the expected technical and useful life of the asset concerned, and residual values. The expected technical and useful life of the asset concerned and its estimated residual value may change under the influence of technological developments, market circumstances and changes in the use of the asset. These factors may also give rise to the need to recognise an impairment on assets.

Determining the useful life of assets
The estimated useful life of certain assets, mainly the baggage systems and the components that form part of those systems, was adjusted and extended in 2014. This reduced the depreciation expenses in 2014 with 15.2 million euros.

Determining the fair value of investment property and land positions
The fair value of buildings and land recognised under investment property is appraised each year by independent external valuers and on the basis of internal valuations. A different part of the land positions is appraised by independent external valuers each year. The best evidence of fair value are current prices in an active market for similar investment property. In the absence of such information, Schiphol Group determines the amount within a range of reasonable fair value estimates.

Impairment of goodwill and non-current assets
Goodwill is not amortised, but an annual impairment test is carried out to identify if there are any changes or events that could lead to an impairment of the goodwill. Other assets are tested in the event of any events or changes that call for an impairment test.

Capitalisation and allocation of costs to specific assets
All capital expenditures are initially recognised under assets under construction if they can be expected to generate future economic benefits. A distinction is made between operating activities and investment property. Operating activities can be subdivided into the following categories:

- Runways, taxiways and aprons
- Paved areas and roads
- Buildings
- Installations
- Other non-current assets

Taxes
When preparing the financial statements, Schiphol Group makes every effort to assess all relevant tax risks and process up-to-date tax

position details in the financial statements to the best of its ability. Evolving insights, for example following final tax assessments for prior years, can result in additional tax burdens or benefits, and new tax risks may arise. In the valuation of deferred tax assets, particularly those concerning differences between the values of property, plant and equipment for reporting and tax purposes in the financial statements, assumptions are made regarding the extent to which and the period within which such assets can be realised. This is done on the basis of business plans. In addition, when preparing the financial statements assumptions are made regarding temporary and permanent differences between the values for reporting and tax purposes. The actual situation may deviate from the assumptions used to determine deferred tax positions, due for instance to diverging insights and changes in tax laws and regulations.

The management programme for these tax risks (also known as the 'tax control framework') is part of Schiphol Group's overall risk management programme. This programme serves to identify tax risks and monitor internal control with the aim of mitigating the tax risks. Schiphol Group has also developed and implemented a tax planning framework. Tax risk management is facilitated by the central control department (Corporate Control) and is part of approved Management Board policy. This policy is based on Schiphol Group's aim to be a trustworthy taxpayer through the application of professional tax compliance procedures.

Calculation of provisions for employee benefits

The provision for post-employment benefits and other long-term employee benefits is determined on the basis of an actuarial calculation that relies on assumptions regarding future trends in, for example, salaries, statistically valid assumptions regarding mortality rates, the probability or resignation and the risk of disability. Given this complex of assumptions combined with the associated discount rate, the assumptions used influence the measurement of the provisions for employee benefits and the results.

Claims and litigations

Schiphol Group is the subject of various claims and litigations, which are part of its business operations. The Schiphol Group management assesses the claims and litigations instituted against it on the basis of facts and seeks legal advice when required. This involves subjective elements and projected outcomes. However, it is not possible to obtain certainty about the final outcome and any negotiations on claims and litigations.

Estimates

Further information is presented in the notes on these items. No other critical assumptions on measurement were made in applying the accounting policies except for those disclosed in the notes to the financial statements. Estimates and the related assumptions are based on management's experience and insights and developments in external factors which can be regarded as reasonable. Judgements and estimates are subject to change as facts and insights change and may be different in another reporting period. The differences in outcome are recognised through the balance sheet or income statement depending on the nature of the item. Actual results could differ from previously reported results based on estimates and assumptions.

Segment information

Schiphol Group has identified fourteen operating segments, which have been combined into nine reporting segments for reporting purposes.

The business area Aviation operates at Amsterdam Airport Schiphol and provides services and facilities to airlines, passengers and handling agents. The business area Aviation has been subdivided into two segments: Aviation and Security. Aviation generates most of its revenue from airport charges (charges related to aircraft and passengers) and concession fees (paid by oil companies for the right to provide aircraft refuelling services). The source of revenue for Security consists of airport charges (security-related charges).

The activities of the business area Consumer Products & Services consist of granting and managing concessions for shops and food service outlets (Concessions segment, generating revenue from concessions and leasing retail locations), operating car parks (Parking segment, generating revenue from parking charges) and shops, marketing advertising opportunities at Amsterdam Airport Schiphol and operating management contracts at airports outside the Netherlands (Other segment, generating revenue from retail sales, leasing advertising space and management fees respectively).

The business area Real Estate, which is also a segment, develops, manages, operates and invests in property at and around domestic and foreign airports. The major part of the portfolio, comprising both airport buildings and commercial properties, is located at and around Amsterdam Airport Schiphol. Sources of revenue include income from developing and letting land and buildings. The business area also makes a major contribution to Schiphol Group results with other income from property (sales, fair value gains or losses on property and granting long leases).

The business area Alliances & Participations comprises the Domestic Airports, Foreign Airports and Other Subsidiaries segments. Airport charges and parking charges are the main sources of revenue of the regional airports (Rotterdam The Hague, Eindhoven and Lelystad). The airports abroad contribute to the Group result through performance fees and dividends as accounted for in share in results, through the interest paid on loans and through intellectual property fees. This involves stakes in airports such as Aéroports de Paris S.A., Brisbane Airport Corporation Holdings Ltd and JFK IAT LLC (as a contract-related asset). Other subsidiaries include Schiphol Telematics and Utilities. Schiphol Telematics provides telecommunication services at and around the airport. Utilities generates revenue from the transmission of electricity and gas and from the supply of water.

Information relating to alliances specifically associated with a particular business area is presented under the segments of that business area. The information relating to other alliances is presented under the reporting segments of the business area Alliances & Participations.

The Management Board and Corporate Treasury review liabilities and financial income and expenditure at group level rather than segment level. Transactions between the segments are conducted at arm’s length.

Since Schiphol Group’s current activities are concentrated almost entirely in the Netherlands (approximately 99% of consolidated revenue in 2014), there is no geographical segmentation. Around 34% of revenue relates to one external customer and is generated primarily in the Aviation and Security segments.

2014	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
(in thousands of euros)					
Airport charges	807,834	-	-	56,031	**863,865**
Concessions	13,622	144,706	1,301	5,174	**164,803**
Rent and leases	97	17,874	160,447	3,729	**182,147**
Parking fees	-	86,284	4,079	15,282	**105,645**
Retail sales	-	82,246	-	3,053	**85,299**
Other activities	17,364	34,997	39,308	95,191	**186,860**
Total revenue	**838,917**	**366,107**	**205,135**	**178,460**	**1,588,619**
Intercompany revenue	- 1,163	- 32,366	- 25,953	- 55,220	**- 114,702**
Revenue	**837,754**	**333,741**	**179,182**	**123,240**	**1,473,917**
Fair value gains and losses on investment property	-	-	- 1,126	- 1,256	**- 2,382**
Depreciation and amortisation	- 163,322	- 26,563	- 19,649	- 18,587	**- 228,121**
Impairment	-	-	- 4,202	-	**- 4,202**
Operating result	110,365	181,479	78,580	32,672	**403,096**
Share in results of associates and joint ventures[1]	712	465	- 11,109	42,410	**32,478**
Total assets	2,473,351	332,398	1,969,140	1,055,270	**5,830,159**
Total non-current assets (excl. income tax)	2,213,073	297,419	1,761,921	941,319	**5,213,732**
Investments in associates and joint ventures	2,491	- 61	102,563	691,929	**796,922**
Capital expenditure	292,215	25,928	58,965	18,906	**396,014**

1 The share in results of associates and joint ventures includes the share in results of associates and joint ventures presented as such in the profit and loss account and the share of interest income and dividends presented as part of financial income and expenses that is attributable to investments in associates, lease receivables and other financial interests.

2013[1]	Aviation	Consumer Products & Services	Real Estate	Alliances & Participations	Total
(in thousands of euros)					
Airport charges	763,763	-	-	51,883	**815,646**
Concessions	12,727	148,931	1,054	4,389	**167,101**
Rent and leases	98	19,260	129,464	3,408	**152,230**
Parking fees	-	81,899	3,543	13,868	**99,310**
Retail sales	-	85,489	-	-	**85,489**
Other activities	16,727	30,372	10,902	92,374	**150,375**
Total revenue	**793,315**	**365,951**	**144,963**	**165,922**	**1,470,151**
Intercompany revenue	- 859	- 33,615	- 15,665	- 55,957	**- 106,096**
Revenue	**792,456**	**332,336**	**129,298**	**109,965**	**1,364,055**
Fair value gains and losses on investment property	-	-	3,370	- 341	**3,029**
Depreciation and amortisation	- 188,800	- 29,497	- 17,241	- 12,766	**- 248,304**
Impairment	-	-	- 17,410	-	**- 17,410**
Operating result	54,843	180,475	39,347	30,528	**305,193**
Share in results of associates and joint ventures[2]	328	-	9,364	56,175	**65,867**
Total assets	2,503,788	355,329	1,757,594	1,084,290	**5,701,001**
Total non-current assets (excl. income tax)	2,076,808	294,734	1,457,866	899,014	**4,728,422**
Investments in associates and joint ventures	3,143	1,167	119,615	746,570	**870,495**
Capital expenditure	160,192	54,358	88,581	20,308	**323,439**

1 Comparative figures have been restated due to adoption of IFRS 11

2 The share in results of associates and joint ventures includes the share in results of associates and joint ventures presented as such in the profit and loss account and the share of interest income and dividends presented as part of financial income and expenses that is attributable to investments in associates, lease receivables and other financial interests.

Aviation	Aviation		Security		Total	
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Airport charges	521,262	492,801	286,572	270,962	**807,834**	763,763
Concessions	13,622	12,727	-	-	**13,622**	12,727
Rent and leases	97	98	-	-	**97**	98
Other activities	16,277	15,546	1,087	1,181	**17,364**	16,727
Total revenue	**551,258**	**521,172**	**287,659**	**272,143**	**838,917**	**793,315**
Intercompany revenue	-883	-617	-280	-242	**-1,163**	-859
Revenue	**550,375**	**520,555**	**287,379**	**271,901**	**837,754**	**792,456**
Depreciation and amortisation	-123,285	-151,963	-40,037	-36,837	**-163,322**	-188,800
Operating result	105,297	51,880	5,068	2,963	**110,365**	54,843
Share in results of associates and joint ventures	712	328	-	-	**712**	328
Total assets	2,156,908	2,246,416	316,443	257,372	**2,473,351**	2,503,788
Total non-current assets (excl. income tax)	1,929,930	1,863,327	283,143	213,481	**2,213,073**	2,076,808
Investments in associates and joint ventures	2,491	3,143	-	-	**2,491**	3,143
Capital expenditure	192,058	112,912	100,157	47,280	**292,215**	160,192

Consumer Products & Services	Concessions		Parking		Other		Total	
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Concessions	140,818	145,133	3,888	3,798	-	-	**144,706**	148,931
Rent and leases	17,392	18,889	482	371	-	-	**17,874**	19,260
Parking fees	-	-	86,284	81,899	-	-	**86,284**	81,899
Retail sales	-	-	-	-	82,246	85,489	**82,246**	85,489
Other activities	305	397	1,690	2,135	33,002	27,840	**34,997**	30,372
Total revenue	**158,515**	**164,419**	**92,344**	**88,203**	**-**	**113,329**	**366,107**	**365,951**
Intercompany revenue	-30,489	-31,825	-1,199	-1,080	-678	-710	**-32,366**	-33,615
Revenue	**128,026**	**132,594**	**91,145**	**87,123**	**-678**	**112,619**	**333,741**	**332,336**
Depreciation and amortisation	-11,645	-15,413	-10,776	-9,638	-4,142	-4,446	**-26,563**	-29,497
Operating result	115,237	122,401	54,709	51,944	11,533	6,130	**181,479**	180,475
Share in results of associates and joint ventures	-	-	-	-	465	-	**465**	-
Total assets	136,421	136,387	180,855	199,449	15,122	19,493	**332,398**	355,329
Total non-current assets (excl. income tax)	122,065	113,129	161,823	165,436	13,531	16,169	**297,419**	294,734
Investments in associates and joint ventures	-	-	-	-	-61	1,167	**-61**	1,167
Capital expenditure	19,946	17,456	3,000	33,429	2,982	3,473	**25,928**	54,358

Real Estate	**Total**	
(in thousands of euros)	**2014**	**2013**
Concessions	**1,301**	1,054
Rent and leases	**160,447**	129,464
Parking fees	**4,079**	3,543
Other activities	**39,308**	10,902
Total revenue	**205,135**	**144,963**
Intercompany revenue	**-25,953**	-15,665
Revenue	**179,182**	**129,298**
Fair value gains and losses on investment property	**-1,126**	3,370
Depreciation and amortisation	**-19,649**	-17,241
Impairment	**-4,202**	-17,410
Operating result	**78,580**	39,347
Share in results of associates and joint ventures	**-11,109**	9,364
Total assets	**1,969,140**	1,757,594
Total non-current assets (excl. income tax)	**1,761,921**	1,457,866
Investments in associates and joint ventures	**102,563**	119,615
Capital expenditure	**58,965**	88,581

Alliances & Participations	**Foreign airports**		**Regional airports**		**Other subsidiaries**		**Total**	
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Airport charges	-	-	56,031	51,883	-	-	**56,031**	51,883
Concessions	-	-	5,174	4,389	-	-	**5,174**	4,389
Rent and leases	-	-	3,729	3,408	-	-	**3,729**	3,408
Parking fees	-	-	15,282	13,868	-	-	**15,282**	13,868
Retail sales	-	-	3,053	-	-	-	**3,053**	-
Other activities	14,503	9,588	4,238	5,082	76,450	77,704	**95,191**	92,374
Total revenue	**14,503**	**9,588**	**87,507**	**78,630**	**76,450**	**77,704**	**178,460**	**165,922**
Intercompany revenue	-70	-172	-1,329	-485	-53,821	-55,300	**-55,220**	-55,957
Revenue	**14,433**	**9,416**	**86,178**	**78,145**	**22,629**	**22,404**	**123,240**	**109,965**
Fair value gains and losses on investment property	-	-	-1,256	-341	-	-	**-1,256**	-341
Depreciation and amortisation	-5,452	-13	-6,791	-5,872	-6,344	-6,881	**-18,587**	-12,766
Operating result	6,482	5,645	15,547	15,227	10,643	9,656	**32,672**	30,528
Share in results of associates and joint ventures	42,160	56,171	-	-	250	4	**42,410**	56,175
Total assets	881,625	868,892	127,291	132,561	46,354	82,837	**1,055,270**	1,084,290
Total non-current assets (excl. income tax)	785,824	720,717	113,896	109,955	41,599	68,342	**941,319**	899,014
Investments in associates and joint ventures	690,666	720,392	-	-	1,263	26,178	**691,929**	746,570
Capital expenditure	1	5	11,928	16,667	6,977	3,636	**18,906**	20,308

Notes to the consolidated statement of income

1. Revenue

Airport charges

The activities of the Aviation business area (at Amsterdam Airport Schiphol) are regulated. This means, among other things, that the annual process of setting the airport charge rates is overseen by the Dutch Authority for Consumers and Markets (ACM) and that the aviation industry should be consulted as part of this process. When setting the aviation charges, the Aviation business area's profitability is also capped at an average weighted cost of capital for regulated assets; both must be determined in compliance with the Aviation Act. Under the Aviation Act, Schiphol Group must settle surpluses and deficits from specified income and expenses with the industry. In principle, a settlement will take place after after the respective financial year and the financial statements of the Aviation and Security reporting segments, in accordance with the Aviation Act and the applicable new airport charge rates. In accordance with the accounting policies, surpluses and deficits eligible for settlement in the airport charge rates are not yet presented as assets and liabilities in the balance sheet. The above procedure does not apply to the airport charges of Rotterdam, Eindhoven and Lelystad airports, which are accounted for in the Domestic Airports reporting segment. There was a shortage for the financial year 2013 of 0.2 million euros for the Aviation segment and a surplus of 0.9 million euros for the Security segment. This (net) surplus of 0.7 million euros will be included into the charges as from 1 April 2015. For the financial year 2014 a surplus of 35 million euros is expected. This surplus will be included into the charges in force from 1 April 2016.

(in thousands of euros)	2014	2013
Aircraft-related fees	206,614	199,017
Passenger-related fees	332,865	311,635
Security service charges	316,614	297,567
Aircraft parking fees	7,772	7,427
Total airport charges	**863,865**	**815,646**

Concessions

Schiphol Group's Concessions reporting segment, which is part of the Consumer Products & Services business area, has 104 concession contracts (2013: 99) for a range of commercial activities at Amsterdam Airport Schiphol.

A concession grants the holder non-exclusive rights to operate and manage a commercial activity in a specific location designated by Schiphol Group. The concession charges are calculated on a percentage scale of the sales generated by the concession holder. A separate contract is entered into with concession holders for the space, for which a fixed rent is payable. The concessions have a duration average of three to five years. At the reporting date, about 70% of the concessions had a remaining term of less than three years (2013: about 65%), about 12% had between three and five years to run (2013: about 23%) and about 18% had more than five years to run (2013: about 12%).

Revenue of 13.6 million euros from concessions included in the Aviation segment (12.7 million euros in 2013) and 3.9 million euros in the Parking segment (3.8 million euros in 2013) related to concession contracts for the third-party supply of aviation fuel and the use of drop-off roads by taxi and car rental services respectively.

(in thousands of euros)	2014	2014
Shops Retail Airside	67,234	70,745
Shops Plaza	6,470	5,813
Oilcompanies	13,326	12,430
Catering	29,311	28,444
Other	19,703	19,572
Intercompany revenue	28,759	30,097
Total concessions	**164,803**	**167,101**

Rents and leases

(in thousands of euros)	2014	2013
Investment property: buildings, including service charges	88,089	71,620
Investment property: land	25,347	23,964
Operating property, including service costs	43,442	44,359
Intercompany revenue	25,269	12,287
Total rent and leases	**182,147**	**152,230**

Occupancy in the Real Estate segment was 88.4% as at 31 December 2014 (86.3% as at 31 December 2013).

Approximately 5% of the leases (measured by income from rents and leases) expire within one year (6% in 2013), 49% between one and five years (46% in 2013) and 46% after more than five years (48% in 2013).

Property management fees divided into occupied and unoccupied buildings can be analysed expenses can be analysed as follows:

(in thousands of euros)	2014	2013
Occupied buildings	34,718	31,464
Unoccupied buildings	6,377	5,287
Total property management expenses	**41,095**	**36,751**

Within partially leased buildings the property management expenses have been apportioned on the basis of floor area.

Parking fees

(in thousands of euros)	2014	2013
Parking at Amsterdam Airport Schiphol:		
Short-stay car park	**44,061**	38,832
Long-stay car park	**25,700**	24,333
Business parking	**18,645**	21,378
	88,406	**84,543**
Parking at other locations	**15,283**	13,868
Intercompany revenue	**1,956**	899
Total parking charges	**105,645**	**99,310**

Parking at other locations relates to Rotterdam The Hague, Eindhoven and Lelystad airports and parking fees are included in the Domestic Airports segment.

