



↔ 2012

↔ ANNUAL REPORT  
**2012**



# IN BRIEF

The key results of NS, summarised in brief. Complete or additional information can be found in the Activities Report, Sustainable Commitment or in the Annual Report.

## INVESTING IN PUNCTUALITY AND CUSTOMER SATISFACTION

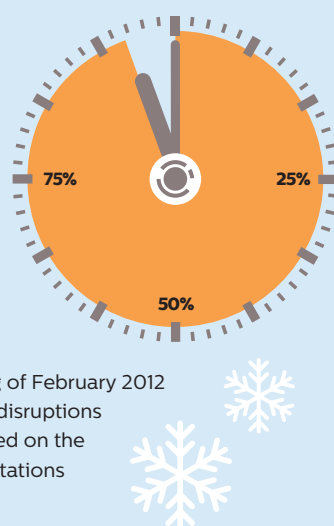
### Punctuality

**94.2%**  
of trains ran on time

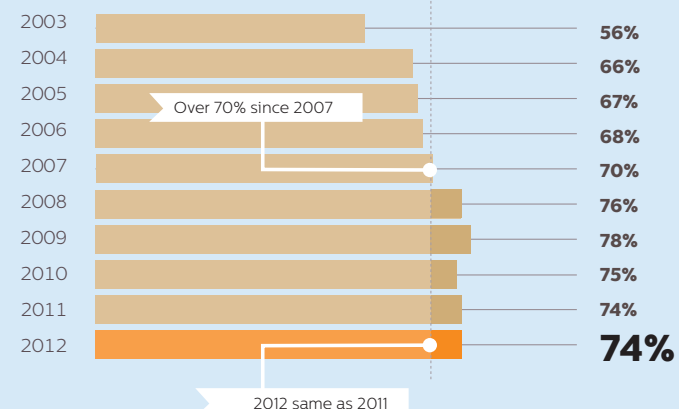
94.7% in 2011

#### Causes of the slight drop

- winter conditions at the beginning of February 2012
- a number of major infrastructural disruptions
- a lot of modernisation work needed on the tracks and building work for new stations



### General customer satisfaction with NS



## INVESTING IN SERVICE

### Hanze Line started operation

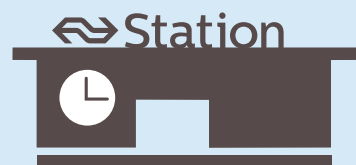
New stations **+5**

Groningen Europapark



#### more trains a day

- Hanze Line started operation
- more trains on five routes



### Stations made more attractive



**+38**  
shops in NL



**11**

station2station

New concept for working and holding meetings at the station.

### The door-to-door journey



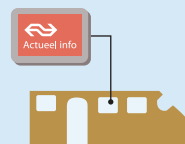
#### Bicycle storage areas

- 86,500 supervised
- 275,000 unsupervised
- 16,000 bicycle lockers



#### Public transport smart card

- 50% more passengers are using the public transport smart card



#### Journey information

- Finally there were 1000 Intercity carriages with screens giving up-to-date journey information



#### New: NS Zonetaxi

- Travel to and from the station for a competitive fare



#### OV-fiets

- 15 new locations
- 140,000 subscribers
- 1.2 million trips



#### Social media

- 65,000 followers on Twitter
- 25,000 friends on Facebook

## INVESTING IN EUROPE

**83%**



Customer satisfaction at Greater Anglia rose from 73% to 83%. The NS subsidiary Abellio acquired the Greater Anglia concession in London in 2012. More than 1 million British passengers now travel daily in NS trains.

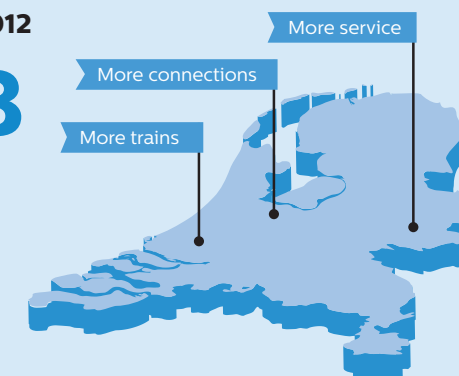


Shops in France and Belgium at the stations.

## INVESTING IN PROGRESS AND SAFETY

### Investment in 2012

**€508**  
million



#### Keeping investing

Over the coming years, NS will continue to invest in e.g. trains, stations, services, staff and new formats to help serve the passengers even better.

### Operating result

**€234**  
million



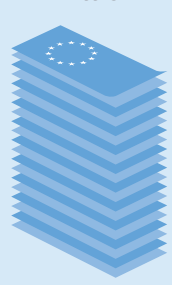
2010

**€272**  
million



2011

**€355**  
million



2012

The operating result of NS rose from €272 million (2011) to €355 million. A good return is a precondition for NS to continue investing.

## INVESTING IN PEOPLE

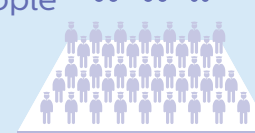
### New employees

NS took on 3000 people last year, including hospitality sector staff, drivers, guards and mechanics.

**+11%**  
=3600 people



Total number of employees was 31,500



**+225**

NS welcomed 225 people to the Journey Information section (ProRail).



Top 50 of most popular employers  
NS rose from the 41st place to 20th on the list of most popular employers in 2012, according to Intermediair.

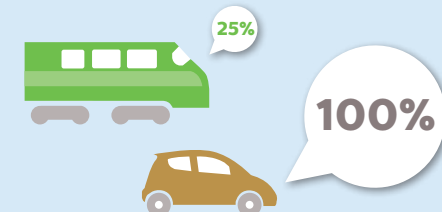
Introducing the TechniekFabriek  
This is a new in-house school for mechanics, adding an extra impulse to our own professional training.



## INVESTING IN SUSTAINABILITY

### Energy consumption

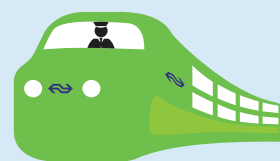
In terms of CO<sub>2</sub> emissions, a train journey is on average 75% cleaner than a car journey.



**3.2%** = **10.000**

An energy efficiency improvement of 3.2% was achieved in 2012 as a result of more energy-efficient driving. The amount of electricity saved was the same as that consumed by 10,000 households.

The new Intercity double-decker is the most efficient on the Dutch rail system.



# FOREWORD

## COMPANY PERFORMANCE



### Progress in an eventful year

2012 was an eventful year for NS, in part because of the accident in Amsterdam. This incident had a real impact. We gave all those involved - both within our company and outside it - our full

attention, support and involvement. This event shows once again that we should never take safety for granted. It spurs us on to make rail transport even safer. The awkward startup for Fyra and the wintry start to the year were also reasons for us to do our utmost to improve our company further.

At the same time we were able to make significant progress in services for our passengers. In 2012 we introduced new, faster trains, extended our service with the Hanze Line, implemented a new timetable and made major progress in the extensive refurbishment of our stations. It was also a sporting year with resounding victories that gave an Olympic glow to NS as well. It became increasingly clear in 2012 that NS would not be spared the effects of the economic crisis. We will need to work even more effectively and efficiently to successfully tackle the many challenges we are facing. That is something we will need to do together, in collaboration with our passengers, ProRail and the government, precisely so that we can continue to make progress on all fronts.

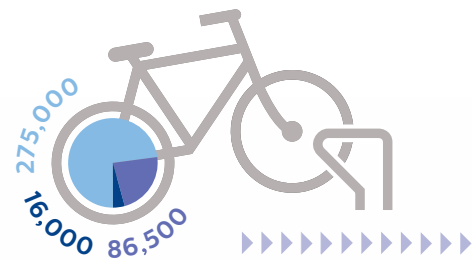
This annual report provides an overview of our key results in 2012. It shows NS to be the sustainable carrier for the Netherlands, keeping this country accessible. NS and all our staff are making a great effort to improve that accessibility even further, both in the Netherlands and internationally. We consider not just the train but also ancillary transport from door to door, focusing emphatically on our passengers and the environment.

We would like to thank everyone for the trust they have shown in us,

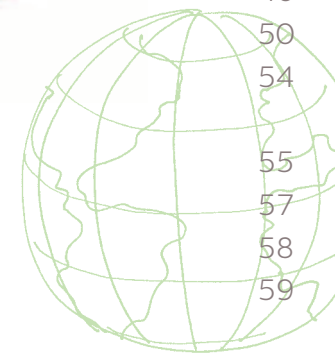
*Bert Meerstadt*



STARTUP OF THE HANZE LINE



340,000  
Greater Anglia



# CONTENTS

<b>4</b>	04	<b>Company profile</b>
	06	<b>Report by the Executive Board</b>
	08	<b>Report by the Supervisory Board</b>
	10	<b>Our strategy</b>

<b>12</b>	12	<b>ACTIVITY REPORT</b>
	12	The customer is king
	16	We think from door to door
	20	We work throughout Europe
	22	We are cost-conscious
	24	We can make the difference together
	26	We look after our environment

28	<b>Corporate governance</b>
30	<b>Managing risks</b>
35	<b>Our financial performance</b>

<b>37</b>	37	<b>SUSTAINABLE COMMITMENT</b>
	39	Towards a better world together
	42	Organising sustainability at NS
	43	Dialogue with our stakeholders
	46	Our environmental priorities
	50	Our social priorities
	54	Sustainable procurement and supply chain management
	55	Safety, accessibility and other themes
	57	The performance of NS in a broader context
	58	Reporting criteria and scope
	59	Independent assurance report

<b>61</b>	61	<b>ANNUAL REPORT</b>
	62	Consolidated financial statements for 2012
	118	Separate financial statements for 2012
	120	Other information
	122	NS ten-year summary





# PROFILE OF THE COMPANY

NS operates in the public transport sector. It provides reliable passenger transport, comfortable trains and buses, lively stations and station areas and a range of services for a pleasant journey from door to door.


## NS in the Netherlands and Europe

The oldest predecessor of NS, HIJSM, was founded in 1837. So NS has been making its contribution to mobility and progress in the Netherlands for 175 years. The company still plays a very significant social role in its domestic market. Over the past ten years NS, has acquired an increasing share of bus and rail transport in other European countries through its subsidiary Abellio.

## The performance to be achieved

Every year, NS describes the performance levels it plans to achieve on the main rail network in a Transport Plan, which it submits to the Ministry of Infrastructure and the Environment. The actual performance levels are also announced at the start of each year. We publish a detailed account of our quality performance on our website, as part of the European Passengers' Rights reports. See [www.ns.nl](http://www.ns.nl).

## Main objectives

-  Contributing to personal safety
-  Running on time
-  Providing information and services
-  Creating sufficient transport capacity
-  Providing clean trains and stations

## Activities

The operations of NS cover both passenger transport and hub development and operation, with combined revenue of €4.6 billion. More than 80% of that revenue comes from passenger transport.

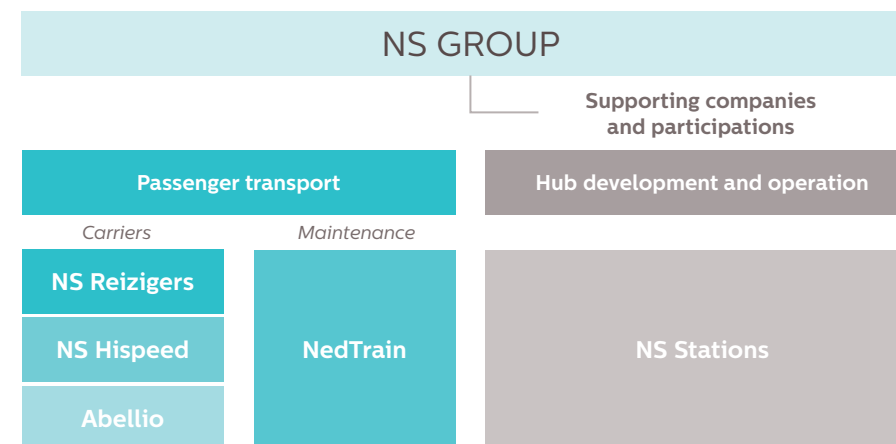
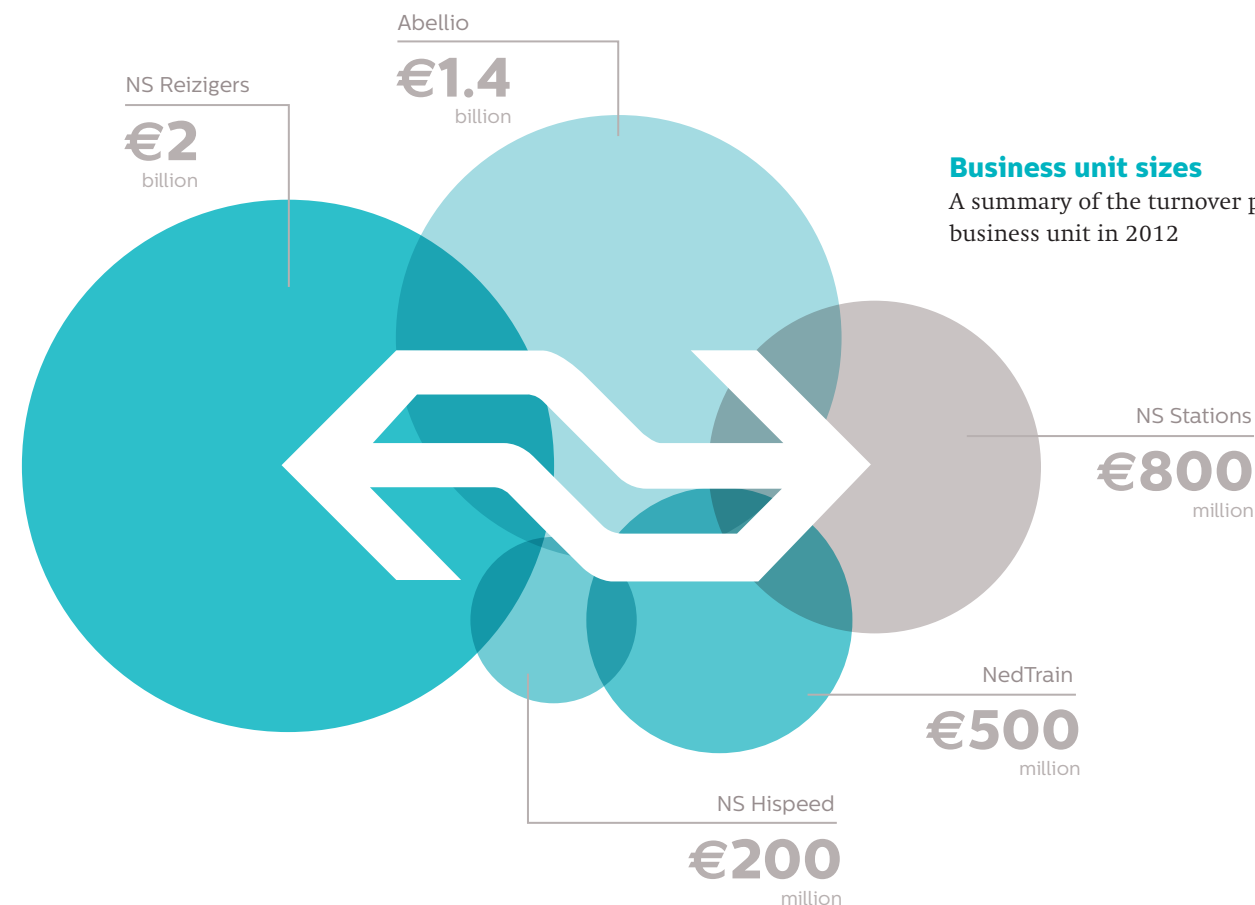
**NS Reizigers** is responsible for rail transport operations in the Netherlands and the associated sales and service activities. With more than ten thousand employees and revenue of around €2 billion from the Dutch main rail network, it is the largest and also the most high-profile of the NS business units.

**NedTrain** is responsible for the maintenance of trains in the Netherlands, working on continually modernising our trains and making them more sustainable. NedTrain's operations are exclusively business-to-business, mainly for NS Reizigers and NS Hispeed. Its revenue is €500 million.

**NS Stations** is responsible for the management and commercial operation of stations in the Netherlands and for development in and around these stations. The company collaborates closely with public authorities and its partners. NS Stations has revenue of more than €800 million. It has grown to become one of the largest hospitality sector businesses in the Netherlands and is also an important player in the retail sector. NS Stations is also involved in the development and operation of property and it is responsible for the facilities in and around the stations that ensure a smooth door-to-door journey.

**NS Hispeed** is responsible for cross-border passenger services and now also for high-speed transport within the Netherlands. NS Hispeed collaborates closely with foreign rail companies and has revenue of nearly €200 million.

The NS subsidiary **Abellio** acquires and implements public transport concessions aimed at consolidating the position of NS in the European market as it becomes more deregulated. Abellio currently has rail and bus transport operations in Britain and Germany and bus operations in the Czech Republic. Its revenue is almost €1.4 billion.



## Shareholding

The sole shareholder of NV Nederlandse Spoorwegen is the Dutch State. The role of the shareholder is performed by the Ministry of Finance.



## Group Council

The Group Council consists of the Executive Board plus the business unit directors and the director of HR and Organisation. The Group Council is involved in all the company's key decisions.

from left to right:  
**H. van de Kraats** LL.M Director, HR and Organisation,  
**J.-W. Siebers** CEO NS Hispeed,  
**M.C.J. van Roozendaal** CEO NedTrain,  
**M.W.L. van Vroonhoven** MBA Director,  
**A. Meerstadt** MBA Chairman and CEO,  
**I.D. Thijssen** LL.M CEO NS Reizigers,  
**M.J. Noy** CEO NS Stations,  
**E.M. Robbe** RA Director, Finance,  
**J.J.K. Hoogesteger** CEO Abellio.

# REPORT BY THE EXECUTIVE BOARD

NS has had an eventful year with the accident in Amsterdam, the difficult start with Fyra and the wintry conditions early in the year. The economic crisis is also having an increasing impact. Even so, NS has once again registered some fine achievements such as the improvement in the collaboration with ProRail, the addition of the Hanze Line to the rail network, the new timetable and the start of the Greater Anglia concession in London.



from left to right:  
Merel van Vroonhoven,  
Bert Meerstadt and  
Engelhardt Robbe

## Rail safety

This is always the number one priority on the NS agenda. It can never be taken for granted and it is a precondition for NS's business operations. "The accident had a huge impact on us all. It forces us to think hard about how we can make the railways even safer - although trains are still the safest method of transport," says Bert Meerstadt. The accident was investigated jointly by the Dutch Safety Board (OVV), the Human Environment and Transport Inspectorate (ILT), NS and ProRail. The investigations have led to a series of additional safety measures, currently being implemented in collaboration with ProRail.

## Limits

The accident has also made it clear that NS is approaching the limits of what the rail system can cope with. NS, ProRail and other rail carriers are cooperating to find a good solution to this. Merel van Vroonhoven: "You realise even more that we can only tackle this logistical challenge by working together. The ministry also has an important role to play. That is a real breakthrough, all the more so because this is no luxury problem. The demand for mobility, and therefore for our product, is growing steadily. Something needs to be done if we are to continue improving the quality of our services and accommodating the increase in passenger numbers in

a safe, systematic manner." One concrete action to achieve this is the formulation of a vision in the form of the Long-Term Rail Agenda up to 2028. This contains targets that all the parties involved, including freight carriers, subscribe to and incorporate in their strategy.

## The customer is king

The main rail network and the High-Speed Line were granted to NS by the State. That shows confidence but it also means NS is under an obligation to provide maximum service. That is why NS once again focused on this in 2012, in line with its strategy that the 'customer is king'. Mr Meerstadt adds, "Passengers continue very much to be the focal point in everything we do. A key element here is offering them convenience and comfort, not just in the trains but also explicitly in the refurbished stations with their wide range of shops and in transport facilities to the final destination

such as *OV-fiets* (the public transport bicycle) and the new NS Zonetaxi. We made progress in all aspects of that chain of transport services in 2012." The planned collaboration between NS and the transport company HTM also fits in with this idea of a door-to-door service. Ms Van Vroonhoven explains, "We want to create an attractive proposition for passengers and make it easy for them to travel from door to door. The same applies in the development of the retail facilities in Belgium and France. And of course this has turned out to be an excellent business model because retail is a key ingredient in the finances of NS." According to Mr Meerstadt, all these initiatives are very important in maintaining the train's position as an attractive and sustainable alternative to the car.

effective and more efficient?

For example, we need to simplify the support processes. We have made enterprising efforts to tackle this and are investigating improvements in the fields of IT, HR, finance and procurement."

## Employees

Another prominent challenge is the question of staff recruitment. In addition to the continual search for outstandingly talented people, which is bearing fruit thanks to special talent scouting, NS also needs new people because of natural wastage, for example drivers, mechanics and chief guards. The arrival of TechniekFabriek, NedTrain's training college, will certainly help to encourage young people in particular to opt for technology, especially because NS is offering



*Passengers are very much the focal point in everything we do"*

The successful introduction of new forms of season tickets and the increasing use of the public transport smart card should also be seen in that light.

## Effective and efficient

Although NS made a profit in 2012, it is increasingly feeling the effects of the economic crisis. Passengers are being more critical about what they spend their money on and are deciding to make fewer journeys or to do so more economically. They are also spending less at stations. Other influential developments are the reduction in the number of civil servants, the curb on lengthy studies (fewer students) and the construction of more roads (less traffic congestion). These developments have an adverse effect on the number of passenger-kilometres. Engelhardt Robbe: "The economic developments are forcing us to scrutinise our costs even more critically, particularly where product innovation is concerned. To put it in concrete terms, trains are becoming ever more luxurious. That is a good thing, but they need to remain affordable. The key question is still: where can we become more

a qualification and a guaranteed job. Mr Robbe is convinced that NS will remain an attractive employer. "People are looking for meaning in their lives. NS is a company of real relevance to society. That appeals to people. What is more, NS can offer an enormous variety of jobs. You can go in any direction. Which other company can say that? And another point that shouldn't be ignored: this company has soul. People feel solidarity with one another and enjoy their job."

## Issues for 2013

NS is energetically working further on all the topics mentioned above in the new year. Mr Meerstadt adds, "The key issues first remain safety, sound management of our financial affairs, the collaboration with ProRail, how we can continue to provide our passengers with a good service in wintry conditions and a good connection between Amsterdam and Brussels. After all, we unfortunately had to temporarily shut down our Fyra service on 17 January 2013 due to problems with the V250 rolling stock. Luckily we were soon able to offer our

passengers an alternative via the existing track. But this situation is worrying and will certainly have an impact on 2013." Ms van Vroonhoven points out that this is happening in a difficult period in financial and economic terms, in which people are becoming less tolerant of problems. "We're very aware of this and so it is crucial that we listen and can explain why we do what we do." At the end, Mr Robbe takes a minute to consider the expansion of NS's operations in Europe. "Our expansion in Great Britain with Greater Anglia sets an example for all our other foreign participating interests. We are successful there and are making significant progress. We are continuing to extend our operations in Germany. We recently won two new concessions there. A number of bids have been put in for tenders in Scandinavia. Our foreign networks are a good addition to our Dutch operations and are turning NS into a top-class international player." The Executive Board would like to take this opportunity to thank all the NS employees for their effort and professionalism over the past year. Mr Meerstadt adds, "Once again, we achieved some important milestones in 2012 together. There is still a lot of interesting work to be done."

Utrecht, 12 February 2013

## THE EXECUTIVE BOARD

Bert Meerstadt *Chairman and CEO*  
Engelhardt Robbe *Financial Director*  
Merel van Vroonhoven *Director*

### Additional functions

**Bert Meerstadt** (1961) | Member of the supervisory board of ABN AMRO, member of the supervisory board of Lucas Bols, member of the managing committee of VNO/NCW, chairman of the Blinden-Penning foundation, chairman of the Rijksmuseum Marketing Advisory Council, chairman of the Society of Friends of the Concertgebouw and the Royal Concertgebouw Orchestra.

**Engelhardt Robbe** (1955) | Member of the supervisory board of Eurofima Zwitserland, chairman of the executive board of NS Financial Services Company, chairman of the supervisory board of NS Insurance, chairman of the supervisory board of Basisfonds Stationslocaties C.V.

**Merel van Vroonhoven** (1968) | Member of the supervisory board of Havenbedrijf Rotterdam, chairman of the supervisory board of Spoorwegmuseum, member of the board of the Dutch Society for Autism, chairman of the 'from the perspective of Autism' working group, member of the board of the National Committee for 4 and 5 May.



# REPORT

## BY THE SUPERVISORY BOARD

The accident on 21 April in Amsterdam, which most unfortunately resulted in one fatality and many passengers sustaining injuries, had a huge impact. The Executive Board took the results of the various investigations very seriously and has now implemented the proposed measures in collaboration with ProRail.

“ In February, wintry conditions led to problems on the railways. This prompted NS and ProRail to consider how their partnership could be improved. Bottlenecks were identified and used as the basis for the implementation of a joint programme of improvements. The transfer of the journey information services from ProRail to NS took place on 1 November 2012. This is expected to lead to better information for our passengers in the longer term as they will receive all the information from a single source.

The Supervisory Board was disappointed to see that the safety problems with the V250 rolling stock led to the service between Amsterdam and Brussels being stopped as of 17 January 2013. The board is closely following the company's efforts to provide passengers with the best possible alternative. The Supervisory Board will then discuss an evaluation. In 2012 the Supervisory Board and the Executive Board also discussed the strategy, governance, the poorer financial results as a result of the economic developments, privacy in relation to the public transport smart card, the evaluation of the construction project in Zaandam, the implications of the government spring agreement and the coalition agreement in the autumn, the 2013-2017 Corporate Plan and the partnership with HTM. In their annual meeting, the Supervisory Board, Executive Board and Central Works Council discussed the financial situation, collaboration in the rail sector, communication in relation to reputation and the company's core values. The Supervisory Board, Executive Board and shareholder dedicated a meeting to the strategic course. There were regular meetings with the shareholder. Following a long period of preparation and discussions, a new remuneration policy for the Executive Board was agreed with the shareholder at the end of the year. The Supervisory Board had internal discussions about vacancies on the Supervisory Board, the reappointment of the Chairman and CEO as of 1 January 2013, the performance of the Executive Board, the remuneration policy and variable remuneration. Various proposals for investments and disposals were presented to the Supervisory Board. They included the offering of different kinds of tickets via the public transport smart card, journey information services, the system for managing staff deployment, fitting type ICM III rolling stock with magnetic

brakes, the sale of the Stads Kantoor municipal offices to the municipality of Utrecht, a pilot ERTMS between Amsterdam and Utrecht, the extension of a station underpass at Den Haag Hollands Spoor and the modernisation of the rolling stock of the Nieuwe Intercity (double-decker zone or DDZ) type. In addition, various bids for concessions were discussed, including the rail franchises for the West Coast Main Line and Essex Thameside in the United Kingdom and the KVG bus concession and the rail concessions for Expresslinien Mittelland/Emsland, Elektronetz Saale-Thüringen-Südharz, Dieselnetz Niedersachsen Südost (Lot 2) and Mitteldeutsches S-Bahn-Netz II in Germany. Bids by Qbuzz for bus concessions in the region of north and south-west Friesland and by BRU, a collaborative venture of municipalities around Utrecht, were also discussed.

The Supervisory Board ensures it is kept up to date about NS's performance, using quarterly reports, six-monthly figures and annual figures. At every regular meeting, the Executive Board informs the Supervisory Board about current issues relating to safety, such as accidents and the associated investigations. The safety reports also cover personal safety and accidents at work. The Supervisory Board met twelve times in 2012, of which two meetings were (partially) conducted by telephone. With only occasional exceptions, all members of the Supervisory Board were present at all the meetings.

The Supervisory Board has the following permanent committees: the Audit Committee, the Remuneration Committee and the Selection and Appointments committee. In 2012, the Audit Committee consisted of Mr F.J.G.M. Cremers (chairman), Mr J.J.M. Kremers (appointed in February) Ms T.M. Lodder (retired in February) and Mr P. Rosenmöller.

The committee met three times; with one exception, all the members were present. The main topics were the annual and six-monthly figures and the corporate plan, audits, an evaluation of the external auditor, budgeting methods, tax issues, the UK Bribery Act, risk management, developments concerning the separation of audit services from consultancy services provided by accountancy firms in relation to the tender of accountancy services, NS Financial Services Company and IT developments. The combined Remuneration Committee and Selection and Appointments Committee,



from left to right: P. Rosenmöller, J.J.M. Kremers, W. Meijer, M.J. Oudeman, C.J. van den Driest, T.M. Lodder, F.J.G.M. Cremers

comprising Ms T.M. Lodder (chairman), Mr W. Meijer and Ms. M.J. Oudeman, met three times in 2012.

With one exception, all the members were present. Discussions covered variable remuneration, the targets, the remunerations policy, the reappointment of the Chairman and CEO as of 1 January 2013, and vacancies on the Supervisory Board. The Committee's decisions can be found in the section on the remuneration policy for the Executive Board on pages 99 to 102.

All members of the Supervisory Board are independent, as defined in the Dutch corporate governance code. On 26 January 2012, Mr J.J.M. Kremers was appointed as a Supervisory Board member for a period of four years, as was Mr C.J. van den Driest on 24 October 2012. At the General Meeting of Shareholders on 7 March 2012, Ms T.M. Lodder was reappointed as a Supervisory Board member for a period of four years. After serving for three terms, Mr W. Meijer is retiring in 2013. He became chairman of the Supervisory Board in 2002, in a very difficult period in terms of both operations and finances. A well-balanced Supervisory Board was established under his leadership and the foundation laid for a course forwards. Mr Meijer has been a wise chairman, supporting the company and the Executive Board in word and in deed. We are very grateful to him. Ms M.J. Oudeman will be retiring in 2013 after two terms. She has made a significant contribution with her experience and investigative approach. We are very grateful to her too.

The financial statements for 2012, as prepared by the Executive Board, were discussed by the Supervisory Board. The external auditor was present during the discussion. The financial statements are accompanied by the report by the NS Executive Board. We invite the General Meeting of Shareholders to approve the 2012 financial statements, which can be found on pages 61 to 121 of this report. We also invite our shareholder, the Ministry of Finance, to ratify the decisions of the Executive Board and the supervision exercised by the Supervisory Board. The profit appropriation proposed by the Supervisory Board can be found on page 120 of this report.

Utrecht, 12 February 2013

**THE SUPERVISORY BOARD**

**W. Meijer** | Chairman (1939) | Dutch citizen | Appointed on 3-Jan-2002 until 2005, reappointed until 2009 and 2013  
Former Chairman of the Executive Board of Rabobank Netherlands BV  
Additional functions include: Chairman of the Supervisory Board of Novamedia and Chairman of the Supervisory Board of the National Chamber of Commerce

**Dr F.J.G.M. Cremers** | Vice-chairman (1952) | Dutch citizen | Appointed on 1-Jul-2002 until 2006, reappointed until 2010 and 2014  
Former member of the Executive Board and CFO of VNU NV  
Additional functions include: Supervisory Board member of NV Luchthaven Schiphol, Supervisory Board member of Vopak NV, Supervisory Board member of Unibail-Rodamco SE, Supervisory Board member of SBM Offshore, Supervisory Board member of Parcom Capital Management BV and member of the anti-takeover foundations of Philips and Heijmans

**Drs C.J. van den Driest** | (1947) | Dutch citizen | Appointed on 24-Oct-2012 until 2016  
Former chairman of the Executive Board of Vopak NV  
Additional functions include: chairman of the Supervisory Board of Van Oord, Supervisory Board member of Stork, Supervisory Board member of Anthony Veder Group and Supervisory Board member of Vopak

**Dr J.J.M. Kremers** | (1958) | Dutch citizen | Appointed on 26-Jan-2012 until 2016  
Vice-Chairman & Chief Risk Officer, Managing Board, Royal Bank of Scotland NV and Head of Global Country Risk, RBS Group  
Additional functions include: member of the Supervisory Board of Maastricht University and member of the Senior Advisory Board, Oliver Wyman Financial Services

**T.M. Lodder** | (1948) | Dutch citizen | Appointed on 1-Jun-2004 until 2008, reappointed until 2012 and 2016  
Former chairwoman of the Executive Board of the 'Het Muziektheater' foundation in Amsterdam and former Commercial Director of De Nederlandse Opera  
Additional functions include: Supervisory Board member of F. van Lanschot Bankiers, Supervisory Board member of Maastricht University and Supervisory Board member of the Dutch Orchestra and Ensemble Academy foundation

**Mr M.J. Oudeman** MBA | (1958) | Dutch citizen | Appointed on 1-Jan-2005 until 2009, reappointed until 2013  
Member of the Executive Committee of Akzo Nobel NV, responsible for HR & Organisational Development  
Additional functions include: Supervisory Board member of ABN-AMRO, board member of Statoil, board member of the Stichting Comité voor het Concertgebouw, Supervisory Board member of the Rijksmuseum, Supervisory Board member of Platform Betontechniek foundation

**P. Rosenmöller** | (1956) Dutch citizen | Appointed on 1-Jun-2007 until 2011, reappointed until 2015  
Television producer for IKON  
Additional functions include: Supervisory Board member of APG, vice-chairman of the Dutch Red Cross, Supervisory Board member of CSU and chairman of the Healthy Weight Covenant Steering Committee

# OUR STRATEGY

People want to be able to move about freely as this is part and parcel of our society and a precondition for a growing economy. NS transports people to where they need to be, enables them to meet each other and contributes to the progress of society. NS has been doing this for 175 years and aims to continue making this contribution in future in as customer-oriented and sustainable a manner as possible. Our strategy is entirely focused on this.