Retail sales

Retail sales generated 85.3 million euros in 2014, of which 3.1 million was realised by Rotterdam The Hague Airport. Of this amount, 82.2 million euros (2013: 85.5 million euros) represents revenue from liquor, tobacco and chocolate sales. The related cost of sales of 40.4 million euros (41.2 million euros in 2013) is recognised under operating expenses in 'Cost of contracted work and other external costs'.

Other activities

The increase in other operating income is attributable to one-off effects of the acquisition of the remaining shares in AREB C.V. and the sale of the interest in Arlanda Schiphol Development Company A.B., which generated 5 million euros in sales proceeds. The acquisition of the remaining shares in AREB C.V. is explained in more detail under *13. Associates and joint ventures*.

(in thousands of euros)	2014	2013
Advertising	**19,065**	19,352
Services and activities on behalf of third parties	**19,248**	17,891
Electricity, gas and water	**6,945**	7,176
Other operating income	**82,228**	43,144
Intercompany revenue	**59,374**	62,812
Total other activities	**186,860**	**150,375**

2. Result on sales of property

The amount of 3.1 million euros recognised in 2014 under 'sales of property' mainly concerns the contribution of land to A4 Zone West C.V. This sales transaction did not result in a cash inflow, but was recognised as paid-in share premium in the company's equity. The result on sales of property amounts to 1.2 million euros and is mainly realised due to the aforementioned transaction.

3. Fair value gains and losses on property

(in thousands of euros)	2014	2013
New long leases granted	**-**	471
Fair value adjustments land	**755**	19,069
Fair value adjustments buildings	**- 3,137**	- 16,511
Total fair value gains and losses	**- 2,382**	**3,029**

The gains from granting new long leases were connected with the change in measurement of leasehold land from historical cost to fair value upon release. The market value is calculated by discounting the value of the future annual ground rents and the residual value under the contracts concerned (DCF method), using a discount rate based on the interest rate on Dutch government bonds plus a risk premium.

An assessment of the fair value of all the properties is assessed each year and adjusted as necessary includin any lease incentives granted. The resulting adjustments to fair value are included in market value adjustments for land and buildings. The assumptions applied in determining the market value are explained in section *11. Investment property*.

The fair value adjustment to buildings fell by 3.1 million in 2014. This is attributable to positive market developments and lower vacancy rates regarding logistics property and offices at A locations and, to negative market developments regarding property in other countries.

4. Outsourcing and other external costs

(in thousands of euros)	2014	2013
Cleaning	**31,082**	30,428
Security	**196,197**	191,302
Maintenance	**101,696**	95,330
Other subcontracted activities	**99,369**	91,217
Energy and water	**21,885**	24,674
Cost of retail sales	**40,383**	41,211
Contract staff	**20,206**	21,489
Commercial expenses	**25,868**	25,065
Insurance	**20,409**	18,780
Advisory and audit fees	**14,695**	11,962
Costs related to investments	**11,865**	6,077
Other expenses (such as general expenses, rents and leasing)	**46,483**	46,099
Total cost of outsourced work and other external costs	**630,138**	**603,634**

Auditor's fees

(in thousands of euros)	2014	2013
Audit of the financial statements	**662**	755
Other audit services	**437**	425
Tax advisory	**-**	243
Other non-audit services	**-**	25
Total auditor's fee	**1,099**	**1,448**

The auditor's fees were for activities carried out at Schiphol Group and the consolidated group companies by the audit firm as meant by Section 1(1) of the Audit Firms Supervision Act and represent the fees charged by the entire network of which the audit firm is part. The fees of KPMG Accountants N.V. were 1.0 million euros (2013: 1.2 million euros for PricewaterhouseCoopers Accountants N.V.) while the activities performed by other members of the KPMG network amounted to 0.1 million euros (2013: 0.2 million euros for PricewaterhouseCoopers Accountants N.V.).

5. Employee benefits

(in thousands of euros)	2014	2014
Short-term employee benefits	**150,748**	141,785
Post-retirement benefits	**23,361**	24,660
Other long-term employee benefits	**2,447**	3,627
Termination benefits	**1,158**	4,033
Other staff costs	**10,712**	11,404
Total employee benefits	**188,426**	**185,509**

(in thousands of euros)	2014	2013
Short-term employee benefits		
Salaries	**146,063**	139,978
Social charges	**14,879**	12,782
Internal hours capitalised	**- 10,194**	- 10,975
Total	**150,748**	**141,785**
Post-retirement benefits		
Pension charges (defined contribution plans)	**22,206**	23,261
Pension charges (defined benefit plans)	**119**	146
Early retirement benefits	**1,036**	1,253
Total	**23,361**	**24,660**
Other long-term employee benefits		
Long service bonuses	**641**	685
Long term management bonuses	**1,196**	1,244
Other employee benefits	**610**	1,698
Total	**2,447**	**3,627**

The average number of employees at N.V. Luchthaven Schiphol and its subsidiaries on a full-time equivalent basis was 2,039 (2013: 2,058).

The internal hours capitalised concern production in the form of time charged in the implementation phases of investment projects. Other staff costs include training costs and travel expenses. The costs of post-employment benefits, other long-term employee benefits and redundancy payments are explained in more detail in note *24. Employee benefits*. For an explanation of the remuneration of Supervisory and Management Board members under Section 2:383c of the Dutch Civil Code, reference is made to the section entitled *Related Party Disclosures*.

6. Depreciation, amortisation and impairment

(in thousands of euros)	2014	2013
Intangible assets		
Contract related assets	5,441	-
ICT development	6,462	6,480
Software licences	5,543	4,990
	17,446	11,470
Assets used for operating activities		
Runways, taxiways and aprons	22,555	22,234
Paved areas, roads etc.	12,207	11,569
Plant	42,620	43,685
Installations	100,924	118,552
Other assets	28,803	33,817
	207,109	229,857
Depreciation and amortisation relating to disposals	3,566	6,977
Impairments	4,202	17,410
Total depreciation and impairments	232,323	265,714

See section *8. Intangible assets* for information on the amortisation of contract-related assets, section *Critical judgements and estimates* for information on the adjustment to the useful life of non-current assets and the section *11. Investment property* for information on impairments.

7. Other operating expenses

Other operating expenses in 2014 includes the EUR 7.4 million provision relating to an onerous contract, see section 'A4 Zone West land holdings' under *13. Associates and joint ventures*. In addition, this item includes a settlement loss of 7.9 million euros in respect of the settlement of a lease that was not in line with current market standards, reference is made to note *13. Associates and joint ventures* and the section entitled 'Acquisition of the remaining interest in AREB C.V.'

Notes to the statement of financial position

8. Intangible assets

(in thousands of euros)	Goodwill	Contract related assets	ICT development	Software licences	Software under development	Total
Carrying amount 31 December 2012	**849**	**-**	**16,905**	**13,485**	**5,987**	**37,226**
Movements in 2013						
Additions	-	-	-	-	12,604	**12,604**
Completions	-	-	6,967	5,807	- 12,774	**-**
Amortisation	-	-	- 6,480	- 4,990	-	**- 11,470**
Reclassification	-	-	- 112	-	-	**- 112**
Disposals	-	-	- 106	- 103	-	**- 209**
Total movements in the year	**-**	**-**	**269**	**714**	**- 170**	**813**
Analysis as at 31 December 2013						
Cost	849	-	60,826	37,230	6,131	**105,036**
Accumulated amortisation and impairment	-	-	- 43,652	- 23,031	- 314	**- 66,997**
Carrying amount	**849**	**-**	**17,174**	**14,199**	**5,817**	**38,039**
Movements in 2014						
Additions	-	-	-	-	12,134	**12,134**
Completions	-	-	5,172	4,272	- 9,444	**-**
Amortisation	-	- 5,441	- 6,462	- 5,543	-	**- 17,446**
Reclassification	-	40,505	-	-	-	**40,505**
Disposals	-	-	- 109	- 43	-	**- 152**
Exchange differences	-	1,198	-	-	-	**1,198**
Reclassification to assets held for sale	-	-	-	- 79	-	**- 79**
Total movements in the year	**-**	**36,262**	**- 1,399**	**- 1,393**	**2,690**	**36,160**
Analysis as at 31 December 2014						
Cost	849	41,703	65,889	41,380	8,821	**158,642**
Accumulated amortisation and impairment	-	- 5,441	- 50,114	- 28,574	- 314	**- 84,443**
Carrying amount 31 December 2014	**849**	**36,262**	**15,775**	**12,806**	**8,507**	**74,199**

The reclassification includes the share in JFK IAT (contract-related assets). The current classification as an intangible fixed asset is more in line with economic reality and with the nature of the interest and the contractual arrangements. Previously this share was presented under associates.

Goodwill recognised in intangible assets relates to Schiphol Telematics B.V. At year-end 2014, an impairment test was performed on the carrying amount of this goodwill relating to Schiphol Telematics B.V. The value in use of the cash-generating unit was calculated using information from the *2015-2018 Tactical Plan* at a discount rate of 5.3%. The test did not indicate any need to recognise an impairment.

ICT application development relates to in-house and external hours charged to ICT projects in the implementation and completion phases. Software licences and software under development relate to third-party packages.

9. Assets used for operating activities

(in thousands of euros)	Runways, taxiways and aprons	Paved areas, roads etc.	Buildings	Installations	Other assets	Total
Carrying amount 31 december 2012	**358,466**	**433,405**	**765,859**	**813,359**	**107,128**	**2,478,217**
Movements in 2013						
Completions	11,293	27,346	58,547	90,473	22,746	**210,405**
Depreciation	- 22,234	- 11,569	- 43,685	- 118,552	- 33,817	**- 229,857**
Disposals	-	-	- 179	- 5,651	- 988	**- 6,818**
Reclassification	-	- 542	- 3,553	1,255	311	**- 2,529**
Total movements in the year	**- 10,941**	**15,235**	**11,130**	**- 32,475**	**- 11,748**	**- 28,799**
Analysis as at 31 december 2013						
Cost	694,746	638,934	1,353,731	1,932,382	400,207	**5,020,000**
Accumulated depreciation and impairment	- 347,221	- 190,294	- 576,743	- 1,151,498	- 304,827	**- 2,570,583**
Carrying amount 31 december 2013	**347,525**	**448,640**	**776,988**	**780,884**	**95,380**	**2,449,417**
Movements in 2014						
Completions	35,981	22,102	26,822	75,088	29,171	**189,164**
Depreciation	- 22,555	- 12,207	- 42,620	- 100,924	- 28,803	**- 207,109**
Impairment	-	-	- 27	- 975	-	**- 1,002**
Disposals	-	- 907	- 271	- 1,544	- 691	**- 3,413**
Reclassification	- 217	1,311	-	- 1,094	-	**-**
Acquisition AREB C.V.	-	-	54,978	18,325	-	**73,303**
Reclassification to assets held for sale	-	-	- 93	- 5	- 1,493	**- 1,591**
Total movements in the year	**13,209**	**10,299**	**38,789**	**- 11,129**	**- 1,816**	**49,352**
Analysis as at 31 December 2014						
Cost	730,510	661,440	1,435,140	2,022,177	427,194	**5,276,461**
Accumulated depreciation and impairment	- 369,776	- 202,501	- 619,363	- 1,252,422	- 333,630	**- 2,777,692**
Carrying amount 31 December 2014	**360,734**	**458,939**	**815,777**	**769,755**	**93,564**	**2,498,769**
During the year, the following projects were completed:						
Taxirunway Sierra	12,365	2,588	-	5,205	-	**20,158**
Gate Houses Central Security non-Schengen	-	-	15,528	3,569	-	**19,097**
Departure Filter 1	-	-	2,304	2,285	13,091	**17,680**
Pier D redevelopment	2,303	-	2,469	9,320	-	**14,092**
Buffer Platform	11,193	1,746	-	-	-	**12,939**
Bridges aircraft stands	-	-	-	9,388	-	**9,388**
Liquids, aerosols and gels	-	-	-	8,802	-	**8,802**
Major maintenance	2,397	5,516	-	-	-	**7,913**
Other	7,723	12,252	6,521	36,519	16,080	**79,095**
Total completions in the year	**35,981**	**22,102**	**26,822**	**75,088**	**29,171**	**189,164**

10. Assets under construction or development

(in thousands of euros)	Assets under construction for operating activities	Assets under construction for investment property	Total
Carrying amount as at 31 December 2012	**214,025**	**89,291**	**303,316**
Movements in 2013			
Capital expenditure	253,490	57,345	**310,835**
Construction period borrowing cost capitalised	1,757	377	**2,134**
Completed assets and investment property	- 210,405	- 47,573	**- 257,978**
Impairment	- 349	- 17,061	**- 17,410**
Reclassification	- 1,548	11,530	**9,982**
Total movements in the year	**42,945**	**4,618**	**47,563**
Carrying amount as at 31 December 2013	**256,970**	**93,909**	**350,879**
Movements in 2014			
Capital expenditure	376,723	7,157	**383,880**
Construction period borrowing cost capitalised	4,748	323	**5,071**
Completed assets and investment property	- 189,164	- 6,529	**- 195,693**
Impairment	-	- 3,200	**- 3,200**
Disposals	-	- 1,918	**- 1,918**
Reclassification	6,947	- 6,947	**-**
Total movements in the year	**199,254**	**- 11,114**	**188,140**
Carrying amount as at 31 December 2014	**456,224**	**82,795**	**539,019**
Capital expenditures relate to the following projects:			
Central Security non-Schengen	167,990		
Construction Hilton hotel	46,592		
Major maintenance	32,000		
Departure Filter 1	15,829		
Buffer Platform	12,260		
Taxiway Sierra	11,242		
Pier D redevelopment	8,980		
Redevelopment Lounge 2	8,960		
Passengers bridge replacement	8,707		
Continuity and fire safety	5,597		
Other	58,566		
Total capital expenditures in the year	**376,723**		

The impairment of 3.2 million euros in 2014 relates to an impairment on land positions at Schiphol-East (2013: 11 million euros). The impairment on the Schiphol-East land of 6 million euros was made in 2013 on land pertaining to Rotterdam The Hague Airport.

The capitalisation of borrowing costs during the construction period is calculated by applying a percentage rate determined quarterly according to leverage ratio. In 2014, the rate varied between 2.16% and 2.34% per annum reflecting that ratio. The fair value as at 31 December 2014 of assets under construction for investment property equals the cost of these assets.

11. Investment property

(in thousands of euros)	Buildings	Land	Total
Carrying amount as at 31 December 2012	**598,101**	**329,049**	**927,150**
Movements in 2013			
Completions	47,385	188	**47,573**
Fair value gains and losses	- 16,511	19,540	**3,029**
Reclassification	- 3,441	547	**- 2,894**
Total movements in the year	**27,433**	**20,275**	**47,708**
Carrying amount as at 31 December 2013	**625,534**	**349,324**	**974,858**
Movements in 2014			
Completions	6,546	- 17	**6,529**
Acquisition AREB C.V.	221,602	-	**221,602**
Fair value gains and losses	- 3,137	755	**- 2,382**
Total movements in the year	**225,011**	**738**	**225,749**
Carrying amount as at 31 December 2014	**850,545**	**350,062**	**1,200,607**

Further information on the acquisition of the investment property can be found in note *13. Associates and joint ventures* and the section entitled 'Acquisition of remaining interest in AREB C.V.'.

Buildings includes an amount of 88.4 million euro (31 December 2013: 80.3 million euros) in respect of the fair value of assets (The Base) where the company has the risks and rewards incidental to ownership but not legal title (finance lease). Land includes land leased under long-lease contracts.

The calculation of the cash flows (which are a factor in determining the fair value at which investment property is presented in the balance sheet) takes into account the existence of lease incentives. Details of the result on property sales and fair value gains and losses on investment property can be found in notes *2. Result on sales of property* and *3. Fair value gains and losses on property.*

As at 31 December 2014, 100% of the buildings and 15% of land were appraised by independent external valuers. The fair value is based on the market value (costs payable by the buyer, so adjusted for purchase costs, such as transfer tax), that is, the estimated amount for which investment property can be sold on the valuation date between a buyer and a seller willing to do business in an arm's length, objective transaction preceded by proper negotiations in which the parties were well informed and willing to do business. If no current market prices in an active market are available, the valuations are based on a calculation of the net initial yield (NIY) whereby the net market rents are capitalised. The yields used are specific to the type of property, location, state of repair and lease potential of each property, and are determined on the basis of comparable transactions, supplemented by market-specific and object-specific knowledge.

Below is an explanation of the valuation method applied in determining the fair value, as well as of the significant unobservable input used for that purpose. All investment property classifies as a level 3 valuation. The Valuers and Accountants Platform (Platform Taxateurs en Accountants (PTA)) compiled 28 recommendations to promote the quality and transparency of appraisals. Our external valuers did not fully comply with these recommendations in 2014. Consultations with them will be held on how they propose to comply with these recommendations in 2015.

Valuation method

The valuation method used consists primarily an calculation of the net initial yield (NIY) in which the expected net cash flows are discounted at a risk-adjusted discount rate. The valuation model proceeds from the current value of the cash flows to be generated by the property, taking account of the expected rent increase, the periods of vacancy, the occupancy rate and the letting costs, such as the costs of rent holidays and other costs not borne by the lessee.

Significant unobservable input
The significant assumptions used in the valuationmodel comprises:

- an average market rent development between -1% and 1%;
- an average period of vacancy of 12 months;
- an average rent holiday of 11 months;
- and a net initial yield between 7.20% and 7.94%.

Relationship between significant unobservable input and fair value determination
The estimated fair value will increase or decrease to the extent that the expected market rent growth is higher (lower), the periods of vacancy are longer (shorter), the occupancy rate is lower (higher), the rent holidays are shorter (longer) and the NIY is higher (lower).

The key assumptions in relation to valuation are:

	Average effective contract rent per m2		Average market rent per m2		Average NIY	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
Offices	181	193	217	216	7.94%	7.89%
Commercial space	115	114	105	105	7.20%	7.35%

12. Income tax in the financial statements

This section contains further details on all the items of the financial statements with regard to income tax. This tax can be divided into income tax recognised in the statement of income, deferred taxes recognised in the statement of financial position, current tax positions in the statement of financial position and income tax recognised in equity.

Reconciliation of effective tax rate

(in thousands of euros)	2014		2013	
Profit before tax	**344,865**		276,138	
Income tax calculated at the nominal rate	**86,216**	**25.00%**	69,035	25.00%
Results of associates	**- 7,205**	**-2.09%**	- 15,223	-5.51%
Results of associates in limited partnerships that are not independently liable	**- 1,926**	**-0.56%**	952	0.34%
Participation exemption on Arlanda sale	**- 1,349**	**-0.39%**	-	0.00%
Participation exemption on RPS dividend	**- 1,539**	**-0.45%**	-	0.00%
Different rate for foreign subsidiaries / associates	**426**	**0.12%**	509	0.18%
Tax losses for which no deferred tax asset has been recorded	**2,299**	**0.67%**	1,825	0.66%
Tax gain previous years	**- 6,607**	**-1.92%**	- 11,744	-4.25%
Other	**966**	**0.28%**	-	0.00%
Income tax expense in profit or loss (effective)	**71,281**	**20.67%**	**45,354**	**16.42%**

The effective income tax rate in 2014 of 20.7% was higher than in 2013, when it was 16.4%. Both are lower than the standard income tax rate of 25%. The lower tax burden in both 2014 and 2013 is attributable to the one-off effects of the application of the participation exemption to the dividends received on preference shares (RPS dividend). The total effect of the exemption of the RPS dividends for the years 2004-2013 is 14.5 million euros. From 2014, the participation exemption for the RPS dividends is recognised as a permanent difference in the tax position, thus reducing the tax rate by 0.45% this year.