## Our vision

People are increasingly on the move; everyone wants to be able to travel around without having to worry about it. Travelling should be fast, safe, convenient and possible at any time. NS aims to make this possible. It is a broad-based service provider enabling its customers to achieve their social, recreational and business goals without any problems. It does this by making sure the door-to-door journey, including the stations, is comfortable, easy to arrange and efficient, and by giving customers the option of 'smart' travelling by offering the latest information. An added advantage is that trains are a clean mode of transport. NS is therefore ensuring the sustainable accessibility of destinations within the

Netherlands and of the Netherlands as a destination within Europe. To achieve this, NS extends its scope beyond the train to provide the right combinations of private and public transport with smooth connections between the train, car, bus, tram, metro and bicycle.

## Our mission

The mission of NS is to keep transporting more passengers safely, punctually and comfortably via attractive stations.

## Our ambition

It is our aim to be a customer-driven, national and European multimodal service provider. Our strategy describes how we plan to achieve this ambition.



## The six strategic themes

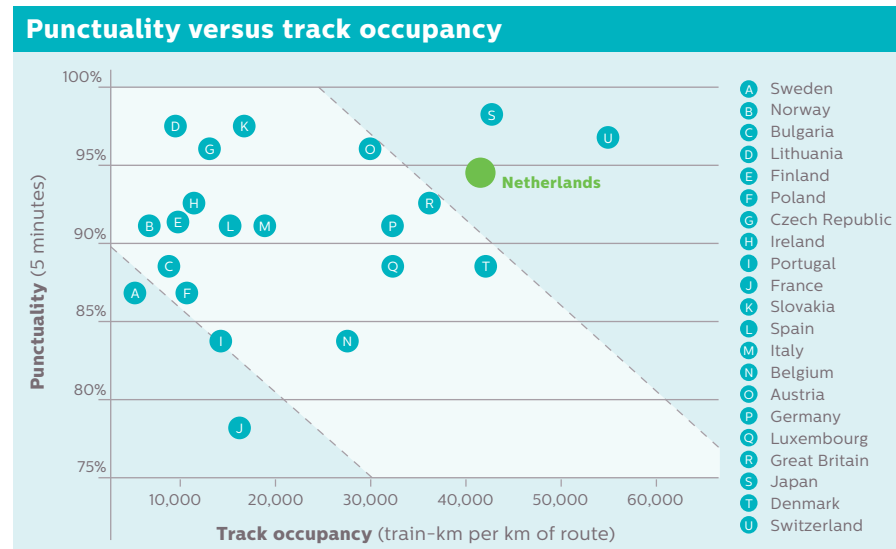
Our six strategic themes are shown on the NS 'cube'. The six sides to this cube are a guide to all our staff, showing the goals we are aiming for and how we intend to get there.

We have identified six strategic themes. Three of these themes give shape to our ambitions: 'The customer is king', 'We think from door to door' and 'We work throughout Europe'. The other three themes are the success factors that let us achieve results in these areas: 'We can make the difference together', 'We look after our environment' and 'We are cost-conscious'.

## The background to our strategy

Customers are the top priority at NS. We seek to achieve this in a sustainable and cost-efficient manner, which is why we listen closely to our customers, enter into a dialogue with our stakeholders about their expectations and adjust our strategy in response to developments around us.

We have explained those external factors in more detail on page 11.




### The customer is king

We are nothing without our customers. Their satisfaction determines our success. We respond to their questions and demands hospitably and proactively.

It is crucially important for NS to know its customers well in order to be able to respond to their wishes. That is why we make sure our services offer a positive overall experience.

p. 12



### We think from door to door

The train is only part of the customer's journey, which is why we also make the journey to and from the station easy and comfortable.

Journey patterns are changing rapidly and travel behaviour is less predictable. Technology continues to evolve at a fast rate. As a result, people are not just obtaining information more quickly and cheaply, they also feel much less restricted in their choice of means of transport. NS is taking advantage of this with new options in the journey from door to door, the services on offer and appropriate journey information. This leads to new opportunities for NS.

p. 16




### We work throughout Europe

Working and exploiting business opportunities internationally lets us learn from the rest of Europe and improve our position in the Netherlands.

The public transport market in Europe is being deregulated. Legislation is an important driver of deregulation. There are now a number of large pan-European multimodal public transport players. NS has decided to exploit these opportunities by playing an active part in Europe itself and using that experience to enrich its service provision in the Netherlands.

p. 20



### We are cost-conscious

Passengers want value for money. An awareness of profitability in our work will ensure that NS has a future.

NS provides a public service, doing so on a commercial basis. We cannot control all the relevant factors. Therefore if we are to safeguard our return on investment, it is important that we control our costs and increase our productivity.

p. 22



### We can make the difference together

You and your professional expertise are what make NS, and each of us can make a difference. Our hospitality to our passengers and our professionalism combine to make NS.

Demographic trends are leading to a smaller labour force. NS is taking mitigating measures in its HR policy with targeted recruitment, in-house training, increasing consideration for the retention of professional skills and the development of talent. Furthermore, the ageing population is also reflected in our customers, resulting in shifts in their requirements. This will also affect NS and the services we offer our customers.

p. 24



### We look after our environment

We have made sustainable travel our business. Everybody benefits from responsible treatment of our energy consumption, our environment and each other.

The worldwide growth in production and consumption is leading to pressure on scarce raw materials and on our climate. There is consequently growing demand for sustainable energy.

p. 26





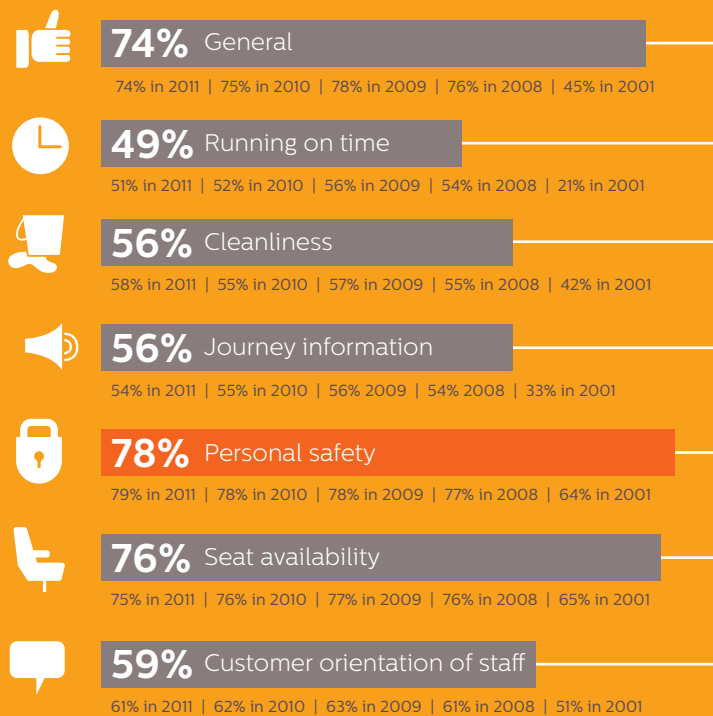
# THE CUSTOMER IS KING

## OUR AMBITION

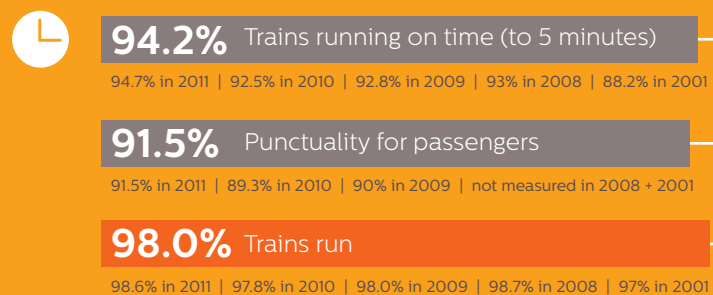
All our decisions and actions take the customer's perspective as their starting point. We are increasingly well informed about our customers, which helps us serve them better. More passengers enjoy a favourable experience thanks to this personalised service. NS keeps incidents that affect its service provision to a minimum and informs the customers fully and in good time.

## Customer opinion on NS, 2012

% of our customers giving a score of 7 out of 10 or higher



## Punctuality achieved by NS



“

Start the morning well by relaxing with a cup of coffee in the train

”

Number of followers on Twitter

65,000

Number of friends on Facebook

25,000

## Satisfied customers

Customer satisfaction is very important to NS. We measure this for a range of aspects and for our various products. In 2012, 74% of our passengers gave a score of 7 out of 10 or higher for their overall satisfaction with rail travel. That is the same as in 2011, which means our objective of having this percentage increase each year has not been achieved. The very wintry conditions in February had a considerable impact on customer satisfaction and that continued to influence the figures for a long time. NS aims to achieve good scores for customer satisfaction with stations, even though many stations are currently undergoing refurbishment. With 55% of customers giving a score of 7 out of 10 or higher for their satisfaction with stations, we comfortably achieved our target of 52.5% for 2012. This was partly thanks to the introduction of some new formats in stations (Desigual, I AM and Yam Yam To Go), the opening of Kiosk outlets in smaller stations, the launch of Regus | NS station2station and the provision of voting facilities at stations during the election. The franchises in the United Kingdom operated by the NS subsidiary Abellio also achieved good scores for customer satisfaction. In autumn 2012, Merseyrail obtained a score of 92% in a national customer survey. Considerable effort was put into improving customer satisfaction at both Northern and Greater Anglia last year. A survey in the autumn of 2012 showed that Greater Anglia was reaping the benefits of this: customer satisfaction rose by 10% to 83%. Northern saw a fall compared with 2011 of 3% to 80%, partly due to weather-related problems. Customer

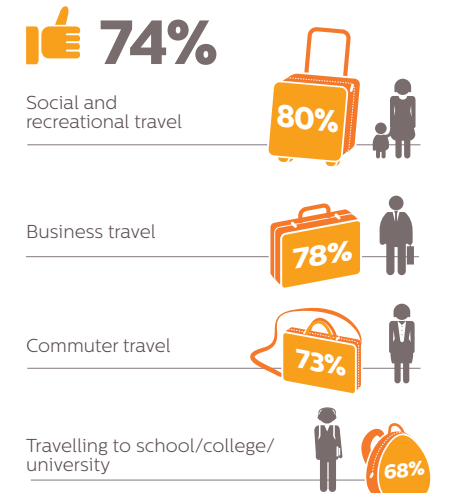
satisfaction with train crews on international trains has also increased. In 2013, NS will start working with customer panels and a customer advisory group for the high-speed trains to allow it to monitor passengers' responses even more closely.

## Clean trains

As in 2010, in January NS was faced with a lengthy strike in the cleaning sector. The strike ended after 15 weeks when the employers' organisations and the trade unions reached an agreement. In 2012, 56.4% of customers gave a score of 7 out of 10 or higher for the cleanliness of trains and stations. That is more than the 55% in the Transport Plan.

## General customer opinion

giving 7 out of 10 or higher, per group of passengers



## Running on time

In 2012, 94.2% of our trains on the main rail network arrived on time (within the five-minute margin). At 91.5%, the passenger punctuality was the same as in 2011. This indicator shows what proportion of passengers reached their final destination on time. In 2012, 49% (2011: 51%) of our customers gave a score of 7 out of 10 or higher for punctuality. The proportion of international trains arriving on time on the High-Speed Line (HSL) improved from 69% in 2011 to 81% in 2012. Despite a period of intensive testing, Fyra/V250 suffered from technical problems when it came into operation. This led to hold-ups and delays, with customers suffering as a consequence. The jump-on ticket was introduced for one quarter to test the market in response to a demand customers have had for some time to be able to travel without having to make a reservation. The service became more reliable after a few weeks. However, in mid January 2013 Fyra/V250 turned out not to be winter-proof; NS removed the service from the timetable for safety reasons.

NS Hispeed had a customer satisfaction score of 79%. NS seeks to continue to provide reliable, high levels of train and passenger punctuality both on the main rail network and in high-speed services. Greater Anglia achieved punctuality of 92%. Northern suffered from poor weather conditions in the second half of the year in particular, with punctuality of 91% as a result. Merseyrail scored 95%.







CLAIMS FOR DELAYS	2012	2011
Number of claims for money back	538,856	481,324
Compensation (in € million)	5.0	4.4
Passenger-kilometres		
Number of passenger-kilometres (NSR)	15,995	15,748

### Assisting customers during emergencies

NS seeks to give passengers maximum assistance in the event of an emergency. If a train journey does not go according to plan due to unforeseen circumstances, we aim to take the best possible care of customers. If a train is involved in an incident, NS will quickly arrange shelter and evacuation. In 2012 we were able to help passengers on their way again within an hour in 93% of such cases. We were able to offer 95% of passengers facing long delays something to drink. Every week work is being carried out on the track, leading to disruptions for customers. In an effort to minimise this, the More Customer-Friendly Track Work Programme was started last year. The aim is to facilitate customers' journeys during work on the track and thereby increase customer satisfaction. Work on the track is specified more clearly in the journey planner and chief guards and customer service staff are more closely involved in the provision of information. Greater Anglia in the UK improved its collaboration with the infrastructure operator Network Rail. One of the main benefits is the reduction in work on the infrastructure in the weekends and consequently less disruption to passengers. In the event of disruptions to services, Abellio offers replacement transport that is both cheaper and of better quality than the previous concession holder.

### Stations undergoing renovations

NS is working on creating pleasant, high-quality station areas. A universal system of signposting is being developed to make it as easy as possible for passengers to find their way around the stations during renovation work. In the past year, the emphasis was on the renovation of the big stations by ProRail on the instructions of the Ministry of Infrastructure and the Environment, NS and the local authorities. Soon, the stations of Amsterdam, The Hague, Rotterdam, Breda, Arnhem and Utrecht will be setting the standard for the future in terms of size, ambience and facilities. An important milestone was the opening of the passengers' underpass at Rotterdam Centraal. It houses 19 shops and hospitality outlets, including Starbucks, Julia's, AH to go and Dudok Patisserie, renowned throughout Rotterdam and the surrounding area.

### New formats at stations

In 2012, 38 new retail and hospitality outlets were added to stations. We also introduced some new formats: the Asian food concept YamYam To Go, the I AM line of jewellery and the well-known Spanish brand Desigual. At the end of 2012, NS introduced a Kiosk for smaller stations – a smaller version with a selection from the usual assortment – at Diemen, Schagen and Heiloo stations.



### New timetable, new stations

NS introduced the 2013 timetable on 9 December, with the most radical changes since 2007. An important feature was the new Hanze Line between Zwolle and Lelystad: the Netherlands got an additional 50 kilometres of track, making the distance between the Randstad conurbation and the northern Netherlands seem much smaller. The highlight: the start of operations on the Hanze Line, (see rail map above: 1. Groningen Europapark, 2. Kampen Zuid, 3. Dronten, 4. Almere Poort, 5. Halfweg-Zwanenburg) and more trains on five routes. The Fyra service to Brussels ran from the introduction of the new timetable until it was suspended on 17 January 2013.

38



648

Sprinter Light Train carriages



### New and modern trains

Modern, reliable rolling stock helps us achieve positive customer satisfaction ratings. NS continues to invest in its rolling stock, including in the upgrade of 240 carriages for the New Intercity (double-decker zone, or DDZ). The overhaul will take until mid 2014. The first New Intercity trains started operating in 2012. By the end of 2012, 21 coupled train sets with four carriages each were available. The response from passengers was very positive. The New Intercity is the most energy efficient double-decker train on the Dutch railways and therefore a good example of sustainable rolling stock. The last Sprinter Light Train sets were added to the NS fleet at the start of 2012, which means the youngest generation of Sprinter rolling stock now consists of 648 carriages. This is 22% of the total NS fleet and accounts for 15% of the total transport capacity. The New Generation of Sprinters project was started in 2012 in order to ensure there would still be enough Sprinter trains in the long term. The plan is for the first train sets to come into service in 2017. The high-speed train Fyra/V250 also officially started running in 2012. Since September, Fyra operated on the route Amsterdam-Schiphol-Rotterdam, and since the new timetable (December 2012) it ran a service to Antwerp and Brussels. There were problems with the train and after the service was suspended NS set up a special Fyra International Task Force. Its task was to ensure a good connection between the Netherlands and Belgium in both the short term and the long term. NS put a huge amount of effort in creating an alternative.

### Flexible workspaces

In 2012, 11 Regus | NS station2station locations opened. They give our customers access to business lounges with free Wi-Fi, meeting rooms with video conferencing facilities and workspaces. NS Business Card holders also have access to station2station.

### Voting booths at stations

In the election for the Dutch Lower House on 12 September, our customers were able to vote at or near more than 40 stations. NS organised this in conjunction with the municipalities.

### Knowledge of the customer

In 2012, NS started the development of a Customer Investment Model (KIM). This is based on the large amount of data available, such as customer satisfaction surveys, data from the public transport smart card and the Perception monitor, and relates this to operational performance. This enables us to closely monitor, explain, predict and improve customer satisfaction and customer behaviour in relation to our performance. This lets us base our choices on the customer experience.

NEW, MODERN TRAINS



New Intercity

21x4

21 train sets of 4 carriages were ready at the end of 2012

240

carriages are to be converted to New Intercity

### Winter weather

Despite our thorough preparations, on 3 and 4 February 2012 both the infrastructure and the journey information failed customers and staff at crucial moments. On the other hand, the trains were better able to withstand the wintry weather than in the past thanks to the Winter-Proof Rolling Stock programme. Analysis showed that a key bottleneck on the busiest rail network in the world was the process of adjustments by NS and ProRail during major disruptions. NS and ProRail sought to collaborate even more intensively in autumn 2012 and the following winter. A preventive scaling down of services (19% fewer trains) is implemented if more than three centimetres of snow is expected and/or more than ten degrees of frost. NS is the only rail carrier able to arrange this within a single day. The initial runs with this in December 2012 and January 2013 were encouraging.

### Train accident on 21 April

The train accident in Amsterdam on 21 April had a big impact in the Netherlands. Following a collision between a Sprinter and an Intercity train at Amsterdam Westerpark, 190 of the around 425 passengers and crew were injured. One passenger later died of her wounds. NS very much regrets this accident. When the accident took place, many of our colleagues immediately offered their help in taking care of the passengers. The accident was investigated jointly by the Dutch Safety Board (OVV), the Human Environment and Transport Inspectorate (ILT), NS and ProRail. All the measures recommended in the joint investigation by NS and ProRail and the recommendations in the report by OVV have been adopted. The rail sector does not intend to make any concessions when it comes to safety. Customer service played an active part in the after-care, for example with a free emergency number. Staff, passengers and other people involved could call this number to talk about what had happened. Furthermore, customer data was gathered to enable follow-up care, such as sending flowers, insurance issues and the victim meeting.





# FROM DOOR TO DOOR

## OUR AMBITION

Every day, NS is improving the journey from door to door. We offer customers good journey information quality and access from the point of departure to the destination. We provide our customers with a more pleasurable time at the station by improving station facilities and making it easier to change trains.



### Customer satisfaction with prepaid travel cards

% of customers giving 7 out of 10 or higher

**75%** Overall score

59% in 2010

**84%** Ease of use

### Increase in numbers of passengers using the prepaid card



“  
Having one card for everything does make life a bit simpler  
”



## Transport chain

The train is becoming an even more attractive option for passengers precisely because NS is investing in the entire door-to-door journey. We are doing this with various products and services such as the public transport smart card, the NS Business Card, the *OV-fiets* public transport bicycle, the NS Scooter, the NS Zonetaxi and Greenwheels, as well as sufficient parking facilities for cars and bicycles at NS stations.

## Public transport smart card

NS wants to get all passengers using the public transport smart card as soon as possible. This modern method of payment for public transport makes travelling easy. Increasing numbers of people are opting for the public transport smart card. In 2012, 50% more passengers used the public transport smart card than in 2011. NS took a number of measures in 2012 to encourage people to switch to the public transport smart card.

## Consumers

In 2012 the NS ticket machines were altered to make the public transport smart card the first option in the menu. An increasing number of travel products are no longer available in a paper version, only via the smart card. In 2013 all ticket categories will be put on the public transport smart card or sold as one-off smart cards for ad hoc passengers. Rail passengers can now get a discount in the Q-Park garages with their public transport smart card and it is also possible to use the public transport smart card with a Greenwheels car.

## Business

The NS Business Card - the business version of the public transport smart card - office business travellers many advantages. It means for example being able to travel now and pay later, with a monthly statement showing all the journeys made in a single invoice. We also introduced the NS Business Card *Dal* (off-peak) for SMEs and the self-employed. The NS Business Card also lets you use the NS Zonetaxi, Greenwheels, Q-Park, *OV-fiets*, NS Scooters, bicycle parking facilities and the NS Hispeed Lounges as well as giving you a discount on Regus | NS station2 meeting rooms and workspaces.



## Journey Planner Xtra

In 2012 information about Greenwheels, *OV-fiets* and P+R was added to the Journey Planner Xtra. In addition, the Filewissel app, which compares car transport to public transport, was developed. Since 2012, the international journey planner has had improved up-to-date journey information and a mobile website.

# 1,000

Intercity carriages have a screen showing up-to-date journey information

# +560

(up to 2014)



## Journey information

Journey information has been extended to include the entire door-to-door journey. NS seeks to provide personalised information that tempts people to use the train and gives passengers a pleasant, valuable and easy to arrange travelling experience.

Responsibility for journey information, including more than 225 employees, was transferred from ProRail to NS with effect from 1 November. This means passengers now receive all journey information from a single source.

At the end of 2012, NS installed dynamic train information panels at Leiden Centraal: when passengers get off the bus, they can immediately see what time their connecting train will depart and from which platform. More stations are due to follow.



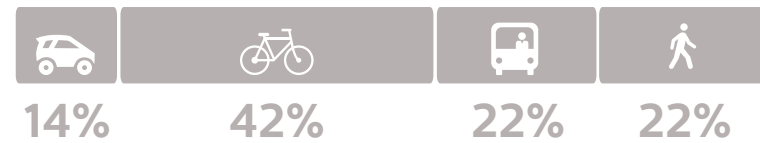


# THE DOOR-TO-DOOR JOURNEY



**54%** OF THE NETHERLANDS TRAVELLED WITH NS IN 2012

Dutch residents aged 4 and above, at least 1x per year by train



### Parking the car

14% of rail passengers use the car to get to the station. That is why NS is continually working on improving and increasing the number of parking spaces. There are now more than 9000 paid parking spaces in station areas and more than 26,000 free parking spaces at P+R locations.



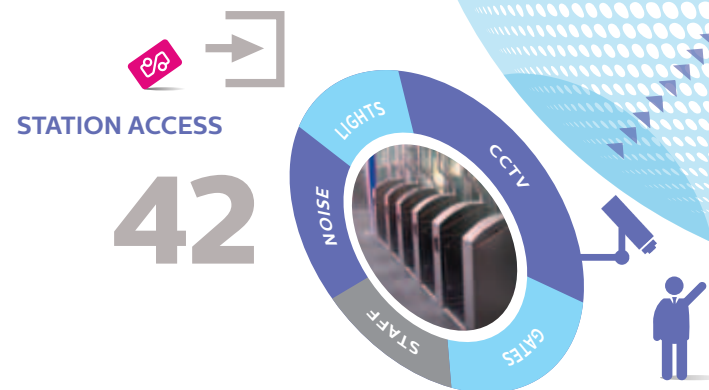
### Parking your bicycle

42% of rail passengers cycle to the station and that proportion is set to increase in the years to come. There are supervised bicycle storage facilities for around 86,500 bicycles, unsupervised facilities for around 275,000 bicycles and 16,000 bicycle lockers at stations. The number of annual subscriptions rose in 2012. The quality of the bicycle storage facilities has improved thanks to collaboration with the Dutch automobile and cyclists' association ANWB, commercial activities, new storage facilities and the renovation of existing storage facilities.



### Access to stations

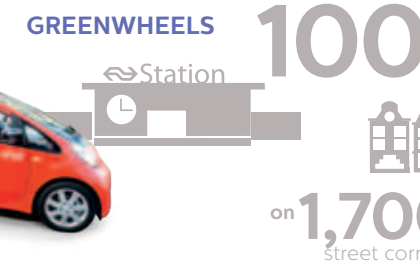
In 2012, preparations were made for controlled access at 13 stations. Forty-two stations have already been provided with safety measures in the form of lighting, sound, camera surveillance, gates and the physical presence of customer service and security staff. The aim is to stop fare dodging, reduce incidents on the railways and offer passengers a safe, comfortable journey and environment. In 2013 the gates at specific test stations will be put into operation temporarily. From the end of 2013 the gates will be brought into operation in stages.



### NS ZONE TAXI



**1,200,000** cycle trips in 2012



### Transfer

NS offers safe, logical and easy-to-see routes for walking from connecting transport to the train. NS is making preparations for the transfer issues that will arise at stations with the implementation of the High-frequency Rail Transport Programme. In 2013 a pilot project will be started at Utrecht Centraal to measure passenger flows.

### Destination-side transport

Passengers find the journey from the station to the final destination to be the most problematic part of the journey, which is why NS seeks to make this last part of the journey faster and more convenient.

### OV-fiets

OV-fiets is the leading flexible bicycle hire service in the Netherlands, available at more than 240 locations. We also offer electric bicycles and electric NS scooters at some of the larger hire locations. The number of people with a subscription grew in 2012 from 100,000 to around 140,000. More than 1,200,000 trips were made by private and corporate users such as holders of NS Business Cards. In 2012, 15 new bicycle hire locations were opened and bicycles were added at busy locations.

### NS Zonetaxi

The taxi is an important link in the transport chain, but taxis are being used less due to poor customer satisfaction. In response to this, NS and the taxi sector developed the NS Zonetaxi service, launching it in October at 23 stations. The NS Zonetaxi transports people to and from the station at fixed, competitive rates. Taxis can be booked at least a half hour in advance via [www.nszonetaxi.nl](http://www.nszonetaxi.nl). NS is doing this in close collaboration with the taxi sector, local taxi businesses, a control centre and various municipalities.

### Greenwheels

Greenwheels - the NS car sharing service - is available in 100 towns and cities at 1700 street corners. Greenwheels cars are available at 90 stations.



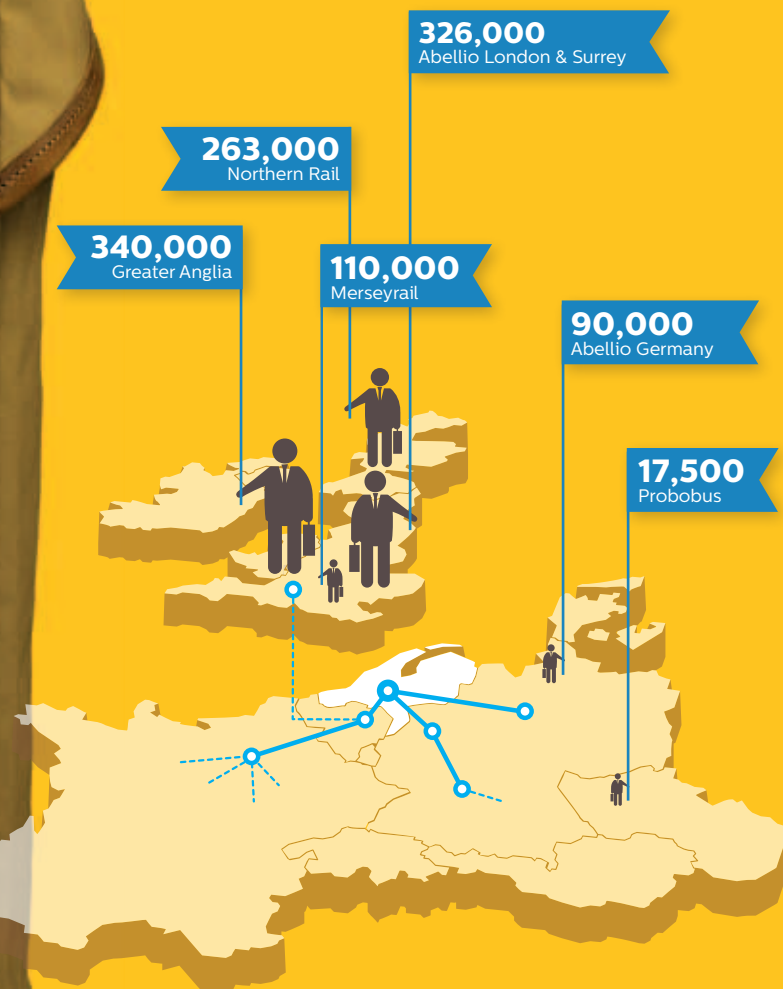


# WE WORK THROUGHOUT EUROPE

## OUR AMBITION

We are aiming for growth in Europe. NS has a durable position within the high-speed network with neighbouring countries. In Europe, NS is active in the foreign transport and hospitality market: Abellio in the public transport market (via public transport concessions), NS Hispeed in the market for international high-speed trains and NS Stations in the development and operation of station retail outlets.

## Number of passengers per day per carrier in Europe



 NS is connected to the major city network between Paris, Brussels, Cologne, Amsterdam, London, Berlin and Frankfurt.

“  
The Netherlands gains from our European activities  
”

## Growth in Europe

The public transport market in Europe is being deregulated. Legislation generated by the European Union is an important driver of deregulation. There are now a number of large pan-European multimodal public transport players. It is important for the long-term position and continuity of NS that we are actively involved in the European market. This also lets us attract highly qualified staff, which in turn benefits our services and passengers in the Netherlands.

## Public transport concessions

Abellio's goal is to build up a sound, profitable portfolio of public transport concessions in those European countries where deregulation of the public transport system is planned or has been implemented. Abellio offers public transport services that are a perfect match with what the tendering authorities are looking for. Partnership is a crucial element here. We work with local partners to provide an extensive service to customers. One example of this is that Abellio has developed a bicycle hire system in Britain similar to OV-fiets in the Netherlands. The project will become operational at the start of 2013.

In 2012, one million customers made use of Abellio's train and bus services every working day, mainly in England but also in Germany and the Czech Republic. A substantial contribution was made by the Greater Anglia rail franchise, which we have been operating since February 2012, and which has 340,000 passengers a day. Greater Anglia also delivered a top-class performance during the Olympic Games by transporting tens of thousands of passengers to the Olympic competition venues. In Germany we won the rail concessions for Expresslinien Mittelland/Emsland and Elektronetz Saale-Thüringen-Südharz

in 2012, both of which will start in December 2015. Abellio has opened offices in Copenhagen and Stockholm in order to exploit bidding opportunities in Denmark and Sweden.

We also won a number of awards. For instance, Merseyrail got the award for *Best suburban and Metro operator*, Greater Anglia's Stratford station was *Station of the year* and Abellio London and Surrey was a winner at the *London Transport Awards* (in the *Transport Team & Partnership* category).

## Quickly across the border

In 2012 we continued to work closely with rail companies and public authorities in Germany and Belgium. NS is always seeking to improve its services. For example, in 2012 we introduced a new kind of ticket (*throughfares*) for better connections through to London.

## The Netherlands

We are also actively involved in the concessions market in the Netherlands. NS has a stake in the bus company Qbuzz. Qbuzz currently provides public transport in the Groningen-Drenthe and Zuidoost-Friesland regions. It seems likely that it will also be providing the public transport in the Utrecht region from 2013. NS uses the expertise we acquire through Qbuzz to improve our door-to-door proposition. With that same aim in mind, we are currently in discussions with the municipality of The Hague about a far-reaching form of partnership in the local public transport company HTM.



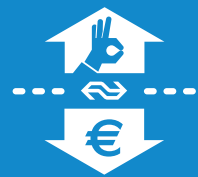
## Station operations over the border

NS also wants to offer rail passengers in other countries services and convenience and is therefore extending its operations in Europe. For instance, the first *Monop'station* shop was opened at Strasbourg station in France. The new concept is the result of a collaborative venture between SNCF, Monoprix and NS. NS has now extended these operations with six shops in France and three in Belgium. This number is set to grow in 2013 to around 30 shops in these countries. In Belgium, NS opened *C'est du pain*, a new format in the Belgian market. Now Belgian passengers can get fresh sandwiches and hot beverages from *C'est du pain* at the Hasselt, Zottegem and Sint-Niklaas stations. Station management is increasingly a part of the franchises in the United Kingdom, for example at Greater Anglia.

Abellio is able to benefit here from the unique position and expertise of NS in this area.