Another one-off effect is the tax-exempt result on the sale of the interest in Arlanda Schiphol Development Company A.B., which generated 5.4 million euros in sales proceeds. The increase in the tax rate is due to non-offsettable income tax on impairment losses of 9.1 million euros sustained in 2014 Italian companies.

The amount in offsettable losses for which no deferred tax asset is recognised is 21.2 million euros (2013: 12.1 million euros).

Income tax in the statement of income

(in thousands of euros)	2014	2013
Current income tax		
Income tax current year	**74,896**	56,217
Tax gain last year RPS case	**-6,031**	-8,500
Adjustment for prior years	**-576**	-3,244
Total current income tax	**68,289**	**44,473**
Deferred income tax		
Origination and reversal of temporary differences	**2,992**	881
Total deferred income tax	**2,992**	**881**
Total income tax	**71,281**	**45,354**

Deferred tax in the statement of financial position

Schiphol Group has been subject to income tax since 1 January 2002. The following differences in valuation for tax and reporting purposes can be distinguished:

- Assets used for operating activities and assets under construction are valued at cost both for reporting purposes and for tax purposes. The balance sheet for tax purposes equates the cost with the market value as at 1 January 2002, whereas the balance sheet for reporting purposes equates the cost with the (lower) historical cost.
- For tax purposes, the depreciation of both commercial buildings and operational buildings is limited to the so-called base value. The base value is 50% of the WOZ value (i.e., the value under the Valuation of Immovable Property Act) of operational buildings and 100% of the WOZ value of commercial buildings.
- Property investments are depreciated for tax purposes (with a residual value of 25%) but not for reporting purposes.
- Borrowings in foreign currencies are valued at the closing rates on balance sheet date for commercial purposes and at cost at the rate applicable at the time of borrowing for tax purposes.
- The valuation of employee benefits is different for tax purposes and reporting purposes because of differences in the actuarial assumptions applied.
- Property investments and derivative financial instruments are measured at fair value for reporting purposes and at cost for tax purposes.
- The valuation of the contractual interest in JFK IAT is different for tax purposes (measured at cost) and commercial purposes (revalued at the time of expansion).

Deferred tax assets and liabilities are recognised in respect of all these differences.

Under IAS 12, Income Taxes, a deferred tax asset has to be recognised if it is probable that sufficient taxable profit will be available against which the deductible temporary difference can be utilised. However, it is impossible to estimate the moment when the deferred tax assets relating to certain operating assets (83.3 million euros) will be realised because the difference in the values for reporting and tax purposes will be realised only in the event of a sale (resulting in a lower profit for tax purposes and a lower income tax liability), impairment (resulting in higher costs for tax purposes and a lower income tax liability) or termination of the aviation activities (resulting in higher costs for tax purposes because compensation will only be obtained up to the carrying amount for reporting purposes). Schiphol Group is not authorised to sell the land for operating activities, forecasts of future cash flows do not suggest that impairment losses will be necessary and it is unlikely that the activities will be terminated.

Deferred tax assets and liabilities are netted if they relate to the same fiscal unity and the company at the head of this fiscal unity has a legally enforceable right to do so.

(in thousands of euros)	2014	2013
Deferred tax assets (fiscal unity)		
Assets used for operating activities	**134,861**	143,498
Assets under construction or development	**70,357**	66,052
Derivative financial instruments and borrowings	**8,906**	10,572
Employee benefits	**5,610**	3,944
Investment property	**-21,700**	-23,927
	198,034	**200,139**
Deferred tax liabilities (outside fiscal unity)		
Investments in associates	**-16,065**	-14,134
Investment property	**-304**	-307
	-16,369	**-14,441**
Total deferred tax	**181,665**	**185,698**
Non-current (settlement is not expected)	**83,274**	83,274
Non-current (expected to be recovered or settled after longer than 1 year)	**97,547**	105,678
Current (expected to be recovered or settled within 1 year)	**844**	-3,254
	181,665	**185,698**

The movements in the deferred tax assets and deferred tax liabilities during the year were as follows:

(in thousands of euros)	Assets used for operating activities	Assets under construction or development	Investment property	Derivative financial instruments	Employee benefits	Contract related assets	Total
Carrying amount as at 31 December 2012	**171,856**	**83,707**	**- 29,418**	**36,944**	**3,056**	**- 13,777**	**252,368**
Movements in 2013							
Deferred tax on depreciation for tax purposes	- 20,457	-	- 18,465	-	-	-	**- 38,922**
Deferred tax recognised in the income statement	-	-	- 1,907	-	1,383	- 357	**- 881**
Deferred tax recognised in equity	-	-	-	- 26,395	160	-	**- 26,235**
Reclassification	- 7,901	- 17,655	25,556	-	-	-	**-**
Other movements	-	-	-	23	- 655	-	**- 632**
Total movements in the year	**- 28,358**	**- 17,655**	**5,184**	**- 26,372**	**888**	**- 357**	**- 66,670**
Carrying amount as at 31 December 2013	**143,498**	**66,052**	**- 24,234**	**10,572**	**3,944**	**- 14,134**	**185,698**
Movements in 2014							
Deferred tax recognised in the income statement	- 1,067	-	- 2,226	-	393	- 92	**- 2,992**
Deferred tax recognised in equity	-	-	-	- 1,728	1,223	-	**- 505**
Reclassification	- 7,570	4,305	4,456	62	50	-	**1,303**
Other movements	-	-	-	-	-	- 1,839	**- 1,839**
Total movements in the year	**- 8,637**	**4,305**	**2,230**	**- 1,666**	**1,666**	**- 1,931**	**- 4,033**
Carrying amount as at 31 December 2014	**134,861**	**70,357**	**- 22,004**	**8,906**	**5,610**	**- 16,065**	**181,665**

Income tax recognised in equity

The tax effects of the movements in equity, via comprehensive income, are as follows:

(in thousands of euros)	Before tax	Deferred tax	Current tax	After tax
Exchange differences	7,723	-	-	7,723
Changes in fair value on hedge transactions	-3,314	-1,728	22,352	17,310
Value movements actuarial results and revaluations	-4,893	1,223	-	-3,670
Share of other comprehensive income of associates	-15,990	-	-	-15,990
Total unrealized 2014	**-16,474**	**-505**	**22,352**	**5,373**
Exchange differences	-18,565	-	-	-18,565
Changes in fair value on hedge transactions	32,991	-26,395	-	6,596
Value movements actuarial results and revaluations	-640	160	-	-480
Share of other comprehensive income of associates	1,375	-	-	1,375
Total unrealized 2013	**15,161**	**-26,235**	**-**	**-11,074**

Current income tax positions

(in thousands of euros)	2014	2013
Income tax receivable		
Fiscal unity	**20,683**	9,899
Dutch subsidiaries outside the fiscal unity	**66**	559
Income tax in foreign jurisdictions	**-**	1,127
Total income tax receivable	**20,749**	**11,585**
Income tax liability		
Income tax in foreign jurisdictions	**-1,374**	-
Total income tax liability	**-1,374**	**-**
Total income tax	**19,375**	**11,585**

The income tax liability is calculated on the profit for reporting purposes, allowing for permanent differences between the profit as calculated for reporting purposes and for tax purposes. The income tax liability on fair value gains and losses which are not processed immediately in the income tax return is recognised in deferred tax assets and liabilities. Of the income tax receivable recognised in the balance sheet at 31 December 2014 with regard to the fiscal unity, 7.1 million euros relates to 2014, 13.9 million euros relates to 2013 and 0.3 million euros (payable) relates to 2012. The 2013 income tax return for the N.V. Luchthaven Schiphol fiscal unity has been discussed with the tax inspector and recognised accordingly in these financial statements. Final tax assessments have been imposed and settled for the tax years prior to 2013. The foreign income tax payable relates to local American taxes.

Differences between the income tax paid according to the cash flow statement and the income tax recognised in the statement of income concern additions to and withdrawals from deferred tax assets and liabilities, estimation differences between taxable amounts in provisional and final tax assessments and settlements in respect of previous years.

13. Associates and joint ventures

(in thousands of euros)	2014	2013
Investments in associates	**748,238**	780,141
Investments in joint ventures	**48,684**	90,354
Totaal	**796,922**	**870,495**

Associates

(in thousands of euros)	2014	2013
Carrying amount 1 January	**780,141**	**763,682**
Movements in the year		
Share of results	**36,424**	50,305
Dividends	**- 18,367**	- 18,145
Sales	**- 448**	-
Capital contributions	**305**	190
Total result	**- 15,990**	- 217
Reclassification	**- 40,505**	-
Exchange differences	**6,678**	- 15,674
Total movements in the year	**- 31,903**	**16,459**
Carrying amount as at 31 December	**748,238**	**780,141**

The main associates are:

		2014	2013
Aéroports de Paris S.A. (ADP)	Paris	8%	8%
Brisbane Airport Corporation Holdings Ltd. (BACH)	Brisbane	18.72%	18.72%

Schiphol Group has significant influence over both ADP and BACH, even its indirect interest is smaller than 20%. In Brisbane, this influence takes the form of rights to appoint members of the Board of Directors, rights to block key strategic and financial decisions and cooperative and exchange arrangements. Where ADP is concerned, the parties hold shares in each other, both the CEO and the CFO of Schiphol Group are member of the Board of Directors, ADP has a representative on Schiphol Group's Supervisory Board and a long-term cooperation agreement is in place providing for cooperation in various areas. Below is a breakdown of the assets and liabilities, as well as a reconciliation with the recognition in Schiphol Group's financial statements. The accounting policies applied are based on the Schiphol Group's accounting policies, or figures have been adjusted where necessary. The participation in JFK IAT is presented as an intangible fixed asset, which is more in line with economic reality and with the nature of the participation and the related contractual arrangements.

Associates	**Aéroports de Paris**		**Brisbane Airport**[1]	
(in millions of euros)	**2014**	**2013**	**2014**	**2013**
Income statement				
Revenues	2,791	2,754	403	377
Interest income and expenses	115	140	100	89
Depreciation, amortization and impairments	445	437	56	54
Result from discontinued operations	-	242	-	-
Income tax	210	208	25	53
Result from continuing operations	402	305	82	179
Other comprehensive income	n/a	15	79	179
Financial position				
Fixed assets	7,780	7,814	2,445	2,336
Current assets	725	769	67	39
Cash and cash equivalents	1,266	1,056	27	52
Long-term liabilities	4,843	4,363	2,243	1,891
Current liabilities	969	1,450	134	368
Equity 2014	**3,980**	**3,802**	**212**	**169**
% stake	318	304	40	32
Goodwill	244	244	34	34
Other adjustments	55	62	- 1	6
Carrying amount as at 31 December	**617**	**610**	**73**	**72**

1 Based on the financial statements as of June 30, 2014

The carrying amount of the associates at 31 December 2014 includes 244 million euros of goodwill relating to Aéroports de Paris and 34 million euros relating to Brisbane Airports Corporation Ltd.

The share in the results of associates in 2014 includes a contribution of 11.0 million euros from BACH (2013: 28.4 million euros). This result was affected primarily by the negative developments of 7.0 million euros in BACH's derivatives portfolio in 2014 (in 2013 this was still a positive contribution of 10 million euros). This was caused by derivative positions relating to the funding of the investment of an additional runway. There are no early settlements or early payment obligations for these derivatives. From 1 July 2014, BACH applies hedge accounting to these derivative positions.

ADP's contribution to Schiphol Group's financial result for 2014 was an income of 26.2 million euros (income of 21.7 million euros in 2013). The other adjustments relate primarily to the differences in the accounting policies in respect of property. The fair value of ADP, derived from the market price of the share at 31 December 2014, is 9.9 billion euros (31 December 2013: 8.1 million euros). Schiphol Group's share in this is 792 million euros (31 December 2013: 653 million euros).

Schiphol Group is not directly liable for obligations of the associates, with the exception of Tradeport HongKong, where Schiphol Group guarantees obligations assumed up to a maximum of 0.8 million euros.

Joint Ventures

(in thousands of euros)	**2014**	**2013**
Carrying amount 1 January	**90,354**	**87,305**
Movements in the year		
Share of results	**- 9,064**	10,587
Dividends	**- 1,144**	- 11,441
Investments	**34**	-
Sales	**- 89**	-
Capital contributions	**1,137**	972
Revaluation AREB C.V.	**30,446**	-
Acquisition AREB C.V.	**- 64,802**	-
Exchange differences	**422**	-
Other	**1,390**	2,931
Total movements in the year	**- 41,670**	**3,049**
Carrying amount as at 31 December	**48,684**	**90,354**

In 2014 Schiphol Group acquired the remaining interest in the joint venture AREB C.V., as explained in more detail in the section below. The interest in the joint venture with Arlanda was sold in 2014 and is therefore no longer presented under joint ventures. At year-end 2014, there are no material joint ventures that are stated separately.

The outstanding loans to associates and joint ventures as at 31 December 2014 amount to 72.3 million euros. A complete list of associates and joint ventures has been filed with the Amsterdam Chamber of Commerce.

Land positions A4 Zone West C.V. and Badhoevedorp Zuid C.V.
Schiphol Group owns a 25% interest in the land development company Schiphol Area Development Company N.V. (SADC), whose object is to develop business locations and supporting infrastructure projects around Amsterdam Airport Schiphol. SADC owns 33.33% interests in GEM A4 Zone West C.V. en in GEM Badhoevedorp Zuid C.V. Apart from this indirect interest of 8.33%, Schiphol Group owns direct interests of 33.33% in both C.V.s. The land positions placed in these C.V.s were written down by 15.8 million euros. This negative result is recognised under 'Share in results of associates'. In addition Schiphol Group has, on account of the same land valuation, included a provision relating to a onerous contract regarding the contribution of land for a prearranged price. These costs of 7.4 million euros are shown under 'Other operating expenses'. The total effect of the write-down on land positions in the consolidated financial statements is 23.2 million euros.

Acquisition of the remaining interest in AREB C.V.
On 17 March 2014, Schiphol Group acquired the remaining 38.85% shares in AREB C.V., thus increasing its interest to 100%. In this way Schiphol Group obtained decisive control over AREB C.V. This property fund has invested in 17 properties, primarily comprising offices and logistics centres at and around Amsterdam Airport Schiphol. One shareholder exchanged its shares for a profit-sharing loan of 25.6 million euros with a term of six years. Payment on this loan will depend on the development of AREB C.V.'s property portfolio. After the acquisition of decisive control, AREB C.V. contributed 22.1 million euros to Schiphol Group's revenue and 11 million euros positive to its net profits.

Following the acquisition of the remaining shares, the existing interest in AREB C.V. was first restated at fair value. This resulted in a pre-tax book profit of 30.4 million euros, which was included in the revenue. The acquisition implicitly included the settlement of an existing contractual agreement between AREB C.V. (lessor) and Schiphol (lessee) of the Schiphol Building. This resulted in a settlement loss of 7.9 million euros, an amount determined on the basis of the present value of the current non-market part of the future rents which was included under other operating expenses. The acquisition also resulted in the discontinuation of hedge accounting within this property fund. When hedge accounting was applied, changes in the value of the derivatives concerned were included in the reserve hedging transactions through the other comprehensive income. Following the acquisition, the pre-tax amount of 7.1 million euros thus realised was included as an expense under financial income and expenditure.

As a result of the acquisition, the following assets and liabilities were acquired:

Acquisitions

(in thousands of euros)	
Investment property	73,303
Assets used for operating activities	221,602
Other non-current assets	4,188
Current assets	2,565
Cash and cash equivalents	4,688
Total assets	**306,346**
Loans and borrowings	178,697
Financial instruments	9,506
Current liabilities	12,170
Total liabilities	**200,373**
Sum of net identified assets	**105,973**
Paid in cash	23,500
Loan	25,575
Consideration	49,075
Settlement loss Schiphol Building	- 7,904
Total consideration after contract settlement	41,171
Fair value stake 61,15% held before transaction	64,802
Total	**105,973**
Paid in cash	23,500
Cash and cash equivalents acquired	-4,688
Total consideration, net of acquired cash	**18,812**

No goodwill was created upon the purchase of the remaining interest of 38.85% in AREB C.V.

(in millions of euros)	
Revaluation of current interest	30.4
Settlement loss on Schiphol Building	-7.9
Settlement of interest rate swap	-7.1
Transfer tax	-7.4
Result on acquisition of AREB C.V.	**8.0**

The fair value of the investment property was determined on the basis of the fair value in leased state, taking account of the ground lease. These valuations were carried out by independent external valuers, in accordance with Schiphol Group's valuation policies. The fair value of the other assets and liabilities was determined on the basis of the market value at which these assets and liabilities were or are being settled with the contracting party concerned, including financial institutions.
7.4 million euros in transfer tax is owed as a result of the transaction. This amount was included in the costs of outsourced work and other external charges.

14. Loans to associates

(in thousands of euros)	2014	2013
Carrying amount as at 1 January	**59,543**	**80,192**
Movements in the year		
Accrued interest	**5,582**	5,848
Exchange differences hedging transactions	**2,623**	- 14,110
Other exchange differences	**141**	- 925
Dividend received	**- 7,378**	- 11,462
Total movements in the year	**968**	**- 20,649**
Carrying amount as at 31 December	**60,511**	**59,543**

The loans to associates relate exclusively to the Redeemable Preference Shares in Brisbane Airport Corporation Holdings Ltd (BACH) held by Schiphol Group, which carry entitlement to a cumulative dividend. The redemption date for these shares is formally 30 June 2022. In view of this the Redeemable Preference Shares of AUD 90.2 million (EUR 60.5 million including accumulated dividend) are classified as a long-term loan to an associate and the dividend on these shares is treated as financial income. In 2013, this loan was presented under current assets.

The currency risk relating to the nominal value of this long-term loan and the accrued interest is hedged by annual forward transactions which hedge the Australian dollar position against euros. All hedging transactions are accounted for as cash flow hedges while the exchange differences relating to part of the loan and the accrued interest that is not hedged and the period between the successive annual forward transactions are recognised in the income statement. Other exchange differences are recognised in the reserve for hedging transactions through other comprehensive income.

The fair value of the loans to associates at 31 December 2014 is EUR 63.6 million (AUD 94.8 million) and the effective interest rate is 10%. The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

15. Non-current receivables

(in thousands of euros)	2014	2013
Loans to external parties	**1,018**	1,152
Derivatives	**-**	1,668
Loans to associates	**9,491**	10,128
Purchased long leases	**3,141**	3,231
Lease incentives	**29,842**	28,282
Prepaid assets	**213**	273
Total other non-current receivables	**43,705**	**44,734**

(in thousands of euros)	2014	2013
Carrying amount as at 1 January	**10,128**	**10,928**
Movements in the year		
Payments	**-637**	-800
Total movements in the year	**-637**	**-800**
Carrying amount as at 31 December	**9,491**	**10,128**

The current portion of the loans to associates, amounting to 2.4 million euros (31 December 2013: 1.7 million euros), is presented under current assets. The loans to associates include a loan of 6.2 million euros to SRE Altaï, a collaborative venture with ADP involving collaboration in the area of property development. The remaining loans to associates were provided to Villa Carmen B.V. and EnergyGrounds B.V. for 5.2 million euros and 0.4 million euros respectively.

Purchased long leases are the rent instalments which Schiphol Group paid in advance in respect of land acquired on a long lease.

Lease incentives are the cost of benefits which Schiphol Group granted tenants at the start of their lease. These are charged to the income statement over the term of the underlying contracts. The existence of lease incentives is taken into account in establishing the cash flows underlying the determination of the fair value of property.

16. Assets and liabilities held for sale

Following a strategic review, management decided in the 4th quarter of 2014 to explore close collaboration with a strategic partner in the area of particular activities. At the moment, discussions are held with interested parties about a partial sale. Management expects to finalise these discussions in the first six months of 2015.

(in thousands of euros)	2014
Intangible assets	79
Assets used for operating activities	1,591
Inventories	7,616
Cash and cash equivalents	5,590
Trade- and other receivables	2,540
Assets held for sale	**17,416**
Non-current liabilities	104
Trade- and other payables	7,009
Liabilities held for sale	**7,113**

The assets and liabilities held for sale are measured at carrying value, because the fair value less costs to sell is not lower than this carrying value.

17. Trade and other receivables

(in thousands of euros)	2014	2013
Trade receivables	**98,843**	99,987
Accrued income	**30,315**	26,525
Value-added tax	**17,017**	14,403
Prepayments	**11,565**	12,569
Inventories	**2,279**	8,530
Lease incentives	**7,670**	6,145
Derivatives	**-**	13,017
Receivable from shareholders and associates	**21**	37
Other receivables	**34,855**	37,917
Total trade and other receivables	**202,565**	**219,130**

As in the previous year, other receivables include 19.0 million euros which Schiphol Group paid to Chipshol. Further details on the derivative financial instruments can be found in the section entitled *Management of financial risks and financial instruments*.

18. Cash and cash equivalents

Cash and cash equivalents were 177.7 million euros at 31 December 2014 (31 December 2013: 482.2 million euros) including deposits of 90.4 million euros with original maturities of between one and four months (31 December 2013: 314.4 million euros). The average interest rate on these deposits as at 31 December 2014 is 0.11% (31 December 2013: 0.34%). Cash and cash equivalents are freely available.

19. Issued share capital

The authorised share capital as at 31 December 2014 is 142,960,968 euros divided into 300,000 A shares and 14,892 B shares, with a nominal value of 454 euros each. 171,255 of the A shares and 14,892 of the B shares have been issued.

The A and B shares carry the same rights, except for the right to amend the Articles of Association. An amendment to the Articles of Association can only be adopted at a General Meeting of Shareholders at which all the A shares in issue are represented, by a majority of at least four/fifths of all the votes cast. The General Meeting of Shareholders may resolve to withdraw all the B shares in issue by an absolute majority of the votes cast.

The shareholders' interests are as follows:

	(number)	(in EUR 1.000)	(in %)
Shareholder:			
State of the Netherlands	129,880	58,966	69.77%
Municipality of Amsterdam	37,276	16,923	20.03%
Aéroports de Paris	14,892	6,761	8.00%
Municipality of Rotterdam	4,099	1,861	2.20%
Total	**186,147**	**84,511**	**100%**

There were no changes in the issued share capital in 2014.

20. Retained profits

On a resolution proposed by the Management Board and approved by the Supervisory Board, the General Meeting of Shareholders voted to declare a dividend of 135.4 million euros for 2013. This amount was deducted from retained earnings when paid in 2014. The dividend for 2012, which amounted to 108,4 million euros, was paid out and deducted from retained earnings in 2013

The net result for 2014 was added to retained earnings, which, at 31 December 2014, therefore included the proposed dividend distribution for 2014, as detailed in the section entitled *Proposed profit appropriation*. The proposed dividend is 50% of the net result excluding gains and losses on investment property after tax. The pay-out over 2013 of 60% was a one-off increase.

21. Other reserves

(in thousands of euros)	Exchange differences reserve	Hedge reserve	Share in OCI of associates	Actuarial gains and losses	Total
Balance as at 31 December 2012	**21,324**	**- 117,060**	**- 1,617**	**- 3,194**	**- 100,547**
Movements in 2012					
Exchange differences	- 18,565	-	-	-	**- 18,565**
Exchange differences on hedged borrowings	-	36,763	-	-	**36,763**
Exchange differences on hedged loans to associates	-	- 14,110	-	-	**- 14,110**
Fair value movements on derivative financial instruments	-	68,445	-	-	**68,445**
Of which are reported through the profit and loss account	-	4,449	-	-	**4,449**
Deferred tax on fair value movements on derivative financial instruments	-	- 17,151	-	-	**- 17,151**
Deferred tax on fair value changes borrowings	-	- 9,244	-	-	**- 9,244**
Settlement of hedge transactions	-	- 62,709	-	-	**- 62,709**
Other comprehensive income associates	-	-	1,375	-	**1,375**
Change in accounting policy	-	-	-	- 480	**- 480**
Total movements in the year	**- 18,565**	**6,443**	**1,375**	**- 480**	**- 11,227**
Balance as at 31 December 2013	**2,759**	**- 110,617**	**- 242**	**- 3,674**	**- 111,774**
Movements in 2014					
Exchange differences	7,723	-	-	-	**7,723**
Exchange differences on hedged borrowings	-	455	-	-	**455**
Deferred tax on fair value changes on hedged borrowings	-	- 114	-	-	**- 114**
Exchange differences on hedged loans to associates	-	2,623	-	-	**2,623**
Fair value movements on derivative financial instruments	-	811	-	-	**811**
Deferred tax on fair value movements on derivative financial instruments	-	- 185	-	-	**- 185**
Recycling of cash flow hedges to profit and loss	-	10,747	-	-	**10,747**
Deferred tax on recycling of cash flow hedges	-	- 2,250	-	-	**- 2,250**
Settlement of hedge transactions	-	- 17,950	-	-	**- 17,950**
Tax effect on hedge settlement	-	23,173	-	-	**23,173**
Other comprehensive income associates	-	-	- 15,990	-	**- 15,990**
Reclassification	123	5,027	- 5,150	-	**-**
Actuarial gains and revaluations	-	-	-	- 4,893	**- 4,893**
Tax effect on actuarial results	-	-	-	1,223	**1,223**
Total movements in the year	**7,846**	**22,337**	**- 21,140**	**- 3,670**	**5,373**
Balance as at 31 December 2014	**10,605**	**- 88,280**	**- 21,382**	**- 7,344**	**- 106,401**

Exchange differences reserve

The exchange differences reserve recognises exchange differences arising on the translation of the net investments in subsidiaries, joint ventures and associates outside the euro zone.

Hedging transactions reserve

This reserve recognises movements in the fair value of derivative financial instruments used in cash flow hedges, net of deferred tax assets and liabilities. It also includes the differences arising on the translation of loans at closing rates. In both cases, recognition in the hedging transactions reserve requires that the hedge is determined to be highly effective. Further information on the restrictions on the distribution of reserves can be found in note *33. Shareholders' equity* in the company balance sheet. The tax effects of the movements in equity, via other comprehensive income, are explained in note *12. Income tax in the financial statements* in the financial statements.

22. Non-controlling interests

Non-controlling interests at 31 December 2014 represent the shares of third parties in the net assets of the group company Eindhoven Airport N.V. An abridged balance sheet for this company is presented under *Subsidiaries*.

On 11 July 2014, Schiphol Group acquired the remaining 30% interest in Avioport SpA. Schiphol Group now owns 100% of the shares in issue in the share capital of Avioport SpA. The carrying amount of the third-party share at the moment of acquisition was EUR 0.9 million in the negative. The difference between the amount paid and the third-party share was recognised in equity as a direct change in equity.

23. Borrowings

	Book value		Fair value			
(in thousands of euros)	**2014**	**2013**	**2014**	**2013**	**Year redeemable**	**Interest rate**
EMTN programme	**932,559**	1,219,983	**1,114,729**	1,362,652	2016-2038	0.54%-5.16%
Namensschuldverschreibung	**24,681**	24,643	**33,407**	29,663	2023	5.07%
Schuldschein	**194,255**	194,008	**224,198**	219,194	2016-2019	5.16%-5.75%
European Investment Bank	**518,500**	327,500	**587,545**	325,107	2025-2031	2.12%-3.95%
KfW IPEX-bank	**99,659**	-375	**113,319**	-	2024	2.96%
Other loans	**35,663**	55,593	**35,663**	59,829		
Total borrowings	**1,805,317**	1,821,352	**2,108,861**	1,996,445		

	Nominal	Book value		Fair value				
(in thousands of euros)		**2014**	**2013**	**2014**	**2013**	**Year redeemable**	**Interest rate**	**Currency**
XS0399674216	370,704	**-**	370,634	**-**	371,783	2014	6.63%	EUR
XS0455479555	50,000	**49,972**	49,957	**54,261**	55,123	2016	4.46%	EUR
XS0459479472	15,000	**14,979**	14,966	**16,224**	16,462	2016	4.28%	EUR
XS0167622454	30,000	**29,976**	29,969	**35,585**	34,624	2018	5.16%	EUR
XS0459479399	50,000	**49,902**	49,882	**60,498**	58,703	2019	4.94%	EUR
XS0459442710	85,000	**84,918**	84,901	**102,969**	99,981	2019	4.97%	EUR
XS1050663506	80,000	**79,979**	-	**80,511**	-	2016	0.54%	EUR
XS0621167732	438,447	**415,723**	412,136	**531,398**	498,418	2021	4.43%	EUR
XS0378569247	20,000,000	**137,242**	137,686	**152,458**	157,245	2038	3.16%	JPY
XS0983151282	40,000	**39,928**	39,921	**46,471**	40,396	2025	3.08%	EUR
XS0997565436	30,000	**29,940**	29,931	**34,354**	29,917	2025	2.94%	EUR
EMTN programme		**932,559**	1,219,983	**1,114,729**	1,362,652			

The fair value is estimated by discounting the future contractual cash flows at current market interest rates available to the borrower for similar financial instruments.

Schiphol Group has a Euro Medium Term Note (EMTN) programme, making it possible at present to raise funds of up to 2.0 billion euros as required, provided the prospectus is updated annually. The prospectus was updated in 2014. At year-end 2014, borrowings under the programme totalled 932.6 million euros (31 December 2013: 1,220.0 million euros). Under the EMTN programme, Schiphol Group could be obliged to redeem the notes prematurely in the event of specific circumstances commonly stipulated for this type of instrument. There was no obligation for this in 2014. Two so-called private placements were effected under the EMTN programme for 60 million euros and 20 million euros respectively, both with a term of 2.5 years.

In addition to the existing EMTN programme, Schiphol Group has a Euro-Commercial Paper (ECP) programme with a limit of EUR 750 million. On 31 December 2014, no short-term loans were outstanding under this programme.

Schiphol Group has drawn a Namensschuldverschreibung (registered bond) that guarantees funding of 25 million euros at a fixed rate of interest (5.07%).

Schiphol Group has issued Schuldschein notes (fixed-interest loans with terms of 7 and 10 years) with a nominal value of 194 million euros. In principle, the Schuldschein documentation includes the same covenants as the EMTN programme and provisions on 'change of control' in combination with a 'downgrade below investment grade' on early redemption.

Schiphol Group obtained a facility of 350 million euros from the European Investment Bank, which has now been drawn in full (of which 31.5 million euros has since been repaid). Schiphol Group could be obliged to redeem the loan early if (in addition to the usual circumstances) other loans are repaid early or equity declines below 30% of total assets. Additional security will be demanded if the credit rating is BBB or lower (S&P) or Baa2 or lower (Moody's). The loan agreement also contains a 'change of control' clause.

In addition to its 350 million euro facility with the European Investment Bank, Schiphol Group entered into a further agreement with the European Investment Bank for a facility of 200 million euros, which was drawn in full in 2014. The terms of the loan are similar to those for the 350 million euro European Investment Bank facility.

Schiphol Group also entered into an agreement with KfW IPEX-Bank for a facility of 150 million euros.

Borrowings under the EMTN programme, the ECP programme, the EIB facility and the KfW facility are not subordinate to other liabilities and are eligible for voluntary early redemption.

Schiphol Group has access to a 300 million euro syndicated and committed facility with a term to October 2016. Schiphol Group also has access to a bilateral committed facility of 100 million euros with a term to 1 January 2016 agreed with Bank Nederlandse Gemeenten, and two bilateral uncommitted facilities of EUR 75 million each. None of these facilities have been drawn on.

Of the total loans, 137 million euros has been drawn in Japanese yen (JPY 20 billion). In line with the financial risk management policy, a combined cross-currency swap has been contracted on the JPY loan to hedge the exchange rate risks relating to this loan. In principle, the transactions concerned correspond to all relevant characteristics of the respective loans, such as maturity and amount and hedge the positions with respect to the euro and/or fixed interest rates. All hedging transactions are accounted for as cash flow hedges.

The current portion of borrowings at 31 December 2014, of 5.0 million euros (31 December 2013: 420.4 million euros), is recognised under current liabilities.

In 2014 Schiphol Group met the agreed convenants included in the various contracts.

The average interest rate of the outstanding borrowings in 2014 amounts to 5.2%.

The remaining terms of the borrowings as at 31 December 2014 are as follows:

(in thousands of euros)	**Total**	**<= 1 year**	**> 1 year**	**> 1 year but <= 5 years**	**> 5 years**
EMTN programme	**932,559**	- 3,695	936,254	295,367	640,887
Namensschuldverschreibung	**24,681**	- 39	24,720	- 155	24,875
Schuldschein	**194,255**	- 246	194,501	194,501	-
European Investment Bank	**518,500**	9,000	509,500	36,000	473,500
KfW IPEX-bank	**99,659**	- 38	99,697	- 150	99,847
Other borrowings	**35,663**	- 25	35,688	7,154	28,534
Total borrowings	**1,805,317**	**4,957**	**1,800,360**	**532,717**	**1,267,643**

The movements in borrowings during the year were as follows:

(in thousands of euros)	**Borrowings > 1 year**	**Borrowings <= 1 year**	**Total**
Carrying amount as at 31 December 2012	**1,581,109**	**191,261**	**1,772,370**
Movements in 2013			
New borrowings	271,677	-	**271,677**
Transferred to current liabilities	- 419,295	419,295	**-**
Repayments	-	- 191,156	**- 191,156**
Exchange differences	- 36,763	-	**- 36,763**
Other movements	4,478	746	**5,224**
Total movements in the year	**- 179,903**	**228,885**	**48,982**
Carrying amount as at 31 December 2013	**1,401,206**	**420,146**	**1,821,352**
Movements in 2014			
New borrowings	379,970	-	**379,970**
Transferred to current liabilities	- 9,331	9,331	**-**
Repayments	-	- 607,326	**- 607,326**
Acquired borrowings	-	178,697	**178,697**
Exchange differences	- 455	-	**- 455**
Loans as result of acquisition	25,575	-	**25,575**
Other movements	3,395	4,109	**7,504**
Total movements in the year	**399,154**	**- 415,189**	**- 16,035**
Carrying amount as at 31 December 2014	**1,800,360**	**4,957**	**1,805,317**

Further information on the acquired loans can be found in note *13.Associates and joint ventures* and the section entitled 'Acquisition of remaining interest in AREB C.V.'

24. Employee benefits

(in thousands of euros)	Post-employment benefits	Other long-term employee benefits	Termination benefits	Total
Carrying amount as at 31 December 2013				
Liability defined contribution	23,211	12,188	3,052	**38,451**
Fair value of plan assets	- 2,976	-	-	**- 2,976**
Liability in the balance sheet	**20,235**	**12,188**	**3,052**	**35,475**
Carrying amount as at 31 December 2014				
Liability defined contribution	28,511	12,366	2,856	**43,733**
Fair value of plan assets	- 4,201	**-**	-	**- 4,201**
Liability in the balance sheet	**24,310**	**12,366**	**2,856**	**39,532**

Post-employment benefits consist of pension plans, job-related early retirement benefits, payment of healthcare insurance costs for pensioners and supplementary disability benefits. Other long-term employee benefits consist of long-service awards, long-term variable pay, paid sabbatical leave and disability benefit supplements. Termination benefits consist of redundancy pay and unemployment benefit supplements.

Schiphol Group's pension plan is administered by the Algemeen Burgerlijk Pensioenfonds (ABP). Based on the formal terms of the pension scheme, it qualifies as a defined-contribution plan. Schiphol Group recognises the pension contributions payable to ABP as an expense in the income statement. Further information on this point can be found in the section entitled '*Accounting policies*'.

The ABP pension regulations do not contain provisions on additional contributions to the fund and/or withdrawals from it in respect of Schiphol Group's share in surpluses or deficits of the pension fund. Consequently, any surpluses and deficits will only result in changes in the amount of the contributions payable by Schiphol Group in the future and these will depend on the actual and expected financial position of the pension fund as reflected in the funding ratio. The total costs for 2014 were 4.7 million euros. The expected contribution payment for 2015 is 21 million euros. ABP's funding ratio was 101.1% as at 31 December 2014.

Effective from 2014, the abolition of the life-course savings scheme resulted in the the job-related early retirement scheme being turned into a more flexible scheme allowing for the possibility of working past retirement age. The effects of this on the job-related early retirement scheme are limited.

An expense of 0.1 million euros is expected for the defined-benefit pension plans under post-employment benefits for Schiphol Group in 2014. The actual expenses under these plans in 2013 amounted to 0.1 million euros, as explained in note *5. Employee benefits* on employee benefits.

The movements in post-employment benefit liabilities during the year were as follows:

(in thousands of euros))	2014	2013
Carrying amount as at 31 December	**20,235**	**21,608**
Movements		
Total net benefit expense for the year	**1,155**	1,399
Benefits paid during the year	**- 1,653**	- 3,236
Actuarial changes presented in other comprehensive income	**4,893**	605
Payment of contributions	**- 320**	- 141
Total movements in the year	**4,075**	**- 1,373**
Carrying amount as at 31 December	**24,310**	**20,235**

Actuarial assumptions and estimates

	31 December 2014	31 December 2013
Discount rate	**1.50%**	3.00%
Return on plan assets	**1.50%**	3.00%
Inflation	**1.50%**	2.00%
General salary increase	**1.50%**	2.00%
Life expectancy	**Forecast table 2062 with adjustment factors geared to the company's average salary level**	Forecast table 2062 with adjustment factors geared to the company's average salary level
Individual pay rises, depending on age	**3.00% (to age 39), 2.00% (to age 49), 1.00% (to age 59), 0.00% (to age 65)**	4.00% (to age 39), 3.00% (to age 49), 2.00% (to age 59), 2.00% (to age 65)
Age difference	**Men 3 years older than female partners**	Men 3 years older than female partners
Incapacity risk	**In and outflow of WIA, based on 2006 to 2011**	UKV 2010, based on inflow 2006 to 2009
Termination probability, depending on age	**4.20% (age 25) to 0.10% (age 60)**	4.20% (age 25) to 0.10% (age 60)
Continued service probability (job-related early retirement scheme)	**100%**	100%

Sensitivity analysis of assumptions

	Current	Change in discount rate		Change in inflation		Change in survival rate	
						year longer	year shorter
Discount rate	1.50%	1.75%	1.25%	1.50%	1.50%	1.50%	1.50%
Inflation	1.50%	1.50%	1.50%	1.75%	1.25%	1.50%	1.50%
Post-employment benefits	**24,310**	**23,881**	**24,966**	**25,063**	**23,786**	**24,369**	**25,041**

25. Other provisions

(in thousands of euros)	2014	2013
Carrying amount as at 1 January	**10,658**	**13,509**
Movements in the year		
Withdrawals during the year	**- 573**	- 2,003
Addition for onerous contracts	**7,399**	-
Release to the income statement	**-**	- 848
Total movements in the year	**6,826**	**- 2,851**
Carrying amount as at 31 December	**17,484**	**10,658**

The 7.4 million euro provision for loss-giving contracts relates to a loss-giving contract regarding a future obligation to contribute land to a common land bank. Further details can be found in the section entitled 'A4 Zone West land holdings' under *13. Associates and joint ventures*.
The EUR 0.6 million withdrawal from the provision concerns the remainder of the provision for the 2009 restructuring.