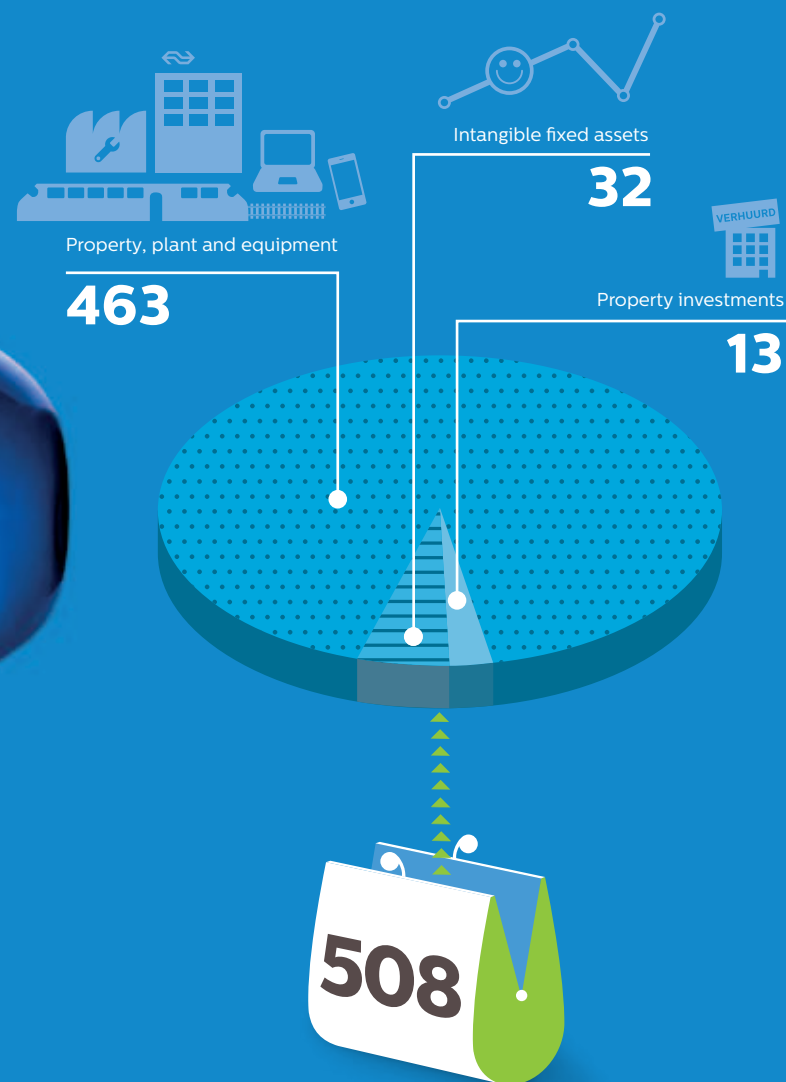
# WE ARE COST-CONSCIOUS

## OUR AMBITION

We are creating a culture that prioritises the continuity of our organisation, with a return on investment that guarantees this. NS is improving its portfolio and project management. This will put us in a stronger position. We are continuing to perfect and increase the professionalism of our support services and processes throughout NS.

## Pattern of investment in 2012

Amounts in millions of euros



“

*We invest in energy-efficient or low-maintenance trains, which gives long-term savings*

”

## The 2015-2025 concession

In December 2012, the Lower House of the Dutch parliament assented to the Minister's policy plan to award the concession for the Dutch main rail network up to 2025 to NS. As of 2015, this will include the HSL South concession that is currently in the hands of HSA. In line with the policy plan, the Lower House resolved that two lines in Limburg will be taken off the main rail network and put out to tender separately. The Lower House also passed a motion that there should be no renegotiation of the concession before the term ends for the purpose of separating off more regional lines. The award of the concession gives NS continuity in its business and gives its passengers certainty about the future.

## Working more efficiently and more effectively

Passengers want value for money. We will be able to offer passengers a good product for a competitive price if we are cost-conscious and continually ask whether a particular activity will add value. NS needs a return on investment of 10% in the longer term if it is to be able to continue funding the necessary investments in the future. NS aims to achieve this in part by:

- bringing IT investments into line with the levels in comparable companies
- avoiding inefficiencies in projects by improving project standards and project management
- optimising and improving the professionalism of support services and increasing cost consciousness among staff, in part through training. NS is also explicitly focusing on the need to be cost-conscious when implementing its business processes.

A large number of improvement initiatives are currently under way in NS. For example, the maintenance company NedTrain is reaping the benefits of working in accordance with production standards. In 2012 there was an improvement in the availability of rolling stock, there were fewer stranded trains and the reliability of the deliveries to our customers rose. In 2013 systems will be simplified further and registrations automated. This gives NedTrain more insight in the performance of each category of rolling stock, enabling speedier corrective adjustments. In 2012 the fields of expertise and coordinators were identified that would enable the development of an integrated station business. In 2013 two experiments will start for the integrated control of operations within stations. The NS Hispeed business unit has modified its distribution strategy and improved its portfolio management. Improvements to energy efficiency through the deployment of rolling stock and energy-efficient driving have a positive impact on our costs. NS is also working on the modernisation of its IT infrastructure.

## Smart investments

NS invested 508 million euros in 2012. We are cost-conscious in our investments. For example, we invested in energy-efficient or low-maintenance trains, which ultimately leads to savings. We invest in training so that we can continue to be sure of highly qualified staff in the future. NS has also set up NS Energy for heat and cold storage systems for lower energy consumption.



## Plug & Play

In addition, we are carrying out pilot projects, such as the Plug & Play cost-saving concept for the construction of commercial premises at stations. Plug & Play means that the commercial areas at stations can be installed flexibly and rapidly. An operator can move into retail premises without an expensive renovation being required. In 2013 NS will be implementing Plug & Play.





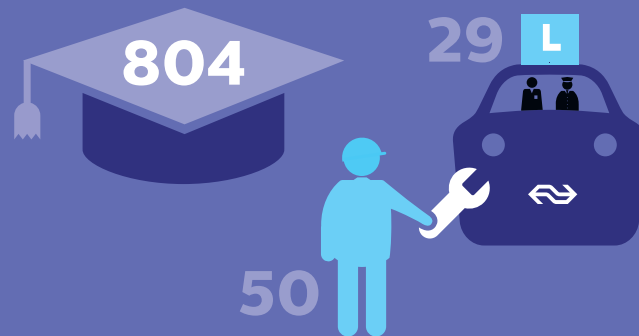
# WE CAN MAKE THE DIFFERENCE TOGETHER

## OUR AMBITION

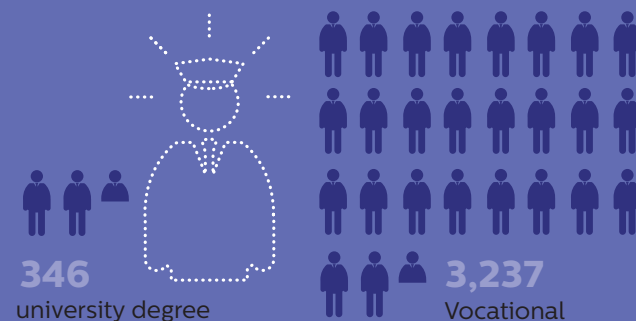
NS wants to do a good job and build up a reputation in the Netherlands that reflects this. That is not something we can do alone. This is why we have a good collaborative relationship with other players in the rail sector. Our staff make the difference. Having a good position in the labour market and improving the involvement after our employees helps here. Our goal is to be in the top 10 most appealing employers in the Netherlands.

## Training and development in 2012

numbers in NS Academy, TechniekFabriek and driver training



## Number of vacancies filled in 2012, by level of education



“  
We received recognition in 2012 for our efforts towards diversity and inclusiveness  
”

## An attractive working environment

Our strategy is geared to attracting the best employees and retaining staff through an attractive working environment in which they feel involved and valued. All HR activities are linked to the strategic priorities of recruitment and involvement. NS defined four core values in 2012: being hospitable, proactive, cohesive and professional.

## NS Works

In 2012, NS made the first moves towards a more modern way of working: NS Works targets the customer experience, collaboration, effectiveness and efficiency, focusing on personal responsibility and leadership. Some of its features are the abolition of irrelevant rules, more responsibility for employees and a more coaching role for managers, innovative accommodation solutions and being to work anywhere and at any time through the use of IT.

## Staff commitment

NS focuses on the degree to which staff feel an involvement with their organisation and work, and the degree to which they feel supported and encouraged to be able and want to do a good (and ever better) job. In 2012, NS introduced a new setup for the employee engagement survey and we will be carrying out these surveys every year from now on instead of every two years.

## Recruiting new employees

NS put an effort in 2012 into developing a clearer profile as an employer of academic and applied university graduates and workers with vocational qualifications. As a result, NS has acquired more of an image in the Netherlands as an attractive employer. In 2012, NS rose from the 41st to the 20th place in the *Intermediair's* list of the 50 most popular employers. In 2012 we filled 3,237 vacancies for people with vocational qualifications and 346 vacancies for graduates. In 2012 we organised 32 events, such as in-house days for students, meet & greets and business cases.

## Training and development

NS is investing in the atmosphere at work, courses and training in skills. In 2012, NS Academy developed various new programmes. 804 members of staff followed a course to develop their professional or social skills. Career Advice gave assistance for 334 programmes and 97 surplus employees and employees returning to work. In addition to a constant focus on absence and rehabilitation, NS also works on prevention via exercise programmes and vitality coaches.

## Collaboration in the rail sector

Proper collaboration in the rail sector is in our own interests and those of passengers. Our most important partner is ProRail. NS and ProRail will be improving their collaboration in five areas: the development of infrastructure, the timetable, the allocation of capacity, control and adjustments, and roles and responsibilities around stations.

## Rail College

The start of the driver training courses (29 trainees) and the TechniekFabriek for train mechanics (50) were key examples in 2012 of the fruitful partnership between rail companies and vocational training centres. In this way, the rail sector is taking measures to ensure the long-term employability of future staff.



## Diversity and inclusiveness

2012 was the year in which we got recognition for our efforts to achieve diversity and inclusiveness. Our director Merel van Vroonhoven was elected Woman of the Year in the Netherlands, Way Fong Lee was chosen as Ethnic Manager of the Year and Nicola Hosty as Rail Manager of the Year for diversity and inclusiveness (in the United Kingdom). Maurice Unck was a finalist for the *Young Captain Award*. In 2012 three target groups were specified as priorities: women, people from non-Western ethnic backgrounds and people who are isolated from the labour market. NS also once again took part in Gay Pride. Furthermore, on *Girlsday* we opened our doors to girls aged between 10 and 15 with an interest in technology.

*This is a summary of a more detailed section on the subject that can be found on page 50. The more detailed version satisfies the requirements of transparency and the auditor's audit.*





# WE LOOK AFTER OUR ENVIRONMENT

## OUR AMBITION

NS aims to make a positive contribution to the planet by setting trends as a provider of sustainable mobility. People want to be able to meet each other. Meeting up provides cohesion, enriches life and makes it more pleasurable. We aim to do this in an increasingly sustainable manner together with passengers, suppliers and our shareholder. The quality of our services plays a key role in this.

## Our main priorities

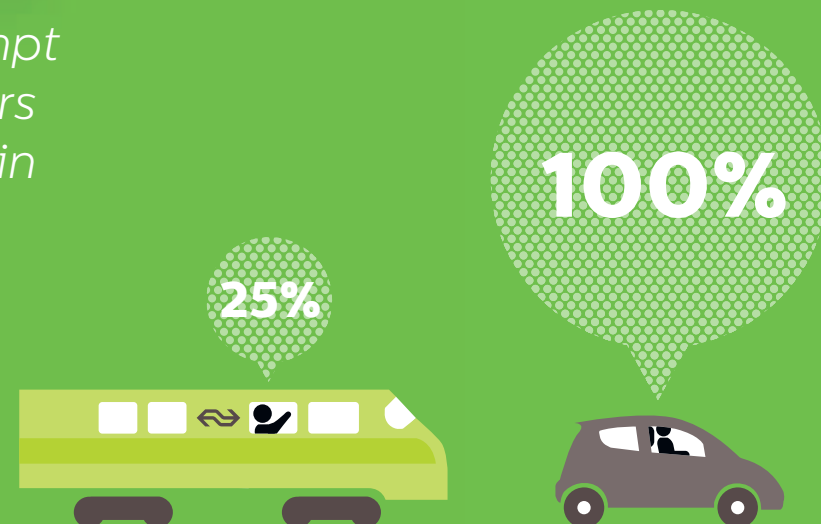
- 1 NS aims to offer climate-friendly and pleasant modes of transport to its customers and to improve the accessibility of the Netherlands using sustainable modes by increasing occupancy rates.
- 2 NS aims to turn its waste materials into raw materials.
- 3 NS aims to be one of the ten most attractive employers in the Netherlands, for instance by focusing on professional expertise and diversity, and by implementing the New World of Work.

## CO<sub>2</sub> emissions per passenger-kilometre

“

We want to tempt more car drivers to take the train more often.

”



## Sustainable mobility

Trains are now 75% more sustainable than cars on average but we still want to improve this further. The most effective contribution we can make to the sustainability and accessibility of the Netherlands is by tempting more car drivers to take the train more often. If every car driver were to take the train once a year instead of the car for a trip that is comparable to, say, Utrecht to Den Bosch (a 100-km return trip), that would save 140 kilotons of CO<sub>2</sub> emissions per annum, an amount equivalent to the annual emissions caused by the consumption of gas and electricity of all the households in a small town.

## Occupancy rates

We want to achieve a six percentage point increase in occupancy rates in the off-peak hours in five years (from 26% in 2011 to 32% in 2016). In 2012 we achieved a 0.4 percentage point increase with respect to 2011. Further improvements can be made by increasing the sales of peak-off season tickets in particular, and by facilitating the New Way of Working using facilities at and around stations, such as meeting rooms and workspaces at stations and facilities for working on the train (sockets, Wi-Fi).

## Improving energy efficiency

We seek to improve energy efficiency. It reduces both our costs and the emissions of greenhouse gases. We achieve such improvements by making maximum use of modern trains with no energy consumption such as the Sprinter Light Train (SLT) and the New Intercity, but also by adopting a calm, punctual driving style – Energy-Efficient Driving. In 2012 this enabled us to achieve an improvement of 3.2 percentage points on the Energy Efficiency Index (6.2 percentage points in 2011). In 2012 start was made on energy-efficient setups for rolling stock at six locations. This will be rolled out nationally in 2013.

## NS not perceived as sustainable

NS seeks to improve its image in terms of sustainability. Eight out of ten Dutch people expect us to have sustainable business practices. However, a market survey in 2012 showed that the Dutch do not see NS as a sustainable organisation. NS is ranked 74<sup>th</sup> in the top 100 sustainable companies whereas we were ranked 22<sup>nd</sup> in 2010. Seven makes of car were ranked far higher than NS, with two actually in the top ten.

In June 2012, NS took its first measures to improve the perception of sustainability. A CO<sub>2</sub> comparison has been incorporated into the journey planner, showing what the savings are in kg CO<sub>2</sub> compared with the average car when a journey is being planned. By concluding a new contract for traction energy in 2013, we seek to take the next step in making our energy consumption greener from 2015.

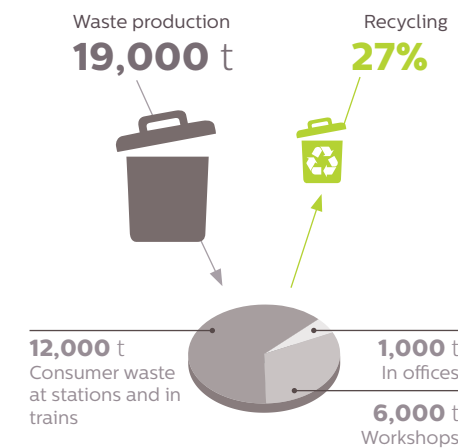


## Dialogue with stakeholders

Discussions with stakeholders are leading to tangible results. For example, the new timetable for 2013 reflects input from national public transport users' forum and public authorities. We work with the authorities and consumer organisations in trying to make stations accessible to everyone as soon as possible. For instance, NS will be maintaining the option of a one-off smart card for *ad hoc* passengers. Another result of discussions with stakeholders is the announcement by the rail sector that in the winter of 2012/2013 there would be a switch to a modified timetable as a precautionary measure in the event of extreme weather conditions. We collaborate in the regions during events such as Carnival, Queen's Day, Gay Pride and the Four Days March at Nijmegen. Dialogue led to the service being extended in the northern Netherlands.

## Waste

We want to process all the waste we produce at stations, on trains, at work sites and in offices and turn it into raw materials. That is something we can only achieve through the cooperation of our customers, staff and suppliers. An experiment was started at Leiden station in 2012 in separating out waste.



This is a summary of a more detailed section on the subject that can be found on page 37. The more detailed version is needed to satisfy the requirements of transparency and the auditor's audit.



# CORPORATE GOVERNANCE

NV Nederlandse Spoorwegen is a public limited company under Dutch law with its registered offices in Utrecht. The governance of NS, a state participation, is based on the modified two-tier company regime.

## NV Nederlandse Spoorwegen

NS has a two-tier management structure. The company is managed by the Executive Board and supervised by the Supervisory Board. The Executive Board and Supervisory Boards operate independently of each other. Both bodies report on the execution of their tasks to the General Meeting of Shareholders (the 'General Meeting'). NV Nederlandse Spoorwegen is the holding company of NS Group NV. Although not a listed company, NS voluntarily applies the Dutch Corporate Governance Code (the 'Code'). At NS, the Code is embedded in the rules of procedure for the Executive and Supervisory Boards, the Audit Committee, the Remuneration Committee and the Selection and Appointments Committee, as well as in a code of conduct and in a procedure for 'whistle-blowers'. Not all stipulations in the Code apply to NS.<sup>1</sup>

## Executive Board

The Executive Board is responsible for managing the business. It establishes the vision for the company and the resulting mission, strategy and objectives. The Executive Board is responsible for the company's results and the realisation of its objectives. The NS strategy is implemented by the business units and subsidiaries.

Executive Board members are appointed by the General Meeting, on the recommendation of the Supervisory Board. Members of the Executive Board can be suspended or dismissed by the General Meeting. In 2012 the Executive Board consisted of three members: A. Meerstadt <sup>MBA</sup>, Chairman and CEO, E.M. Robbe <sup>RA</sup>, Financial Director, and M.W.L. van Vroonhoven <sup>MBA</sup>, Director. Both the Executive Board as a whole and each individual Executive Board member is authorised to represent the company. The Executive Board's responsibilities, tasks and procedures are laid down in the articles of association of NS and in the rules of procedure of the Executive Board. The Executive Board performs its tasks in the company's interests and provides the Supervisory Board promptly with the information and resources it requires in order to do its work properly. In the event of a conflict of interest between the company and a member of the Executive Board, NS is represented by a member of the Executive Board or the Supervisory Board designated for this purpose by the Supervisory Board. The General Meeting also has the power to designate one or more persons for this purpose.

The members of the Executive Board are appointed for four years, after which they may be reappointed. The right to compensation on dismissal is subject to a maximum of one year's basic salary in employment contracts drawn up since the introduction of the Dutch Corporate Governance code. The existing agreements with the members of the Executive Board remain in force.

The Executive Board's Secretary ensures that the proper procedures are followed and that the actions taken are consistent with the laws and regulations governing the Executive Board's obligations.

## Supervisory Board

The Supervisory Board has the task of supervising the Executive Board's policies and the general management of the company and its affiliated enterprises. The Supervisory Board also provides the Executive Board with advice. The Supervisory Board performs its tasks in the interests of the company and its affiliated enterprises. The Supervisory Board's responsibilities, tasks and procedures are laid down in the articles of association of NS and in the rules of procedure of the Supervisory Board and its committees. Supervisory Board members are appointed by the General Meeting, on the recommendation of the Supervisory Board and with due observance of a job profile. The Central Works Council is consulted on the intended appointments. The profile for the Supervisory Board is defined by the Supervisory Board. It may be found on the company website ([www.ns.nl](http://www.ns.nl)).

The composition of the Supervisory Board takes into account the nature of the company, its shareholder, its operations and the desired expertise and background of the Supervisory Board members. The retirement schedule for the Supervisory Board has been set up in accordance with the principles of the Code and has been designed to avoid too many Supervisory Board members retiring at once. In view of the extent, diversity and complexity of the matters it has to handle, the Supervisory Board has set up three committees: the Audit Committee, the Remuneration Committee and the Selection and Appointments Committee. These committees facilitate effective decision-making by the Supervisory Board.

## Audit Committee

The Audit Committee performs its duties in accordance with the rules of procedure as approved by the Supervisory Board, in accordance with the provisions of the Code. The Audit Committee has three members and is chaired by Dr F.J.G.M. Cremers. The Audit Committee is responsible for advising the Supervisory Board on and scrutinising the annual financial statements, financing and financing-related strategies, fiscal planning and the performance of the risk management and control system. The entire Supervisory Board is responsible for supervision of the application of information and communications technology.

## Remuneration Committee and Selection and Appointments Committee

The Remuneration Committee draws up a remuneration report and submits it for approval to the Supervisory Board. The Remuneration Committee and the Selection and Appointments Committee consist of the same three members and are both chaired by Ms T.M. Lodder. The Remuneration Committee makes recommendations for the remuneration of individual members of the Executive Board that is in line with the remuneration policy approved by the General Meeting. The Selection and Appointments Committee decides on the selection criteria and appointment procedures for the appointment of members of the Supervisory and Executive Boards, as well as periodically reviewing the size and composition of the Supervisory Board and

proposing a profile for its makeup. It also prepares a report for the Supervisory Board on its own performance and makes recommendations for the appointment and reappointment of members of the Supervisory Board.

## General Meeting

The sole shareholder of NV Nederlandse Spoorwegen is the Dutch State. The role of the shareholder is performed by the Ministry of Finance. The General Meeting is held annually, within six months of the close of the financial year. The matters discussed by the General Meeting include the annual report. The General Meeting also adopts the financial statements and declares the dividend, discharges the members of the Executive Board from liability for their management, discharges the members of the Supervisory Board from liability for their supervision and appoints the auditor. Other general meetings can be held as often as is desired by the Executive Board, the Supervisory Board and the shareholder. Resolutions can also be adopted outside meetings.

## External auditor

The external auditor is appointed by the General Meeting. The external auditor reports on the audited has performed to the Supervisory Board and the Executive Board, and presents the results of its audit in an audit opinion concerning the truth and fairness of the financial statements. The Audit Committee, acting on the Supervisory Board's behalf, is directly responsible for overseeing the work of the external auditor. At least once a year, the Audit Committee prepares a joint report together with the Executive Board for the Supervisory Board regarding developments concerning the external auditor, and in particular the latter's independence. Once every four years, the Audit Committee and Executive Board also jointly carry out a thorough appraisal of the performance of the external auditor. The findings of this review are presented to the General Meeting and the Supervisory Board. The external auditor attends those meetings of the Supervisory Board at which its report on the audit of the financial statements is discussed and which deal with the adoption of the financial statements. The external auditor also attends the meeting of the Supervisory Board held to discuss the six-monthly figures.

## Corporate audit

Internal auditors perform their duties under the aegis of the Executive Board. The results of their work are discussed with the Audit Committee. The Executive Board ensures that the Audit committee and the external auditor are involved in drawing up the internal auditors' plan of work.

<sup>1</sup>The following best-practice stipulations are not applicable: II.2.4, II.2.5, II.2.6, II.2.7, III.7.1, III.7.2, IV.1.1, IV.1.2, IV.1.7, IV.2.1, IV.2.2, IV.2.3, IV.2.4, IV.2.5, IV.2.6, IV.2.7, IV.2.8, IV.3.1, IV.3.2, IV.3.3, IV.3.4, IV.3.11, IV.3.12, IV.3.13, IV.4.1, IV.4.2, IV.4.3.



# MANAGING RISKS

NS is exposed to risks in the areas of strategy, operations and finance and in terms of compliance. NS has set up a company-wide risk management and control system in order to manage these risks.

## The risk management process at NS

The philosophy behind our risk management process is that:

- Taking risks is essential for a healthy business, whereby the Executive Board takes ultimate responsibility in deciding what risks are acceptable (what is termed the risk acceptance)
- Structured risk management makes it more likely that the Executive Board and management will achieve their objectives
- The Executive Board and management are responsible for setting up and testing the performance of systems for risk management and internal control. The purpose of these systems is to identify significant risks and the desired degree of control, to safeguard the realisation of objectives and to ensure compliance with relevant legislation and regulations.

## Risk acceptance

What risks we are willing to accept is determined by the fact that we want to do maximum justice to our function in society and operate as an entrepreneurial business. These decisions are made taking account of the relationship between a reliable, safe service for customers, visitors and staff on the one hand and, on the other, the consequences for the financial position that NS must maintain to enable essential long-term investments and cope with changes in demand.

## System of risk management and internal control

The system of risk management and internal control is geared to giving the Executive Board information on the status and development of significant risks for NS. The aim is to keep to a minimum the risks of making errors, taking the wrong decisions and being taken by surprise by unforeseen circumstances. A comprehensive scope cannot be guaranteed. Neither can the possibility be excluded of NS being exposed to risks that are not yet known or that are not (yet) considered significant. Furthermore, no system of risk management and internal control can offer an absolute guarantee that we will achieve our business objectives, avoid losses and fraud or prevent any violation of legislation and regulations. For example, NS is particularly affected by the weather and forces of nature. These are things we cannot prevent or improve. However, we can ensure that the impact is kept to a minimum. We use the following instruments to ensure satisfactory risk management and internal control:

- Line managers use the **risk management system** to identify, analyse and monitor developments in the management of significant risks. Reporting on these risks to the Executive Board and discussing them with the Board is an integral part of the planning and control cycle;
- **Code of conduct including the whistle-blower policy and the rules of procedure for the Executive Board.** The code of conduct can be found on the NS website (www.ns.nl) while NS staff can access the rules of procedure for the Executive Board and associated manuals via the intranet. The rules of procedure for the Executive Board include the rules on authorisations, investments, annual reporting, control, risk management and safety.

- **The Reporting manual**, which describes the procedure, principles for valuation and determining the result, and a system for identifying and testing financial reporting risks.
- **Safety management system**
- **Monitoring system for audit findings**, both by the internal auditor and by the external auditor.
- **Enterprise risk management reporting.** The Risk Committee reports to the Executive Board every quarter on developments in the management of significant risks and the risk management process. The committee consists of Financial Director and the directors/managers of Corporate Risk Management, Corporate Security, Corporate Legal, Corporate Audit, Finance & Administration, Corporate Communications and Corporate Control.

The Executive Board reports to the Supervisory Board and gives an account of the system of risk management and internal control after discussing this with the Supervisory Board's Audit Committee. In view of the above, we feel that these systems of risk management and internal control give a reasonable degree of certainty concerning the financial reporting risks, and that the financial reports do not contain any material misstatements.

- The Executive Board states that as far as it is aware
- the financial statements give a true and fair view of the assets, liabilities, financial position and profits of NS Group and the companies included in the consolidation as a whole.
  - the annual report gives a true and fair view of the situation on the balance sheet date and the course of business during the financial year.
  - the annual report contains a description of the principal risks facing NS Group.

## Principal risk factors

The Executive Board has identified the 10 significant risks detailed below as risks that could have considerable impact on the achievement of NS Group's objectives; in these cases it is necessary to determine whether the risk can be reduced and, if so, through what measures. The risk policy pursued for controlling financial risks (including market risks, credit risks and liquidity risks) is described in detail in Chapter 28, Financial risk management (page 106). The financial consequences of the legal claims and disputes known to us have been recognised in the financial statements in accordance with the applicable reporting rules.

Significant risks	Current risk profile		Implementation of measures		
	Impact	Likelihood	2013	2014	2015 and beyond
A Main rail network/HSL concession	H	M	✓	✓	
B Reliability of the Fyra service	H	H	✓		
C NS Group's financial position	H	H	✓	✓	✓
D European growth strategy	H	L	✓		
E Reputation and stakeholder management	H	H	✓	✓	✓
F Collaboration in the rail sector	H	M	✓	✓	✓
G Railway safety	H	L	✓	✓	✓
H Health and safety	H	M	✓		
I Journey information	H	H	✓	✓	
J IT continuity	H	H	✓	✓	✓

H High M Medium L Low





## STRATEGIC RISKS

### A Main rail network/HSL concession

In December 2012, the Lower House of the Dutch parliament consented to the Minister's policy plan to award the concession for the Dutch main rail network up to 2025 to NS. As of 2015, this will include the HSL South concession that is currently in the hands of HSA. The government is expected to finalise the schedule of requirements at the end of 2013.

#### Measures to mitigate risks

- **Consultation mechanism with the Ministry of Infrastructure and the Environment.** NS Group holds regular meetings with the Ministry. In these meetings, the parties give solicited and unsolicited information about the possible consequences of planned choices.
- **Bid team for local trains.** The government has decided to put the Zwolle-Enschede line and Limburg lines out to tender. NS will be putting in a bid to keep these lines and has created bid teams for this purpose.

### B Reliable Fyra service

In 2012, HSA purchased V250 train sets from the manufacturer AnsaldoBreda. In mid January 2013, shortly after the introduction of the Fyra/V250, NS decided to take the trains out of service again due to various problems with the reliability of the trains as a result of the winter weather.

#### Measures to mitigate risks

- **Task force.** A task force headed by NS Executive Board member Merel van Vroonhoven was set up to ensure that customers would have a good alternative soon as possible and to take legal action against the supplier of the Fyra. The task force has also been given the assignment of putting a reliable Fyra service in place in the medium and longer term.
- **Independent investigation.** NS will arrange for an independent investigation into the reliability of the Fyra trains.

### C NS Group's financial position

We aim for a systematic financial return on the invested capital of 10% so that we can achieve our strategic objectives. Based on the expected revenue and investments in the coming business plan period, we will not be able to fully achieve the result we want in the years ahead without taking measures to mitigate risks. The expectation is that we will be able to maintain our S&P rating of at least A in the coming years.

#### Measures to mitigate risks

- **Identification of efficiency measures.** In 2012 opportunities for savings were identified in both the primary process within business units and the support services such as finance, IT, HR and procurement. In 2013 a decision will be taken as to which measures can be realised.
- **Portfolio Management.** The business units evaluate the opportunities for achieving accelerated growth – whether organic or through acquisitions.
- **Investments.** The investments in the business plan period are assessed to see whether they should be modified, delayed or cancelled.

### D European growth strategy

Over the next few years, a small number of pan-European carriers will come to dominate the bus and rail market as a result of far-reaching mergers and acquisitions. NS is aiming to be one of those carriers. Last autumn, all tenders were put on hold in Britain following the cancellation of the West Coast Mainline tendering process. The Brown report ordered by the Department of Transport has now been published. It contains numerous recommendations, including the advice to restart the tendering process as soon as possible. The Department of Transport has not yet announced its formal position, but the expectation is that there will be definite information on the tendering calendar by the start of the second quarter of 2013.

#### Measures to mitigate risks

- **Market analysis.** The concessions that may be put out to tender in the European market in the years ahead have been identified and prioritised.
- **Limiting conditions for a bid have been established.** A concession should make a positive financial contribution to the results of NS.
- **Risk model.** A quantitative risk model has been implemented for concession bids. This model shows the possible positive and negative deviations from our best-estimate expectations for a wide range of scenarios.
- **Fully-fledged bid teams.** Abellio has two fully-fledged bid teams that enjoy the support of leading local consultants.

### E Reputation and stakeholder management

Our reputation is vulnerable because we have to meet the high performance expectations of various stakeholders and also introduce innovations. If we do not weigh up external expectations sufficiently in our decision-making or respond to them satisfactorily, that can lead to unnecessary negative pressure on our reputation and inefficiency in the use of resources.

#### Measures to mitigate risks

- **Dialogue with stakeholders.** We maintain an active dialogue with our stakeholders in order to identify and implement potential improvements in the quality of the performance of railway services based on a shared interest. We also seek to create better understanding.
- **Reputation as an integral part of decision-making.** Reputation will be taken into account more explicitly as a factor in our decision-making processes and their implementation. An example of this is the way in which reputation is embedded in the master plan for improving collaboration in the rail sector (see below).

### F Collaboration in the rail sector

NS is partly dependent on others for its ability to deliver reliable services. This applies in particular to the collaboration with ProRail. The analysis of the winter weather problems in 2012 showed that improvements are needed in the adjustment process during major disruptions in order to limit the impact on our customers.

#### Measures to mitigate risks

- **Determining points for improvement in the collaboration with ProRail.** An external party was commissioned by ProRail and NS to identify the key points for improvement in the partnership. The main areas for attention have been recorded in a master plan by the boards of the two companies. They include safety, managing and making adjustments to train services, the track philosophy, the allocation of tasks and collaboration in the station area.
- **Implementing and monitoring the master plan.** A steering group consisting of the boards and directors of the business units of the two organisations has already got to work. If necessary, the steering group will take matters up with the CEOs of ProRail and NS. Project teams and programme management will be set up shortly. This will be done on the principle that as many internal experts as possible from the two organisations will be represented in each area of work.

## OPERATING RISKS

### G Railway safety

Safe rail transport is a crucial prerequisite for NS's operations. Although the train is already one of the safest means of transport, the accident on 21 April 2012 showed that improvements can and must be made.



*Measures to mitigate risks*

- **Consultation with the Ministry and ProRail.** For safety in the short term, we are training our staff and continue to advocate further implementation of the existing improved version of ATB-vv. The introduction of ERTMS in stages is important in the longer term. Agreements have been made with the Ministry on trials with ERTMS.
- **Changes to the timetable during infrastructure maintenance.** Norms have been established in cooperation with ProRail. If a norm is exceeded, the timetable is adjusted and alternative transport is offered.
- **Driver warning system.** Together with ProRail, NS is investigating the options to set up systems that warn drivers and traffic control if a red light is being approached at too great a speed or has been passed.
- **Train interiors.** Based on the lessons learned from the accident on 21 April, we are deciding what additional requirements we will be setting for the interiors and how these can be implemented for existing and future rolling stock.
- **Safety management systems.** Changes in legislation and regulations, compliance with internal procedures and actual incidents are used as input in identifying and monitoring necessary changes.

**H Health and safety**

It is important for the continuity van our services that we offer our staff a safe working environment. In 2012 we saw an increase in sickness absence among our staff as a result of suicides on the tracks, aggression and violence by others.