Schiphol Group faces liabilities in connection with certain other claims and disputes. The overall provision of 10.0 million euros recognised for these claims and disputes was unchanged in 2014, as in 2013. The most significant claims concern the consequences of the ban on the development of the Groenenberg site in place from 19 February 2003 to 28 June 2007. Proceedings against Chipshol about the consequences of the imposition and lifting of the ban on development of the Groenenberg site are still ongoing. It is not clear at present when the Amsterdam Court of Appeal will deliver a final judgment.

In addition, Chipshol submitted a claim to the ACM in 2012. This claim was dismissed by the ACM and subsequently also by the Court of Rotterdam. Chipshol has since registered an appeal with Trade and Industry Appeals Tribunal, which is expected to deliver a final judgment in 2015.

In 2013, Schiphol Group received notice from American lawyers acting for Chipshol of possible legal proceedings in the United States of America. Schiphol Group sees no grounds for legal proceedings in the United States of America.

In view of this, the Management Board is of the opinion that no adjustment is required to the estimate it made of Schiphol Group's net liabilities towards Chipshol. The Board does not expect that the remaining amount of the compensation which Schiphol Group will eventually have to pay to Chipshol with regard to the Groenenberg site or other claims will exceed the provision formed for this.

26. Other non-current liabilities

(in thousands of euros)	2014	2013
Purchased long leases	**86,091**	87,949
Lease liabilities	**52,643**	53,963
Derivatives	**14,556**	-
Unrealised profit on contribution in kind Schiphol Logistics Park C.V.	**3,395**	3,646
Lease incentives	**2,787**	2,432
Other movements	**10,670**	12,666
Total other non-current liabilities	**170,142**	**160,656**

Long leases received in advance are rent instalments which Schiphol Group has received in advance on land leased out to third parties on a long lease. This item is recognised through profit or loss over the term of the underlying contracts.

Lease liabilities includes the The Base office building lease with ABP, which runs for 40 years with options to cancel after 25 years and 30 years. If the lease is cancelled before the end of the 40-year period, Schiphol Group will be liable to pay a lump sum and penalty interest, with the buildings becoming the property of Schiphol Group. The rent is increased annually in line with the consumer price index. The leasehold of the land on which The Base stands has been granted to ABP for the duration of the lease.

(in thousands of euros)	The Base	Cars	Total
Liability < 1 year	1,329	1,439	**2,768**
Liability 1 year and < 5 year	6,298	4,819	**11,117**
Liability > 5 year	41,526	-	**41,526**
Carrying amount of financial lease liabilities	**49,153**	**6,258**	**55,411**

In 2006, Schiphol Real Estate B.V. contributed land to Schiphol Logistics Park C.V. and in so doing acquired a 38% interest in this company. The difference between the fair value of the site at the time of its contribution of 23.7 million euros and its total historical cost of 11.7 million euros is 12 million euros. In accordance with the accounting policies, 38% of this profit, representing Schiphol Real Estate B.V.'s share in Schiphol Logistics Park C.V., or EUR 4.6 million, should be treated as unrealised. Part of this profit was realised when some of the land was sold in 2009.

Lease incentives are the cost of benefits which Schiphol Group granted tenants at the start of their lease. These are charged to the income statement over the term of the incentives.

27. Trade and other payables

(in thousands of euros)	2014	2013
Trade payables	**110,495**	102,676
Payable in respect of wage tax and social security contributions	**5,310**	5,624
Payable in respect of pensions	**27**	605
Lease liabilities	**2,768**	3,182
Derivatives	**3,377**	33,429
Interest payable	**36,919**	58,281
Accruals	**99,180**	91,674
Deferred income	**46,934**	39,573
Purchased long leases	**1,804**	1,804
Lease incentives	**3,163**	1,588
Other payables	**10,188**	10,717
Total trade and other payables	**320,165**	**349,153**

Further details of the derivative financial instruments can be found in the section *29. Management of financial risks and financial instruments*.

28. Contingent assets and liabilities

Covenant on local environmental quality in the medium term

The arrangements to be made under this covenant concern area-specific projects (improvement of the quality of the local environment in particular areas) and individual measures (mitigation in individual cases of noise-related distress). Schiphol Group provided 10 million euros for the first tranche in 2006 for the near term to 2010, earmarked for the funding of individual measures in distress cases and area-specific projects. The State and the province of North-Holland also provided 10 million euros each.

A second tranche was committed in the Alders recommendations of October 2013 in connection with which Schiphol Group is again making 10 million euros available. It has been agreed that, before this second phase is implemented, the parties will discuss their experiences from the first phase to determine how to enhance the quality of life in the surrounding areas most effectively and the programmes to be deployed. Schiphol Group's contribution in the second tranche will again focus primarily on cases of distress, but contributions to area-specific projects in the most affected nearby areas are not excluded in advance. Details of the way the second tranche will be used will be developed and set out in a new covenant in 2015.

Water remediation plan

To improve the quality of the surface water in the long term, Remediation Plan Part 4 has been drawn up to reduce the harmful effects of liquids used in winter operations (glycol for aircraft de-icing and potassium formate for keeping the runways clear of ice and snow). This plan consists of a programme of measures and investment focusing on source-reducing measures and capital expenditure on sweeping and suction equipment to capture run-off from runways and aircraft stands. Remediation Plan Part 4 has been drawn up over recent years in close co-ordination with the Rijnland Water Board, which gave its final approval in June 2013. The plan will be phased in over the next few years. The current estimate is that Schiphol Group will invest 2 million euros in a range of assets over the next two years.

Airport charges

easyJet submitted a complaint to the ACM with respect to the differentiation between fees for transfer and O&D passengers in the 2009 charges, terms and conditions. The ACM rejected easyJet's complaint in April 2009. The Court of Rotterdam rejected easyJet's appeal against this. easyJet then appealed to the European Commission, which rejected it on the grounds that the ACM had already ruled on the complaint. In July 2013, easyJet appealed against the European Commission's decision at the European Court of Justice. Although Schiphol is not directly involved in the case, it has been permitted to intervene as an interested party. The European Court of Justice rejected easyJet's appeal in January 2015 because the ACM had already assessed the complaint in question. easyJet still has the option to appeal against the decision of the European Court of Justice. For now, easyJet has indicated that it it will not lodge an appeal.

Border Control Reform (No-Q)

In mid-2009, Schiphol Group and the Immigration and Naturalisation Service (IND) of the ministry of Security and Justice decided to launch a joint Border Management Reform programme, as part of their ongoing cooperation in the area of safety and security at Amsterdam Airport Schiphol. The aim of the programme is designed to help improve the quality and speed of services (mobility) by creating an effective and efficient border control process (safety) involving the greatest possible use of intelligence-driven action, based on information about passengers and their baggage received in advance, and the application of new automatic border control concepts. Schiphol Group and the ministry have committed one-off financial contributions to the programme of up to 16.5 million euros and 10 million euros respectively (from European funds) for the development and application of a new automatic border control concept currently being investigated and developed in the No-Q project. Schiphol Group reached agreement with the ministry at the end of 2012 for the period from 2012 to 2015 which put all of the initial arrangements into practice. The parties intend to continue the automatic border control project through shared financing after 2015 as well. At the end of 2014, this was formalised by means of an administrative agreement between Schiphol and the government.

Contamination by extinguishing water

In July 2008, the Rijnland Water Board collected contaminated extinguishing water released during an incident at a KLM hangar in Schiphol Southeast and stored it in reservoirs made available by Schiphol. The Water Board had been granted a permit for this by the province of North-Holland. Although the contaminated extinguishing water was removed and decontaminated in 2009, it was later discovered that the soil and groundwater around the reservoirs had been contaminated. As the owner of the land concerned, Schiphol Group suffered damage as a result. The Water Board removed the sludge from the reservoirs in 2011, as a result of which no further contamination is taking place through that sludge. The Water Board, KLM and Schiphol in 2012 took control measures aimed at preventing the further spread of contamination through groundwater by placing a screen around the contaminated area. Monitoring has shown that the screen is working adequately. An investigation aimed at finding a final solution was launched in 2014.

The watercourses at Schiphol that were contaminated during this incident will be cleaned up within the framework of the regular dredging programme. The additional costs incurred on top of the regular dredging programme for the transport and processing of the contaminated material will be charged to KLM.

Evides, a water decontamination company, is taking measures in consultation with the municipality of Haarlemmermeer to deal with the technical facilities, soil and groundwater that were also contaminated by this incident. Evides has contacted Schiphol Group and KLM to discuss further action to manage the contamination. Consultations with the competent authorities were started at the end of 2013 with the aim to check the plan against laws and regulations.

To protect the quality of the surface water in the ditch next to the waste water purification plant, the Water Board has instructed Evides, KLM and Schiphol Group to take measures. These measures comprise the decontamination of the water bottom where necessary and the installation of a geohydrological control system on the site. The plans are being implemented at present.

Schiphol Area Development Company N.V. (SADC)
Schiphol Group participates directly, and indirectly through the collaborative venture Schiphol Area Development Company N.V. (SADC), in land holdings in the vicinity of Amsterdam Airport Schiphol. SADC's objective is to develop business locations and supporting infrastructure projects around the Airport.

One of these land holdings concerns the A4 Zone West area. Schiphol Group has the future obligation to contribute EUR 17.6 million as a limited partner's contribution, to be increased by financing and acquisition costs, to fund the contribution of land to GEM A4 Zone West C.V. by the municipality of Haarlemmermeer.

Commitments arising from long-term contracts
As at 31 December 2014, there were commitments (not included in the balance sheet) for long-term contracts for security, maintenance, cleaning, etc. totalling 1,175 million euros (31 December 2013: 507 million euros). The other liabilities relate to commitments regarding maintenance and cleaning, among other things. This total amount includes commitments for contracted work with respect to security of 750.9 million euros. The increase in the commitments for contracted work with respect to security relates to the conclusion of new outsourcing contracts maturing in 2020. The total liabilities for 2015 amount to 303.1 million euros. There are also maintenance contracts that do not involve a purchase obligation.

As at 31 December 2014, there were capital expenditure obligations for assets under construction or development of 30.4 million euros (31 December 2013: 66.4 million euros).

Other contingent assets and liabilities
Schiphol Group is committed to contributing 0.5 million euros to the Schiphol Fund.

A bank guarantee amounting to 2.3 million euros relating to payment commitments connected with the '*Storage in Underground Tanks*' order has been given to the province of North-Holland.

Schiphol Group had a liability of 7.9 million euros in connection with the cash collateral with JPMorgan, for the difference between the liability in the balance sheet and the amount paid as collateral.

Various other claims against N.V. Luchthaven Schiphol and/or its subsidiaries have been filed, and their are disputes which still have to be settled. All claims and disputes are being contested and the company has taken legal advice on them. However, as it is impossible to predict the outcomes with any certainty it is not yet clear whether any of the cases will result in actual liabilities for the company and/or its group companies. Accordingly, no provisions have been recognised in the balance sheet in respect of these claims and disputes. The company has also brought claims against third parties and has disputes pending in which it is claimant. Since it is not yet clear whether these cases will be resolved in the company's

Commitments arising from long-term contracts

(in thousands of euros)	Total 2014	< 1 year	> 1 year and < 5 year	> 5 year
Obligations relating to:				
Central security, maintenance and cleaning	**1,175,340**	443,547	672,578	59,215
Electricity	**5,836**	5,836	-	-
Rent- and leasecontracts (operating lease)	**5,332**	2,321	3,011	-
Gas	**1,833**	1,833	-	-
Total	**1,188,341**	**453,537**	**675,589**	**59,215**

(in thousands of euros)	Total 2013	< 1 year	> 1 year and < 5 year	> 5 year
Obligations relating to:				
Central security, maintenance and cleaning	**506,800**	149,700	357,100	-
Electricity	**36,071**	7,415	17,635	11,021
Rent- and leasecontracts (operating lease)	**13,301**	7,466	5,835	-
Gas	**3,192**	3,192	-	-
Total	**559,364**	**167,773**	**380,570**	**11,021**

favour, no related receivables have been recognised in the balance sheet.

29. Management of financial risks and financial instruments

Financial income and expenses

The table below contains a breakdown of financial income and expenses. Capitalised construction period borrowing costs are interest charges incurred during the construction phase of large investment projects.

(in thousands of euros)	2014	2013
Interest and other financial income		
Receivables from associates	4,856	5,848
Exchange differences receivables from associates	2,764	-
Other financial results	2,735	-
Interest on tax due	2,415	1,811
Cash and cash equivalents	1,412	1,771
Exchange differences on cash and cash equivalents	83	-
Exchange differences on other assets and liabilities	-	2,795
Other	275	672
	14,540	**12,897**
Interest and other financial expenses		
Borrowings	-87,116	-94,893
Capitalised construction period borrowing costs	5,071	2,134
Derivative financial instruments	-10,747	-4,448
Lease receivables	-4,229	-4,463
Exchange differences on other assets and liabilities	-3,110	-
Exchange differences on loans to associates	-	-925
Exchange differences on cash and cash equivalents	-	-149
Other	-	-100
	-100,131	**-102,844**
Total financial income and expenses	**-85,591**	**-89,947**

Exchange differences on loans to associates concern the Redeemable Preference Shares of Brisbane Airport Corporation Holdings Ltd held by Schiphol Group. The terms and conditions require repayment of the nominal value to the shareholders within a period of 10 years and therefore the shares are not considered to be part of the net investment in the associate. Consequently, exchange differences should be accounted for in the income statement rather than in the exchange differences reserve. The currency risk relating to this long-term receivable is, however, largely hedged by annual forward transactions which hedge the Australian dollar position against the euro. The hedge transactions are recognised as a cash flow hedge while the associated exchange differences are recognised in the reserve for hedging transactions. The other exchange differences are recognised in the income statement.

Financial risk factors

Due to the nature of its activities, Schiphol Group faces a variety of risks including market risk, counterparty risk and liquidity risk. The financial risk management programme (which is part of Schiphol Group's overall risk management programme) focuses on the unpredictability of the financial markets and minimising any adverse effects this may have on Schiphol Group's financial results.

Schiphol Group uses derivative financial instruments to hedge certain risks. Financial risk management is carried out by the central treasury department (Corporate Treasury) and is part of approved Management Board policy. In addition to drawing up written guidelines for financial risk management, the Management Board determines the policy for specific key areas such as currency risk, interest-rate risk, credit risk, the use of derivative and non-derivative financial instruments, and the investment of temporary liquidity surpluses. The contracts relating to derivative financial instruments are shown in the table on the next page.

Market risk

Market risk comprises three types of risk: currency risk, price risk and interest-rate risk.

(a) Currency risk

Currency risk arises if future business transactions, assets and liabilities recognised in the balance sheet and net investments in activities outside the euro zone are expressed in a currency other than Schiphol Group's functional currency (the euro) and so the euro is both its functional currency and presentation currency. Schiphol Group operates internationally and faces currency risks on several currency positions, in particular in Japanese yen (borrowings) and US and Australian dollars (net investments in activities outside the euro zone).

Schiphol Group manages the currency risk on borrowings by using forward and swap contracts. The financial risk management policy is that virtually all expected cash flows are hedged. As at 31 December 2014, 7.6% of group financing had been drawn in foreign currency (one loan with a carrying amount of EUR 137.2 million (JPY 20 billion nominal value)) compared with 7.6% of total borrowings (one loan with a carrying amount of EUR 137.7 million (JPY 20 billion nominal value) a year earlier. In accordance with the policy, this position is fully hedged by means of currency swaps. Consequently, a movement in the exchange rate will not affect the results relating to these borrowings. The effect on equity is temporary (only for the duration of the hedging transaction) and amounts to 0.3 million euros negative in 2014 (after deferred tax).

Type	Counterparty	Interest rate	Currency	Notional amount (x 1,000)	Maturity	Fair value in thousands of euros as at 31 December 2014	31 December 2013
Currency swap	JPMorgan	3.16%	JPY	20,000,000	2038	**- 14,556**	1,668
Rate swap	RBS	4.03%	EUR	200,000		**-**	- 33,429
Forward	RBS	N/A	AUD	99,200	2014	**-**	13,017
Forward	JPMorgan	N/A	AUD	93,400	2015	**- 3,377**	-
						- 17,933	**- 18,744**
Recognised in the balance sheet under:							
Non-current assets						**-**	1,668
Current assets						**-**	13,017
Non-current liabilities						**-14,556**	-
Current liabilities						**-3,377**	-33,429
						- 17,933	**- 18,744**

Schiphol Group has a number of strategic investments in activities outside the euro zone and of these the net investments recognised in the balance sheet under 'associates' and 'loans to associates' are affected by a translation risk. In accordance with the policy, the currency position relating to Schiphol Group's net investments in activities outside the euro zone, totalling EUR 174.5 million as at 31 December 2014 (173.5 million euros as at 31 December 2013), is not hedged, with the exception of the Redeemable Preference Shares which Schiphol Group owns in Brisbane Airport Corporation Holdings Ltd. The currency risk on this receivable and the accrued dividend, which had a carrying amount of 60.5 million euros as at 31 December 2014 (59.5 million euros as at 31 December 2013), is largely hedged with forward exchange transactions. Consequently, a movement in the exchange rate will have only a minor effect on the results relating to this receivable. Exchange differences on the unhedged position relating to investments in associates are recognised in the exchange difference reserve and do not directly affect the result. The effect on equity in 2014 is 7.6 million euros, which leads to a decrease in the exchange difference reserve from 2.9 million euros as at 31 December 2013 to 10.5 million euros as at 31 December 2014.

Schiphol Group's risk in respect of the cross-currency swap is mitigated by a cash collateral agreement with JPMorgan, which results in a maximum net position for both parties that depends on the parties' credit rating. If the credit rating of either party is reduced, the maximum net position for that party will also decrease. Under the cash collateral agreement, the difference between the market value of the swap and the applicable maximum net position is paid weekly through the bank.

As at 31 December 2014, the maximum net position of both parties amounted to 10 million euros (10 million euros as at 31 December 2013) while the market value of the swap was approximately 14.5 million euros negative (1.67 million euros as at 31 December 2013) at Schiphol Group's expense. As at 31 December 2014, Schiphol Group had paid JPMorgan 6.5 million euros through the bank. If the EUR/JPY exchange rate decreases by 10%, Schiphol Group will receive 5 million euros from JPMorgan. If the exchange rate rises by 10%, Schiphol Group must make an additional payment of 30 million euros.

The remaining portion of the derivative financial instrument serves to hedge the translation differences on the Redeemable Preference Shares recognised as loans to associates.

The interest rates shown against the various currency, interest-rate and cross-currency swaps are the fixed rates at which interest is payable to the counterparty, for which interest at the variable (or fixed) rate that Schiphol Group in turn has to pay on the loans concerned is receivable from the counterparty.

(b) Price risk
Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices. Schiphol Group is affected mainly by the price risk on property investments which it recognises at fair value. This fair value is influenced by supply and demand and movements in interest rates and the rate of inflation. An average increase of 10% in the net initial yield (NIY) on offices and commercial buildings demanded by property investors would reduce the value of those properties by a total of approximately 92 million euros. A decrease of the NIY of 10% will lead to an increase of approximately 111 million euros. Under the accounting policy, in that situation profitability before tax would fall by the same amount.

Schiphol Group purchases electricity and gas for its own use by Aviation on long-term contracts.

(c) Interest-rate risk
Interest-rate risk is divided into a fair value interest-rate risk and a cash flow interest-rate risk.

Fair value interest-rate risk

Fair value interest-rate risk is the risk of fluctuations in the value of a financial instrument as a result of movements in the market interest rate. Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk but is affected by fair value interest-rate risk on its fixed-interest borrowings. If market interest rates fell on average by 0.5%, this would lead to an increase of 66.4 million euros (3.1%) in the fair value of borrowings. An average increase of 0.5% in market interest rates would lead to a fall of 62.8 million euros (3%) in the fair value of borrowings. Schiphol Group's policy is to draw at least 50% of borrowings at fixed interest rates, if necessary by using derivatives. As at 31 December 2014, 96% of borrowings were fixed-interest, excluding subsidiaries and associates (31 December 2013: 100%).

Cash flow interest-rate risk

The cash flow interest-rate risk is the risk of fluctuations in the future cash flows of a financial instrument as a result of movements in market interest rates. Except for cash and cash equivalents, Schiphol Group has no significant financial assets that attract a cash flow interest-rate risk. If the average interest received on deposits had been 0.5% lower during 2014 (and had therefore been 0%), the interest income relating to deposits would have been 0.5 million euros lower (2013: 1.3 million euros).

In addition, Schiphol Group runs a cash flow interest-rate risk in respect of group financing at a variable interest rate. This position is limited by Schiphol Group's policy of not drawing more than 50% of the funds borrowed at a variable interest rate (and at least 50% at a fixed interest rate), if necessary by using derivatives. As at 31 December 2014, the figure for variable-interest borrowings was 4% (31 December 2013: 0%).

The cash flow interest-rate risk is managed by using interest-rate swaps, under which a variable interest rate can be changed into a fixed interest rate, and interest rate caps, which limit any increase in interest rates. As part of an interest rate swap, Schiphol Group agrees with a counterparty to effect swaps, at predetermined times, of the difference between a fixed contract rate and a variable interest rate. This difference is calculated on the basis of the agreed underlying principal sum. If the average variable interest rate had been 1% higher during 2014, there would have been no interest expense effect relating to group financing (2013 no effect).

Counterparty risk

Counterparty risk is the risk that one party to a financial instrument fails to fulfil its obligations, causing the other party to suffer a financial loss. Schiphol Group's counterparties in derivative financial instruments and liquidities transactions are restricted to financial institutions with high creditworthiness (a minimum S&P credit rating of A) and the net position for each counterparty may not exceed 150.0 million euros. The maximum net position as at 31 December 2014 was 115 million euros (175.5 million euros as at 31 December 2013).

The movements in the provision for bad debts and ageing analysis are as follows:

(in millions of euros)	2014	2013
Carrying amount 1 January	**4.1**	3.3
Utilised during the year	**0.0**	0.0
Acquisition	**0.0**	0.2
Redemption	**- 0.7**	- 0.1
Withdrawal during the year	**- 0.1**	0.7
Carrying amount 31 December	**3.3**	**4.1**
Ageing analysis		
Less than 60 days	**99.6**	84.6
Older than 60 days	**3.1**	19.9
Older than 360 days	**1.1**	0.6
Bankruptcies	**1.0**	1.1
	104.8	**106.2**
Provision for bad debt	**- 3.3**	- 4.1
Security deposits received	**- 2.7**	- 2.1
Total Trade receivables	**98.8**	**100.0**

At 31 December 2014, trade receivables was 98.8 million euros (31 December 2013: 100 million euros), after a provision for doubtful debts of 3.3 million euros (4.1 million euros as at 31 December 2013) and including 2.7 million euros in security deposits received (31 December 2013: 2.1 million euros). The provision covers all receivables owed by debtors that are in bankruptcy or have applied for a moratorium on payments, receivables older than one year and larger receivables younger than one year which are expected to be uncollectible.

3.2 million euros of the trade receivables (which amounted to 105 million euros before deduction of the provision for doubtful debts of EUR 3.3 million and security deposits received of 2.7 million euros) was past due but not provided for. It is expected that these amounts will be received as the debtors concerned have no default history.

Parties using services from Schiphol Group are first assessed for creditworthiness. Depending on the outcome of this assessment, they may be required to provide security in the form of a bank guarantee or deposit to limit the credit risk. As at 31 December 2014, Schiphol Group holds 44.7 million euros in bank guarantees and security deposits (31 December 2013: 45.3 million euros). Koninklijke Luchtvaartmaatschappij N.V. (KLM) has an individual balance in excess of 10.0 million euros.

Liquidity risk

Liquidity risk is the risk that Schiphol Group will have difficulty in raising the funding required to honour its commitments in the short term. Careful liquidity risk management means that Schiphol Group maintains sufficient liquid resources and has access to sufficient funding in the form of promised (and preferably committed) credit facilities and the EMTN programme. The financing policy is also aimed at reducing the refinancing risk. See note *23. Borrowings* for further information on the margin and facilities. In connection with liquidity risk, Corporate Treasury manages the cash pool through which several of the subsidiaries' bank balances are managed and netted for optimum balance management.

All the items below are shown at the amounts at which they are recognised in the balance sheet and with a remaining maturity based on the date of redemption or settlement agreed with the counterparty. Schiphol Group's policy is that no more than 25% of liabilities may have a term of less than one year. As at 31 December 2014, this figure was 0.3% (31 December 2012: 20.7%).

The remaining term of the net liabilities relating to financial instruments and the composition of the expected cash flows are as follows:

(in thousands of euros)	Total 2014	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	**1,805,317**	1,813,163	4,957	1,800,360	532,717	1,267,643
Finance lease liabilities	**55,411**	55,411	2,768	52,643	11,118	41,525
Derivative financial instruments	**17,933**	17,933	3,377	14,556	-	14,556
Trade payables	**110,495**	110,495	110,495	-	-	-
Interest to pay	**36,919**	36,919	36,919	-	-	-
Total	**2,026,075**	**2,033,921**	**158,516**	**1,867,559**	**543,835**	**1,323,724**

(in thousands of euros)	Total 2013	Contractual cash flows	<= 1 year	> 1 year	> 1 year but <= 5 years	> 5 years
Borrowings	**1,821,352**	2,022,571	420,146	1,401,206	262,527	1,138,679
Finance lease liabilities	**57,145**	57,145	3,182	53,963	10,702	43,261
Derivative financial instruments	**33,429**	33,429	33,429	-	-	-
Trade payables	**102,676**	102,676	102,676	-	-	-
Interest to pay	**58,281**	58,281	58,281	-	-	-
Total	**2,072,883**	**2,274,102**	**617,714**	**1,455,169**	**273,229**	**1,181,940**

Financial instruments can be classified, according to the measurement policy applied, as follows:

(in thousands of euros)	Level[1]	Total 2014	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value disclosure
Borrowings	2	**1,776,781**	1,776,781	-	-	2,080,325
Borrowings	3	**28,536**	-	-	28,536	-
Finance lease liabilities	2	**55,411**	55,411	-	-	55,411
Derivative financial instruments	2	**17,933**	-	17,933	-	-
Trade payables	n/a	**110,495**	-	-	110,495	110,495
Interest to pay	n/a	**36,919**	-	-	36,919	36,919
Liabilities		**2,026,075**	**1,832,192**	**17,933**	**175,950**	**2,283,150**
Loans to associates	2	**- 60,511**	- 60,511	-	-	-63,600
Other loans	2	**- 1,018**	- 1,018	-	-	-1,018
Loans to associates	2	**- 9,491**	- 9,491	-	-	-9,491
Trade receivables	n/a	**- 98,843**	-	-	- 98,843	-98,843
Cash and cash equivalents	n/a	**- 177,663**	-	-	- 177,663	-177,663
Assets		**- 347,526**	**- 71,020**	**-**	**- 276,506**	**- 350,615**
Total		**1,678,549**	**1,761,172**	**17,933**	**- 100,556**	**1,932,535**

1 If a financial instrument is not measured at fair value the level of fair hierarchy, used to the determine the fair value disclosure, is disclosed.

(in thousands of euros)	Level[1]	Total 2013	Amortised cost	Fair value through equity	Fair value through profit and loss	Fair value disclosure
Borrowings	2	**1,821,352**	1,821,352	-	-	1,996,445
Finance lease liabilities	2	**57,145**	57,145	-	-	57,145
Derivative financial instruments	2	**33,429**	-	33,429	-	-
Trade payables	n/a	**102,676**	-	-	102,676	102,676
Interest to pay	n/a	**58,281**	-	-	58,281	58,281
Liabilities		**2,072,883**	**1,878,497**	**33,429**	**160,957**	**2,214,547**
Loans to associates	2	**- 59,543**	- 59,543	-	-	-60,100
Other loans	2	**- 1,184**	- 1,184	-	-	-1,184
Loans to associates	2	**- 10,128**	- 10,128	-	-	-10,128
Derivative financial instruments	2	**- 14,685**	-	- 14,685	-	-
Trade receivables	n/a	**- 99,987**	-	-	- 99,987	-99,987
Cash and cash equivalents	n/a	**- 482,182**	-	-	- 482,182	-482,182
Assets		**- 667,709**	**- 70,855**	**- 14,685**	**- 582,169**	**- 653,581**
Total		**1,405,174**	**1,807,642**	**18,744**	**- 421,212**	**1,560,966**

1 If a financial instrument is not measured at fair value the level of fair hierarchy, used to the determine the fair value disclosure, is disclosed.

The table above presents the financial instruments measured at fair value by the method used. Measurement is undertaken for each reporting period.

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Quoted prices for similar assets and liabilities in active markets or information based on or supported by observable market inputs;
- Level 3: Unobservable inputs used to determine the fair value of an asset or liability.

There have been no transfers between Level 1 and Level 2 measurements. Level 2 measurements are determined using various methods and assumptions based on market conditions on the reporting date. The fair value of these financial instruments is determined on the basis of the present value of the projected future cash flows converted into euros at the relevant exchange rates and the market interest rate applicable to Schiphol Group on the reporting date. Nominal value is assumed to approximate the fair value of loans to associates, trade receivables, cash and cash equivalents and trade payables.

For information purposes, the fair value of financial assets and liabilities is estimated by discounting future contractual cash flows at the market interest rate applicable to Schiphol Group for comparable financial instruments at that time.

Capital management

Schiphol Group's long-term capital strategy and dividend policy is geared towards improving shareholder value, facilitating sustainable long-term growth and preserving an appropriate financial structure and sound creditworthiness. With its current shareholder base (public-sector shareholders), Schiphol Group only has access to the debt market and has a continued focus on further optimising its capital structure and cost of capital.

Schiphol Group uses certain financial ratios, including cash flow-based metrics, to capture the dynamics of capital structure, dividend policy and cash flow generation and monitors its capital structure in line with credit rating agencies and comparable best practices. In this context, key financial ratios employed include:

- Funds From Operations (FFO) Interest Cover: the FFO plus interest charges divided by the interest charges.
- Leverage: interest-bearing debt divided by equity plus the interest-bearing debt.
- Funds From Operations (FFO)/Total Debt: the FFO divided by the total debt.

Funds From Operations

(in thousands of euros)	2014	2013
Operating result	**403,096**	305,193
Depreciation and amortisation	**228,121**	248,304
Impairment	**4,202**	17,410
Proceeds from disposals of property, plant and equipment	**- 105**	- 280
Result from the sale of Joint Venture	**- 5,395**	-
Other income, from property	**1,199**	- 3,209
Costs related to sales of property	**-**	-
Other non cash changes other receivables and liabilities	**- 916**	6,536
Change in other provisions and employee benefits	**6,095**	- 1,543
Income tax paid	**- 57,827**	- 31,272
Interest paid	**- 116,552**	- 98,111
Interest received	**3,718**	4,133
Dividend received	**26,889**	41,049
Funds From Operations	**492,525**	**488,210**

'Funds From Operations' is calculated specifically for the purpose of determining the financial ratios and differs from the cash flow from operations calculated in the consolidated cash flow statement in accordance with the reporting policies, in the *Consolidated statement of cash flow for 2014*. FFO – funds from operations – is the cash flow from operating activities adjusted for operating capital. In 2014 FFO rose from 488 million euros to 493 million euros. The increase in FFO mainly related to an increase in the operating result adjusted, among other things, for write-downs, impairments, other property results and movements in the provisions.

(in thousands of euros)	2014	2013
Non-current liabilities		
Borrowings	**1,800,360**	1,401,206
Lease liabilities	**52,643**	53,963
Current liabilities		
Borrowings	**4,957**	420,146
Lease liabilities	**2,768**	3,182
Total debt	**1,860,728**	**1,878,497**

For capital management purposes, debt consists of non-current and current liabilities as shown under 'total debt'. For capital management purposes, equity is equal to equity in the consolidated balance sheet. At 31 December 2014, equity was 3,452 million euros (3,309 million euros at 31 December 2013).

The FFO/total debt ratio and leverage at 31 December were:

	2014	2013
FFO / Total debt	**26.5%**	26.0%
Leverage	**35.0%**	36.2%

The FFO interest coverage ratio is calculated by dividing the FFO plus the interest charges relating to borrowings and lease liabilities, amounting to 91.3 million euros in 2014 (99.4 million euros in 2013), by those interest charges. As a result, the FFO interest coverage ratio for 2014 was 6.4x (compared with 5.8x for 2013). The ratios at 31 December 2014 are consistent with Schiphol Group's policy of maintaining at least a single A- credit rating (S&P).

Notes to the consolidated cash flow statement

30. Cash flow from operations

(in thousands of euros)	2014	2013
Result	**273,584**	**230,784**
Corporate income tax expense	**71,281**	45,354
Share of results of equity-accounted associates and joint ventures	**- 27,360**	- 60,892
Financial income and expenses	**85,591**	89,947
	129,512	**74,409**
Operating result	**403,096**	**305,193**
Adjustments for:		
Depreciation and amortisation	**228,121**	248,304
Impairment	**4,202**	17,410
Result on sales of property	**- 1,183**	- 180
Result on sales of Joint Ventures	**- 5,395**	-
Costs related to sales of property	**-**	-
Fair value gains and losses on property	**2,382**	- 3,029
Other non cash changes other receivables and liabilities	**- 916**	6,536
Proceeds from disposals of property, plant and equipment	**- 105**	- 280
Change in other provisions and employee benefits	**6,095**	- 1,543
	233,201	**267,218**
Operating result after adjustments	**636,297**	**572,411**
Changes in working capital	**15,739**	- 25,953
Cash flow from operations	**652,036**	**546,458**

Events after the balance sheet date

There are no events after the balance sheet date.

Related Party Disclosures

Related parties

There are a number of subsidiaries and joint ventures in which Schiphol Group holds an interest, which results in either significant influence but no decisive control or exercising joint operational and policy control. Transactions with these parties, some of which are significant, are executed at arm's length conditions and prices no more favourable than if they had been negotiated with independent third parties. Consequently, these subsidiaries and joint ventures are designated as related parties.

Schiphol Group maintains a significant banking relationship with ABN AMRO N.V. and relationships with joint ventures, associates and the parties involved in the pension plans. The Group does not have any control over any of these related parties. Senior officers in key positions in the sense of related parties include no other than members of the Management Board and the Supervisory Board.

Operation of the airport

In its legislative capacity, the government (State of the Netherlands) is responsible for the legislation governing the operation of Amsterdam Airport Schiphol, which is provided for indefinitely in law in Chapter 8, Part 4 of the Aviation Act and other legislation.

Sections 8.7 and 8.17 of the Aviation Act impose constraints on the development and use of Amsterdam Airport Schiphol. The Airport Traffic Decree lays down rules for airport use and stipulates limits for noise levels, air pollution and risks to public safety. The Airport Planning Decree defines the airport zone and the restrictions governing the use of the area in and around the airport. The Aviation (Supervision) Regulations define the rules concerning safety on the airport grounds.

There are two lines of supervision of the operation of Amsterdam Airport Schiphol.

One line of supervision concerns preventing of abuse a position of economic strength by the operator. The body responsible for this supervision is the ACM Office of Transport Regulation. The supervision relates to the charges and conditions fixed by the operator pursuant to Section 8.25d of the Aviation Act to be met by the airport users in the forthcoming year. The charges are regulated on the basis of a mandatory annual consultation of users by the operator concerning the proposed charges and conditions for the forthcoming year. When making its proposal, the operator provides the users with a statement of the level of service to be provided as measured by the indicators stipulated in the Amsterdam Airport Schiphol Operation Decree. The ACM Office of Transport Regulation exercises supervision on the basis of complaints from users on whether the charges have been arrived at in accordance with the statutory requirements. By law, the charges for all airport activities must be transparent. This also applies to the revenue from activities that are directly associated with the aviation activities at the airport that are factored into the charges. For this purpose, the operator is required to keep separate accounts for the airport activities, including subaccounts for the costs of security relating to passengers and their baggage and the revenue generated by security charges. For the income and expenses of these activities, the operator has implemented an industry-standard allocation system that is proportionate and comprehensive.

The other line of supervision involves the ministry of Infrastructure and the Environment and relates to the operation of Amsterdam Airport Schiphol, for which a licence has been granted pursuant to Section 8.25 of the Aviation Act. The operator reports to the minister on the operation of the airport at least once every three years, with special reference to capital expenditure that is important to the development of the airport. The ability to foster the Mainport status of the airport, to the extent that the operator is able to influence that status, is particularly dependent on the development of the airport infrastructure in the medium and long term.