*Measures to mitigate risks*

- **Risk assessment.** It is mandatory for any business to carry out a risk assessment and take measures based on this assessment to reduce the risks systematically.
- **Offering operational safety training for staff.** Employees who could face aggression or violence from third parties in their job receive training in defusing a situation and/or applying authorised violence.
- **Cooperation with public authorities.** Agreements are made with municipalities, the police, the fire service and the municipal health services on support in the event of incidents and/or emergencies. The experiences during incidents and exercises are evaluated, which may lead to amendments to the agreements.
- **Reporting and monitoring.** All health and safety incidents are reported to the Corporate Safety department via the line management. The Corporate Safety department evaluates what causes the incidents and recommends any additional control measures to the Executive Board.
- **Systematic consultations with the Works Council and trade unions.** The responsible managers systematically discuss developments in the number of health and safety incidents and the measures to be taken with the Works Council and trade unions.

**J Journey information**

Timely, satisfactory journey information for our customers, during both unplanned disruptions to services and larger planned disruptions, is crucial in minimising the impact.

*Measures to mitigate risks*

- **Journey information programme (including transfer of ProRail operations).** On 1 November, the Netherlands Competition Authority gave its approval for the transfer of the operations from ProRail to NS. This has put NS in full control of the entire process. Not only will the actual transition take place in the course of 2013, NS will also determine whether the setup for the process can be improved and if so, how.
- **Offering passengers better opportunities to take action.** In the case of planned changes to the timetable (such as possible adjustments during extreme weather conditions), customers are informed one day in advance so that they have the choice of taking appropriate action.
- **Making information systems more robust.** The setup for the supporting systems for journey information has been made more robust. The systems are monitored to see whether this is sufficient in view of increasing usage.

**J IT continuity**

Not having the right information available on time can have major consequences for the continuity of our business operations and consequently for our customers. This applies not only to the NS systems but also to the systems of partners such as ProRail and TLS.

*Measures to mitigate risks*

- **Risk management process for the IT organisation.** The significance of each NS system for our business operations has been determined as part of the risk-driven approach to information security.
- **Making infrastructure and systems more robust.** A gap analysis was carried out for the critical NS systems to determine the actual and desirable recovery times. It was established that additional measures in the infrastructure and/or fallback facilities were required for a number of systems. Decisions will be made on the measures to be taken in the infrastructure improvement programme in early 2013.

# OUR FINANCIAL PERFORMANCE

In 2012 NS achieved revenues of €4,638 million and an operating result of €355 million.

Operating income	2012		2011	
Revenue from passenger transport	3,877	84%	2,985	82%
Revenue from hub development and operation	809	17%	684	19%
Revenue from other activities	58	1%	70	2%
Intra-group eliminations	-106	-2%	-111	-3%
	4,638	100%	3,628	100%

amounts in millions of euros

**Result from operating activities**

The result from operating activities in 2012 was €355 million. In 2011 it was €272 million. Compared with 2011, revenues increased by €1,010 million in 2012 and expenses by €927 million. Because provisions have been made in previous years for the loss-making operation of HSL South, €188 million was charged to the provision in costs. This is the main reason why the operating result was higher for 2012 than for 2011. Except for this item, the operating result would have fallen due to the increase in costs for passenger transport and the lower growth in domestic passenger numbers.

**Revenues**

NS's revenues were €4,638 million in 2012 as opposed to €3,628 million in 2011.

**Passenger transport**

Revenue from the passenger services segment increased by €892 million to €3,877 million. Revenue from the main Dutch rail network was €1,942 million. In 2011 it was €1,915 million. The increase on the main rail network was limited and was mainly due to increased revenue from sales of single and return tickets and student passes. The revenue from domestic and international (cross-border) transport by NS Hispeed was the same in 2012 as in 2011, at around €190 million. The revenue from passenger transport in other countries provided by Abellio rose by €761 million in 2012 to €1,384 million. This was mainly due to the start of the Greater Anglia franchise.

**Hub development and operation**

Revenue from the hub development and operation segment rose by €125 million to €809 million. This increase is largely the consequence of the sale of the Stads Kantoor municipal offices to the municipality of Utrecht.

**Other activities**

The 'other activities' include supporting business units in addition to the holding company management and staff.

Breakdown of operating expenses	2012		2011	
Wages, salaries and social security charges	1,386	32%	1,146	34%
Staff hired in	120	3%	75	2%
Other personnel expenses	95	2%	78	2%
Depreciation/amortisation/impairment	368	9%	330	10%
Raw materials, consumables, stocks and energy	565	13%	491	15%
Subcontracted work and other external costs	558	13%	423	13%
Infrastructure levy	551	13%	387	11%
Other operating expenses	640	15%	426	13%
Total operating expenses	4,283	100%	3,356	100%

amounts in millions of euros

**Operating expenses**

NS's operating expenses rose from €3,356 million in 2011 to €4,283 million in 2012, mainly due to the start of the Greater Anglia franchise. Furthermore, in 2012 a net amount of €182 million was withdrawn from the provision made previously for the operation of HSL South. In 2011 a net amount of €12 million was transferred to the provision. Wages, salaries and social security charges rose by 21% from €1,146 million in 2011 to €1,386 million in 2012. This was to a large extent due to the start of the Greater Anglia franchise. For staff covered by NS's own and other collective labour agreements, €40 million was paid in pension contributions in 2012, compared with €34 million in 2011. Two thirds of the pension contribution remitted for staff covered by the NS collective labour agreement is borne by the company and one third by the employees. The average workforce for the year as a whole increased by 4,656 FTEs, from 23,369 in 2011 to 28,025 FTEs in 2012. Here, too, the increase was mainly due to the start of the Greater Anglia franchise. There was also an increase in the workforce for passenger transport in the Netherlands. The depreciation, amortisation and impairment costs and the costs for the use of raw materials and consumables, inventories and energy as well as the costs of outsourced work and some other external costs also increased when compared with 2011. This was mainly due to the start of the Greater Anglia franchise and the construction of the Stads Kantoor municipal offices in Utrecht. The access charges for the rail infrastructure (the infrastructure levy) increased by €164 million in total to €551 million (€387 million in 2011). The access charges for the rail infrastructure in the Nether-



lands rose from €283 million to €314 million, primarily due to the increase in the access charge for the high-speed line. The access charges in England came to €217 million in 2012 (€84 million in 2011). The increase was due to the start of the Greater Anglia franchise. The access charge for the German rail infrastructure was €20 million (€20 million in 2011). Other operating expenses include insurance premiums, office accommodation and inventory costs, auditor's fees, publicity costs, rental and lease costs for operating assets, and additions to provisions.

### Net finance income

The net finance income was a negative amount of €25 million (negative amount of €12 million in 2011).

### Income tax

The effective tax rate for the result before corporate income tax was 20.3% compared with 19.2% in 2011. Corporate income tax of €67 million is liable for 2012 (€50 million in 2011). The corporate income tax was calculated on the basis of the applicable tax rates, taking the tax rules into account. The tax rules include participation exemption, tax compensation of losses and the notional addition for costs that are only deductible to a limited extent.

### Profit for the period

The above means that the profit for the period under review rose by €53 million, from €211 million in 2011 to €264 million in 2012.

### Profit appropriation

A proposal will be made to distribute €92 million of the profit for the period of €264 million (35% of the profit for the period) as dividend and to add the remaining amount of €172 million to the reserves.

### Investments

Additions to property, plant and equipment and to intangible non-current assets totalled €508 million in 2012, compared with €460 million in 2011. These additions were primarily in rolling stock. Payments were made for double-decker trains, Sprinters and high-speed trains as part of the continued upgrades to the train fleet. NS also continued to invest in modernising the Intercity rolling stock. NS Stations has invested in property projects in Rotterdam, Breda, Utrecht, Amsterdam and elsewhere, as well as in national and international retail formats. NedTrain also made investments in workshops and systems.

### Financing

The net cash flow from operating activities was €901 million (€914 million in 2011). Investments in fixed assets required a net outgoing cash flow of €478 million (€450 million in 2011). The transfer from deposits to cash came to €130 million in 2012 (as opposed to minus €153 million in 2011). This transfer has been classified as part of the cash flow from investment activities, which partly explains the cash flow from investment activities of €367 million in 2012

€540 million in 2011). The dividend payment of €74 million (€52 million in 2011) has been included as a cash flow from financing activities. This resulted in a positive cash flow of €413 million (€146 million in 2011). The working capital fell by €396 million (a fall of €182 million in 2011).

### Equity

At the end of the year under review, equity was €3,162 million (€2,977 million in 2011). In 2012, a dividend of €74 million was paid to the Government (as the shareholder) on the profit for 2011. The profit of €264 million for the period under review, including the dividend to be paid out on this profit, was credited to equity. Solvency, at 51%, was slightly improved on last year (49% in 2011).

Key financial figures for 2012 and 2011	2012	2011
<b>Equity</b>		
Capital base / total assets	51%	49%
Current assets/current liabilities	0.9	0.8
Working capital <sup>1)</sup>	-1,225	-829
Balance sheet total	6,243	6,050
<b>Profitability</b>		
Result from operating activities/revenue (ROS: return on sales) <sup>2)</sup>	7.7%	7.5%
Result from operating activities/average invested capital (ROI)	8.0%	6.3%
Profit for the period/average equity (ROE: return on equity)	8.6%	7.3%

<sup>1)</sup> Working capital: inventories plus current receivables minus current liabilities.

<sup>2)</sup> Invested capital: total assets less non-interest-bearing current liabilities.

### Prospects

We are expecting only very limited growth in passenger numbers in the year ahead, given the uncertain economic situation. The awarding of the main rail network concession to NS and the integration of HSA in that main rail network gives NS a basis for continuing to invest in its staff and further modernisation of trains, buses and stations. A good, stable, fast connection with Belgium and the implementation of the programme of improvements with ProRail are the top priorities for passengers and NS. We are expecting further positive developments in our foreign operations. An improvement in the operating result is essential in order to enable further new investments in future, and so NS is continuing to keep a close eye on operating costs. In the longer term, we are expecting the demand for our services to increase as the economy recovers. This will lead to an improvement in the return on investment.

# SUSTAINABLE COMMITMENT 2012

We are a socially responsible company and we therefore feel a kinship with society at large. Our contribution to society is part and parcel of our mission and our day-to-day work.





“

You can think of the **train** as performing like an incredibly economical car that only uses two litres per hundred kilometres. A train journey is on average 75% less polluting than a car journey. We have once again achieved energy savings of over 3% this year, but NS wants more:

*We want to be one of the most sustainable companies in the Netherlands.*

*That means that we are continuing to make improvements and contribute positively to the world at large. We want to create added social value, together with our passengers, suppliers and shareholder. The quality of our services plays a key role in this. Our key contribution is to ensure that the train is a highly attractive alternative.*

*Bert Meerstadt, chairman and CEO of NS*



# 1 TOWARDS A BETTER WORLD TOGETHER

## Our mission, vision and strategy

The mission of NS is to carry passengers comfortably, safely and punctually via attractive stations. It is our aim to be a customer-driven national and European multimodal service provider. To achieve our aim, we have defined six strategic themes, as described on page 10. The customer always comes first at NS. We always want to make sure the customers' journeys are sustainable and cost-efficient. In addition, our strategy keys in to developments in the world around us and to the expectations of our stakeholders. We also always listen to our customers. Making it possible for people to meet each other and bringing people closer together are becoming increasingly important in our changing society. NS plays an important part there. However, mobility is also a major contributor (approximately 20% in the Netherlands) to the greenhouse gas emissions that are leading to climate change. More and more raw materials are also becoming scarce. Alternatives are therefore not only required but also very much on the consumers' and stakeholders' wish lists. NS has put sustainability at the centre of its strategy for the future.

## Our sustainability ambitions

### Planet

#### Energy, climate and waste

NS has ambitious targets for reducing greenhouse gas emissions and raw material consumption by saving energy, using sustainable energy and processing as much waste as possible into new raw materials. We are also working continuously on improving our services and on communicating this, to encourage our customers to take the sustainable option: the train. Raising the occupancy rates of our trains during off-peak hours in particular will let us operate even more efficiently. Furthermore, we aim

to use more green power over the next few years. At the same time, one of our objectives is to ensure that our trains will be 25% more energy-efficient in five years' time. In our foreign operations, the focus in the coming period will be on energy savings and a campaign aimed at changing behaviour to create more awareness of sustainability.

### People

#### Sustainable employability

Social sustainability is one of our priorities too. The employees at NS make the difference. We want everyone to feel welcome at NS. All NS employees must be able to make optimum use of internal training courses. NS also offers young people studying for senior secondary vocational qualifications the possibility of being trained and getting a job at NS. We have also launched vitality programmes to keep our employees healthy.

### Profit

#### Profitability - for us and for society

In addition to our own intended 10% return on investment, NS believes that the returns for society at large are important too. These can be very direct, in the form of the dividend that is paid out to the Dutch State in its role as shareholder. There are also indirect returns, where mobility services and station development raise the accessibility and appeal of municipalities, regions and companies. It is hard to put a precise value on such social returns, but they can be estimated. NS has meetings every day with governmental bodies who would like services to be expanded: more trains, new stations, new public transport bicycles, or Intercity status for a station in order to increase the attractiveness of their region or municipality. This intangible value is not expressed on the NS balance sheet, but it results in value for the stake-

holders and therefore contributes to the continuity of the company.

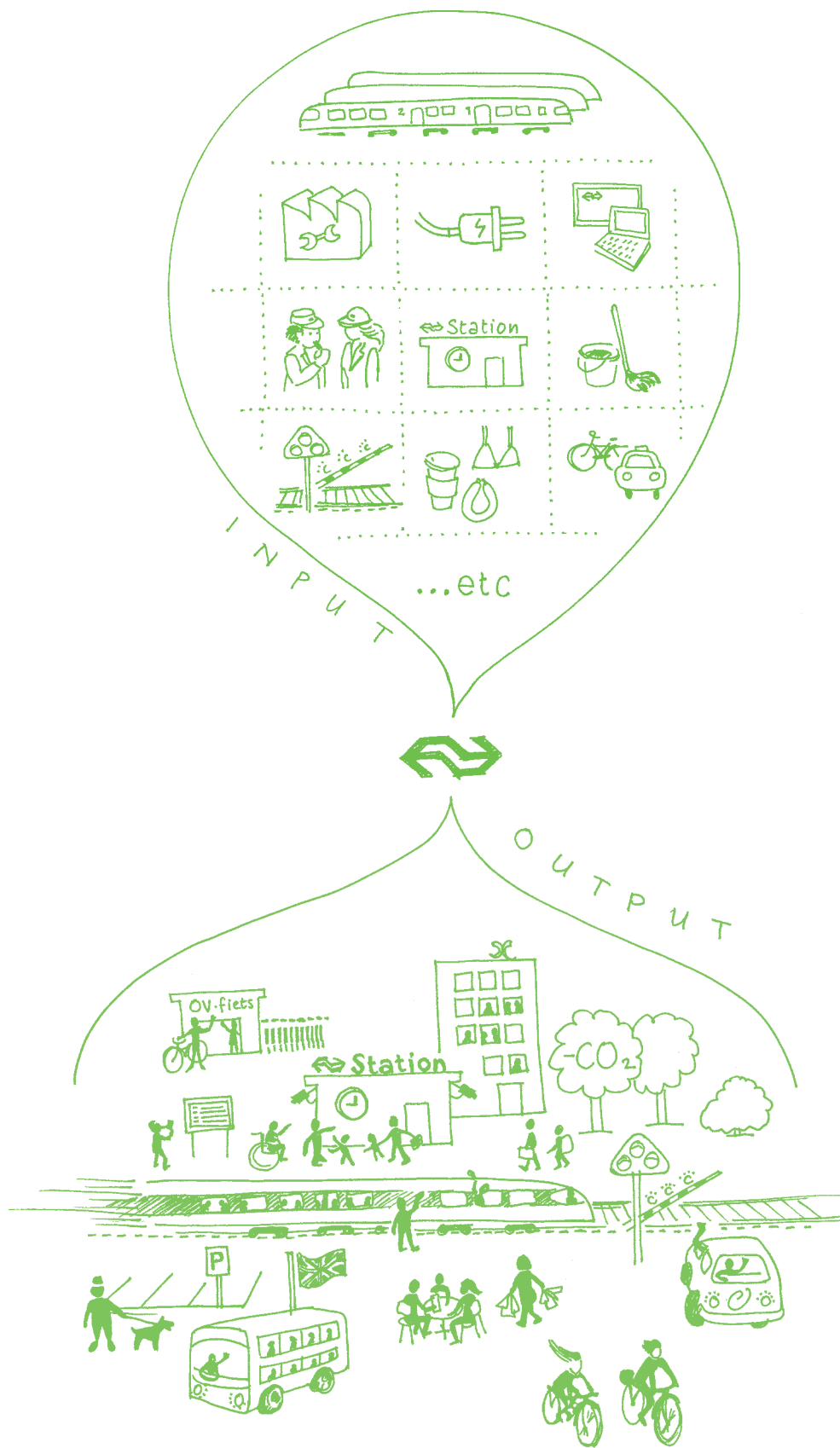
## Value creation and impact

We have more than 22,000 employees in the Netherlands, 1.2 million passengers every day, 2000 hectares of land and an electricity consumption of 1.4 billion kilowatt-hours a year (equivalent to 420,000 households). That makes us one of the largest companies in the country, and even the third largest in the hospitality sector. In addition, we also have transport operations elsewhere in Europe. Such a large company has a major impact on people's lives. We are a substantial consumer of electricity and we produce a lot of waste. This means that we feel a real responsibility to make our contribution to a sustainable future. We are aware that this aim can only be realised if all employees, suppliers, partner organisations and passengers join in. If we all work together, we can create a better world.

## Our sustainable strategy

Our sustainability strategy lets us counteract the key sustainability risks and utilise the various possibilities. One important risk for NS is damage to our image and our reputation. We try to reduce this risk and improve our image as a sustainable company by using our leading position in sustainability, through dialogue with our stakeholders and through communication about the results achieved. Another important sustainability risk for NS and society as a whole is climate change. NS is a large-scale energy consumer. We are reducing this risk by using energy more efficiently and by purchasing green power. One significant opportunity lies in raising occupancy rates during off-peak hours. Getting more motorists to take the train more often not only contributes towards sustainability but also helps our own commercial





objectives. If all motorists were to take the train instead of the car for a trip equivalent to a return journey of 100 km just once a year, this would save 140 kilotons of CO<sub>2</sub> emissions a year: equivalent to the annual emissions caused by the consumption of gas and electricity of all the households in a small town. That alone would achieve 17.5% of the CO<sub>2</sub> reduction target for road traffic by 2020!

Finally, NS wants to be an attractive employer. It is essential for the execution of our core tasks that we have properly trained employees, for instance by offering training courses and sharing know-how. These considerations have resulted in the three mainstays of our strategy:

1. NS aims to offer climate-friendly and pleasant modes of transport to its customers (and to improve the accessibility of the Netherlands using sustainable modes by increasing the occupancy rates).
2. NS aims to process as much of its waste as possible into new raw materials.
3. NS aims to be one of the ten most attractive employers in the Netherlands, for instance by focusing on professional expertise and diversity, and by implementing flexible working practices known as the New World of Work.

In 2012, NS started integrating its subsidiary Abellio into the NS sustainability reporting. This is based on the 'CO<sub>2</sub> per passenger-kilometre' item from the material relevance matrix. This annual report includes the combined figure for CO<sub>2</sub> emissions per passenger-kilometre for the three Abellio rail franchises in the United Kingdom. Together, these three franchises are responsible for more than 80% of Abellio's turnover. NS would like to include Abellio as a whole in its sustainability reports in future.

**Our sustainability objectives and results**

In dialogue with our stakeholders, our strategy has been translated into materially relevant themes and goals. The table on page 41 gives these goals and the results achieved in 2012.

Materially relevant themes	Description	Goals for 2012 and beyond	Achievements in 2012	Status
<b>Energy efficiency and CO<sub>2</sub> reduction</b>				
Occupancy rates	Our aim is to provide transport as efficiently as possible, for instance by raising occupancy rates and spreading train occupancy throughout the day.	<b>6% increase in five years</b> in the occupancy rate in off-peak hours (from 26% in 2011 to 32% in 2016).	<b>28.4% off-peak occupancy rate.</b> 11 Regus   station2station branches opened (flexible working concepts at stations).	●
Energy consumption for trains	We aim for efficiency improvements and greater sustainability in the energy use by trains. This is achieved for instance by driving economically, making our trains more economical and using more green power.	<b>5% energy efficiency improvement per annum for NS Reizigers.</b> 2% energy efficiency improvement per annum for NS Hispeed.  In 2015, NS will be starting the transition to travel with zero CO <sub>2</sub> emissions.	<b>3.2% more efficient (NS Reizigers + NS Hispeed)</b> (9.4% more efficient in 2011-2012). 1.6% fewer CO <sub>2</sub> emissions per passenger-kilometre (2012: 30.2g per passenger-km; 2011: 30.5g per passenger-km) Publication of market consultation for procurement of climate-neutral traction electricity.	●
Energy consumption for buildings	We aim to improve the efficiency of energy consumption in our buildings, for instance through increased awareness in the use of lighting and heating and by installing heat and cold storage.	<b>2% energy efficiency improvement per annum for NS Hispeed.</b>	<b>Expected result in 2012</b> based on internal calculations: <b>2% more efficient (will only be known in Q2 2013)</b> 3 heat and cold storage systems in operation.	●
<b>Waste reduction and recycling</b>				
	Waste is raw material. We aim to reduce the quantity of waste from NS and to increase the reuse of that waste.	<b>Determination of the 5-year objectives for 2013-2017:</b> 2017: 17% less waste than in 2012 2017: 60% of our waste supplied separately to waste treatment companies.	Objectives for the next five years have been determined for each waste stream type (office waste, consumer waste, industrial waste).	●
<b>Quieter transport</b>				
	Trains will run more quietly, e.g. thanks to new brake systems.	<b>2030: all trains will be silent.</b>	<b>91.6% of the trains are silent</b>	●
<b>Sustainable staff employability</b>				
	We want to be an attractive employer in the labour market for all population groups, where nobody is excluded and where there is room for development.	<b>Proportion of women among senior managers: 23%.</b> By 2016 NS will be in the <b>top 10 best employers</b> in Intermediair magazine's image survey.	<b>23% of senior management positions held by women.</b> 2012: ranked 20th (in 2011: ranked 41st).	●
<b>Sustainable procurement</b>				
	We will raise the sustainability of the products and services we buy in by including sustainability as a criterion.	<b>All European tenders will be assessed to determine if sustainability is part of the project. This is then also included as a requirement, if relevant.</b>	<b>Sustainability was assessed in all European tenders and turned out to be relevant in 34% of them; sustainability was then included as a requirement too.</b>	●
<b>Transparency and perceptions</b>				
	We aim for transparency in reports and communications about our objectives and performance to ensure that our stakeholders know how NS implements sustainable business practices.	<b>A top-10 spot by 2016 as one of the most sustainable companies in the Netherlands</b> in the DDB 'Dossier duurzaam' ['sustainable file' measuring consumer attitudes to sustainability]. <b>GRI A+</b> starting with the 2011 Annual Report. <b>Top 10 in the transparency benchmark (TB)</b> , from the 2012 Annual Report onward.	<b>Ranked 74th</b> (2010: ranked 22nd) <b>GRI A+</b> (2009: GRI C; 2010: GRI B+; 2011: GRI A+) <b>TB 2011: ranked 28th</b> (2009: 57th; 2010: 36th).	●
<b>Safety</b>				
	We aim to maintain and improve the safety aspects in our business operations	<b>Passing red signals</b> reduced to 91 cases in 2012. <b>Lost time injury rate (LTIR)</b> is 3.1 per million hours worked. <b>78.5%</b> of our customers give us a score of 7 out of 10 or higher for <b>feeling safe.</b>	<b>93 trains passed a red signal.</b>  The LTIR was 2.4 per million hours.  <b>78.3%</b> gave us a score of 7 out of 10 or higher.	●
ROI	An ROI of 10% is required if we want to be able to continue investing in strategic objectives.		<b>8%</b>	●

Abellio is not included in the goals and results.

● targets achieved

● targets partially achieved



## 2 ORGANISING SUSTAINABILITY AT NS

The business units are responsible for implementing this strategy. They are given the strategic framework, within which they draw up their business plans. The planning and implementation of sustainability policy are supported and coordinated centrally.

We are aiming to get sustainable business practices embedded in our business processes through a three-year programme called *Duurzamer Ondernemen* (Doing Business More Sustainably). This programme was evaluated at the start of 2013. The programme can be considered complete once it is clear that the business units and corporate support departments have embedded the key sustainability themes in their own business planning.

### Internal assurance

The formal organisation consists of a Council for Sustainable Business Practices, a Working Group for Sustainable Business Practices and a number of temporary task groups. This formal organisation is supported by a Sustainable Business Practices Programme department. The Council prepares resolutions and policy. Proposed resolutions and policy are submitted to the NS Group Council for approval. The Council meets four times a year and reports twice a year to the NS Group Council and Executive Board. The chairman of the Council is the chairman of the board of NedTrain, a member of the Group Board and someone with direct access to the Chairman and CEO of NS, who holds ultimate responsibility on the NS Executive Board.

In line with the Corporate Governance Code, explicit responsibility for corporate social responsibility (CSR) is

assigned to board members and this area also falls within the scope of the Supervisory Board's supervision.

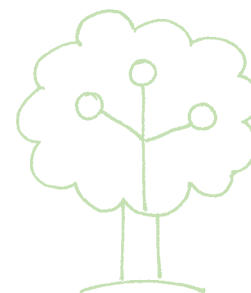
### Planning and control

From 2010 onwards, sustainability has been part of the regular planning and control cycle. The CSR Reporting Handbook was drawn up in 2012. This manual states how sustainability information is validated and reported in order to guarantee the reliability of the data reported. The manual is used for external six-monthly and annual reports, as well as for the internal monthly reports and quarterly reports about progress towards sustainability objectives. GRI guidelines are used for this and KPIs have been defined for materially relevant topics, based on our intentions and on agreements with the stakeholders (such as MJA3 - version 3 of the Long-term Agreement on Energy Efficiency - and the franchises). By integrating the sustainability data into the regular planning and control cycle, NS can monitor the risks associated with the effects of its own actions. We also include questions about potential risks in our contacts with stakeholders. Every function within NS carries out a risk analysis and we have a procedure for reporting operational incidents (please refer to the chapter on 'Risk management').

### Maintaining the relationships with stakeholders

The relationships with stakeholders are

embedded in various business units, as well as some job categories. The Council for Sustainable Business Practices has a coordinating role, providing input for the business units or job categories, creating a list of the stakeholders who are out there and deciding the extent to which those stakeholders should be involved. Once every two years, the Council checks the list of stakeholders and decides to what extent it is desirable to involve the various parties.



## 3 DIALOGUE WITH OUR STAKEHOLDERS

NS holds regular discussions with numerous groups in society that are stakeholders in NS. Our aim is to increase the involvement of the various stakeholders. The right kind of dialogue format has to be adopted for this - transparent provision of information, listening to advice and taking it on board in policy and/or improvements in the services we provide.

Our key stakeholders are our customers, our staff, the various governmental authorities (including our shareholder) and civil society interest groups such as environmental organisations.

### Dilemmas in the discussions

The most significant dilemma for NS is weighing things up in a manner that is commercially sound but also takes account of society's wish lists. It is always difficult to make a watertight business case for expansion of the night train services, supervised bicycle storage or adding extra trains to the timetable, whereas from society's point of view there is no question that such services would be desirable. The trick is then to find a solution in consultation with the interested parties in society that both does justice to the social interests and makes a business case that fits in with NS financial policy. Another example where the costs, benefits and social desirability have to be weighed up is provided by our leasing activities in Ireland. NS bought some of its trains through an Irish subsidiary (NSFSC) and leases them to the NS passenger transport company, among others. NS chose to set up a lease company in 1999 in order to avoid destruction of capital, because of the uncertainty about whether concessions would be awarded, combined with the fact that trains last longer than the concession periods. In addition, the location of the lease company was economically advanta-

geous because of the lower tax rates, allowing NS to submit offers for the concessions as they came up that were in line with the market and competitive. NS stayed entirely within the existing legislation and regulations when it did so. Some political parties are suggesting it is the moral duty of NS to stop using the subsidiary in Ireland, because this means that less tax is then paid in the Netherlands. NS believes that it is in the passengers' interests - and therefore also in those of society - for NS to run its operations in line with the markets and that it should not be subjected to more stringent requirements than its competitors.

When setting up the timetables, the key dilemma is that improvements for one group of passengers often mean the opposite for another group. A prime example in 2012 was Almere Buiten station. From 2013 onwards, when the Flevo Line is connected up to the Hanze Line, Intercity trains will no longer stop here.

### Linking the dialogue to the results

Priorities in sustainable business practices are determined on the basis of materiality, or relevance: a mix of the importance to stakeholders on the one hand and the actual impact that NS can have on the topic on the other. In 2012, we once again discussed the relevance of the various sustainable



“

*Urgenda is working on sustainable mobility for the future and NS is a logical choice of partner. Last year there was a great deal of attention for our joint 'low-car diet' initiative, in which ten board members left their car keys behind for a week and enjoyed travelling by train, pooled cars and the public transport bicycle. Shaping the transport of the future, that's what we're all about! And that makes NS a wonderful partner."*

Marjan Minnesma,  
director of the Urgenda foundation  
(no. 1 in the Netherlands in *Trouw* magazine's  
sustainability top 100)

“

Every time I use the Journey Planner, I see the CO<sub>2</sub> comparisons. I'm more than a little proud of the cooperation between NS and Milieu Centraal. Every day, the planner shows thousands of people that going by train really does save kilograms of CO<sub>2</sub> compared to the same journey by car.

These are hard figures that bring the climate problem home to people, giving them confirmation that they are making an environmentally friendly choice. One thing that struck us in the cooperation with NS was the enormous commitment and focus of the people there. NS can make a difference - and wants to - and it has some lofty ambitions. Inspirational!”

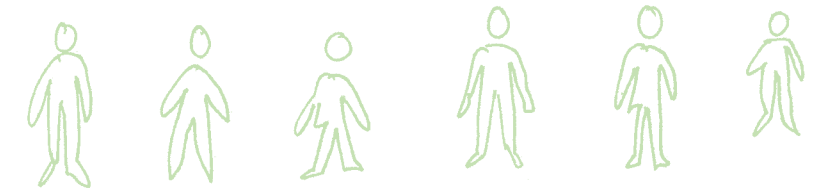
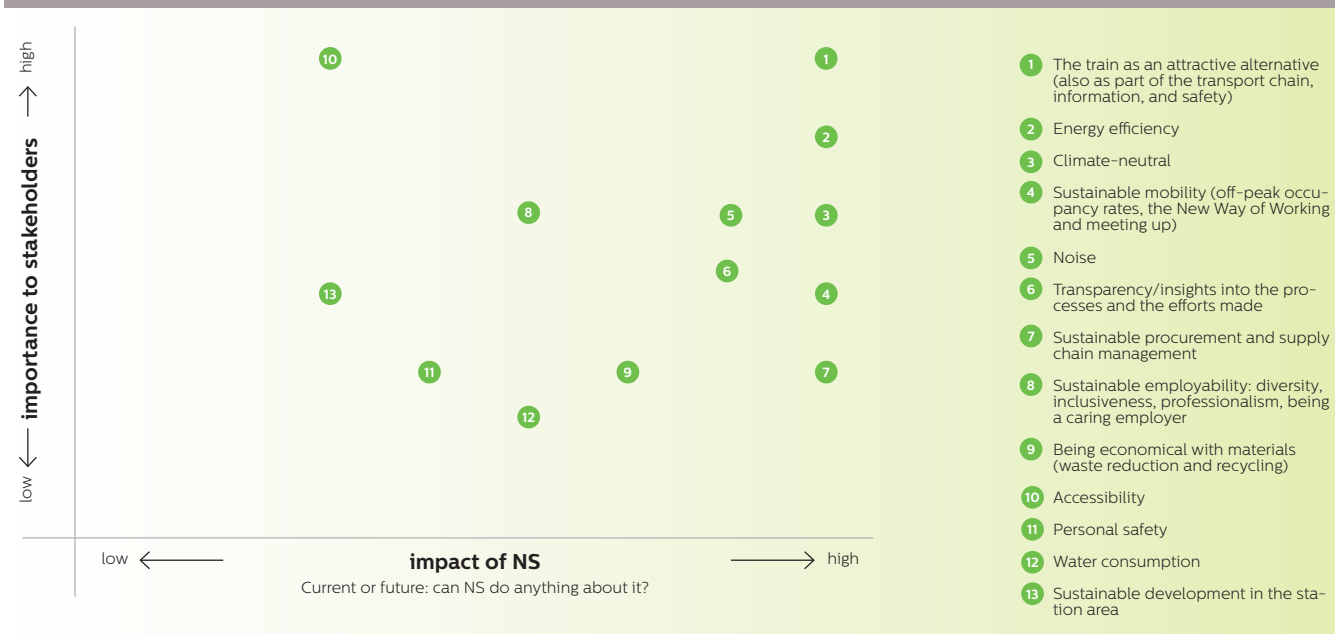
Vera Dalm,  
director of Milieu Centraal, an environmental information service

business practice themes with our stakeholders. Our stakeholder dialogue is one of the key measures for mitigating the most important sustainability risks and utilising the sustainability opportunities. There are a number of activities we use for determining the relevant themes for us. NS has commissioned media and Internet tracking and has

had an internal and external risk analysis carried out. Internal experts have contributed knowledge of the sector, developments throughout the transport chain and the topics used in the Global Reporting Initiative. Customer satisfaction surveys and stakeholders are an important source. The key relevancy issue is the train as an attractive alternative. NS has two

strategic approaches that deal with this: ‘The customer is king’ and ‘We think from door to door’. The following chapters contain reports that are structured the same way as the matrix, for consistency’s sake. Safety and privacy are therefore examined after looking at the environmental and social priority areas, even though the former are the absolute top priority for NS.