Remuneration of members of the Supervisory Board

(x EUR 1)	Remuneration	Committees Audit	Remuneration	Selection and Appointments	Public Affairs and CR	Total 2014
A. Ruys (chairman)	36,500	-	-	5,000	-	**41,500**
H.J. Hazewinkel RA	24,000	6,000	5,000	-	-	**35,000**
J.G.B. Brouwer	24,000	6,000	3,750	-	1,250	**35,000**
F.J.G.M. Cremers	24,000	6,000	-	5,000	-	**35,000**
L. Galzy	-	-	-	-	-	**-**
L.J. Gunning-Schepers	18,000	-	-	3,750	3,750	**25,500**
M.A. Scheltema	24,000	-	5,000	-	5,000	**34,000**
J.G. Wijn	24,000	-	-	5,000	5,000	**34,000**
Total	**174,500**	**18,000**	**13,750**	**18,750**	**15,000**	**240,000**

(x EUR 1)	Remuneration	Committees Audit	Remuneration	Selection and Appointments	Public Affairs and CR	Total 2013
A. Ruys (chairman)	36,500	-	-	5,000	-	**41,500**
T.A. Maas-de Brouwer	24,000	-	5,000	5,000	5,000	**39,000**
J.G.B. Brouwer	24,000	6,000	-	-	5,000	**35,000**
F.J.G.M. Cremers	24,000	6,000	-	5,000	-	**35,000**
H.J. Hazewinkel RA	24,000	6,000	5,000	-	-	**35,000**
A. de Romanet de Beaune	-	-	-	-	-	**-**
M.A. Scheltema	24,000	-	5,000	-	5,000	**34,000**
J.G. Wijn	24,000	-	-	3,750	5,000	**32,750**
Total	**180,500**	**18,000**	**15,000**	**18,750**	**20,000**	**252,250**

All members of the Supervisory Board also receive an annual expense allowance of 1,600 euros on top of the remuneration for Supervisory Board members referred to above. Galzy and De Romanet de Beaune have stated that they do not wish to receive any remuneration and expense allowance in connection with their membership of the Supervisory Board and its committees. The bonds in Schiphol Group held by Mr Hazewinkel were redeemed in 2014. These bonds were held until the end of their term and were not traded in the interim. No shares, share options, loans, advances or guarantees were or will be granted to members of the Supervisory Board.

Remuneration for Management Board members

(x EUR 1)	Regular salary	Variable remuneration (short term)	Variable remuneration (long term)	Pension costs	Pension costs (supplementary)	Other payments	Total 2014
J.A. Nijhuis RA	389,039	165,342	204,404	98,634	33,068	12,979	**903,466**
M.M. de Groof	303,893	121,557	159,666	76,448	36,467	12,979	**711,010**
E.A. de Groot	343,825	68,765	-	59,061	-	12,979	**484,630**
B.I. Otto [1]	115,033	23,007	-	20,624	-	4,276	**162,940**
A.P.J.M. Rutten[2]	202,220	80,888	159,665	50,965	-	8,703	**502,441**
Total	**1,354,010**	**459,559**	**523,735**	**305,732**	**69,535**	**51,916**	**2,764,487**

1 from 1 September 2014
2 till 1 September 2014

(x EUR 1)	Regular salary	Variable remuneration (short-term)	Variable remuneration (long-term)	Pension costs	Pension costs (supplementary)	Other payments	Total 2013
J.A. Nijhuis RA	384,711	153,884	198,977	114,317	32,700	10,691	**895,280**
M.M. de Groof	300,512	116,448	155,529	88,591	36,061	10,691	**707,832**
E.A. de Groot[1]	325,000	67,773	16,083	94,943	-	10,691	**514,490**
A.P.J.M. Rutten	300,512	116,448	155,529	88,591	97,267	10,691	**769,038**
Total	**1,310,735**	**454,553**	**526,118**	**386,442**	**166,028**	**42,764**	**2,886,640**

1 As agreed, the remuneration policy for Ms De Groot adopted in 2014 has been implemented. Under the terms of the new policy, she is not entitled to long-term variable remuneration. The entitlements accrued in 2013 were settled in 2014 and adjusted accordingly in the comparative figures in these financial statements.

The remuneration of Management Board members is disclosed in accordance with Section 2:383c of the Dutch Civil Code. Periodic remuneration comprises the total of gross salary and holiday pay.

Based on the assessment by the Supervisory Board of the extent to which the targets were achieved, the following (short-term) variable remuneration has been charged to the result for 2014 in respect of the variable remuneration scheme (short-term) for 2014. The variable remuneration (short-term) for Mr Nijhuis is set at 42.5% of his fixed salary and for Messrs De Groof and Rutten at 40% of their fixed salary. De Groot and Otto are both covered by the new remuneration policy and are granted 20% of their fixed salary.

In addition, Management Board members Nijhuis, De Groof and Rutten are also eligible for a variable pay scheme relating to the operating results over a longer period (Long-Term Incentive, hereafter: 'LTI'). The LTI is measured over a reference period of three years and has an on-target payment level of 35% of the fixed salary.

As regards the LTI, the Supervisory Board's assessment of the development of Economic Profit gives rise to the recognition of an employee benefits provision as of 31 December 2014 covering the full LTI for 2012 (reference period 2012-2014) with a swing factor of 1.5, two thirds of the LTI 2013 (reference period 2013-2015) with a swing factor of 1 and one third of the LTI 2014 (reference period 2014-2016) with a swing factor of 1. Due to his retirement, Mr Rutten's final settlement of the LTI 2013 was based on a factor of 1.5.

The other payments concern allowances for representation expenses, the employers' share of social security contributions and various non-recurring benefits. The crisis levy for 2014 amounts to 224,000 euros in total for the Management Board (2013: 227,000 euros). This concerns a payment not distributed to the members of the Management Board but paid by Schiphol Group. This amount is not included in the total remuneration of the directors.

For further details, please read the *Management Board Remuneration for 2014* section in the annual report.

Subsidiaries

	Registered in	Direct / indirect interest in %
Schiphol Nederland B.V.[1]	Schiphol	100.00
Schiphol Australia Pty Ltd	Schiphol	100.00
Schiphol North America Holding Inc.	Delaware	100.00
Eindhoven Airport N.V.	Eindhoven	51.00
N.V. Luchthaven Lelystad[1]	Lelystad	100.00
Luchthaven Lelystad Vastgoed B.V.[1]	Lelystad	100.00
Schiphol USA Inc.	New York	100.00
Rotterdam Airport B.V.[1]	Rotterdam	100.00
Rotterdam Airport Supplies Services B.V. [1]	Rotterdam	100.00
Rotterdam Airport Holding B.V.[1]	Rotterdam	100.00
Rotterdam Airport Vastgoed B.V.[1]	Rotterdam	100.00
Schiphol International B.V.	Schiphol	100.00
Schiphol Real Estate B.V.	Schiphol	100.00
Airport Real Estate Management B.V.[1]	Schiphol	100.00
Airport Property Management B.V.[1]	Schiphol	100.00
Avioport SpA	Lonate Pozzolo	100.00
Schiphol Telematics B.V.[1]	Schiphol	100.00
Schiphol Consumer Services Holding B.V. [1]	Schiphol	100.00
Schiphol Airport Retail B.V.[1]	Schiphol	100.00

1 Section 403, Book 2, of the Dutch Civil Code is applied to these companies

The principal subsidiaries mentioned above are fully consolidated. The full list has been registered with the Chamber of Commerce.

Abridged balance sheet for the minority interests in Eindhoven Airport N.V. exclusive of the interests of Schiphol Group. In 2013 this also included the interest in Avioport SpA .

(in thousands of euros)	2014	2013
Assets		
Non-current assets	**36,368**	50,261
Current assets	**5,372**	5,667
	41,740	**55,928**
Equity and liabilities		
Total equity	**27,631**	25,221
Non-current liabilities	**10,770**	27,050
Current liabilities	**3,339**	3,657
	41,740	**55,928**

Abridged income statement for this company:

(in thousands of euros)	2014	2013
Revenue	**21,694**	19,605
Other income, from property	**- 2,942**	- 1,505
	18,752	**18,100**
Total operating expenses	**16,152**	14,208
Operating result	**2,600**	**3,892**
Financial income and expenses	**- 20**	246
Result befor tax	**2,580**	**4,138**
Corporate income tax	**891**	846
Result	**1,689**	**3,292**

Company income statement for 2014

(in thousands of euros)	2014	2013
Result on ordinary activities after tax	**24,122**	19,037
Results of subsidiaries	**247,773**	208,455
Result attributable to shareholders (net result)	**271,895**	**227,492**

Company balance sheet as at 31 December 2014

Assets	Note	31 December 2014	31 December 2013
(in thousands of euros)			
Non-current assets			
Investments in subsidiaries		**2,807,211**	2,669,507
Investments in associates		**617,500**	611,381
	31	**3,424,711**	**3,280,888**
Current assets			
Receivables	32	**833**	2,435
Cash and cash equivalents		**874**	2,644
		3,426,418	**3,285,967**

Equity and liabilities	Note	31 December 2014	31 December 2013
(in thousands of euros)			
Issued share capital		**84,511**	84,511
Share premium		**362,811**	362,811
Retained profits		**2,379,826**	2,288,101
Other reserves		**- 106,401**	- 111,774
Revaluation reserve		**417,483**	412,941
Other statutory reserves		**14,907**	19,963
Net result of the year		**222,544**	227,492
Shareholders' equity	33	**3,425,032**	**3,284,045**
Employee benefits	34	**646**	954
Current liabilities	35	**740**	968
		3,426,418	**3,285,967**

Notes to the company financial statements

General

General

The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code, exercising the option in Section 2:362(8) of the Dutch Civil Code to apply the same accounting policies for the company financial statements as have been applied in preparing the consolidated financial statements.

The option of presenting the company statement of income in abridged form pursuant to Section 402 of Book 2 of the Dutch Civil Code has been exercised.

Accounting policies

General

The accounting policies for the company financial statements are the same as those for the consolidated financial statements. Where no specific policies are mentioned, see the accounting policies for the consolidated financial statements.

Subsidiaries

Companies over which Schiphol Group is able to exercise control or which Schiphol Group effectively manages are stated at net asset value determined by measuring the assets, provisions and liabilities and results according to the policies applied in preparing the consolidated financial statements. If the share of losses attributable to Schiphol Group exceeds the carrying amount of a subsidiary, losses over and above that amount are not recognised unless Schiphol Group has given guarantees to the entity concerned or other commitments have been entered into or payments have been made on behalf of that entity. In that case, a provision is made for the consequent liabilities. Results on transactions with subsidiaries are eliminated in proportion to the interest in the entities concerned, except where the results arise on transactions with third parties. Losses are not eliminated if there are indications of impairment of the assets concerned.

Elements of equity

Various statutory reserves are maintained in the company balance sheet and form part of the retained profits in the consolidated balance sheet. These reserves restrict the ability to distribute the equity. They are the reserve for property revaluations and the reserves for intangible assets and for investments in associates. The latter two reserves have been combined under other statutory reserves.

The revaluation reserve (Section 2:390(1) of the Dutch Civil Code) is maintained for unrealised fair value gains on individual items of investment property (land and buildings) held by companies forming part of Schiphol Group. Additions to this reserve are made through the profit appropriation, after allowing for corporate income tax. On the sale of investment property, the amount of the revaluation reserve for the property in question is transferred to other reserves.

The reserve for intangible assets (Section 2:365(2) of the Dutch Civil Code) is maintained in connection with research and development costs (software) capitalised by companies forming part of Schiphol Group. The reserve for investments in associates (Section 2:389(6) of the Dutch Civil Code) is formed for the share in the positive results of the entities concerned and in fair value gains recognised directly in equity. Amounts are not recognised in respect of entities whose cumulative results are not positive. The reserve is reduced by the amount of dividend distributions, fair value losses recognised directly in equity and any distributions which Schiphol Group would be able to effect without restriction.

Equity in the consolidated balance sheet includes an exchange differences reserve, an other financial interests reserve and a hedging transactions reserve. These reserves (recognised collectively in the company financial statements under the heading of ‘Other reserves of Schiphol Group’) are also presented as part of company equity since they similarly restrict the ability to distribute the reserves.

Notes to the company balance sheet and income statement

Where the notes to the company balance sheet and income statement are not materially different from the notes to the consolidated balance sheet and income statement, they have not been repeated. See the notes to the consolidated balance sheet and income statement for the items concerned.

31. Non-current assets

(in thousands of euros)	Subsidiaries	Associates	Total
Carrying amount as at 31 December 2012	**2,523,169**	**605,719**	**3,128,888**
Movements in 2013			
Result for the year	208,455	21,657	**230,112**
Dividend	- 50,500	- 16,388	**- 66,888**
Translation differences	- 18,565	-	**- 18,565**
Changes in the hedging transactions reserve	6,388	-	**6,388**
Other movements	560	393	**953**
Total movements in the year	**146,338**	**5,662**	**152,000**
Carrying amount as at 31 December 2013	**2,669,507**	**611,381**	**3,280,888**
Movements in 2014			
Result for the year	247,773	26,265	**274,039**
Dividend	- 120,000	- 14,646	**- 134,646**
Translation differences	6,786	-	**6,786**
Other movements	3,144	- 5,500	**- 2,356**
Total movements in the year	**137,704**	**6,119**	**143,823**
Carrying amount as at 31 December 2014	**2,807,211**	**617,500**	**3,424,711**

Subsidiaries are the wholly-owned subsidiaries by Schiphol Nederland B.V. or Schiphol International B.V. with the exception of Eindhoven Airport N.V. Section 2:403 of the Netherlands Civil Code applies to Schiphol Nederland B.V. Associates are the 8% interest of N.V. Luchthaven Schiphol in Aéroports de Paris S.A.

32. Current assets

Cash and cash equivalents are freely available. Receivables, cash and cash equivalent are included at fair value, which is usually face value.

(in thousands of euros)	2014	2013
Corporate income tax	**782**	2,369
Other receivables	**51**	66
	833	**2,435**

33. Shareholders' equity

(in thousands of euros)	Issued share capital	Share premium	Retained profits	Other reserves	Revaluation reserve	Other statutory reserves	Net Result Financial Year	Total
Balance as at 31 December 2012	**84,511**	**362,811**	**2,177,062**	**- 100,547**	**418,911**	**34,682**	**198,714**	**3,176,144**
Movements in 2013								
Appropriation of result for previous year	-	-	111,039	-	- 5,970	- 14,719	- 90,350	**-**
Distribution of dividend	-	-	-	- 108,364	-	-	- 108,364	**- 108,364**
Exchange differences	-	-	-	- 18,565	-	-	-	**- 18,565**
Changes in fair value on hedging transactions	-	-	-	6,443	-	-	-	**6,443**
Net result	-	-	-	-	-	-	227,492	**227,492**
Other comprehensive income associates	-	-	-	1,375	-	-	-	**1,375**
Change in accounting policy (employee benefits)	-	-	-	- 480	-	-	-	**- 480**
Total movements in the year	**-**	**-**	**111,039**	**- 11,227**	**- 5,970**	**- 14,719**	**28,778**	**107,901**
Balance as at 31 December 2013	**84,511**	**362,811**	**2,288,101**	**- 111,774**	**412,941**	**19,963**	**227,492**	**3,284,045**
Movements in 2014								
Appropriation of result for previous year	-	-	92,657	-	4,542	- 5,056	- 92,143	**-**
Distribution of dividend	-	-	-	-	-	-	- 135,349	**- 135,349**
Transaction with minority shareholders	-	-	- 932	-	-	-	-	**- 932**
Exchange differences	-	-	-	7,723	-	-	-	**7,723**
Changes in fair value on hedging transactions	-	-	-	17,310	-	-	-	**17,310**
Net result	-	-	-	-	-	-	271,895	**271,895**
Other comprehensive income associates	-	-	-	- 15,990	-	-	-	**- 15,990**
Actuarial gains and revaluations after taxation	-	-	-	- 3,670	-	-	-	**- 3,670**
Total movements in the year	**-**	**-**	**91,725**	**5,373**	**4,542**	**- 5,056**	**44,403**	**140,987**
Balance at 31 December 2014	**84,511**	**362,811**	**2,379,826**	**- 106,401**	**417,483**	**14,907**	**271,895**	**3,425,032**

The other statutory reserves comprise the reserve for intangible assets and the reserve for investments in associates.

34. Employee benefits

The liabilities for employee benefits relate to the Management Board of N.V. Luchthaven Schiphol and concern the net liabilities in respect of the long-term variable remuneration. See the notes on employee benefits in the consolidated financial statements for further details.

35. Current liabilities

(in thousands of euros)	2014	2013
Group Companies	**58**	200
Accruals	**633**	711
Other liabilities	**49**	57
	740	**968**

See note *4. Outsourcing and other external costs* to the consolidated financial statements for a breakdown of auditor's fees.

Schiphol, 18 February 2015

Supervisory Board
W.A. Ruys, Chairman

H.J. Hazewinkel RA, Vice-Chairman

J.G.B. Brouwer

F.J.G.M. Cremers

L. Galzy

L.J. Gunning-Schepers

M.A. Scheltema

J.G. Wijn

For the company financial statements for 2014:

Management Board
J.A. Nijhuis RA
President & Chief Executive Officer

M.M. de Groof
Chief Commercial Officer

E.A. de Groot
Chief Financial Officer

B.I. Otto
Chief Operations Officer

Other Information

Proposed profit appropriation

Article 25 of the company's Articles of Association contains the following provisions on profit appropriation:

1. Without prejudice to the provisions of Section 2:105 of the Netherlands Civil Code, the profit according to the financial statements prepared by the Management Board shall be added to reserves unless the General Meeting of Shareholders resolves to make profit distributions according to a proposal by the Management Board approved by the Supervisory Board.

2. The General Meeting of Shareholders shall decide the appropriation of the amounts thus reserved according to a proposal by the Management Board approved by the Supervisory Board.

Proposed profit appropriation

(in thousands of euros)	
Result attributable to shareholders	**271,895**
With due observance of Article 25 of the Articles of Association, it is proposed that the result for the year be appropriated as follows:	
Addition to the revaluation reserve	- 4,542
(fair value gains and losses on property recognised in the profit and loss account, after adjustment for fair value losses below cost and after deduction of corporate income tax)	
Addition to the statutory reserve	5,057
(sum of the results of associates, less dividend distributions, and investments in research and development less amortisation)	
Dividend distribution	- 138,456
(50% of the net result less fair value gains and losses on property after deduction of corporate income tax)	
	- 137,941
Addition to retained profits	**133,954**

Events after the balance sheet date

For details of the events after the balance sheet date, reference is made to the notes to the consolidated financial statements on page *161*.

Independent auditor's report

To the General Meeting of Shareholders of N.V. Luchthaven Schiphol

Report on the audit of the financial statements 2014

Our opinion

We have audited the financial statements 2014 of N.V. Luchthaven Schiphol, Schiphol, as set out on pages 102 to 170. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2014, and of its result and cash flows for 2014 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code.
- the company financial statements give a true and fair view of the financial position of N.V. Luchthaven Schiphol as at 31 December 2014, and of its result for 2014 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2014, the consolidated statements of income, comprehensive income, changes in equity and cash flow for 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise the company balance sheet as at 31 December 2014, the company income statement for 2014 and the notes, comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

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

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

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

Materiality

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

Based on our professional judgment, we determined materiality for the financial statements as a whole at EUR 15 million. Materiality is determined with reference to profit before income tax of which it represents 4.3 per cent. We also consider misstatements and/or possible misstatements that in our opinion are material for qualitative reasons.

We agreed to report to the Supervisory Board all unadjusted misstatements above EUR 0.8 million, which were identified during the audit, as well as misstatements below that threshold that in our view are relevant on qualitative grounds. We have not reported any unadjusted misstatements.

Scope of the group audit

N.V. Luchthaven Schiphol is head of a group of entities with activities in the Business Areas Aviation, Real Estate, Consumer Products & Services and Alliances & Participations. Activities in the first three Business Areas mentioned are primarily conducted at Amsterdam Airport Schiphol; the activities in Alliances & Participations include investments in three regional airports in the Netherlands and investments and activities in foreign airports. The financial information of this group is included in the consolidated financial statements of N.V. Luchthaven Schiphol.

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

The central audit team performed audit procedures with respect to the activities located at Amsterdam Airport Schiphol, including Aviation, Real Estate and Consumer Products & Services.

Audit procedures with respect to a number of foreign activities in the Business Area Alliances & Participations were performed by local auditors. We have directed the audit of the investments in and results from the associates Aéroports de Paris and Brisbane Airport by providing audit instructions and visiting local auditors. We have assessed the outcome of their procedures through a combination of file reviews and telephone conferences. The central audit team performed audit procedures with respect to the activities at Terminal 4 of JFK IAT. In addition, we have met with local management and with the local audit team.

Our approach described above resulted in a coverage of 98 per cent of revenue and 90 per cent of total assets. For other components of the group we performed analytical review procedures to re-examine our assessment that there are no significant risks of material misstatement to the consolidated financial statements within those components.

By performing the procedures mentioned above, together with additional procedures at group level, we have obtained sufficient and appropriate audit evidence to provide an opinion on the consolidated financial statements.

Our key audit matters

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

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

Investments in assets under construction - capitalisation and depreciation

Risk

Assets used for operating activities (assets in use) and Assets under construction for operating activities together comprise 51% of total assets. As part of the Masterplan, Schiphol is investing in operational capacity and quality through large-scale renovations and investments. As disclosed on page 132 of the financial statements, capital expenditure in 2014 capitalised as part of Assets under construction for operating activities amounted to EUR 377 million. In our audit, the distinction between capital expenditure and operating expenses is important.

Response

We have performed audit procedures aimed at the design, implementation and operating effectiveness of internal controls within the purchase and investment process. For Assets under construction for operating activities we assessed the accuracy of new investments, including the appropriateness of capitalisation, through samples on capital expenditure. We vouched amounts recognised as capital expenditure with registered goods received and invoices received. We audited transfers from assets under construction to assets in use, through specific item testing, amongst others based on delivery protocols or underlying invoices. In addition, we reconciled the estimated useful life of these assets with the accounting policies as disclosed on page 113 of the financial statements. Finally, we audited the reassessment of the estimated useful life of certain assets, as disclosed on page 119 of the financial statements. We ascertained that the impact of such reassessment has been adequately disclosed in the financial statements.

Investment property is valued at fair value, supported by valuation reports of independent valuators

Risk

Investment property comprises 21% of total assets and is measured at fair value. The determination of fair value involves using assumptions and estimates, to which a certain degree of subjectivity is inherent. As disclosed on pages 112-113 of the financial statements, fair values are supported by valuation reports prepared by independent valuators. Fair values involve estimates of expected future cash flows and risks.

Response

We examined the process of determining fair values and the internal controls included therein. We aimed our audit procedures, amongst others, at the engagements between Schiphol and the valuators, the methods and definitions applied and the internal analyses of the valuation results. We have audited the information provided by Schiphol to the valuators and the final results of the valuation process. We have involved our own valuation specialists to assess the models and assumptions used.

Accounting for the acquisition of AREB is complex due to a revaluation of the existing ownership interest and a pre-existing contractual relationship between Schiphol and AREB

Risk

Early 2014 Schiphol acquired the remaining (38.85%) shares in AREB C.V., resulting in control over AREB. This acquisition is disclosed on pages 140-141 of the financial statements. This is a complex transaction from an accounting perspective, primarily due to the revaluation to fair value of Schiphol's existing ownership interest in AREB (61.15%) and the accounting for a pre-existing lease contract between Schiphol and AREB which, based on market circumstances in 2014, is no longer considered to be at market rate.

Response

Based on the contracts in place we have ascertained that Schiphol acquired the remaining shares in, and control over, AREB and that previously joint control existed. We have assessed the revaluation of the existing 61.15% ownership interest based on the agreed purchase price for the remaining shares.

The accounting policies on page 114 of the financial statements disclose that the acquisition was accounted for using the acquisition method. We verified the fair value of AREB's assets and liabilities at the acquisition date based on AREB's audited 2013 financial statements, in which investment property was already carried at fair value based on third party valuation reports. We examined the impact of the off-market element of the pre-existing lease contract between Schiphol and AREB based on a comparison between the contractual lease and the current market lease for similar investment properties.

Finally, we determined that the effects of the revaluation of the existing ownership interest and the off-market element of the pre-existing lease contract have been recognised in the statement of income, and that these effects have been adequately disclosed on pages 140-141 of the financial statements.

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Netherlands Civil Code and for the preparation of the Report by the Management Board in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Management Board is responsible for such internal control as the Management Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to errors or fraud.

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

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

Our responsibilities for the audit of the financial statements

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

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

Other aspects of our responsibilities for the audit of the financial statements can be found on the website of "Nederlandse Beroepsorganisatie van Accountants": www.nba.nl/standaardteksten-controleverklaring.

Report on other legal and regulatory requirements

Report on the Report by the Management Board and the other information
Pursuant to legal requirements of Part 9 of Book 2 of the Netherlands Civil Code (concerning our obligation to report about the Report by the Management Board and other information):

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

Engagement
We were appointed as auditor of N.V. Luchthaven Schiphol for the audit of the 2014 financial statements and onwards in the Extraordinary General Meeting of Shareholders on 10 February 2014. We have been the external auditor since that date.

Amstelveen, 18 February 2015

KPMG Accountants N.V.

E. Eeftink RA

Historical summary

(in millions of euros, unless otherwise indicated)	2014	2013	2012[1]	2011
Profit and loss account				
Revenue	**1,474**	1,364	1,353	1,278
Fair value gains and losses on property	**- 2**	3	- 24	- 1
Total operating revenue	**1,472**	1,367	1,329	1,277
Other income, from property	**1**	-	11	1
Total operating expenses before depreciation, amortisation and impairment	**- 837**	- 796	- 806	- 766
EBITDA	**635**	571	534	512
Depreciation, amortisation and impairment	**- 232**	- 266	- 238	- 208
Operating result	**403**	305	296	304
Financial income and expenses	**- 86**	- 90	- 88	- 91
Taxation, share in operating result of associates and minority interests	**- 44**	15	- 12	- 15
Result on ordinary activities after tax	**274**	230	196	198
Minority interests	**2**	3	- 2	3
Net result	**272**	227	198	195
Balance sheet				
Non-current assets	**5,412**	4,929	5,108	5,106
Current assets	**418**	772	681	681
Total assets	**5,830**	5,701	5,789	5,787
Equity	**3,453**	3,309	3,203	3,175
Provisions	**57**	46	44	51
Non-current liabilities	**1,987**	1,576	1,980	1,980
Current liabilities	**334**	770	562	581
Total equity and liabilities	**5,830**	5,701	5,789	5,787
Operating cash flow[2]	**508**	462	399	387
Ratios				
Operating result as % of revenue	**27.3**	22.4	21.9	23.8
Return on average equity in % (ROE)	**8.2**	7.0	6.2	6.2
Return on Net Assets in %[3]	**8.6**	7.8	7.4	7.4
Return on Average Capital Employed in %[4]	**8.4**	7.2	7.4	7.5
FFO/Total debt in %[5]	**26.5**	26.0	24.5	18.5
FFO interest coverage ratio[6]	**6.4**	5.8	5.6	4.5
Leverage[7]	**35.0**	36.2	37.8	37.9
Figures per share				
Earnings per share	**1,461**	1,222	1,068	1,045
Operating cash flow per share	**2,730**	2,446	2,143	2,081
Dividend per share	**744**	726	582	524
Personnel				
Average effective full-time equivalent employees	**2,039**	2,058	2,087	2,115

2010	2009	2008	2007	2006	2005
1,180	1,154	1,154	1,146	1,037	948
22	- 40	19	111	29	13
1,202	1,114	1,173	1,257	1,066	961
-	-	3	3	10	10
- 719	- 731	- 709	-666	- 598	- 492
483	383	466	594	478	479
- 186	- 196	- 172	-175	- 162	- 167
297	187	294	419	316	312
- 115	- 91	- 54	-35	- 36	- 34
- 10	37	- 54	-68	247	- 85
172	133	187	316	527	193
3	-	0.00	0.00	0.00	0.00
169	133	187	316	527	193
5,000	4,798	4,754	3945	3,681	3,249
506	729	655	342	483	432
5,506	5,527	5,409	4287	4,164	3,681
3,109	2,975	2,887	2957	2,722	2,245
65	69	50	54	63	84
1,762	2,061	1,747	914	865	1,006
570	422	725	362	514	346
5,506	5,527	5,409	4287	4,164	3,681
351	327	421	313	362	307
25.1	16.2	25.5	36.6	30.5	32.8
5.6	4.5	6.4	11.1	21.2	8.9
7.9	4.9	7.5	12.3	10.1	9.7
7.3	4.5	7.3	11.7	9.8	9.9
17.0	18.5	19.3	34.3	39.0	28.7
3.8	4.4	6.5	7.7	8.3	6.8
37.2	40.5	38.6	23.5	24.8	29.4
908	710	1,083	1,844	3,077	1,126
1,883	1,756	2,439	1,830	2,114	1,754
409	347	371	543	462	323
2,328	2,496	2,506	2,459	2,293	2,179

1 Comparative figures before 2012 have not been restated due to adoption of IFRS 11
2 For analysis see the cash flow statement
3 As from 2006: Operating result + result and interest associates / average non-current assets less deferred taxes.
4 As from 2006: Operating result + result and interest associates / average of equity and interest-bearing debt
5 As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management
6 As from 2006: see calculation FFO / Total debt and FFO/ Interest coverage in the note on Financial Risk Management Up to and including 2005: Funds from operating activities adjusted for working capital plus interest income / interest costs
7 As from 2004: Interest-bearing debt / equity plus interest-bearing debt in %

Glossary

ACI
Airports Council International – international sector association of airports.

ACM
Dutch Authority for Consumers and Markets; supervises the establishment of aviation charges and conditions at Amsterdam Airport Schiphol.

Air transport movements
Commercial air transport movements (not carried out by the military, police, etc.).

Airport Carbon Accreditation
Benchmark for the ACI sector association which helps provide insight into airports' efforts to reduce CO_2 emissions.

Airport charges
Aircraft, passenger and security-related charges.

Airport traffic ruling
The section of the Dutch Aviation Act (Wet luchtvaart) that governs the use of Amsterdam Airport Schiphol.

AirportCity concept
An integrated development concept for aviation and non-aviation activities offering businesses and users a full spectrum of services and facilities. The AirportCity concept comprises the activities of three business areas: Aviation, Consumer Products & Services and Real Estate.

Airside
Area where aircraft take off, land and taxi, and where ground handling activities are carried out on aircraft.

Airside retail
The shops in the area that is only accessible to air passengers using Amsterdam Airport Schiphol.

Alders Platform
Consultative body for the aviation sector and regional partners, chaired by former minister and former Queen's Commissioner Hans Alders and concerned with the future of Amsterdam Airport Schiphol.

AREB Fund
A real estate fund at the Schiphol location wholly owned by Schiphol Real Estate.

Aviation Act (Wet luchtvaart) governing the operation of Amsterdam Airport Schiphol
Legislation laying down the terms of the operating licence and the sector-specific supervision of charges and conditions for using Amsterdam Airport Schiphol; in force since July 2006.

Aviation Act (Wet luchtvaart) governing the organisation and use of Amsterdam Airport Schiphol
Legislation laying down standards for noise, air quality, odour and safety at Amsterdam Airport Schiphol; in force since February 2003.

Aviation Policy Document
Vision of developments in, and the growth of, aviation in the Netherlands, published by the Dutch government.

Bas
The Local Community Contact Centre (Bas) is the information and complaints centre to which local residents can address their questions and complaints concerning air traffic at Amsterdam Airport Schiphol. Bas is a joint initiative of Air Traffic Control the Netherlands (LVNL) and Amsterdam Airport Schiphol.

Bird strike
Bird strikes are incidents in which dead birds or bird remains are found on an aircraft or a runway and in which it can reasonably be assumed that the strike occurred within the airport boundaries.

Business area
A functional cluster of activities within the Schiphol Group organisation.

Catchment area
Area from which passengers travel to and from Amsterdam Airport Schiphol by road or rail.

Comprehensive testing
The comprehensive fire-safety testing, under operating conditions, of fire alarm equipment, air treatment plants, baggage systems, lift control equipment, shutters and evacuation systems in the terminal.

Concession income
Income from activities for which a concession (i.e., a licence to conduct specific activities) has been granted, usually in the form of a percentage of revenue.

Corporate Responsibility (CR)
Conducting business with respect for people, the environment and the local community.

CR-conscious supplier
A supplier who is able to produce a recent Corporate Responsibility policy document, an (integrated) Corporate Responsibility Report, an ISO 14001 or equivalent specific certificate for a product or product group and an EMAS certificate.

CROS
The Schiphol Regional Consultative Committee (Commissie Regionaal Overleg luchthaven Schiphol); a discussion platform connecting the aviation sector and the region.

EASA
European Aviation Safety Agency.

Economic profit
RONA (after tax) minus the WACC, multiplied by average fixed assets.

Enforcement point
A calculation point to which a maximum permissible noise load applies as set by the central government.

Environmental permit
Operating licence enabling the airport to carry out activities under the environmental conditions set out in the permit.

Euro Medium Term Note (EMTN)
An umbrella programme under which investment-grade entities can issue unsecured certificates of debt (‘notes’).

FFO
FFO – funds from operations – is the cash flow from operating activities before changes in working capital.

Fixed Electrical Ground Power
Power supply for on-board aircraft systems on the apron (airside) to replace a GPU.

FTE
Full-time equivalent; a full-time job.

Full-freighter
An aircraft that transports cargo only.

General Aviation
The international designation for private and business flights using aircraft for no more than 20 passengers.

Global Compact
A United Nations initiative in which the participating companies commit to ten ethical and environmental principles.

GRI
Global Reporting Initiative – worldwide guidelines for Corporate Responsibility reporting.

Ground handling
The activities required for the arrival and departure of aircraft, passengers and cargo. This includes passenger check-in, loading and unloading baggage and cargo, aircraft cleaning, catering etc.

Ground noise
Ground noise is low-frequency noise producing vibrations that can cause nuisance. It is perceived differently from ‘regular’ noise, and is more often felt than heard. Low-frequency noise is produced by aircraft taking off.

Home carrier
Main network carrier at a hub airport.

Hub
A central airport where continental and intercontinental flights are available.

ICAO
International Civil Aviation Organization, an agency of the United Nations. ICAO makes international agreements concerning safety, environmental aspects, efficiency and the continuity of the aviation sector.

IFRS
International Financial Reporting Standards: a set of internationally formulated and acknowledged accounting principles applied by Schiphol Group.

Industrial accident
An undesired, sudden work-related event causing almost immediate damage to an employee's health. Absenteeism due to an industrial accident takes effect when the employee does not report for work on the day or shift after the accident.

IR rate
Irregularity Rate; the percentage of bags that do not arrive at their destination at the same time as the passenger.

Ke
Unit costs: a measure used to express noise impact.

Landside
The landside (publicly accessible) area of the airport or airport grounds.

Lettable floor area
Number of lettable square metres (LFA).

Lost Time Injury Frequency (LTIF)
A measure of the frequency of work-related accidents that resulted in absenteeism (relative to the number of hours worked).

Low-cost carrier
An airline that typically offers relatively cheap tickets in combination with the option for passengers to pay extra for certain additional services.

Mainport
A Mainport is a hub of interlinked air, road and rail connections that plays a major role within, and contributes significantly to the development of a region and the national economy.

Master Plan
Directional plan which, in accordance with our ambition to be Europe's Preferred Airport, lays down the spatial development of the airport infrastructure and translates that development into an investment programme in response to demand for capacity and quality, socio-economic developments and trends in the aviation industry.

Material aspect
An aspect is material if it reflects the significant economic, social or environmental impact of the organisation or if it substantially influences stakeholder decisions.

MTOW
Maximum Take-Off Weight of an aircraft upon which take-off and landing charges are based.

Night-time procedure
Period of the night (from 23:00 to 7:00) during which the use of runways is restricted and incoming aircraft must use silent approaches while departing flights must make use of special night routes.

Operating year
The period that runs from 1 November to 31 October inclusive.

Passenger Service Charge
A rate charged to each departing passenger for the use of airport facilities.

Regular waste
A collective term for all types of waste, except building and demolition waste, waste products and water from de-icing activities. Regular waste includes glass, paper, organic waste and mown grass.

ROE
Return on Equity; after-tax result (payable to shareholders) divided by average equity capital.

RONA
Return on Net Assets; operating results divided by the average fixed assets, less deferred-tax assets and receivables on derivatives older than one year.

Royal Netherlands Marechaussee
The Royal Netherlands Marechaussee is responsible for passport control, border control and protecting civil aviation against attacks and hijacks. It is also responsible for issues such as human trafficking.

Runway incursion
A runway incursion is an incident on a runway involving an aircraft, vehicle or person not authorised to be there at that time (ICAO).

Schengen countries
Countries in Europe that have agreed to allow unrestricted cross-border movement of people and goods (named after the town in Luxembourg where this treaty was signed).

Schiphol Safety Platform (VpS)
Parties in the aviation sector work together in the Schiphol Safety Platform to guarantee and further improve aviation safety at Schiphol. All the parties that play a role in the aviation process at Schiphol are represented in the Schiphol Safety Platform. In its capacity as airport manager, Amsterdam Airport Schiphol chairs the platform and is responsible for programme management.

Schiphol worker
An employee of one of the businesses operating at Amsterdam Airport Schiphol.

Security scan
The Security Scan uses millimetre wave technology. The millimetre waves, which are harmless, do not pass through the body; instead, they bounce off the surface of the body and any objects, showing the objects that a person is carrying.

Security Service Charge
Charge that departing passengers pay in connection with security measures.

See Buy Fly
The shops where traditional tax-free items such as perfume, cosmetics, beverages and tobacco are sold.

SkyTeam
Worldwide alliance of airlines grouped around Air France-KLM and Delta Airlines.

Slot coordinator
Government-appointed person tasked with allocating available slots (licences to take off and land at specific times) in accordance with international regulations.

Socio-economic theme
Schiphol Group embraces five Corporate Responsibility themes which it implements at the strategic level. They are: noise and the local community, climate-friendly aviation, accessibility and air quality, commodity shortages and sustainable employment.

Top-level positions in the organisation
All positions from scale 14 and above that exercise a certain degree of influence on strategy development, policy and/or decision-making in connection with our core activities.

Transfer passenger
A passenger who changes planes at an airport.

Transit direct passenger
A passenger who arrives at an airport and continues his or her journey on the same plane.

Visit costs
The total costs an airline pays for calling at the airport.

WACC
Weighted Average Cost of Capital as based on the capital asset pricing model (CAPM).

Work Load Unit (WLU)
A term used to measure production; equal to 1 passenger or 100 kg of cargo.

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