Material relevance matrix



The table below summarises the wide range of dialogues between NS and its stakeholders.

Stakeholder	Type of dialogue	Content of dialogue	Effects of the dialogue on NS policy
<b>European</b> EU institutions, Community of European Railways (CER), Union Internationale des Chemins de fer (UIC)	Informational	Rail legislation and technical specifications for interoperability.	NS observes all relevant legislation, including the duty of care.
<b>National</b> Customers	Informational (e.g. customer services, CS)  Monitoring (e.g. the NS customers' panel)	Primary services, particularly the timetable and the public transport smart card, winter services.  74% give a score of 7 out of 10 or higher in the customer satisfaction survey (CSS).  Dealing with complaints, demands.	Longer trains at peak times, simplification of the use of the public transport smart card, changes to communications about the public transport smart card, developing and adjusting the new timetable, improving journey information. Complaint as feedback to the internal organisation so that services can be improved.
Shareholder Ministry of Finance	Informational, but with detailed involvement in various dossiers	NS performance, required return on investment, remuneration.	Determining financial policy and the board's remuneration.
<b>Ministry of Infrastructure and the Environment</b>	Intensive involvement	NS performance, main rail network concession, public transport smart card policy, Fyra, winter precautions, safety.	The 2012 Transport Plan, planned integration of NS Hispeed and NS Reizigers.
<b>National political bodies</b>	Informational, but with detailed involvement in various dossiers	NS performance, main rail network concession, public transport smart card policy, Fyra, winter precautions, safety.	The 2012 Transport Plan, planned integration of NS Hispeed and NS Reizigers.
ProRail	Intensive involvement	Performance of the rail system, availability of infrastructure for the timetabled services, safety.	Safety policy also affected the timetable in 2012.
LOCOV (national public transport users' forum), national consumer organisations	Intensive involvement	NS performance, main rail network concession, public transport smart card policy, Fyra, winter precautions, fares, services, safety.	Single-use (chip) card, better station accessibility for people with disabilities, digital accessibility of the Journey Planner and ns.nl.
<b>Regional</b> (regional authorities and official representatives)	Informational, with detailed involvement in various dossiers	Quality of stations, timetable, roll-out of the access gates (BTS = 'controlled access to stations'), safety.	Five new stations, expanded bicycle storage capacity.
<b>Internal</b> Central Works Council	See page 52		
<b>Specifically about sustainability policy</b> Internal	Baseline measurement of sustainability perceptions at NS	Over three quarters of NS staff who were asked believe it is important that sustainability is given priority within NS.	78% give NS a score of 7 out of 10 or higher; this will be improved by joint development of possible actions.
External (including environmental organisations)	Consulting	Priorities for the NS sustainability policy, determining sustainability policy.  Image of NS as sustainable (image is currently poorer than some car brands).  Public image surveys (Intomart GfK 2012, DDB, Dossier Duurzaam)	Same priorities, electricity for traction from green sources, involvement in planning.  More external communication about sustainability at NS.  Working on an improved reputation/image.



# 4 OUR ENVIRONMENTAL PRIORITIES

Trains are a lot more economical than cars in terms of energy consumption, but improvements can still be made. That is why NS is working on improving energy efficiency and reducing CO<sub>2</sub> emissions

## Energy and CO<sub>2</sub>

Trains are a lot more economical than cars in terms of energy consumption, but improvements can still be made. That is why NS is working on improving energy efficiency and reducing CO<sub>2</sub> emissions (the calculations used in this chapter are explained at [www.ns.nl/co2](http://www.ns.nl/co2)). We are doing this by increasing occupancy rates, reducing energy consumption and using sustainably produced energy.

### Occupancy rates

We want to increase occupancy rates in off-peak hours. The target for NS Reizigers is to achieve an increase of 6% in occupancy rates during off-peak hours within five years (from 26% in 2011 to 32% in 2016). In 2012, NS Reizigers realised an occupancy rate of 28.4% during off-peak hours, an increase of 0.4% compared with 2011. Further improvements can be made by increasing the sales of peak-off season tickets in particular, and by facilitating the New World of Work using facilities at and around stations. These could include meeting rooms and workspaces at stations and facilities for working on the train (electricity sockets, Wi-Fi). Seats2meet offices were available at three stations in 2012; Regus | NS station2station at eleven stations and NS Hispeed Lounges with work and meeting facilities at three stations.

### Energy consumption

NS distinguishes between two types of energy consumption: consumption of

energy for facilities, which refers to energy use in offices, workshops and stations, and energy for traction, which refers to all the energy consumed in running, lighting and heating the trains. CO<sub>2</sub> emissions by NS are largely determined by the traction energy (90%) and to a smaller extent by energy for facilities (10%). A lot of the measures therefore focus on traction energy; this year we also have included this particular theme and policy for Abellio in our report. We have been working since 2011 in accordance with MJA-3, version 3 of the Long-term Agreement on Energy Efficiency. The objective is to ensure annual improvements in efficiency of at least 2% of the total energy consumption (facilities and traction) between 2011 and 2016. For the traction energy consumed by NS Reizigers, NS has adopted the more ambitious objective of 5% per annum for the period from 2011 to 2016. This is a higher percentage than required for MJA-3, but it is a deliberate choice.

### Traction energy

Our policy is focused on improving energy efficiency. It reduces both our costs and the emissions of greenhouse gases. We are achieving improvements by maximising the use of modern trains with lower energy consumption, such as the Sprinter Light Train and the upgraded Intercity (DDZ), as well as by employing a calm, punctual style of driving: energy-efficient driving. In 2012, this let us achieve an improvement of 3.2% in the Energy

Efficiency Index; on top of 6.2% in 2011, that is an improvement of 9.4% in two years. In the third quarter of 2012, we started energy-efficient setups for our rolling stock: ensuring trains shunted aside are 'cold' (turning off lighting and heating if the trains are parked for lengthier periods); in 2012 the effect was less than 0.1%. Energy-efficient setups will be rolled out nationally in 2013. NS Hispeed has carried out an energy-efficient driving pilot with ICE International. The results will be used for further rollout of energy-efficient driving in 2013.

NS wants to improve the traction energy efficiency (per passenger-kilometre) of NS Reizigers by 5% annually up to and including 2016. The effects of the upgraded rolling stock will become clearer in 2013; the New Intercity (DDZ) will also be rolled out further by then. This upgraded train is 24% more energy-efficient than before the upgrade. Other measures are:

- energy-efficient setup/shunting
- further implementation and extension of energy-efficient driving

### Energy for facilities

NS wants to reduce energy consumption at stations, offices and workshops by 2% annually. These savings will be monitored in the years to come. The overall consumption of energy for facilities in 2012 will only be known in the course of 2013. In 2011, we consumed 72 GWh of electricity,



7 million m<sup>3</sup> of gas and 30 TJ of heat for facilities. We continue to focus on saving energy in our main offices. We choose energy-saving options for maintenance at stations and take measures in the shops. Some examples of this are the sustainable renovation of our Katreinetoren offices and the replacement of central heating systems at Hilversum, Susteren and Almere stations, which have ensured energy savings of approximately 2% in

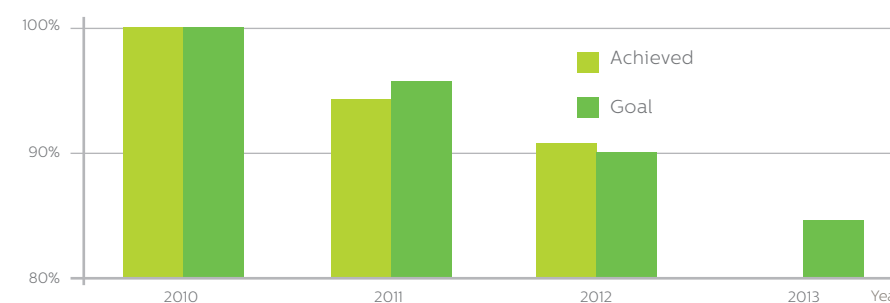
2012. Another example is the roughly 20% in energy savings in our workshops as a result of moving the old workshop in Tilburg to a site in Berkel Enschoot.

### Sustainable energy

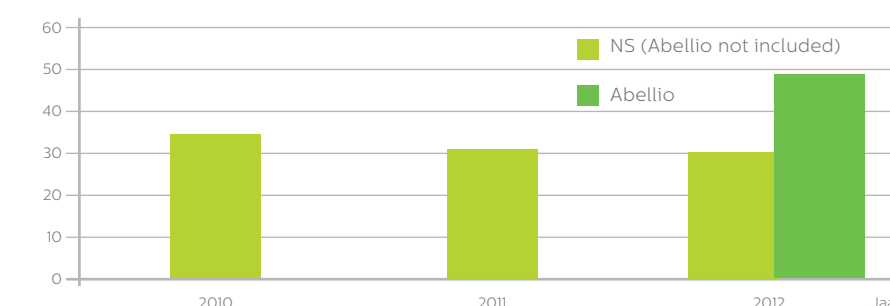
#### Climate-neutral transport

From 2015 onwards, NS aims to take a significant step to increase our green energy consumption by signing a new contract for traction energy. Currently,

Energy-Efficiency Index for traction (lower is better)



CO<sub>2</sub> emissions in grams per passenger-kilometre



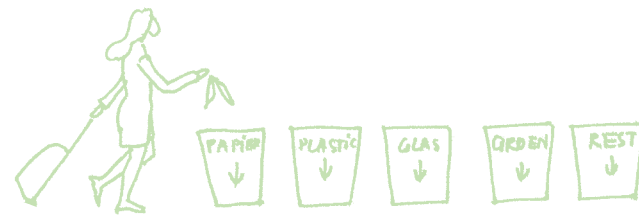
In 2012, the CO<sub>2</sub> emissions in the Netherlands were 30 grams per passenger-kilometre (meaning emissions of approx. 520 kton per annum).

## Sustainability at Abellio

The three rail franchises in the United Kingdom - Greater Anglia (GA), Merseyrail (MR) and Northern Rail (NR) - provide more than 80% of Abellio's turnover.

Abellio is building up a portfolio of public transport concessions in Europe by offering public transport services that fit in with the wishes of tendering authorities. Operating an appropriate sustainability policy lets us contribute to the sustainability efforts of these authorities. One of our most important objectives is minimising the emission of greenhouse gases and other forms of pollution. This is done by energy savings and certification. For instance, Northern acquired the new international ISO standard 50001 in 2012. The ISO 14001 certificate for the Environmental Management System (EMS) had already been renewed. Merseyrail also has ISO 14001 certification for its workshops and has set up a number of innovative energy savings projects. We are convinced that sustainability policy will play an increasingly significant role in acquiring or retaining public transport concessions.

The combined CO<sub>2</sub> emission figure per passenger-kilometre for GA, MR and NR was determined in 2012. It is 49g CO<sub>2</sub> per passenger-kilometre. GA (with emissions of about 170 kton per year) is responsible for two thirds of the emissions in absolute terms. GA's target for absolute CO<sub>2</sub> reduction is 2.3% for 2013 (compared with 2012).



only about 4.7 TWh of green power from wind energy is available in the Netherlands. With more than 1.2 TWh in 2016, NS will need such a large amount of green power that this raises numerous practical questions. In the consultation, which started in 2012, NS is involving market parties in the search for answers to numerous questions such as the term of such a contract, the possible number of suppliers, realistic deadlines and above all, the pricing. The key issue is getting the most effective purchasing process possible.

**Sustainable development in the station area**

Thanks to NS, various buildings in the station area are heated and cooled using heat and cold storage systems. This is a sustainable way of using energy. Three such systems started operation in 2012, in Gouda, Arnhem and Rotterdam. We aim to be operating six heat and cold storage systems in 2013.

**Cooperation**

*Cooperation with ProRail in MJA-3*  
It is very important to work closely with the other parties in the transport sector if we are to achieve our sustainability targets. Cooperation with ProRail is essential. Changes to the infrastructure make it possible to achieve huge improvements in energy efficiency. For instance, 10% of our energy consumption is lost as heat during the energy transportation process. This can be reduced by various measures such as adding extra substations or increasing the voltage on the overhead lines. Modifications to the track can help trains to keep rolling, avoiding unnecessary braking. Like NS, ProRail has joined MJA-3, the Long-term Agreement on Energy Efficiency.

This provides a forum for working together to improve energy efficiency. ProRail's savings plan states the measures it will be taking through to 2016.

*Cooperation with other carriers and the Green Deal*

During 2012, the sector took steps towards more sustainable railways. Railforum will also be participating in the Long-Term Agreement. Some 85 companies and authorities have now joined. The Green Deal Sustainable Railway Knowledge Platform was started up in November 2012. In the same month, a Green Deal was signed with Railforum, NS, Veolia and the national government for a study into increasing the reuse of braking energy. NS and Veolia already return that energy to the overhead lines. However, this electricity is only reused by trains that are running in the vicinity. Investigations are under way to see if the available electricity that is currently not used can be returned to the public electricity grid. It is expected that the test, if rolled out nationally, may yield annual savings of approximately 70 GWh in energy and a reduction in CO<sub>2</sub> emissions of 30 kilotons.

**Waste**

We want to process all the waste that we produce at stations, on trains, at our sites and in our offices sustainably and turn it into raw materials. Our priorities are to increase the number of options for reuse and to reduce the waste streams. We are going to improve the separation of waste streams for processing. We will also look into how we can create less waste when purchasing, with more possibilities for reuse. Waste is already separated at the workshops; performance in this regard will be improved at stations, on trains and at offices. That is something we can only achieve with the cooperation of our customers, staff and suppliers: measures for dealing with waste must therefore be communicated clearly with implementation designed to make them as easy to comply with as possible. We test these measures using pilots and studies. The measures are then rolled out gradually.

We distinguish three waste streams: industrial waste (workshops), office waste and consumer waste (trains and stations). Compared with 2011 (15,000 tons of waste) we have also added metal waste to the figures. In 2012, we took a step in the right

		2012	2017
<b>Office waste</b>	Quantity	1,000 tons	-25%
	Including for raw materials	5%	95%
<b>Consumer waste</b>	Quantity	12,000 tons	-25%
	Including for raw materials	9%	45%
<b>Industrial waste</b>	Quantity	6,000 tons	t.b.d.
	Including for raw materials	72%	80%
<b>TOTAL</b>	<b>Quantity</b>	<b>19,000 tons</b>	<b>-17%</b>
	<b>Including for raw materials</b>	<b>27%</b>	<b>60%</b>

Targets for reduction and reuse of waste over the next five years

direction towards obtaining a fully detailed picture of waste quantities. We are aware that the data is not yet complete and that improvements still have to be made. The quantity of waste was 19,000 tons in 2012, and 27% of that total was offered for reuse (processing into raw materials).

*Office waste*

In our Katreinatoren offices (the headquarters of NS Stations) we started collecting five waste streams in the second half of 2012: paper, organic, plastic, chemical and residual waste. They are collected at one central location for each floor. Special waste managers increase the quality of waste separation, for instance by providing information. The quantity of waste collected separately and offered for reuse rose from zero to 70% within three months. More NS offices will follow in 2013.

*Industrial waste*

In 2012, NS investigated how it may be possible to reuse 80% of the waste from our workshops by 2017 (currently 72%). The measures will focus on paper and plastic in residual waste and hazardous waste (waste oil and grease). In 2013, we are going to investigate waste reduction. We are explicitly asking for attention to be paid to reusability in the specifications for upgraded and new rolling stock. For instance, the specification for the new generation of Sprinters has set a reusability target of 95%.

*Consumer waste*

Waste from the retail sector and our passengers will be tackled by NS together with ProRail. Passenger cooperation is essential for achieving the objectives. Waste has to be separated before it can be turned into raw

materials. This is a challenge, because it is difficult to predict and control passengers' behaviour. We carry out projects to test if our objectives can be achieved. A waste plan has been drawn up at Amsterdam Centraal station after we analysed the logistics of product deliveries and disposal. It will be implemented in phases starting in 2013. A pilot at Leiden Centraal station aims to collect separated waste from trains, retailing and platforms, with input from the waste processing company. In addition, a concept for sustainable waste management at large stations has been worked out in detail. Leiden achieved a modest result in the separation of waste, which offers good prospects for achieving our objectives. NS is holding discussions with ProRail about whether they will also formalise their objectives for inclusion in the management agreement. It is expected that this will be done mid 2013.

*Discharges*

We are aiming to have eliminated discharges via toilets onto the tracks by 2030. By the end of 2012, 51.8% of our trains had closed toilet systems. An improvement of 4.3% was achieved in 2012, which means that we are therefore on schedule. Fyra, Sprinter Light Trains and the latest Intercity trains have closed toilet systems.

**Noise**

Most noise is caused by train wheels with uneven running surfaces (rolling noise). These uneven running surfaces are caused by cast-iron brake blocks. Trains become more 'silent' when they are equipped with either brakes discs or brake shoes of plastic, which results in a reduction of noise emissions by at least 3 dB (halving the noise level). The new Sprinters are even quieter and actually belong in a special category.

At the end of 2012, 91.6% of our trains could be classified as 'silent'; an improvement of 10.7%. In 2012, all Koploper trains that had brake pads were equipped with magnetic brakes. These trains are now all classified as 'silent' as well. Noise while shunting and configuring trains is mainly due to systems such as cooling, heating and compressors. If those rolling stock systems are switched off for energy efficiency reasons then hardly any noise will be heard. The 'energy-efficient setup' project therefore also helps reduce noise when trains are being configured.

**Using water sparingly**

The material relevance matrix shows that water is not the most important theme for NS. NS only sources its water from the standard utility companies. The largest amount of water is used for replenishing the water stock in trains (for toilets) and for cleaning trains. In 2012, the emphasis was on determining the water usage and drawing up a usage report. In 2013, we will define concrete objectives for 2014-2018, draw up appropriate usage reports, implement the results from the 'Flushing toilets on trains' pilot and start a study into reuse/filtering.



# 5 OUR SOCIAL PRIORITIES

The people at NS make the difference. Our HR strategy is geared to attracting the best employees and retaining staff through an attractive working environment in which they feel involved and valued.

## Sustainable resource deployment

NS defined four core values in 2012: being hospitable, proactive, cohesive and professional. Recruitment and staff engagement are two of the main thrusts. Our objectives are supported by diversity and inclusiveness. Our aim is to have 23% women at the top of our organisation in the Netherlands by 2013. The focus on the professionalism of the employee and the duty of care of the employer both contribute to a sustainable position as an employer. Our

aim is to be one of the top 10 employers in the Netherlands by 2016. We will need to be recruiting a lot of people over the coming years, so that position is something we badly need.

### General

In 2012, the NS workforce consisted of 31,500 staff (28,000 FTEs), of whom over 22,000 were employed in the Netherlands. A relatively large number of NS staff have permanent contracts (86.7%) and 97.7% are covered by a collective labour agreement. The

proportion of women in the NS organisation as a whole is 28.9%. The average age of all NS staff is 42.9.

### The New World of Work

In 2012, NS made the first moves towards a more modern way of working: the *NS Werkt* (NS Works) programme is geared to the customer's perceptions, cooperation, effectiveness and efficiency, focusing on leadership and taking personal responsibility. The new approach to working links the strategic themes and the corporate



values of being proactive, professional, cohesive and hospitable. *NS Werkt* involves a far-reaching change for which a number of years have been allocated. Its features are fewer rules, committed leadership and coaching, innovative accommodation and - thanks to IT and communications - being able to work anywhere and any time.

### Diversity and inclusiveness

NS plays host to the whole of society. We also want to be seen as an attractive employer by all groupings in the population, an inclusive organisation in which everyone feels at home and from which nobody is excluded. 2012 was the year in which we got recognition for our efforts to achieve diversity and inclusiveness. The women have been doing particularly well. Our director Merel van Vroonhoven was elected *Woman of the Year* in the Netherlands, Way Fong Lee (NedTrain) was chosen as *Ethnic Manager of the Year* and Nicola Hosty (Abellio) as *Rail Manager of the Year* for diversity and inclusiveness (in the United Kingdom). In 2012 three target groups were specified as priorities: women, people from non-Western ethnic backgrounds and special talents (people who are isolated from the labour market). NS encourages diversity through a variety of activities such as the RVO Award, which we introduced in collaboration with Echo Foundation, RET and HTM to encourage excellent mechatronics students from ethnic minorities to choose a career in the railway sector. On 4 April, the Echo Awards were held, a nationwide prize for encouraging highly talented people from non-Western ethnic backgrounds. NS organised the day, in which about 400 people participated at the Haarlem workshop. Under the ECHO banner, Shell, KPN, NS and ABN AMRO joined forces in 2012 in a mentoring

programme: for a period of six months, highly talented students from non-Western ethnic backgrounds were given support to help them find their way better in the labour market. Enthusiastic young professionals from the four participating companies mentored these students. NS would like to see more women and girls taking an interest in technology. We organised a Meet & Greet with Merel van Vroonhoven in March. The *Girlsday* event on 26 April 2012 saw us opening our doors to more than 150 girls aged 10 to 15. Together with UAF/Foundation for Refugee Students, NS held an in-house day in November 2012 for current and former refugee students at the Haarlem workshop.

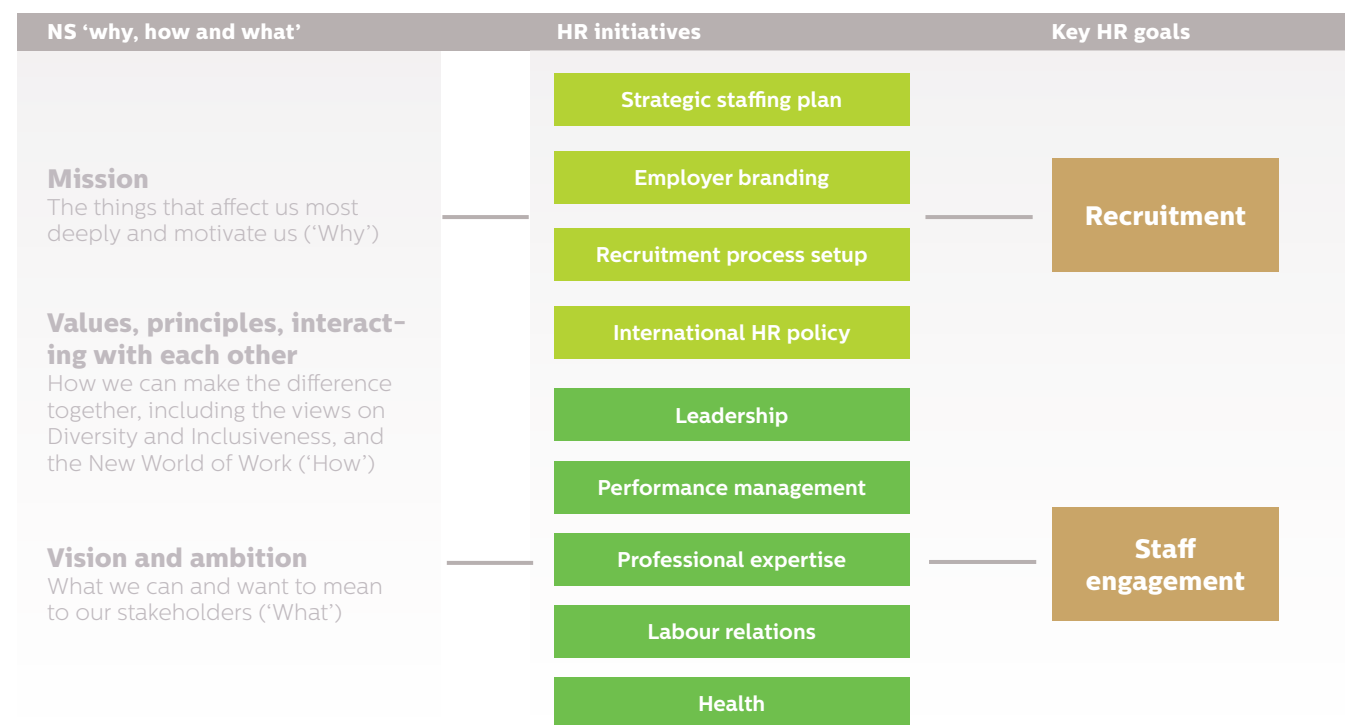
getting people who are isolated from the labour market back to work. NS also joined *De normaalste zaak*, an initiative by SME businesses and larger employers who think it is only natural that everyone should get the opportunity to participate in the labour market at their own level. Every year, we also measure the way staff behave towards each other internally (discrimination and nuisance) and take action where necessary. The number of reports made to the NS confidential counsellors in 2012 was 67, of which 26 were about intimidation, discrimination and bullying. This is an improvement on 2011 (104).

NS wants more women to progress to the top levels. The results:

Women at the top of NS in the Netherlands	Target for 2013 (set in 2008)	2011 realisation	2012 realisation
Group Council and those reporting directly to it	22%	23%	23%
Senior management	23%	28%	29%
Management development programmes	>30%	57%	45%
Trainee programme	50%	62%	31%

In addition, 33% of the NS Executive Board and 29% of the NS Supervisory Board are women.

This year saw NS participating in the Gay Pride event for the third time. We are now ranked 13<sup>th</sup> in the gay rights organisation COC's list of 100 companies that score well for being tolerant and gay-friendly. During the term of the current collective labour agreement, NS is actively giving ten young disabled people the opportunity to gain work experience. Ten work experience places have now been filled. We employ approximately 800 people who are occupationally disabled (this figure excludes NS Stations retail). NS joined the board of Locus in 2012. This is a cooperative venture involving companies and municipalities and aimed at



**Staff engagement**

Staff engagement focuses on the degree to which staff feel an involvement with their organisation and work, and the degree to which they feel supported and encouraged to be able and willing to do a good (and ever better) job. We do this above all by developing professional skills and looking after our staff properly. As of 2012, NS will be carrying out the staff engagement survey annually instead of once every two years.

**Professional expertise**

Professional expertise is broadly defined at NS. It is about people feeling involved with NS and feeling that there is a good work-life balance and about developing their skills and capabilities. To achieve this, NS is investing in the atmosphere at work, in courses and in skills training. NS Opleidingen provided 1,977 training courses and refreshers in 2012 for e.g. drivers and trainee drivers, guards, safety officers and mechanics. The aim is to ensure that all our staff are - and remain - fully committed professionals and that newcomers find a welcoming environment where their professional skills are continually being honed. We start doing this even before people join us through the various training programmes.

**A caring employer**

Sickness absence at NS fell from 5.1% in 2011 to 4.9% in 2012. The sick leave figures for the Netherlands comprise all time off sick that would have been available for work. Sometimes people may be partially back at work or may be doing adapted jobs (light duties). In addition to a constant focus on absence and rehabilitation, NS also works on prevention via exercise programmes and vitality coaches. The Working Conditions task force pushed through improvements to reduce the stresses on staff and limit the harm done to health. This year, train staff took the tunnel evacuation module this year. This means they are better able to react correctly when there is a threat of a tunnel emergency. A virtual tunnel and train environment was used to let the participants practice taking decisions and communicating correctly.



**Employee participation**

Employee participation is more than just a legal requirement to NS. We believe that the staff are important stakeholders, which is why we help the Works Council ensure they have a voice. The Central Works Council (COR) met with the NS Executive Board on six occasions in 2012. Important topics included the core values of NS, the expansion of operations in urban and district transport, and the details of the main rail network concession. Elections were held for five of the six Works Councils in September (the exception being NedTrain). Representatives for the Central Works Council were chosen from those elected to the various individual Works Councils. At the end of 2012, these were as follows: Jan Arndts, Ben Bolwerk, Hans Booy, Sietse Brouwer, Jan Hein Cornelissen, Fred Dekker, Huub van Doremalen, Henk Klaster, Bas Kuperus, Ernst Loois (deputy chair), Rien Maas, Marko Ruijtenberg, Bob van Veen (deputy chair), Jan Velthuis (chair), Jan Witlox and Gerard Wold.

**Labour affairs**

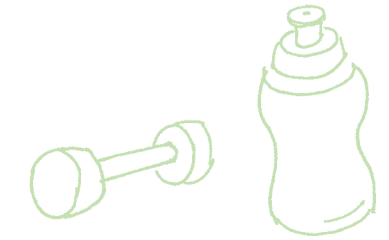
The current collective labour agreement expired on 31 January 2013. A new collective labour agreement (CAO) will be agreed in 2013. NS started the preparations for the new CAO negotiations in 2012. The staff

will be able to follow this process via a "CAO forum" on the company intranet; NS is one of the first in the Netherlands to do this. Staff will also be able to make their voices heard here.

**Recruiting new employees**

NS put an effort in 2012 into developing a clearer image as an employer of academic and applied university graduates and workers with vocational qualifications. As a result, NS has acquired more of an image in the Netherlands as an attractive employer. In 2012, NS rose from the 41<sup>st</sup> to the 20<sup>th</sup> place in the *Intermediair* magazine's list of the 50 most popular employers. *Move NS* handles the recruitment of new staff, for which social media such as Twitter and LinkedIn are being used increasingly often. In 2012 we filled 3,237 vacancies for people with vocational qualifications and 346 vacancies for graduates (41 of these for trainees). In 2012 we organised 32 events, such as in-house days for students, meet & greets and business cases. During the three-day Finance Business Rally in Paris, students (studying finance in particular) were given a chance to get to know NS better as an employer. For jobs that are difficult to fill, NS began using internal 'ambassadors' in 2012 - sixteen for IT and thirteen for technology. We hired 695 IT staff and 76 technical staff through the internal hiring desk. NS also worked with Randstad Recruitment Solutions to bring in 700 new employees. The hiring desk is aiming to improve quality and lower the costs of hiring people in. Forty-one trainees were recruited by NS in 2012: 21 for management, ten for technology/logistics/IT, seven for retail and three for finance. The Retail Talent Class was started up in 2012, allowing promising individuals to progress within the NS Stations retail company over the course of two years. The role as shop manager lets them learn about the many aspects of station retail, with plenty of time for personal development as well as expanding their knowledge of the job content. Campus

Recruitment was expanded in 2012, with a desk for internships that focuses on IT and technology in particular. NS brought in 50 interns, allowing them to see the company as a possible employer. That works: 87% of the interns would like to stay on at NS. People who want to work as a chief guard, driver or customer service & safety officer are given a psychological test. NS engaged TestNed for this in 2012. NS is the owner of the test data and can use it to prevent staff losses and other operational risks.



**Rail College**

The past year has proved that rail companies and vocational education institutions can collaborate successfully. The driver training programme and the TechniekFabriek - technology factory - are prime examples. Rail companies are increasingly able to translate their shared needs into concrete training requirements. This is allowing a step to be taken towards the long-term employability of future staff throughout the sector.

Cooperation in Rail College		
Regional training centre training programme as a Rail Transport Driver	In cooperation with the regional training centre in Amsterdam	Started in 2012 with 29 pupils.
TechniekFabriek	In cooperation with the Twente (in Zwolle) and Amsterdam regional training centres; basic training as a train mechanic	Started in 2012 with 50 pupils.

**International operations**

NS wants to let its talented and experienced staff, trainees and managers work abroad for shorter or longer periods. In 2012, NS posted six staff members (and their families) for periods of longer than one year to important positions in Britain and France. Similarly, six NS staff were deployed for periods of three to twelve months on specific projects for Greater Anglia, Merseyrail and NS Stations France. At the same time, we used staff with the right expertise to help bid teams for tenders in the UK, France, Germany and Sweden.

Programme	Content	Result/goal
<b>Leadership</b>	New core values and the associated skills were determined in 2012.	New NS curriculum for managers
<b>Senior management (Netherlands)</b>	Promotion for talented individuals; biannual review in the Group Council	There are 173 jobs in the senior management group. The incumbents of 51 jobs changed
<b>Internal coaching pool</b>	32 internal certified coaches	60 coaching programmes put on at NSR alone
<b>Mobility</b>	Career advice	334 programmes + 97 redundant staff and others being moved to different work
<b>Proflex</b>	Staff pool for interim tasks	Reducing the cost of hiring people in. Will grow to 20 people in 2013.
<b>NS Academy</b>	Professional and personal development (including project management, Rail Knowledge masterclass, Finance for Non-Financials and leadership programmes).	804 participants in 2012
<b>Learning Content Management System</b>	Managing professional information and making it accessible	First phase completed



# 6 PROCUREMENT AND SUPPLY CHAIN SUSTAINABILITY

NS spends over €1 billion a year on goods and services from third parties. We examine whether the sustainability themes (*people and/or planet*) are relevant in every single one of our European tenders. In 2012, that turned out to be the case for one third of the European tenders.

All tenders (100%) in this category of European tenders had one or more relevant CSR aspects included as a selection criterion. In some cases, sustainability aspects were included in the award criteria.

Many of the contracts specify the improvements that suppliers and NS want to implement together. For instance, in 2012 we achieved results on the reduction of packaging and the reuse of raw materials.

Our CSR requirements are expressed in the rules of procedure for the Executive Board and procurement governance and they are also embedded in the General Terms and Conditions of Purchase (see [www.nsprocurement.nl/documenten](http://www.nsprocurement.nl/documenten)).

A general requirement is that all suppliers should shoulder their share of corporate social responsibility in their business practices. This means they should subscribe to the principles encapsulated in relevant standards, as laid down in such documents as the Universal Declaration of Human Rights and the standards drawn up by such organisations as the ILO, OECD and ICC.

For example, we set requirements for labour conditions for the production of uniforms (ILO requirements), we require safety certificates from our suppliers who deploy their employees in and around trains and platforms, and we insist on the use of environ-

mentally friendly products for cleaning. Exclusion criteria also apply to any subcontractors used by our suppliers. Audits are carried out to test compliance with the requirements if the nature or size of the case gives reason to do so, or if we suspect there is a risk of non-compliance.

We only do this for procurement outside Europe and/or where there are increased risks for the sustainability aspects. In other cases, we go by the audits available in the market. This is possible because NS primarily buys its services in the Netherlands (more than 80%) which are also produced in the Netherlands, and purchases goods that are primarily manufactured in Western Europe (also more than 80%). If the requirements are not met, we examine whether a plan of action ought to be drawn up together with the supplier to get back on course.

NS subscribes fully to the revised code of conduct drawn up by NEVI, the Dutch association for purchasing management, which provides guidelines for acting ethically and for fair business practices (Guide to responsible procurement, NEVI 2012; see [www.nevi.nl](http://www.nevi.nl)). NS is one of the signatories of the Manifesto for Socially Responsible Procurement and Business Practices. Thirty-three large companies have now joined us. We ask our suppliers to submit a statement about how they deal with corporate social responsibility. The methods they use,

the priorities and the reporting on the results are the responsibility of the suppliers themselves.

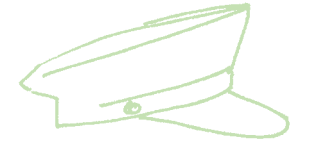
Given the scale of the requirements of NS for each supply chain, NS will join in the initiatives within the sector concerned in most cases. Sector-specific criteria are used in tenders.

NS has more influence in some cases and can play a leading role. In 2012, some examples of sector-specific or rolling stock-specific criteria were the use of Ecovadis in awarding train-specific rolling stock contracts and BREEAM in awarding technical centre construction contracts. An example of a leading role taken by NS is its role as initiator of the Responsible Market Conduct Code in the cleaning and window-cleaning sector. This code was used by NedTrain in 2012 when awarding the train cleaning contract.



# 7 SAFETY, ACCESSIBILITY AND OTHER THEMES

A culture-changing programme was started in 2012 to make employees aware of the effects of their (individual) actions on safety. For NS, this is an important step towards a safety culture.



## Personal safety

The passengers' feeling of personal safety decreased in 2012. Whereas 79.1% of the passengers gave us a score of 7 out of 10 or higher for personal safety in 2011 (a record), this was 78.3% at the end of 2012. This means that the 78.5% target was just missed. One of the causes was the cleaners' strike in the spring.

## Checks at stations

NS carried out *Stop and Go* actions 34 times in 2012. During these actions, all passengers at a given station and on the trains that stop there are checked to see if they have a valid ticket. The checks, which we carry out together with the Railway Police and other public transport companies, have a preventative function on fare-dodging and a positive effect on how paying passengers perceive safety.

## Cooperation

NS uses information and analyses to deploy staff and resources at the locations where they are required. We expressly choose to cooperate with the public prosecutor, the KLPD (Dutch Police Services Agency) and politicians in this. This year, the customer service and safety teams were equipped with safety jackets that offer protection against knives and needles. Unfortunately, NS employees were confronted with aggression in 2012 too. Compared with previous years, the number of reports has remained the same. However, all such incidents are

unacceptable to NS. NS invests more than 106 million euros in personal safety every year. A page about safety, including advice about how our passengers can respond if they witness an unsafe situation, can be found at [ns.nl](http://ns.nl).

## Railway safety

2012 was overshadowed by the railway accident in April when two passenger trains collided. It left 190 people wounded and one woman died in hospital a day later. NS and ProRail were deeply affected by the accident. The measures recommended as a result of the joint investigation by NS and ProRail have been taken on board, as have the recommendations in the report by the Dutch Safety Board (OVV) and the Human Environment and Transport Inspectorate (ILT). The rail sector does not intend to make any concessions when it comes to safety. Rail travel remains the safest mode of transport. Further measures have been taken together with ProRail to improve railway safety and reduce the consequences of human errors.

A culture-changing programme was started in 2012 to make employees aware of the effects of their (individual) actions on safety. For NS, this is an important step towards a safety culture. Another key element was the implementation of a new safety management system, which describes all railway safety procedures for controlling operational risks. During

the national refresher courses, train drivers and chief guards were trained in the new communication procedures for ensuring unambiguous communication between NS employees and traffic control (ProRail). Emergency brake stickers have been applied in more than 60% of the trains in order to improve tunnel safety. Our passengers' attention was drawn to the subject in *Spoor*, the magazine for our relations, and on the website [ns.nl](http://ns.nl). Another multidisciplinary emergency exercise was held in a tunnel in 2012.

For NS, the number of trains passing a red signal (STS) inappropriately, i.e. not merely a technical infringement, decreased slightly from 95 in 2011 to 93 in 2012. NS Reizigers had already achieved a considerable decrease from 141 to 87 for over the period from 2007 to 2011. NS Reizigers continued this downward trend in 2012, with 83 trains passing stop signs. We expect that the additional measures taken in 2012, which include measures on work planning, will result in a further decrease in the number of STS events to 77 in 2013 (or 114 including Abellio). The number of suicides on the main rail network was 203 in 2012 (as opposed to 215 in 2011).

## Working safely

The safety policy of NS focuses on continually reducing the number of accidents at work and the number of days' sickness absence as a result of accidents. The figures are tracked using



the *Lost Time Injury (LTI)* score, which includes all accidents resulting in absences of more than 24 hours. In 2012, 66 operational incidents resulted in sickness absence (52 in 2011). This is 0.27% of all sickness absence. Calculated per million hours worked, this gives a Lost Time Injury Rate of 2.4. This is an increase compared with 2011 (1.9), with tripping and falling over as the most important reasons. Our objective for 2013 is to achieve LTI rates of 2.3, or 4.8 including Abellio.

### Accessibility

NS is helping make public transport more accessible for people with functional disabilities. The ultimate goal of all these efforts is an independently accessible railway system. In 2012, NS worked on improving the digital accessibility (the Journey Planner and ns.nl), providing international assistance, changing check-in/check-out systems and providing visual and audio journey information at stations and on trains. In 2012, toilets that are accessible for wheelchairs were also fitted in a number of double-decker trains.

### Other themes

#### Consideration for privacy

Under the Personal Data Protection Act and the Corporate Governance Code, the NS Executive Board is responsible for proper fulfilment of its privacy obligations. NS offers transparency about the privacy policy it adopts through its public Privacy Statement at [www.ns.nl/privacy](http://www.ns.nl/privacy). We encourage the various business units to observe the privacy rules. NS has adopted a proactive privacy policy in order to ensure that the administrative processes involving passengers and staff comply with the legal criteria for an appropriate and carefully-considered data protection policy. Adopting a privacy policy is a precondition for

achieving objectives relating to the customer focus of the services, being a good employer, combating fraud and ensuring personal safety. In 2012, NS was fined for violating the privacy rules regarding the student public transport pass. The Dutch Data Protection Authority also checked the setup for the NS marketing analysis environment and noted that this complies with the Personal Data Protection Act.

#### Supporting social causes

NS supports a variety of social causes. In all cases, there is a link with the core competences of NS.

#### Reading

NS is encouraging people to read by providing €350,000 of sponsorship for CPNB, the foundation for the collective promotion of Dutch books. This foundation was the driving force behind the National Book Week once again in 2012, as well as the Month of the Thriller, *The Netherlands Reads* and the *NS Publieksprijs* (a prize for the best book chosen by the public). 'Reading on the train' is a logical link that our customers understand and appreciate. As well as sponsorship, NS has invested €250,000 in promoting the CPNB.

#### 2012 Olympics

As a *Partner in Sport* for the umbrella organisation NOC\*NSF (the Dutch Olympic Committee and Dutch Sports Federation), NS encourages sport at all levels. 2012 was a special year, with the Olympic Games being held in London. *It's all about London for NS this summer* was the slogan under which we organised activities in the Netherlands and the UK. The principle was to bring the Olympics closer to our customers and employees. Together with its subsidiary Abellio, NS had a strong presence in the British capital. We rented out public transport bicycles at *De Oranjecamping* - the Orange Campsite

for Dutch fans - and provided journey information from the *Holland Heineken House (HHH)*. Abellio carried thousands of Dutch supporters on a free shuttle bus service between the HHH and the nearest Underground station. Fifty Dutch NS employees worked as service staff during the Olympic Games. Ten were also present during the Paralympics. Abellio's Greater Anglia franchise took tens of thousands of train passengers to the various locations of the Olympic Games. NS Hispeed carried thousands of supporters from the Netherlands to England. Passengers were able to enjoy the Olympic competitions on video screens at five Dutch stations in the so-called *London Parks*.

#### Sport for the disabled

A large number of national sponsors spend 1% of their sports budget on sports for the disabled. The underlying reasoning is that 1% of people playing sports in the Netherlands are actually disabled. NS has also made 1% of its sports sponsoring budget available for disabled sport under this Fair Share scheme, as it is known.

#### Dutch Railway Museum

We also subsidise the Dutch Railway Museum and cooperate closely with the Utrecht Archives to guarantee that historically important objects, documents and pictures from 175 years of railway history are retained.

# 8 THE PERFORMANCE OF NS IN A BROADER CONTEXT

Rail transport is a very important part of society. The social performance of NS can therefore not be seen separately from this broader context. A number of trends and developments are having an effect on the policy and social performance of NS.

For example, there are developments within the sector (see also the 'Strategy' chapter) allowing journey time to be used increasingly for meeting people or for working, and developments within the transport chain (see also the section on 'Our environmental priorities') such as the incorporation of chain-based measures involving ProRail in MJA-3, (version 3 of the Long-term Agreement on Energy Efficiency) and the efforts to make the power we use for traction greener. In addition, we see that our customers expect us to adopt sustainable business practices. Our social policy fits in with these trends and developments. The current economic climate and cutbacks by the government have also affected the social performance and social policies of NS. We are trying to be more focused and use our social policy to contribute to both a healthy ROI and a favourable social return. In addition, mobility and rail transport can act as an important driver of economic recovery. Despite the current economic crisis, NS has succeeded in booking a positive financial result.

### Comparisons, benchmarks and ratings

In Europe, 31% of direct CO<sub>2</sub> emissions are caused by the transport sector, of which 1.8% comes from railways (source: UIC, IEA). CO<sub>2</sub> emissions from rail have decreased over recent years, whereas those from the transport sector as a whole have increased substantially. In line with this trend,

we have also seen a reduction in CO<sub>2</sub> emissions by NS over the last five years. Our CO<sub>2</sub> performance has been improved by our energy efficiency measures. If we compare that against the sector, we can conclude that we were a good 20% below the UIC norm of 0.10 to 0.15 kWh per passenger-kilometre in 2012. Last year we paid particular attention to our social performance, including the issue of women in senior management. According to the *Talent to the Top monitor* in 2011, the percentage of women in senior management was 21% in the transport sector and 23% at NS. In 2012, that figure was once again 23% for NS. Comparative material for 2012 for the whole transport sector was not available at the time this annual report was published.

#### Perception

A market survey (*Dossier Duurzaam*, July 2012, Intomart and DDB) shows that the Dutch do not perceive NS as being a sustainable organisation. NS is ranked 74<sup>th</sup> in the top 100 sustainable companies, whereas we were ranked 22<sup>nd</sup> in 2010. We scored lower as well in points (33 points in 2012 and 41 in 2010). No less than seven makes of car were ranked far higher than NS in 2012, with two actually in the top 10. Our aim is to be one of the top 10. In June 2012, NS took its first measures to improve the perception of sustainability. A CO<sub>2</sub> comparison has been incorporated into the journey planner, showing what the savings are in kg CO<sub>2</sub>

compared with the average car when a journey is being planned. The EcoChecker on [nshispeed.nl](http://nshispeed.nl) gives a CO<sub>2</sub> comparison between train, car and plane.

#### Transparency

NS has also been included in the permanent group surveyed for the Transparency Benchmark. This is a tool provided by the Ministry of Economic Affairs for improving reporting on social matters within the Netherlands. An extensive set of criteria is used annually to assign a score to the social reporting of the 500 largest Dutch companies. The results of this are presented in a Transparency Ladder, made publicly available and widely communicated. A score of 174 points out of 200 put NS in 28<sup>th</sup> place on the 2012 Transparency Ladder. We aim to achieve a higher score in 2013 and get into the top 10.





# 9 REPORTING CRITERIA AND SCOPE

The target group for this report consists of all those with an interest in us, such as customers, our staff, various authorities (including our shareholder), civil society interest groups and other interested parties.



## Combined report

In the NS 2012 annual report, the performance of NS, the social aspects of that performance and the financial results are presented as an integrated whole. This choice has been made deliberately. NS is a socially responsible company. Passenger transport by train and the commercial operation of stations and their surroundings are intrinsically important to society. Other social aspects, such as care for the natural and social environment, are thus also an integral component of the business operations of NS.

## Reporting criteria

NS reports in accordance with the guidelines of version 3.1 of the Global Reporting Initiative (GRI). The GRI guidelines are the most widely accepted guidelines worldwide for drawing up annual social reports. The guidelines themselves can be found on [www.globalreporting.org](http://www.globalreporting.org). The sustainability information in the 2012 annual report has been given by NS in accordance with the GRI guidelines and internal reporting criteria at level A+ (*third party checked*). In order to add value to our report, we have asked KPMG to ascertain and confirm that the sustainability information presented in the report is correct. Their assurance report covers the 'Sustainable Commitment' chapter and can be found on page 59. The selection of the indicators is based on the GRI method, the discussions with our interested parties and the material relevance matrix derived from them.

There have been no changes in the definitions or the methods of measurement. The scope has been extended with respect to Abellio and waste. The definitions of our key indicators and a glossary of terms used can be found on [www.ns.nl/co2](http://www.ns.nl/co2). Where there are inherent limitations in the data or where extrapolations or estimates have been used, this is stated explicitly along with the information being reported. Sustainability has been part of the regular planning and control cycle since 2010. This means that the data is reported as part of the financial reports. The processes for collecting and validating the data are described in the CSR Handbook.

## Scope

The report covers the 2012 financial year, which ran from 1 January 2012 to 31 December 2012. This report is about all the activities of NS in the Netherlands, including the subsidiaries in which it holds a stake of greater than 50%. The TLS business unit is an exception to this, but it has no material impact on the information presented. All the data that we include about our subsidiaries is included in proportion to our ownership percentage. Staff numbers and sickness absence are for NS as a whole and therefore do include all the domestic and foreign subsidiaries. We have reported the energy efficiency expressed as CO<sub>2</sub> emissions per passenger-kilometre for the three rail franchises in the United Kingdom that belong to the NS subsidiary Abellio

(Greater Anglia, Merseyrail and Northern Rail). These three rail franchises make up over 80% of Abellio's turnover. NS sees this as a first step towards integrating Abellio in its sustainability reporting and intends to report on Abellio as a whole in future. For the other social themes, Abellio is issuing its own annual social report. We report on transport chain-wide information when this is clearly an element of the material relevance matrix or where our process of value creation gives reason to do so. Where information covering the whole transport chain is reported, this is explicitly stated. Reports do not in principle cover subcontractors or suppliers. In those parts of the report where this does occur, this is explained. Disinvestments are eliminated retrospectively from the information for the financial year in question. Acquisitions are included in the data no later than two years after the calendar year of the acquisition, as long as the data meets the NS reporting criteria.

We are keen to learn from the feedback on our report. If you have any questions or remarks about our report, we will be more than happy for you to share them with us via [nsg.jaarverslag@ns.nl](mailto:nsg.jaarverslag@ns.nl).

The table containing the GRI indicators can be found on [www.ns.nl/jaarverslag2012/duurzaamheid](http://www.ns.nl/jaarverslag2012/duurzaamheid).

# 10 INDEPENDENT ASSURANCE REPORT

To the readers of the 2012 Annual Report of NV Nederlandse Spoorwegen:

The Executive Board of NV Nederlandse Spoorwegen (hereinafter referred to as 'NS') has asked us to provide assurance concerning the information about sustainability in the 2012 Annual Report. NS has described its efforts and results in the area of sustainable business practices in the chapter entitled Sustainable Commitment (hereinafter referred to as 'the Account'). The NS Executive Board is responsible for drawing up the Account and determining which subjects should be reported on. In addition, the Board is also responsible for determining the level at which GRI is to be applied, in accordance with the criteria in the GRI G3.1 Guidelines. Our responsibility is to provide an assurance report regarding the Account, based on the instructions described below.

## Scope of our instructions

Our activities were carried out for the purpose of obtaining:

- a limited degree of assurance that the information in the Account has been presented correctly in all aspects of material significance, based on the GRI G3.1 Guidelines;
- a reasonable degree of assurance that the data on CO<sub>2</sub> emissions per passenger-kilometre from NS Reizigers, NS Hispeed and the Greater Anglia, Northern Rail and Merseyrail franchises of Abellio for 2012 have been presented correctly in all aspects of material significance in accordance with the internal reporting criteria.

NS has also asked us to check whether the GRI level at which NS declares that the GRI G3.1 guidelines have been applied, as stated on page 58, is consistent with the applicable criteria imposed by the GRI G3.1 guidelines. We do not provide any assurance regarding the viability of the objectives, expectations and ambitions of NS. The activities carried out for the purpose of obtaining a limited degree of assurance focused on establishing the plausibility of information and went into less detail than the activities carried out for the purpose of obtaining a reasonable degree of assurance.

## Reporting criteria

NS has adopted the Sustainability Reporting Guidelines (G3.1) of the Global Reporting Initiative (GRI) for drawing up the Account, supplemented by the internal reporting criteria for determining CO<sub>2</sub> emissions per passenger-kilometre as described in 'Description of the scope and calculation method for energy efficiency and CO<sub>2</sub> emissions in the NS transport process', which can be found on [www.ns.nl/co2](http://www.ns.nl/co2).

## Assurance standards

We carried out our assignment in accordance with the 3410N standard ('Assurance assignments relating to corporate sustainable reporting') of the Royal Netherlands Institute of Registered Accountants. This standard requires that the members of the assurance team possess

the specific knowledge, skills and professional expertise necessary to understand the information in the Account, and to be able to identify and collate the requisite assurance information on the subject, and that these members comply with the requirements of the Ethical Code for Professional Accountants of the IFAC, including independence.

## Activities

The work we carried out concerning the information in the Account included the following:

- an assessment of the results of the material relevance analysis;
- interviews held with the board members who are responsible for providing the information in the Account;
- an evaluation of the setup and the existence of the systems and processes for gathering information, internal checks and the processing of the information;
- a check on a random sample of the internal and external documentation to determine whether there is sufficient supporting evidence for the information in the Account

We carried out the following work in order to allow us to be reasonably certain of the accuracy of the CO<sub>2</sub> emissions per passenger-kilometre of NS Reizigers, NS Hispeed and the Greater Anglia, Northern Rail and Merseyrail franchises of Abellio and associated explanatory notes, as stated

in the Account:

- a check of the design and the existence, and tests of the performance of the systems and processes for recording, collecting and processing information for the data reported and associated explanatory notes, including the calculation and consolidation of the results
- a check of internal and external documentation to determine whether there is sufficient supporting evidence for the information in the Account
- an analysis of the data reported and the associated explanatory notes
- a check of the application of internal reporting criteria for information provision and internal checks used in drawing up the reported data and associated explanatory notes
- interviews with staff responsible for analysing and reporting the data and associated explanatory notes relating to these indicators
- site visits to Greater Anglia, Northern Rail and Merseyrail, which belong to Abellio, in the United Kingdom

Insofar as we are able to assess, we have also determined whether the sustainability information in the other parts of the 2012 annual report is consistent with the information in the Account.

During our investigations, we discussed the requisite changes in the Account with NS, and we have ascertained that the said changes have been suitably implemented in the final version.

In terms of the level at which GRI was applied, our procedures have been restricted to checking whether the GRI table is consistent with the criteria that have been imposed for it and whether the relevant information is publicly available.

### Conclusion and assessment

- Our work did not show that the information in the Account has been presented incorrectly in any aspects of material significance, based on the GRI G3.1 Guidelines;
- In our opinion, the data on CO<sub>2</sub> emissions per passenger-kilometre from NS Reizigers, NS Hispeed and the Greater Anglia, Northern Rail and Merseyrail franchises of Abellio for 2012 and the explanatory notes in the Account have been presented correctly in all aspects of material significance in accordance with the internal reporting criteria.

We also hereby report that the sustainability information in the other parts of the 2012 annual report is consistent, insofar as we are able to assess, with the information in the Account.

### Reporting on the level at which GRI has been applied

Based on the work we have carried out, we conclude that the A+ level at which NS declares GRI to have been applied, as stated on page 58 and based on the GRI Content Index on [www.ns.nl/jaarverslag2012/duurzaamheid](http://www.ns.nl/jaarverslag2012/duurzaamheid), is consistent with the GRI criteria imposed for that level.

*The Hague, 12 February 2013*

R.R.J. Smeets, chartered accountant  
**KPMG ACCOUNTANTS N.V.**

# ANNUAL REPORT 2012

## ANNUAL REPORT

Consolidated Financial Statements 2012	62
Separate Financial Statements 2012	118

## OTHER

Other information	120
Ten Years NS	122



# CONSOLIDATED 2012 FINANCIAL STATEMENTS

## Consolidated balance sheet for NV Nederlandse Spoorwegen

Before appropriation of result in millions of euros	31 December 2012	31 December 2011*
<b>Assets</b>		
<b>Non-current assets</b>		
1 Property, plant and equipment	3,483	3,433
2 Investment property	314	315
3 Intangible assets	90	76
4 Investments in equity accounted investees	14	14
5 Other financial assets, including investments	176	150
6 Deferred tax assets	346	392
<b>Total non-current assets</b>	<b>4,423</b>	<b>4,380</b>
<b>Current assets</b>		
7 Inventories	73	80
5 Other investments	279	362
8 Trade and other receivables	509	680
6 Income tax receivable	11	14
9 Cash and cash equivalents	948	534
<b>Total current assets</b>	<b>1,820</b>	<b>1,670</b>
<b>Total assets</b>	<b>6,243</b>	<b>6,050</b>
<b>Equity and Liabilities</b>		
<b>10 Equity</b>		
Share capital	1,012	1,012
Reserves	1,886	1,754
Unappropriated profit	264	211
<b>Total Group equity</b>	<b>3,162</b>	<b>2,977</b>
Minority interest	-	-
<b>Total equity</b>	<b>3,162</b>	<b>2,977</b>
<b>11 Deferred credits</b>		
Loans and borrowings, including derivatives	577	180
13 Employee benefits	35	31
14 Provisions	277	349
15 Accruals	39	239
6 Deferred tax liabilities	153	136
<b>Total non-current liabilities</b>	<b>1,215</b>	<b>1,105</b>
<b>Loans and borrowings, including derivatives</b>		
12	48	365
6 Corporate tax payable	9	17
16 Trade and other payables	1,247	784
17 Deferred income	387	754
14 Provisions	175	48
<b>Total current liabilities</b>	<b>1,866</b>	<b>1,968</b>
<b>Total liabilities</b>	<b>3,081</b>	<b>3,073</b>
<b>Total equity and liabilities</b>	<b>6,243</b>	<b>6,050</b>

\*The comparative figures have been adjusted for comparison reasons.

## Consolidated income statement for 2012 for NV Nederlandse Spoorwegen

in millions of euros	2012	2011
<b>Continuing operations</b>		
19 Revenue	4,638	3,628
20 Personnel expenses	1,601	1,299
21 Depreciation, amortisation and impairment	368	330
22 Use of raw materials, consumables and inventories	565	491
23 Costs of subcontracted work and other external costs	558	423
24 Infrastructure fees	551	387
25 Other operating expenses	640	426
<b>Total operating expenses</b>	<b>4,283</b>	<b>3,356</b>
<b>Result from operating activities</b>	<b>355</b>	<b>272</b>
Finance income	15	15
Finance expenses	-40	-27
26 <b>Net finance result</b>	<b>-25</b>	<b>-12</b>
Share in result of equity accounted investees	1	1
<b>Profit before income tax</b>	<b>331</b>	<b>261</b>
27 Income tax expense	-67	-50
<b>Profit for the period</b>	<b>264</b>	<b>211</b>
Attributable to:		
Company shareholder	264	211
Minority interest	-	-
<b>Profit for the period</b>	<b>264</b>	<b>211</b>

### Consolidated statement of the total result for 2012 for NV Nederlandse Spoorwegen

in millions of euros	2012	2011
<b>Realised results</b>		
Profit for the period	264	211
<b>Unrealised Income and expenses recognised directly in equity</b>		
Currency translation differences on foreign activities	2	1
Effective portion of changes in fair value of cash flow hedges	-11	-19
Net change in fair value of available-for-sale financial assets	1	-4
Actuarial result for defined benefit plans	1	3
Income tax on income and expenses recognised directly in equity	2	5
<b>Unrealised Income and expenses recognised directly in equity</b>	<b>-5</b>	<b>-14</b>
<b>Total recognised result for the period</b>	<b>259</b>	<b>197</b>
Attributable to:		
Company shareholder	259	197
Minority interest	-	-
<b>Total recognised result for the period</b>	<b>259</b>	<b>197</b>

### Consolidated cash flow statement for 2012 for NV Nederlandse Spoorwegen

in millions of euros	2012	2011*
<b>Profit for the period</b>	<b>264</b>	<b>211</b>
Adjustments for:		
Depreciation and amortisation	355	336
1-3 Impairment losses	13	-6
Net finance income	23	9
Release of deferred credits	-37	-15
Income tax expenses	67	50
	<b>685</b>	<b>585</b>
Changes in inventories	6	15
Changes in trade and other receivables	217	212
Changes in provisions	56	4
Change in other non-current liabilities	-129	103
Change in current liabilities excluding credit institutions	112	16
	<b>947</b>	<b>935</b>
Interest paid	-40	-27
27 Income tax paid	-6	6
<b>Net cash from operating activities</b>	<b>901</b>	<b>914</b>
Interest received	15	15
Dividends received and recognised using the equity method	1	1
Disposal of discontinued operation, net of cash	9	-
1,3 Acquisition of intangible assets and property, plant and equipment	-465	-425
2 Acquisition of investment properties	-13	-25
Income from other investments	130	-153
Acquisition of non-current financial assets, including investments	-73	-4
Disposal of intangible assets, property, plant and equipment and investment properties	29	51
<b>Net cash flow from investing activities</b>	<b>-367</b>	<b>-540</b>
<b>Net cash flow from operating and investing activities</b>	<b>534</b>	<b>374</b>
Other changes in deferred credits	-	-2
Repayments of liabilities	-404	-538
Non-current liabilities taken out	357	364
10 Dividends paid	-74	-52
<b>Net cash from financing activities</b>	<b>-121</b>	<b>-228</b>
<b>Net increase in cash and cash equivalents</b>	<b>413</b>	<b>146</b>
Cash and cash equivalents as at 1 January	534	386
Effect of exchange rate fluctuations on cash held	1	2
9 <b>Cash and cash equivalents as at 31 December</b>	<b>948</b>	<b>534</b>

\*The comparative figures have been adjusted for comparison reasons.



**Consolidated statement of change in equity of NV Nederlandse Spoorwegen**

in millions of euros	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Actuarial reserve	Retained earnings	Total	Minority interest	Total Equity
<b>Balance as at 1 January 2011</b>	1,012	-1	-14	2	5	1,827	2,831	-	2,831
<b>Realised results</b>									
Profit for the period						211	211	-	211
<b>Unrealised income and expenses recognised directly in equity</b>									
Currency translation differences		2					2	-	2
Effective portion of changes in fair value of cash flow hedges, after tax			-14				-14	-	-14
Net change in fair value of available-for-sale financial assets, after tax				-3			-3	-	-3
Actuarial results defined benefits plan, after tax					2		2	-	2
Other changes	-	-	-	-	-	-	-	-	-
Total income and expenses recognised directly in equity	-	2	-14	-3	2	-	-13	-	-13
<b>Total recognised income and expense for the period</b>	-	2	-14	-3	2	211	198	-	198
<b>Transactions with owners, directly recognised in equity</b>									
Dividend paid to share holder						-52	-52	-	-52
<b>Balance as at 31 December 2011</b>	1,012	1	-28	-1	7	1,986	2,977	-	2,977

**Consolidated statement of change in equity of NV Nederlandse Spoorwegen**

in millions of euros	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Actuarial reserve	Retained earnings	Total	Minority interest	Total Equity
<b>Balance as at 1 January 2012</b>	1,012	1	-28	-1	7	1,986	2,977	-	2,977
<b>Realised results</b>									
Profit for the period						264	264	-	264
<b>Income and expenses recognised directly in equity</b>									
Currency translation differences		1						-	
Effective portion of changes in fair value of cash flow hedges, after tax			-8				1	-	1
Net change in fair value of available-for-sale financial assets, after tax				1			-8	-	-8
Actuarial results defined benefits plan, after tax					1		1	-	1
Other changes	-	-	-	-	-	-	1	-	1
Total income and expenses recognised directly in equity	-	1	-8	1	1	-	-5	-	-5
<b>Total recognised income and expense for the period</b>	-	1	-8	1	1	264	259	-	259
<b>Transactions with owners, directly recognised in equity</b>									
Dividend paid to share holder						-74	-74	-	-74
<b>Balance as at 31 December 2012</b>	1,012	2	-36	-	8	2,176	3,162	-	3,162

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2012

## General information

NV Nederlandse Spoorwegen has its registered seat in Utrecht in the Netherlands. The company's consolidated financial statements for the 2012 financial year include the company and its subsidiaries (hereinafter referred to as the 'Group') and the Group's share in associates and companies that it controls jointly with third parties. NV Nederlandse Spoorwegen is the holding company of NS Groep NV which, in turn, is the holding company of the operating companies that carry out the Group's different operating activities. The figures in the consolidated financial statements of NS Groep NV are the same as those of NV Nederlandse Spoorwegen. The operating companies of NS Groep NV are listed on page 117.

The Group's activities mainly consist of the transportation of passengers and the management and development of property and stations.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations authorised by the International Accounting Standards Board (IASB) and endorsed by the European Union.

The Executive Board prepared the financial statements on 12 February 2013. In its preliminary advice to the General Meeting of Shareholders, the Supervisory Board recommended that the financial statements be adopted without change. The Executive Board and Supervisory Board granted permission on 12 February 2013 for the financial statements to be published. The adoption of these financial statements will be on the agenda for the General Meeting of Shareholders scheduled for 13 March 2013.

## Summary of significant accounting policies

The accounting policies for consolidation, valuation of assets and liabilities and determination of the Group's result are set out below.

Pursuant to Section 402, Part 9, Book 2 of the Dutch Civil Code, the company financial statements of NV Nederlandse Spoorwegen have been issued with a condensed income statement.

The financial statements are presented in euros (the functional currency), rounded to the nearest million. Unless specified otherwise, the financial statements were prepared using historical costs. The figures for the previous year have been adjusted on some points for comparative purposes.

## Assumptions and estimates

The preparation of the financial statements require that management make certain estimates and assumptions that impact on the application of accounting principles and the reported value of assets and liabilities and income and expenses. The estimates and the corresponding assumptions are based on past experience and various other factors that can be considered reasonable given the circumstances. The actual outcomes may differ from these estimates.

The estimates and the underlying assumptions are reviewed on a regular basis. Revised estimates are recognised in the period in which the estimate is revised, or in future periods if the revision relates to a future period.

The main estimates and assumptions relate to revenue recognition on projects, pension liabilities, other employee benefits, provisions for non-current liabilities, provisions for the impairment of accounts receivable, downward value adjustments of inventories to the net realisable value, the impairment of property, plant and equipment, and provisions for onerous contracts.

Please refer to the principles and notes 1, 7, 8, 13 and 14 respectively.

The reporting standards explained below have been applied consistently to the periods presented in these consolidated financial statements.

## Principles for consolidation

### Subsidiaries

Subsidiaries comprise those companies over which NV Nederlandse Spoorwegen has direct or indirect control. Control is defined as when the Group is able to directly or indirectly determine the financial and operational policy of a company in order to obtain benefits from the activities of the company.

The financial statements of subsidiaries are fully consolidated with effect from the date control was first obtained until the date on which such control ends.

### Associates

Associates (investments in which substantial influence is exercised) comprise those companies in which the Group has substantial influence on the financial and operational policy, but no control. Substantial influence is defined as when the Group holds between 20% and 50% of the voting rights in another entity.

Associates are measured using the equity method. The equity method is defined as follows: initial recognition is at the acquisition price, which is subsequently increased or decreased by a proportionate share in the profit or loss of the associate with effect from the date that the Group first obtains substantial influence to the date on which such influence ends. With respect to investments accounted for using the equity method, the share of the Group in the result of these investments is recognised in the income statement. If the share of the Group in the losses is greater than the value of the interest in an investment, the carrying amount of the investment on the Group's balance sheet is written down to zero, and further losses are no longer taken into account, except to the extent that the Group has a legal or constructive obligation or has made payments towards the relevant investment.

### Joint ventures

Joint ventures are those companies that the Group controls jointly with third parties, with this joint control agreed in a contract and pursuant to which strategic decisions concerning the financial and operational policy are taken unanimously. The consolidated financial statements include the proportional share of the Group in the assets, liabilities, income and expenses of the company, with items being combined line-by-line with similar items as from the date on which joint control is exercised until the date that joint control ceases.

### Acquisition of subsidiaries, joint ventures and associates

Acquisitions of subsidiaries, associates or joint ventures are accounted for using the purchase method. In this method, the price of an acquisition consists of the sum of the fair value of the assets relinquished, the securities issued and the commitments entered into. The identifiable assets and (conditional) liabilities acquired are initially recognised at their fair value on the acquisition date. The difference

between the cost of the acquisition and the company's share in the fair value of the acquired assets and liabilities is recognised in the consolidated financial statements as goodwill in the intangible assets (for subsidiaries and joint ventures) or as part of the value of the associate. The costs associated with an acquisition are recognised directly in the income statement.

### Loss of control

In the event of a loss of control, the subsidiary's assets and liabilities, any minority interests and other equity components associated with the subsidiary are no longer recognised in the balance sheet. Any surplus or shortfall following the loss of control is charged to the income statement. If the Group maintains an interest in the former subsidiary, that interest is recognised at the fair value on the date on which the Group ceased to exercise control. After the initial recognition, the interest is recognised as an investment incorporated using the equity method or as a financial asset available for sale, depending on the degree of influence that is still exercised.

### Elimination of transactions upon consolidation

Intra-group balances and income and expenses from transactions between Group companies are eliminated when the financial statements are prepared.

Unrealised gains from transactions with investments accounted for using the equity method are eliminated in proportion to the Group's share in the investment. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of impairment.

Any positions and results attributable to third-party interests are carried separately on the balance sheet and in the income statement.

## Foreign currency

### Transactions in foreign currency

Transactions denominated in foreign currency are translated to the relevant functional currency of the group entities at the rate applying on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency as at the balance-sheet date, using the rate applying on that date. The foreign exchange differences arising from the monetary items comprise the difference between amortised costs in the functional currency at the beginning of the period, adjusted for the effective interest paid during the period, and the amortised cost of foreign currency translated at the end of the period using the exchange rate then applying. The exchange translation differences are recognised as a charge in the income statement, with the exception of financial liabilities designated as a hedge for the net investment in a foreign activity or qualifying cash-flow hedges, which are taken directly to equity.



**Foreign operations**

The assets and liabilities of foreign operations, including goodwill and fair value adjustments resulting from consolidation, are translated into euros using the rate applying on the balance-sheet date. The income and expenses of foreign operations are translated into euros using the exchange rate applying on the transaction date.

Exchange-rate differences are taken directly to equity in the translation reserve. If a foreign operation is sold in full or in part, the relevant amount is transferred from the translation reserve to the income statement.

**Financial instruments**

Acquisitions and disposals of financial instruments are accounted for on the transaction date. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or if it transfers the rights to receive the contractual cash flows in a transaction in which virtually all the risks and rewards of ownership of the financial asset are transferred.

The Group uses the following financial instruments:

**Non-derivative financial instruments**

Non-derivative financial instruments comprise investments in shares, deposits, bonds, trade and other receivables, cash and cash equivalents, loans and other borrowing commitments, and trade and other payables.

Cash and cash equivalents include cash and bank balances, and deposits with maturities of up to three months.

Upon first-time recognition, non-derivative financial instruments are carried at fair value. Subsequently, non-derivative financial instruments are measured as follows.

Financial assets and liabilities are offset and the net result is shown on the balance sheet only if the Group has a legally enforceable right to netting and if it intends to offset on a net basis and to realise the asset and the liability simultaneously.

The treatment of financing income and expenses is described on page 75.

**Financial assets held to maturity**

If it is the Group's express aim to hold financial assets to maturity and it is in a position to do so, these are measured at amortised cost plus any directly attributable transaction costs using the effective interest-rate method, less impairment losses.

**Financial assets held for sale**

The investments of the Group in certain bonds and deposits are classified as financial assets held for sale. After initial recognition, these assets are measured at fair value and any changes in the fair value are taken directly to equity, except for impairment losses and exchange rate gains and losses on monetary items available for sale. Attributable transaction costs are recognised in the income statement when they are incurred. When an investment is no longer recognised in the balance sheet, the cumulative profit or cumulative loss in equity is transferred to the income statement. If there is no information available for determining the fair value, the assets are measured at cost.

**Other non-derivative financial instruments**

Other non-derivative financial instruments are measured at amortised cost using the effective interest-rate method, less impairment losses, which are recognised in the income statement.

**Derivative financial instruments**

The Group uses derivative financial instruments to hedge exchange-rate and interest-rate risks. Upon initial recognition, derivative financial instruments are carried at fair value, which is the same as the cost at that time. Attributable transaction costs are charged to the income statement when incurred. Subsequently, derivative financial instruments are measured at fair value and any changes in the fair value are accounted for as described below.

**Hedge accounting**

When a derivative is first designated as a hedging instrument, the Group formally documents the relationship between the hedging instrument(s) and the position(s) being hedged. This includes its risk management objectives and strategy in entering into the hedge transaction and the hedging risk, as well as the methods used to determine the effectiveness of the hedging relationship. On entering into the hedging relationship, and subsequently on an ongoing basis, the Group assesses whether the hedging instruments are expected to be 'very effective' during the designated hedging period in providing compensation for changes in the fair value or cash flows attributable to the hedged position(s) and whether the actual results of each hedge are within the set range of 80% to 125%. A requirement for cash-flow hedges of expected transactions is that it should be extremely likely that the transaction will take place.

**Cash-flow hedges**

If a derivative is designated as a hedge for fluctuations in cash flows ensuing from a certain risk associated with a recognised asset or liability, or because an extremely likely expected transaction could affect the profit or loss, then the effective portion of the changes in the fair value of the derivative is recognised in the unrealised results and presented in equity in the hedging reserve. Any ineffective portion of the changes in the fair value of the derivative financial instrument is recognised directly in the income statement. The accrued amount is transferred to the income statement in the same period in which the hedged position affects the income statement.

**Fair value of hedges**

Changes in the fair value of a derivative hedging instrument that is designated a fair-value hedge are charged or credited to the income statement together with the changes in the fair value of the (group of) assets and liabilities insofar as they are attributable to the hedged risk.

If a hedging instrument no longer satisfies the criteria for hedge accounting, or if it expires or is sold, the hedge is ended prospectively. The cumulative profit or cumulative loss that was previously recognised in equity remains part of the equity until the expected transaction has taken place. The amount recognised in equity is transferred to the income statement (with the net change in the fair value of the cash-flow hedges transferred from equity) in the same period in which the hedging instrument affects the income statement.

**Economic hedges**

Hedge accounting is not applied to derivative instruments used in an economic sense as a hedge for assets and liabilities denominated in foreign currency. Changes in the fair value of such derivatives are taken to the income statement as part of the exchange rate gains and losses. The Group applies accrual accounting for its commodity derivatives for own use, availing itself of the exemption granted under IAS 39.5. This applies to the purchases of diesel, oil and energy.

**Property, plant and equipment**

Property, plant and equipment are measured at cost less cumulative depreciation and impairment losses. The cost of assets constructed by the company includes the cost of raw materials, direct labour costs, a fair portion of the indirect manufacturing costs and capitalised borrowing costs. If relevant, the estimated costs of disassembly and removal of the asset and the clean-up costs of the site where the asset is situated are included in the cost.

Computer software that forms an integral part of the computer equipment is capitalised as part of the relevant equipment.

Assets where only the beneficial ownership rests with the Group are recognised in the balance sheet and treated in accordance with the same principles.

Gains and losses on the sale of an item of property, plant and equipment is determined on the basis of a comparison between the sales revenue and the carrying amount of the item of property, plant and equipment and is taken net to 'other revenues' in the income statement.

**Investment Property**

Investment property is property held to realise rental income, an increase in value or both. Investment property is valued at cost less cumulative depreciation and impairment losses. The cost of assets constructed by the company includes the cost of raw materials, direct labour costs, a fair share of the indirect manufacturing costs and capitalised borrowing costs. If relevant, the estimated costs of disassembly and removal of the asset and cleaning up the site where it was located are included to the cost.

The following principles are applied both to property, plant and equipment and to investment property.

**Components**

Should property, plant and equipment or investment property consist of components with different useful lives, these components are specified as separate items under property, plant and equipment and investment property respectively.

The carrying amount of an item of property, plant and equipment or investment property includes the cost for the renewal of that asset or part of it when the expenses are incurred and if it is likely that the restoration will result in future economic benefits. All other costs associated with the maintenance of the asset are charged to the income statement when they are incurred.

**Depreciation**

Depreciation is charged to the income statement using the straight-line method based on the estimated useful life of an item of property, plant and equipment or component thereof. Land is not depreciated, with the exception of paving.

The estimated useful life for property, plant and equipment is as follows:

- Buildings broken down into components (15 to 100 years) average 40 years
- Other fixed plant 10 to 25 years
- Trains 20 years
- Buses 6 to 15 years
- Plant and equipment 3 to 10 years

And for investment property:

• Foundations and underlying land	100 years
• Structure and core	50 years
• Facades and outer walls	33 years
• Roofing	15 years
• Interior finish	15 years
• Technical equipment	15 years

The estimated useful life is an average for the relevant assets and asset components.

The depreciation method, the remaining useful life and the residual value are reviewed on an annual basis.

Should property, plant and equipment be designated as investment property through a change in its intended use, or if investment property is designated as for own use, a transfer is made to investment property or property, plant and equipment respectively. Since the measurement of both categories of tangible fixed assets is the same, the transfer is made at the carrying amount.

### Intangible non-current assets

#### Goodwill

All the business combinations are accounted for using the acquisition method. Goodwill is the amount that results from the acquisition of subsidiaries, associates and joint ventures. Goodwill represents the difference between the cost of the acquisition and the fair value of the acquired identifiable assets and liabilities at the time of acquisition. Goodwill is measured at cost less cumulative impairment losses. Negative goodwill that results from an acquisition is taken directly to the income statement.

#### Other intangible non-current assets

The other intangible non-current assets acquired by the Group with a finite useful life are measured at cost less cumulative amortisation and cumulative impairment losses.

Expenses after initial recognition for capitalised intangible assets are only capitalised if it would increase the future economic benefits that are contained in the specific asset to which they relate. All the other expenses, including internally generated goodwill and trademarks, are charged to the income statement when they are incurred. Amortisation is charged in a straight line to the income statement based on the estimated useful life of the intangible asset, except for goodwill, from the time it is available for use. The estimated useful life for the current and comparable periods is as follows:

• Software	5 to 8 years
• Contracts	5 to 10 years

### Inventories

Inventories are stated at cost or net realisable value, if lower. The net realisable value is the estimated selling price in the context of ordinary business operations, less the estimated cost of completion and the selling costs.

The cost of inventories is based on the average purchase prices or costs, and includes expenses incurred for the acquisition of the inventories and the related purchasing costs. The cost of inventories of finished products and projects in progress includes a fair share of the indirect cost based on normal production capacity.

### Work in progress commissioned by third parties

Work in progress commissioned by third parties is measured at cost plus profit taken up to the balance-sheet date, less a provision for foreseeable losses and less invoiced instalments in proportion to the project's progress. The cost includes all the direct expenses in connection with specific projects and an allocation of indirect fixed and variable costs incurred in connection with the contract activities on the basis of normal production capacity.

A receivable is defined as when the sum of the costs incurred (including the recognised result) exceeds the sum of the invoiced instalments. If the sum of the costs incurred (including the recognised result) is lower than the sum of the invoiced instalments, it constitutes a debt.

### Impairment

#### Financial assets

Financial assets are tested at each balance-sheet date to ascertain whether they have been impaired. A financial asset is considered to have been impaired if there are objective indications that one or more events have had a negative impact on the expected future cash flows of that asset.

An impairment loss with respect to financial assets measured at amortised cost is calculated as the difference between the carrying amount and the present value of the expected future cash flows, discounted at the original effective interest rate. An impairment loss with respect to a financial asset available for sale is calculated on the basis of the fair value.

Significant financial assets are tested individually for impairment. The remaining financial assets are grouped together on the basis of comparable credit risk features and tested as a group.

All impairment losses are charged to the income statement. A cumulative loss with respect to a financial asset available for sale that had previously been charged to equity is transferred to the income statement.

An impairment loss is reversed if the reversal can be objectively linked to an event that occurred after the loss had been recognised. With respect to financial assets measured at amortised cost and financial assets available for sale in the form of bonds, the reversal is credited to the income statement.

#### Non-financial assets

The carrying amount of the non-financial assets of the Group, with the exception of inventories and deferred tax assets, is reassessed at every balance-sheet date to ascertain whether there are indications of impairment. In the event of such indications, an estimate is made of the net realisable value of the asset. With respect to goodwill and intangible non-current assets not yet ready for use, an estimate is made of the realisable value on every balance-sheet date.

The net realisable value of an asset or a cash-generating unit is the realisable value at the higher of the going-concern value or the fair value less selling costs. When determining the going-concern value, the present value of the estimated future cash flows before tax is calculated using a discount rate before tax that reflects both the current market valuations of the time value of money and the specific risks associated with the asset. For the purpose of impairment tests, assets are combined in a group of assets that generate cash flows from ongoing use that are largely independent of other assets and groups ('cash-generating unit'). For impairment testing, goodwill acquired in a business combination is attributed to cash-generating units that are expected to gain from the synergy benefits of the combination.

An impairment loss is recognised if the carrying amount of an asset or the cash-generating unit to which that asset belongs is higher than the estimated net realisable value. Impairment losses are taken to the income statement. Impairment losses recognised in connection with cash-generating units are first deducted from the carrying amount of any goodwill attributed to the units, and subsequently deducted in proportion from the carrying amount of the other assets in the unit (or group of units).

As far as goodwill is concerned, impairment losses are not reversed. For other assets, impairment losses recognised in prior periods are tested at each balance-sheet date for indications that the loss has decreased or no longer exists. An impairment loss is reversed if the estimates have changed on the basis of which the net realisable value was determined. An impairment loss is only reversed to the extent that the carrying amount of the asset does not exceed the carrying amount, after deduction of depreciation or amortisation, that would have been determined if no impairment loss had been recognised.

### Equity

Dividends are recognised in the period in which profit is appropriated and dividends are declared.

### Deferred credits

This income concerns one-off amounts received in connection with agreements that extend into future years. The income is taken to the income statement during the term of the agreements to which they are related. The income is measured at amortised cost.

### Employee benefits

Employee benefits include pension liabilities arising from benefit plans and other employee benefit obligations consisting of long-service awards, early retirement (VUT) benefits and obligations in connection with staff occupational disability.

Defined contributions plans are plans where the Group has no further obligations over and above paying the contractual contributions. These contributions are recognised in the income statement in the period in which they are due.

Defined benefit plans are plans where the Group cannot suffice by paying the compulsory, contractual contributions to pension funds or insurance companies. The Group's net obligation is calculated separately in respect of each plan by making an estimate of the pension entitlements employees have accrued during the year under review and preceding years. The present value of these entitlements is calculated and this amount is offset against the fair value of the plan assets. The discount rate is the interest rate as at the balance-sheet date of gilt-edged fixed-income securities the term of which approximates that of the pension liabilities. The calculation takes account of aspects such as future wage increases due to general wage developments and career opportunities, inflation and current life expectancy tables. The calculation is performed on an annual basis by a registered actuary using the 'projected unit credit' method. If the calculation produces a positive result for the Group, the recognition of the asset is limited to a maximum that does not exceed the balance of any non-recognised pension costs of past service and the present value of any future reimbursements by the fund, or the future pension premiums if lower. The pension obligations related to the group companies established in the UK are recognised for the franchise periods.



The expected changes in the pension liabilities and the investment results at the beginning of the year based on actuarial calculations are incorporated in the net liabilities and taken to the income statement. The paid amounts are deducted from the net liabilities. The actuarial gains and losses, consisting of the difference between the actual and the expected changes in the pension liabilities and investment results, are taken to equity.

Obligations arising from long-service awards and early retirement benefits are calculated actuarially and recognised at present value. Account is taken of wage and price indexes. Any actuarial gains or losses are taken to the income statement in the period in which they occur. Obligations arising from occupational disability are calculated similarly.

#### Short-term employee benefits

Short-term employee benefits are measured without discounting and recognised when the corresponding service is delivered.

#### Provisions

A provision is formed on the balance sheet when the Group has a legal or constructive obligation as a result of an event in the past and it is likely that settlement of this obligation will require the outflow of funds. Provisions are calculated on the basis of the present value of the expected future cash flows discounted at a rate before tax that reflects the current market valuations of the time value of money and, where necessary, taking account of the risks associated with the obligation.

#### Reorganisation costs and inactivity schemes

Provisions are formed for reorganisation when a detailed plan for the reorganisation has been formalised or made public. No provision is formed for future operating costs. The reorganisation provision mainly relates to redundancies, bridging payments and the redeployment of staff whose jobs have been abolished.

#### Provision for soil decontamination

The provision for soil decontamination is formed to cover the expenses required to maintain operating assets or to bring them up to standard. In accordance with the published environmental policy of the Group and the applicable legal requirements, provisions are formed to manage and clean up environmental pollution when pollution occurs or appears to have occurred.

#### Onerous contracts

A provision for onerous contracts is formed on the balance sheet when the benefits the Group expected to gain from a contract are lower than the unavoidable costs that arise by virtue of the contract.

The provision is measured at the present value of the expected net cost of continuing the contract or, if lower, the present value of the cost of terminating the contract, which is any compensation or penalty as a result of not complying with the contract. Prior to forming a provision, an impairment loss is recognised on the assets related to the contract.

#### Other provisions

Provisions are formed for damage through fire, accidents, guarantees issued, claims and other matters.

#### Lease

Assets where the company or its subsidiaries have beneficial ownership by virtue of a lease agreement are classified as financial leases. The company or its subsidiaries have beneficial ownership if almost all the risks and benefits associated with ownership have been transferred to it. Contracts where the beneficial ownership is in the hands of third parties are classified as operating leases. The substance is the determining factor in the classification of lease agreements as operating or financial leases (rather than the legal form of the contract).

#### Revenues

Revenues include transport earnings and earnings from the other business divisions, less discounts and turnover tax.

#### Providing services and selling goods

Revenue from services provided is recognised in the period in which the service is provided. With respect to delivery contracts that extend beyond the balance-sheet date, revenue is allocated to the separate years in proportion to the stage of completion of the transaction at the balance-sheet date. The stage of completion is determined based on assessments of the work performed. Revenue from the sale of goods is taken to the income statement when the significant risks and benefits of ownership have been transferred to the buyer, the collection of the payment due is likely, the associated costs or any returns can be reliably estimated, there is no longer any management involvement in the goods and the amount of revenue can be reliably determined. Payments from the public authorities by virtue of transport contracts or transport concessions are recognised in the period to which the payment is related.

#### Work in progress commissioned by third parties

The contractual income and expenses of work in progress commissioned by third parties are recognised in the income statement in proportion to the stage of completion of the project. The stage of completion is determined on the basis of the cost of the work performed in relation to the total expected expenses. As soon as a reliable estimate can be made of the result, a proportional part of the profit is credited to the income statement. Expected losses on contracts are directly recognised in full in the income statement.

#### Rental income

Rental income from property is included in the income statement in a straight line based on the term of the lease agreement. The cost of incentives offered to encourage the conclusion of lease agreements is recognised as an integral part of the total rental income.

#### Other revenues

These include capitalised production for own use, incidental revenue and cover provided by third parties for the costs of additional activities that do not form part of the operating activities of the company. The balance between the income from the sale of property, plant and equipment and the carrying amount is also taken to 'other revenues'.

The capitalised production for own use comprises the directly attributable personnel expenses and costs of materials used in the construction of assets for own use. This is mainly for the overhaul of trains.

#### Operating expenses

Operating expenses are allocated to the year to which they are related or during which the goods and services are delivered to the client.

#### Financing income and expenses

Financing income includes the interest income on invested funds (including financial assets available for sale), lease income and profit on the sale of hedging instruments that are recognised in the income statement. Interest income is recognised in the income statement as it accrues, using the effective interest-rate method. Dividend income is recognised in the income statement when the right to payment becomes vested.

Borrowing costs include the interest charges on loans taken up, interest added to provisions and losses on hedging instruments. All the borrowing costs that cannot be directly attributed to the acquisition, construction or production of a qualifying asset are taken to the income statement in accordance with the effective interest-rate method. No financing costs were capitalised in 2011 and 2012.

The release from cross-border lease agreements is deducted from the interest charges.

Exchange-rate gains and losses are part of the financial income and expenses.

Default interest related to positions with the tax authorities is included under other financing income and expenses.

#### Government grants

Government grants are recognised when it is reasonable to expect that the entity will satisfy the conditions attached to the grants and that the grants will be received. The government grants are deducted from the related assets and liabilities.

#### Lease payments

Lease payments pursuant to operating leases are recognised as operating expenses in the income statement in a straight line over the lease period.

#### Income tax

Tax on the profit or loss for the reporting period comprises the payable and deductible taxes for the reporting period and deferred income tax. Income tax is stated in the income statement, unless it is directly related to items taken directly to equity, in which case the tax is taken to equity. All the tax items are stated at nominal value.

The payable and deductible tax for the financial year is the expected tax payable on the taxable profit for the reporting period, calculated on the basis of tax rates that apply on the balance-sheet date and adjustments to tax payable for prior years.

Almost all the subsidiaries that belong to the Group are part of the NS tax entity for corporation tax purposes, with the exception of foreign subsidiaries.

Deferred tax assets and tax liabilities are formed for temporary differences between the carrying amount of assets and liabilities in the financial reporting and the value of these assets and liabilities for tax purposes. The calculation is based on the tax rates expected to apply when the temporary differences are reversed, using the tax rates that have been enacted or substantially enacted as at the balance sheet date.

As far as deferred tax assets within the tax entity are concerned, assumptions are made about the continuity of the enterprise, that there will be sufficient taxable profit in the future and that there is no limit on loss compensation. As a result, it is assumed that deferred tax assets will be collected.

Deferred tax assets and liabilities are only offset if there is a formal right to offset and the company intends to offset the deferred taxes simultaneously. Deferred taxes are recognised at nominal value.

### New standards and interpretations

The Group has not voluntarily opted for the early adoption of any new standards or amendments to existing standards or interpretations that are only mandatory with effect from the financial statements for 2012 or later.

The Group is currently investigating the consequences of the following new standards, interpretations and amendments to existing standards, the application of which is mandatory with effect from the financial statements for 2013, or later where specified:

- IAS 19 Employee Benefits amendment. This standard is expected to have limited impact on the 2013 financial statements.
- IFRS 10 Consolidated Financial Statements and amendments to IAS 27 Consolidated and Separate Financial Statements (endorsed, mandatory with effect from the financial statements for 2014). This standard is expected to have limited impact on the 2014 financial statements.
- IFRS 11 Joint Arrangements and amendments to IAS 28 Associates and Joint Ventures (endorsed, mandatory with effect from the financial statements for 2014). This standard is expected to have an impact on the recognition of some joint ventures in the financial statements. At present, the proportional consolidation method is used. It seems likely that as of 2014 a number of joint ventures will have to be consolidated using the equity method rather than the proportional consolidation method.
- IFRS 12 Disclosures of Interests in Other Entities (endorsed, mandatory with effect from the financial statements for 2014). The consequences of this standard for the 2014 financial statements are being investigated.
- IFRS 13 Fair Value Measurements (endorsed, mandatory with effect from the financial statements for 2013). This standard is expected to have limited impact on the 2013 financial statements.

### Determining the fair value

A number of principles and the information provision of the Group require that the fair value be determined of both financial and non-financial assets and liabilities.

For valuation and information provision purposes, fair value is determined as follows.

### Property, plant and equipment

The fair value of property, plant and equipment included as a result of a business combination is based on the market value. The fair value is calculated on the basis of current purchase prices or is determined by using indexation figures to bring the historical purchase price to the current price.

### Investment property

The fair value is determined independently and professionally through the engagement of qualified specialists. It takes account of the current lease agreements that the Group has concluded in a businesslike and objective manner and that are comparable to those of similar property in the same area. To measure the value of property, the annual net rentals are discounted by a factor that includes the risks that are inherent to the net cash flows. The factor assumed is 10% per annum (2011: 10%).

The fair value of investment property is only determined for information purposes.

### Intangible non-current assets

The fair value of other intangible non-current assets is based on the expected present value of the cash flows from the use and the final sale of the assets.

### Investments in bonds and deposits

The fair value of financial assets held to maturity and financial assets available for sale is determined on the basis of the price at the balance-sheet date. The fair value of investments held to maturity is only determined for information purposes.

### Trade and other receivables

The fair value of trade and other receivables, excluding projects in progress for third parties, is estimated at the present value of the future cash flows which, in turn, are discounted at the intra-banking swap interest rate as at the balance-sheet date.

### Derivatives

The fair value of derivatives is given by the estimated amount that the Group would receive or pay to terminate the contract on the balance-sheet date, with account being taken of the current interest rate and the current creditworthiness of the counterparties to the contract.

### Non-derivative financial liabilities

The fair value of non-derivative financial obligations is measured for disclosure purposes and calculated on the basis of the present value of the future redemptions and interest payments, discounted at the market rate as at the reporting date. As far as financial leases are concerned, the market interest rate is determined on the basis of similar lease agreements.

### Segmented information

Pursuant to IFRS, the Group is not obliged to provide segmented information. As a consequence, the financial statements do not include a statement of segmentation. The notes to the financial statements include segmented information with respect to some items.

The primary segmentation basis - that of business segments - is based on the different nature of the operating activities, the management structure and the internal reporting structure employed by the Group.

Prices for transactions between the segments and between the group companies within the segments are determined on the basis of businesslike and objective principles. Revenue and assets of a segment include items which, directly or, on the basis of reason, can be attributed to the segment.

### Business segments

The Group makes a distinction between the following business segments:

- Passenger transport: the transport of passengers in the Netherlands in domestic trains and buses and in international trains, as well as passenger transport in trains and buses abroad. This also includes activities at the service of passenger transport, such as the provision and maintenance of rolling stock;
- Hub development and operations, comprising the maintenance of property and station sites and the operation of commercial sites in and around stations;
- Other, comprising support companies, holding company operations and the elimination of inter-company transactions.

The passenger transport segment primarily operates in the Netherlands, the UK, Germany and the Czech Republic. The return and risk profiles do not differ to such an extent as to require separate segmentation according to geographical areas.

### Principles for the consolidated cash flow statement

The cash flow statement is essentially prepared on the basis of the comparison between the opening and closing balance for the relevant financial year. In this context, the result is adjusted for changes that did not result in receipts or payments during the financial year.



## GENERAL NOTES

### Acquisition and disposal of companies

The following transactions took place in the year under review.

### Extension of interest

At the start of 2012, the Group made new agreements in one of its equity interests with the existing shareholders with the aim of acquiring the remaining shares. This led to an outflow of resources totalling €4 million. The transfer of the legal ownership of the remaining shares still has to take place. The revaluation of the existing interest at its fair value has resulted in a gain of €6 million. This gain is recognised in 'Other operating expenses'. In view of the above agreements, the equity interest is consolidated in full with effect from 1 January 2012.

This led to an amount of €4 million in intangible non-current assets and €11 million in goodwill.

The revenue for 2012 from this equity interest is 3.8% of the revenue from passenger transport (2011: 5.0%).

### Sale of interest

On 3 August 2012 the equity interest (50%) in Syntus BV was sold to the other shareholder, Keolis. Syntus BV is a public transport company and provides public transport by train and bus in various areas in the eastern Netherlands. This transaction has been designated as not of material significance. The result from the sale was a loss of €11 million, which is recognised in 'Other operating expenses'.

## NOTES

TO THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

# 1

### Property, plant and equipment

in millions of euros	Land	Buildings	Other fixed installations	Rolling stock	Parts	Machinery & equipment	Assets under construction	Total
<b>2011</b>								
<b>Cost as at 1 January</b>	119	427	141	5,267	181	554	314	7,003
Additions	-	-	-	-	-	-	424	424
Capitalisations	4	47	14	252	15	38	-369	1
Acquisitions	-	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	1	-	1
Divestments	-4	-3	-1	-96	-	-19	-10	-133
Impairment reversals	-	-	-	-	-	-	132	132
Disposals	-	-	-	-	-	-	-	-
Other changes	-	-9	-8	-6	-8	-6	-10	-47
<b>Cost as at 31 December</b>	119	462	146	5,417	188	568	481	7,381
<b>Cumulative depreciation and impairment as at 1 January</b>	24	196	94	2,934	101	393	-	3,742
Depreciation of the year	2	15	10	234	10	47	-	318
Divestments	-	-2	-	-77	-	-15	-	-94
Impairment	-	-	-	-2	-	-	-	-2
Impairment reversals	-	-	-	-12	-	-	-	-12
Exchange rate differences	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Other changes	-	4	-	2	-8	-2	-	-4
<b>Cumulative depreciation and impairment as at 31 December</b>	26	213	104	3,079	103	423	-	3,948
<b>Carrying amount as at 1 January</b>	95	231	47	2,333	80	161	312	3,272
<b>Carrying amount as at 31 December</b>	93	249	42	2,338	85	145	481	3,433

in millions of euros	Land	Buildings	Other fixed installations	Rolling stock	Parts	Machinery & equipment	Assets under construction	Total
<b>2012</b>								
<b>Cost as at 1 January</b>	119	462	146	5,417	188	568	481	7,381
Additions	-	-	-	-	-	-	463	463
Capitalisations	14	13	8	429	7	73	-544	-
Acquisitions	-	-	-	5	-	-	-	5
Exchange rate differences	-	-	-	1	-	1	-	2
Divestments	-1	-8	-2	-28	-	-8	-13	-60
Impairment reversals	-	-	-	3	-	-	-	3
Disposals	-	-	-	-	-	-	-	-
Other changes	-	-	-	-25	-4	-7	-52	-88
<b>Cost as at 31 December</b>	132	467	152	5,802	191	627	335	7,706
<b>Cumulative depreciation and impairment as at 1 January</b>	26	213	104	3,079	103	423	-	3,948
Depreciation of the year	2	17	10	236	9	55	-	329
Divestments	-	-7	-3	-24	-	-5	-	-39
Impairment	-	-	-	2	-	-	-	2
Impairment reversals	-	-	-	-	-	-	-	-
Exchange rate differences	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
Other changes	-	-	-	-7	-9	-1	-	-17
<b>Cumulative depreciation and impairment as at 31 December</b>	28	223	111	3,286	103	472	-	4,223
<b>Carrying amount as at 31 December</b>	104	244	41	2,516	88	155	335	3,483

The 'other changes' item primarily relates to intercompany eliminations and reclassifications.

Some of the trains recognised on the balance sheet are part of cross-border lease transactions concluded in the past.

The carrying amount of the rolling stock accommodated in cross-border leases at year-end 2012 is €156 million (2011: €143 million). Collateral has been pledged in the form of a pledge on rolling stock for the Eurofima loans that are not part of the cross-border lease financing. The carrying value of this is €382 million (2011: €394 million). More information can be found in the Financial Risk Management section (see page 106).

Projects and materials under construction mainly consist of investments in trains and buildings.

### Impairment and reversal

The calculations that result in impairment losses and their reversal are based on a weighted average discount rate after tax that lies between 6.5% and 9.1% (2011: between 6.5% and 9.1%).

Abellio operates train and bus concessions in Europe. Some of the bus concessions are running at a loss, as a result of which the relevant rolling stock was not capitalised upon acquisition. The provision for onerous contracts at year-end 2011 was €7 million and was deducted in full from plant, property and equipment. At the end of 2012, the remaining portion of this write-down (€3 million) was reclassified as part of the 'provisions' item.

## 2

## Investment property

in millions of euros	Investment property	Investment property under construction	Total
<b>2011</b>			
<b>Cost as at 1 January</b>	429	7	436
Additions	-	25	25
Capitalisations	7	-7	-
Disposals	-	-	-
Divestments	-18	-	-18
Other changes	-	7	7
<b>Cost as at 31 December</b>	<b>418</b>	<b>32</b>	<b>450</b>
<b>Cumulative depreciation and impairment as at 1 January</b>	<b>127</b>	<b>-</b>	<b>127</b>
Depreciation of the year	13	-	13
Disposals	-	-	-
Divestments	-6	-	-6
Impairment	1	-	1
Other changes	-	-	-
<b>Cumulative depreciation and impairment as at 31 December</b>	<b>135</b>	<b>-</b>	<b>135</b>
<b>Carrying amount as at 1 January</b>	<b>302</b>	<b>7</b>	<b>309</b>
<b>Carrying amount as at 31 December</b>	<b>283</b>	<b>32</b>	<b>315</b>
in millions of euros	Investment property	Investment property under construction	Total
<b>2012</b>			
<b>Cost as at 1 January</b>	418	32	450
Additions	-	13	13
Capitalisations	29	-29	-
Acquisitions	-	-	-
Disposals	-	-	-
Divestments	-6	-	-6
Other changes	-2	5	3
<b>Cost as at 31 December</b>	<b>439</b>	<b>21</b>	<b>460</b>
<b>Cumulative depreciation and impairment as at 1 January</b>	<b>135</b>	<b>-</b>	<b>135</b>
Depreciation of the year	15	-	15
Disposals	-	-	-
Divestments	-4	-	-4
Impairment	3	-	3
Other changes	-3	-	-3
<b>Cumulative depreciation and impairment as at 31 December</b>	<b>146</b>	<b>-</b>	<b>146</b>
<b>Carrying amount as at 31 December</b>	<b>293</b>	<b>21</b>	<b>314</b>

The fair value of investment property as at 31 December 2012 amounts to €0.5 billion (2011: €0.5 billion). The value was measured independently and professionally through the engagement of qualified specialists. In this context, account was taken of the current lease agreements that the Group has concluded in a business-like, objective manner and that are comparable to those for similar property in the same area. The fair value of the property portfolio is calculated on the basis of a net initial yield of 10% (2011: 10%). If the yield applied to the valuation of the property portfolio as at 31 December 2012 were to be more than 100 basis points above the current yield, the value would fall by 10% (2011: 10%).

Investment property consists of a number of business premises let to third parties. Generally, the lease agreements include a period of some years during which it is not possible to cancel the agreement. After this period, renewal of the agreement is negotiated with the tenant. No conditional lease payments are charged.

The direct rental income amounts to €62 million (2011: €64 million). The direct rental costs include maintenance costs, immovable property tax and direct management costs, and came to €12 million (2011: €14 million).



## 3

## Intangible non-current assets

in millions of euros	Goodwill	Other intangible assets	Total
<b>2011</b>			
<b>Cost as at 1 January</b>	<b>31</b>	<b>55</b>	<b>86</b>
Additions	-	11	11
Acquisitions	-	-	-
Disposals	-	-	-
Other changes	1	-1	-
<b>Cost as at 31 December</b>	<b>32</b>	<b>65</b>	<b>97</b>
<b>Cumulative amortisation and impairment as at 1 January</b>	<b>-</b>	<b>11</b>	<b>11</b>
Amortisation for the year	-	5	5
Impairment	5	-	5
Disposals	-	-	-
Other changes	-	-	-
<b>Cumulative amortisation and impairment as at 31 December</b>	<b>5</b>	<b>16</b>	<b>21</b>
<b>Carrying amount as at 1 January</b>	<b>31</b>	<b>44</b>	<b>75</b>
<b>Carrying amount as at 31 December</b>	<b>27</b>	<b>49</b>	<b>76</b>
<b>2012</b>			
<b>Cost as at 1 January</b>	<b>32</b>	<b>65</b>	<b>97</b>
Additions	1	16	17
Acquisitions	11	4	15
Disposals	-	-1	-1
Other changes	-	2	2
<b>Cost as at 31 December</b>	<b>44</b>	<b>86</b>	<b>130</b>
<b>Cumulative amortisation and impairment as at 1 January</b>	<b>5</b>	<b>16</b>	<b>21</b>
Amortisation for the year	-	11	11
Disposals	-	-	-
Impairments	6	2	8
Other changes	-	-	-
<b>Cumulative amortisation and impairment as at 31 December</b>	<b>11</b>	<b>29</b>	<b>40</b>
<b>Carrying amount as at 31 December</b>	<b>33</b>	<b>57</b>	<b>90</b>

The cash flows used for determining the impairments are based on the business plans prepared by the relevant business unit for a period of five years. A weighted average cost of capital (WACC) has been agreed for each cash-generating unit in accordance with that of comparable businesses. The calculations resulting in impairments and reversals are based on a weighted average discount rate after tax that lies between 6.5% and 9.1% (2011: between 6.5% and 9.1%).

The goodwill at the end of the financial year relates entirely to the Passenger Transport segment.

The impairments of €5 million in 2011 relate to intangible fixed assets in the Hub Development and Operation segment. The impairment tests performed in 2012 led to a write-down of €6 million on the goodwill and of €2 million on the other intangible fixed assets of a foreign associate.

## 4

## Investments in equity accounted investees

in millions of euros	
<b>Carrying amount as at 1 January 2011</b>	<b>14</b>
Exchange rate difference	-
Increase	-
Disposal	-
Share in profit	-
Profit distributed	-
Other changes	-
<b>Carrying amount as at 31 December 2011</b>	<b>14</b>
Exchange rate differences	-
Increase	1
Disposal	-
Share in profit	-
Profit distributed	-1
Other changes	-
<b>Carrying amount as at 31 December 2012</b>	<b>14</b>

Pursuant to the disclosure requirements contained in sections 379 and 414, Book 2 of the Dutch Civil Code, a complete list of group companies, associates and joint ventures has been filed with the Trade Register in Utrecht.

With respect to investments accounted for using the equity method there are no material contingent assets and /or contingent liabilities.

# 5

## Other non-current financial assets, including investments

In millions of euros	31 Dec 2012	31 Dec 2011
<b>Other non-current financial assets, including investments</b>		
Available-for-sale financial assets	135	69
Held-to-maturity investments	2	50
Financial leases	23	16
Other investments	16	15
<b>Total</b>	<b>176</b>	<b>150</b>
<b>Other current financial assets</b>		
Deposits	279	362
<b>Total</b>	<b>279</b>	<b>362</b>
<b>Total for available-for-sale financial assets</b>	<b>135</b>	<b>69</b>
<b>Total for held-to-maturity investments</b>	<b>2</b>	<b>50</b>

The Group uses financial lease contracts to provide DB Schenker Rail Nederland NV with freight rolling stock, with the Group acting as lessor.

The weighted average remaining term of the lease contracts is less than one year (2011: one year).

The deposits and bonds (included in current financial assets available for sale) are intended, among other things, for payment of some €360 million (2011: €450 million) of the agreed investment obligations, redemption and interest payments on loans, non-current provisions and liabilities.

The credit, exchange-rate and interest-rate risks the Group faces in relation to the other investments are explained in greater detail on pages 106 to 115.

# 6

The deferred tax assets and liabilities can be broken down into the relevant items as follows:

## Deferred and current tax assets and liabilities

In millions of euros	Assets		Liabilities	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Property, plant and equipment	124	126	144	127
Non-current financial assets	-	-	9	9
Receivables	92	121	-	-
Deferred credits	41	52	-	-
Provisions	66	3	-	-
Non-current liabilities	20	15	-	-
Other items	2	-	-	-
Tax loss carry-forward	1	75	-	-
<b>Deferred tax asset</b>	<b>346</b>	<b>392</b>		
<b>Deferred tax liability</b>			<b>153</b>	<b>136</b>
<b>Netted deferred tax assets and liabilities</b>	<b>193</b>	<b>256</b>		
<b>Current tax assets and liabilities</b>				
Current tax asset	11	14		
Current tax liability			9	17



Changes during the reporting period in the temporary differences between commercial valuation in the balance sheet and the valuation for tax purposes, distinguished according to additions and reductions:

### Deferred and current tax assets and liabilities 2011

In millions of euros	Tax base for calculation of deferred tax as at 1 January 2011	Increase	Decrease	Tax base for calculation of deferred tax calculated as at 31 December 2011
Property, plant and equipment	528	9	35	502
Intangible assets	1	-	-	1
Non-current financial assets	29	-	29	-
Inventories	25	-	25	-
Receivables	599	7	121	485
Deferred credits	223	2	17	208
Provisions	212	3	203	12
Non-current liabilities	25	48	15	58
Current liabilities	1	-6	1	-6
<b>Total for temporary differences</b>	<b>1,643</b>	<b>63</b>	<b>446</b>	<b>1,260</b>
Deferred tax asset on temporary differences	413	9	105	317
Tax loss carry-forward	2	82	9	75
Changes in tax rate, temporary differences	-8	-	-8	-
<b>Total deferred tax assets</b>	<b>407</b>	<b>91</b>	<b>106</b>	<b>392</b>
<b>Deferred tax liabilities</b>				
Property, plant and equipment	577	190	5	762
Financial assets	35	1	1	35
Intangible assets	25	-	5	20
Receivables	10	-3	4	3
Provisions	1	-	-	1
Other items	-	-	-	-
<b>Total temporary differences</b>	<b>648</b>	<b>188</b>	<b>15</b>	<b>821</b>
Deferred tax liability on temporary differences	103	38	5	136
Changes in tax rate, temporary differences	-	-	-	-
<b>Deferred tax liability on temporary differences</b>	<b>103</b>	<b>38</b>	<b>5</b>	<b>136</b>

### Deferred and current tax assets and liabilities 2011

In millions of euros	Tax base for calculation of deferred tax as at 1 January 2012	Increase	Decrease	Tax base for calculation of deferred tax calculated as at 31 December 2012
Property, plant and equipment	502	12	21	493
Intangible assets	1	-	-	1
Receivables	485	-	118	367
Deferred credits	208	-	43	165
Provisions	12	254	3	263
Non-current liabilities	58	20	2	76
Current liabilities	-6	15	3	6
<b>Total temporary differences</b>	<b>1,260</b>	<b>301</b>	<b>190</b>	<b>1,371</b>
Deferred tax asset on temporary differences	317	73	45	345
Tax loss carry-forward	75	66	140	1
<b>Total deferred tax assets</b>	<b>392</b>	<b>139</b>	<b>185</b>	<b>346</b>
<b>Deferred tax liability</b>				
Property, plant and equipment	762	146	9	899
Financial assets	35	-	-	35
Intangible assets	20	-	-	20
Receivables	3	2	3	2
Provisions	1	-	-	1
Other items	-	-	-	-
<b>Total temporary differences</b>	<b>821</b>	<b>148</b>	<b>12</b>	<b>957</b>
Deferred tax liability on temporary differences	136	19	2	153
Changes in tax rate, temporary differences	-	-	-	-
<b>Total deferred tax liability</b>	<b>136</b>	<b>19</b>	<b>2</b>	<b>153</b>

Of the change in the deferred taxes in 2012, €2 million (2011: €5 million) was recognised in equity. The changes originate from the non-current financial assets item on the balance sheet

The bulk of the deferred tax assets will be collectable before 2015. With respect to a participating interest outside the tax entity, deferred tax assets totalling €12 million were not recognised because it is unlikely that these receivables will be realised in the future.

The applicable income tax rate for the Dutch companies for 2012 is 25% (2011: 25%). The calculation of the deferred tax position was based on the applicable rate of 25%.

The total deferred receivables with a net value of €193 million (2011: €256 million) can be broken down as follows:

- Receivable from the Dutch tax authorities: €284 million (2011: €332 million);

- Receivable from the German tax authorities €2 million (2011: €1 million);
- Owed to the UK tax authorities: €3 million (2011: €3 million);
- Owed to the Irish tax authorities €88 million (2011: €72 million);
- Owed to the Czech tax authorities €2 million (2011: €2 million);

#### Current tax assets and liabilities

The income tax asset of €11 million (2011: €14 million) can be specified as follows:

- Receivable from the UK tax authorities €11 million (2011: €10 million).
- Receivable from the Irish tax authorities: zero (2011: €4 million).

The income tax liability of €9 million (2011: €17 million) can be specified as follows:

- Owed to the UK tax authorities €7 million (2011: €7 million).
- Owed to the Dutch tax authorities €2 million (2011: €10 million).

# 7

## Inventories

in millions of euros	31 Dec 2012	31 Dec 2011
Maintenance materials	54	50
Projects under construction, unsold	3	23
Trade goods	16	7
<b>Total</b>	<b>73</b>	<b>80</b>

In 2012, the charge for the reduction in the inventories value to the net realisable value was €4 million (2011: €8 million). The cumulative impairment loss as at year-end 2012 amounts to €28 million (2011: €30 million).

# 8

## Trade and other receivables

in millions of euros	31 Dec 2012	31 Dec 2011
Receivables from clients from projects in progress	5	7
Trade receivables	246	472
Unbilled revenue	71	58
Other taxes and social security charges	21	21
Other receivables	166	122
<b>Total</b>	<b>509</b>	<b>680</b>

The trade receivables at the end of 2011 include the invoiced revenue from the student pass for 2012. The revenue from the student pass for 2013 was only invoiced in 2013 and is therefore not included in the trade receivables at the end of 2012.

The 'Trade and other receivables' includes an amount of €33 million that concerns related parties.

The credit risk associated with trade and other receivables (excluding projects in progress for third parties) and the impairment losses are shown on pages 113 to 114.

## Receivables from clients for projects in progress

in millions of euros	31 Dec 2012	31 Dec 2011
Costs of work in progress	66	54
Realised gains and losses	5	4
	71	58
Less: Billed instalments	66	51
<b>Receivables from clients for projects in progress</b>	<b>5</b>	<b>7</b>

## Advance payments for projects in progress (stated under trade and other payables)

in millions of euros	31 Dec 2012	31 Dec 2011
Costs of work in progress	242	114
Realised gains and losses	24	18
	266	132
Less: Billed instalments	321	157
<b>Receivables from clients for projects in progress</b>	<b>55</b>	<b>25</b>

Trade and other payables are specified on page 95.

# 9

## Cash and cash equivalents

in millions of euros	31 Dec 2012	31 Dec 2011
Cash and bank balances	889	509
Term deposits	54	23
Tied accounts	5	2
<b>Total</b>	<b>948</b>	<b>534</b>

With the exception of €89 million (2011: €68 million) the cash and cash equivalents are readily available. The interest-rate risk facing the Group and a sensitivity analysis for financial assets and liabilities can be found on pages 106 to 115.

# 10

## Equity

in millions of euros	1 January 2011	Increase/decrease 2011	31 Dec 2011	Increase/decrease 2012	31 Dec 2012
<b>Share capital</b>	<b>1,012</b>	-	<b>1,012</b>	-	<b>1,012</b>
<b>Statutory reserves</b>					
Foreign currency translation reserve	-1	2	1	1	2
Hedging reserve	-14	-14	-28	-8	-36
Total of statutory reserves	-15	-12	-27	-7	-34
<b>Other reserves</b>					
Fair value reserve	2	-3	-1	1	-
Actuarial reserve	5	2	7	1	8
General reserve					
- balance as at 1 January	1,678				
- other changes	-	-		-	
- profit for the period	-	149		211	
- dividends paid	-	-52		-74	
Total general reserve		97	1,775	137	1,912
Total other reserves	1,685		1,781		1,920
<b>Total reserves</b>	<b>1,670</b>		<b>1,754</b>		<b>1,886</b>
<b>Profit for the period</b>	<b>149</b>		<b>211</b>		<b>264</b>
<b>Total group capital</b>	<b>2,831</b>		<b>2,977</b>		<b>3,162</b>
Minority interests	-		-		-
<b>Total equity</b>	<b>2,831</b>		<b>2,977</b>		<b>3,162</b>

The authorised capital as at both 31 December 2012 and 31 December 2011 consisted of 4 million ordinary shares with a nominal value of €453.78 (originally NLG 1,000). There are 2,230,738 shares issued and fully paid up. All issued shares are held by the Dutch State. The shareholders are entitled to dividend as declared each year based on a resolution by the general meeting of shareholders concerning profit appropriation. The shareholders are entitled to cast one vote per share during the company's annual general meeting.

The amount of €74 million (2011: €52 million) proposed the previous year was paid out to the shareholder as dividend in 2012.

### Foreign currency translation reserve

The foreign currency translation reserve includes all the exchange-rate differences that arise from the translation of the financial statements of foreign companies, as well as the translation of liabilities with which the net investment of the company in a foreign group company is hedged.

### Hedging reserve

The hedging reserve consists of the cumulative change in the fair value of hedging instruments where the hedged transaction has not yet taken place or the hedged position has not yet been terminated.

### Fair value reserve

The fair value reserve comprises the cumulative change in the fair value of investments available for sale until the investment is derecognised.

### Actuarial reserve

The actuarial reserve concerns the actuarial gains and losses, consisting of the difference between the actual and the expected changes in the pension liabilities and the investment result for plan assets.

### General reserve

This is recognised in equity after deduction of tax.

### Dividend

The proposed profit appropriation is included under 'Other information' on page 120.



# 11

## Deferred credits

in millions of euros	Financing benefits	Lump sum payments	Total
<b>Total as at 1 January 2011</b>	<b>21</b>	<b>180</b>	<b>201</b>
Release	-11	-8	-19
Other changes	-	-1	-1
<b>Total as at 31 December 2011</b>	<b>10</b>	<b>171</b>	<b>181</b>
Less: current	3	8	11
<b>Total non-current as at 31 December 2011</b>	<b>7</b>	<b>163</b>	<b>170</b>

in millions of euros	Financing benefits	Lump sum payments	Total
<b>Total as at 1 January 2012</b>	<b>10</b>	<b>171</b>	<b>181</b>
Release	-9	-32	-41
Other changes	4	-	4
<b>Total as at 31 December 2012</b>	<b>5</b>	<b>139</b>	<b>144</b>
Less: current	2	8	10
<b>Total non-current as at 31 December 2012</b>	<b>3</b>	<b>131</b>	<b>134</b>

At the end of 2012 the credits concern the balance of financing benefits and the lump sum payment for the wage cost increase following the privatisation of the Spoorwegpensioenfond (railway pension fund) in 1994. The release mainly relates to the reassessment of the ground lease contracts concluded. The release from the financing benefits item was deducted from the borrowing costs in the income statement.

# 12

## Loans and other financial liabilities, including derivatives

These notes contain information about the contractual stipulations and the interest-bearing loans and other financial liabilities the Group has, which are valued at amortised cost.

### Loans and other financial liabilities

in millions of euros	31 Dec 2012	31 Dec 2011
<b>Non-Current liabilities</b>		
Private loans*	520	138
Finance lease liabilities	5	3
Interest rate swaps used for hedging	52	39
<b>Total</b>	<b>577</b>	<b>180</b>
<b>Current liabilities</b>		
Private loans*	48	365
<b>Total</b>	<b>48</b>	<b>365</b>
<b>Total loans and borrowings</b>	<b>625</b>	<b>545</b>

\* A private loan of €355 million with a term until December 2016 was presented at 31 December 2011 as a current liability because this loan had to be refinanced by the lender in 2012.

The liquidity, exchange-rate and interest-rate risks arising from the loans and other financial liabilities of the Group are explained in greater detail on pages 106 to 115.

# 13

## Employee benefits

The employee benefits comprise:

- Obligations with respect to staff who retired early, including the amount of the future benefits that former employees receive pursuant to the then VUT scheme, and early retirement after 40 years of service in the context of the transitional arrangement (OVUT);
- Other employee benefits in the long term, including long-service awards;
- Obligations arising from occupational disability and supplements to social security benefits;
- Obligations in connection with defined benefit plans (for further information, please see pages 92 to 93).

## Employee benefits

in millions of euros	31 Dec 2012	31 Dec 2011
Defined benefit plans	3	4
Other long-term employee benefits	27	23
Liabilities from occupational disability benefit and social security payments	-	-
Transitional arrangements for early retirement (OVUT)	5	4
<b>Totaal</b>	<b>35</b>	<b>31</b>

### Pension liabilities

The pension plans of the following pension funds apply to the staff of the NS group companies, with the number of participating active members shown (as at year-end 2012):

### Active members

Spoorwegpensioenfond	15,688
Horeca & Catering industrial pension fund	3,007
Food industry industrial pension fund	630
Supplementary Servex pension plan	94
Merseyrail Railways Pension Scheme	605
Northern Rail Railways Pension Scheme	2,367
Greater Anglia	2,330
Abellio London	673

When joining industrial pension funds, NS group companies are under no obligation to meet additional payments in the event of a shortfall in the industrial pension fund, other than meeting their obligations with respect to future premiums. Likewise, the NS group companies also have no entitlement to any surpluses in the funds. As a result, these defined benefit plans are treated as defined contribution plans in these financial statements in accordance with IFRS.

The pension contributions charged to the income statement for 2012 totalled €40 million (2011: €34 million).

The pension plan for the railways sector is administered by Spoorwegpensioenfond. For financial reporting, this plan is classified as a defined contribution plan. The premium agreed with Spoorwegpensioenfond is a fixed, predefined annual premium, expressed as a percentage of the pension base. This eventually increases to 20%. Of the pension premiums paid to Spoorwegpensioenfond, two thirds is for the account of the employer and one third for the account of the employees. After payment of the agreed premium, the company has no further obligation to make additional payments should there be a shortfall in the pension fund. The actuarial risks and the investment risks are borne by the pension fund and its members.

With respect to Greater Anglia and Abellio London, the pension plan is primarily a defined contribution plan.

### Merseyrail and Northern Rail

Merseyrail and Northern Rail have placed the administration of the pension plan for their staff with the Railways Pension Scheme. The respective funds can be considered as company pension funds and the pension plan as a defined benefit plan. The negative difference between the pension liabilities and plan assets is recognised under other non-current liabilities and consists of the amount that would result in payment over the duration of the franchise period. The residual amount at the end of the concession period is not recognised in the balance sheet because it will be part of the liabilities of the next franchise holder. Of the total pension charges calculated, 60% is for the account of the employer and 40% for that of the employees.

The pension liabilities and the plan assets were determined using actuarial calculations carried out as at 31 December.

### Basic assumptions

In calculating the pension liabilities and the plan assets of Merseyrail and Northern Rail, the following basic assumptions were used:

### Basic assumptions

	2012	2011
Discount rate	4.6%	4.7%
Expected return on invested assets in the long term	5.7-6.0%	6.2-6.5%
Total wage increase	3.4%	3.5%
Pension increase	2.2%	2.3%
Inflation	2.9%	3.0%

Mortality table: 2010 SFO valuation

### Breakdown

The pension liabilities can be broken down as follows:

### Summary of pension liabilities

in millions of euros	31 Dec 2012	31 Dec 2011
Fair value of plan assets	375	331
Defined benefit obligations	513	486
Deficit	-138	-155
Members' share of deficit	55	62
Deficit at the end of the concessionary period	80	89
Write-down of pension surplus	-	-
<b>Group's commitments concerning franchise period</b>	<b>-3</b>	<b>-4</b>

The actuarial calculation for all the plans as at year-end 2012 and 2011 resulted in a liability.

### Change

The change in the plan assets and the pension liabilities is as follows:

### Change in the pension liabilities

in millions of euros	2012	2011
Plan assets as at 1 January	331	312
Expected return	22	22
Pension contributions	20	18
Pension benefits paid	-10	-10
Difference between actual return and expected return	4	-21
Exchange rate gains and losses	8	10
<b>Plan assets as at 31 December</b>	<b>375</b>	<b>331</b>
Defined benefit obligations as at 1 January	486	420
Pension costs	25	22
Interest expenses	24	24
Pension benefits paid	-10	-10
Net actuarial gain or loss	-23	17
Exchange rate gains and losses	11	13
<b>Defined benefit obligations as at 31 December</b>	<b>513</b>	<b>486</b>

### Breakdown of plan assets

The breakdown of the plan assets is as follows:

### Breakdown of the plan assets

in millions of euros	31 Dec 2012	31 Dec 2011
Shares	201	205
Fixed-income securities	55	47
Property	35	30
Cash	52	19
Other	32	30
<b>Total</b>	<b>375</b>	<b>331</b>

### Pension charges in the income statement

in millions of euros	2012	2011
Pension costs	15	13
Interest expenses	10	11
Expected return on investments	-13	-13
<b>Total</b>	<b>12</b>	<b>11</b>

### Historical information

in millions of euros	2012	2011	2010	2009	2008
Fair value of plan assets	375	331	312	268	213
Present value of defined benefit obligations	513	486	420	389	239
<b>Balance of liabilities</b>	<b>-138</b>	<b>-155</b>	<b>-108</b>	<b>-121</b>	<b>-26</b>
Difference between realised and expected return on investment	4	-21	10	16	-104
Percentage of plan assets	1.1%	-6.3%	3.2%	6.0%	-48.8%
Experience gains or losses on defined benefit obligations	-4	-3	3	-2	-3
As percentage of defined benefit obligations	-0.8%	-0.6%	0.7%	-0.5%	-1.3%

The Group projects that it will have to contribute €16 million to the aforementioned defined benefit plan in 2013. In 2012, the contribution totalled €12 million.

### Early pension after 40 years' service

In accordance with the collective labour agreement (CAO) agreed in 1998 for the social unity of the Group, the early retirement scheme (VUT) was replaced at the time by the early pension scheme. A transitional arrangement applies for staff who have served 40 years before the early pension age and were born before 1950. As regards staff who have served

### Actuarial results included under equity

in millions of euros	2012	2011
Actual return on investment	26	-
Expected return on investment	22	21
<b>Difference between actual and expected return on investment</b>	<b>4</b>	<b>-21</b>
Experience gains or losses on defined benefit obligations	3	-3
Changes in assumptions	21	-13
Change of results of concessions	-16	25
Changes in members' share	-11	15
<b>Total</b>	<b>1</b>	<b>3</b>
Cumulative actuarial gains and losses recognised in equity	8	7

40 years before the early pension age and were born after 1949, the amount reserved for these members of staff has been used for the career break scheme [levensloopregeling]. The administration of the transitional arrangement has been transferred to Spoorwegpensioenfond. A one-off payment was made to Spoorwegpensioenfond in order to cover the obligations. Settlement will be on the basis of the final costs.

### Other long-term employee benefits

This includes long-service obligations. The 2012-2062 mortality tables are used for calculating the long-service awards.



The change in the provision for long-service awards is as follows:

### Change in the provision for long-service obligations

	2012	2011
Long-service award obligation as at 1 January	23	23
Payments	-2	-2
Actuarial gains and losses	5	1
Accrued interest	1	1
<b>Long-service award obligation as at 31 December</b>	<b>27</b>	<b>23</b>

## 14

### Provisions

in millions of euros	Reorganisation costs and redundancy schemes	Provision for soil remediation	Provision for onerous contracts	Other provisions	Total
Carrying amount as at 1 January 2012	17	102	208	70	397
Reclassifications of non-current assets	-	-	3	-	3
Addition	3	-	15	19	37
Accrued interest	-	9	18	-	27
Withdrawal	-6	-9	-188	-8	-211
Reclassification	-	-	206	-2	204
Release	-5	-	-	-	-5
<b>Carrying amount as at 31 December 2012</b>	<b>9</b>	<b>102</b>	<b>262</b>	<b>79</b>	<b>452</b>
<b>Non-current</b>					<b>277</b>
<b>Current</b>					<b>175</b>

#### Reorganisation costs and inactivity schemes

The purpose of the provision for reorganisation costs and inactivity schemes is to cover the costs incurred due to reorganisation measures. The bulk of the provision is earmarked for redundancy schemes, bridging payments and redeployment of members of staff whose positions have been abolished during a reorganisation. The Group expects obligations to arise with respect to this provision until 2016.

#### Provision for soil decontamination

The purpose of the provision for soil decontamination is to manage and clean up environmental damage. The provision is calculated using an average discount rate of 1% (2011: 2%). The Group expects obligations to arise with respect to this provision until 2030. A substantial part of this provision

concerns the residual provision that will have to be on hand in 2030. This portion has a long-term character. A review will be carried out every five years, which may result in adjustments to the addition policy.

#### Provision for onerous contracts

This provision mainly concerns the loss-making concession contract for the operation of HSL South. Discussions with the Dutch State resulted in a definitive policy plan by the minister in 2012 to incorporate the HSL South services in the main rail network in a new concession to be awarded in a private settlement to NS with effect from 1 January 2015. HSA's current concession, which was originally awarded for 15 years, will be withdrawn and the concession contract will be terminated prematurely. NS has acted as guarantor vis-à-vis the State regarding the implementation of the published policy plan for the operation and HSA's concession

commitments up to 2015. It was also agreed that the payable access charges would be reduced by €206 million in 2012 due to exogenous factors (EMC-ERTMS issues). At the end of 2012, the provision for the loss-making HSL South contract was calculated on the basis of the best estimate on the balance-sheet date of the present value of the expected net costs of continuing the current concession contract up to 1 January 2015, the date on which the current concession contract will be ended according to the minister's policy plan.

The provision was calculated using a discount rate of 8% (2011: 8%). At the end of 2012 the provision for the loss-making HSL South contract was €249 million (2011: €208 million). In 2012, in addition to interest accruals of €17 million, a net amount of €24 million (2011: €57 million) was added to the provision. Of this amount, €6 million concerned a supplementary addition, €188 million was withdrawn from the provision and €206 million concerned a reclassification to accruals and deferrals on account of the reduction in the access charges payable.

On 17 January 2013, the Amsterdam to Brussels Fyra service was suspended for precautionary reasons due to safety problems with the V250 rolling stock. This event does not affect the actual situation for the assets and liabilities as at the balance-sheet date. Consequently any (additional) losses on the HSL South contract arising from the recent developments in 2013 will be incorporated in the result for the 2013 financial year. Please refer to the section on page 120 about events after the balance sheet date.

The reclassification of non-current assets concerns the reversal of the impairment of the property, plant and equipment of Abellio. The total provision for loss-making bus contracts was €13 million at the end of 2012. The provision was calculated using a discount rate of 8%.

#### Other provisions

The 'other provisions' item concerns, among other things, provisions for damage due to accidents and fire, and a provision for risks associated with the cancellation of cross-border lease transactions.

## 15

### Accruals

An amount of €26 million is included in the accruals in 2012 for the obligation with respect to the renewal of sidings.

At the end of 2011 this item consisted mainly of a long-term debt of HSA, which was transferred from the accruals items to the long-term liabilities and short-term liabilities in 2012. HSA's total debt at the end of 2012 was €80 million (2011: €204 million). Of this, €37 million was recognised in long-term liabilities for the portion that will be paid in 2014. The portion that will be paid in 2013 is recognised in the short-term liabilities. The interest rate is 3.027% (2011: 3.343%). The State has given HSA leave to delay payment of the access charges in the period to 1 July 2012. It was agreed in 2012 that the payable access charges would be reduced by €206 million in 2012 due to exogenous factors (EMC-ERTMS issues). This amount has been deducted from the long-term liabilities. The reduction in the liabilities did not lead to a gain in 2012 because it had already been taken into account when the provision was formed for the loss-making HSL South contract.

## 16

### Trade and other payables

in millions of euros	31 Dec 2012	31 Dec 2011
Advance payments received for work in progress	55	25
Trade payables	300	169
Current portion of deferred credits	10	11
Other taxes and social security charges	66	89
Other liabilities	457	420
Accrued expenses and deferred income	359	70
<b>Total</b>	<b>1,247</b>	<b>784</b>

The accrued expenses and deferred income comprise the monies received in the context of FENS. About €70 million of the amount in this item is expected to have a term of more than one year. Please refer to page 116 for further information. The trade payables and other liabilities include an amount of €28 million that concerns related parties.

The liquidity risk of the Group arising from trade payables and other outstanding items is specified on pages 106 to 115.

For detailed information on the 'advance payments received for work in progress' item, please refer to page 88.

# 17

## Deferred income

This primarily concerns prepaid season tickets and - at the end of 2011 - deferred income for the student public transport pass.

# 18

## Off-balance-sheet commitments

### Long-term contracts

At year-end 2012, the Group had a number of long-term financial obligations to third parties. In the first instance, these concern operating lease agreements for trains, company cars and reproduction equipment. Secondly, there are long-term contracts for services provided by third parties in the fields of IT, health and safety, maintenance and cleaning. The total obligation for long-term rental agreements for office accommodation amounts to some €85 million (2011: some €90 million).

The amounts payable by virtue of operating lease agreements that cannot be cancelled fall due as follows:

### Amounts due by virtue of operating lease agreements that cannot be cancelled

in millions of euros	31 Dec 2012	31 Dec 2011
< 1 year	233	84
1 - 5 years	371	184
> 5 years	26	139
<b>Total</b>	<b>630</b>	<b>407</b>

In 2005, the Group concluded an eight-year contract with Essent (2007-2014) for the delivery of traction power to the rolling stock fleet in the Netherlands. The transport costs of traction power are not covered by this contract. The value of the contract that exceeds an agreed limit is pledged as security by Essent or paid by Essent. The payment and the liability, to the extent that they exist, are offset against the other because they are inextricably linked. At year-end 2012, the compulsory purchase obligation was €190 million

(2011: €270 million). Furthermore, there are long-term contracts for the delivery of consumables, including the supply of energy, diesel and oil. These contracts are limited in size.

### Group tax entity

Virtually all the subsidiaries of the Group are part of the NS tax entity for Dutch income tax purposes, with the exception of foreign subsidiaries. As a consequence, the Group is jointly and severally liable for the tax liabilities of subsidiaries that are part of the tax entity

### Investment obligations

At year-end 2012, the Group had outstanding investment obligations totalling some €360 million (2011: €450 million), particularly for acquiring and overhauling trains.

### Contingent liabilities

Of the share of the Group in the share capital (converted €125 million) of Eurofima AG, €25 million has been paid up. The Group has a direct callable full payment obligation and guarantee commitments worth €225 million. Collateral has been provided for the Eurofima loans that are not part of the cross-border lease financing in the form of a pledge of rolling stock.

In addition, the Group and consolidated participating interests have issued surety, letters of intent and guarantees worth some €325 million (2011: some €225 million).

Claims have been submitted against NS and/or group companies that it is contesting. Although the outcome of these disputes is not certain, it is expected that they will not have negative financial consequences of material significance.

## Concessions

The Group has the following concessions:

	Expiry date
Main rail network	12/31/14
HSL South	6/30/24
Regional transport concessions	see further
Merseyrail Electrics franchise around Liverpool (UK)	7/20/28
Northern Rail concession in the UK	3/31/14
Greater Anglia concession in the UK	7/19/14
Abellio concessions in Germany	see further
PROBO concessions in the Czech Republic	see further
Abellio London concessions in England	see further
Qbuzz	see further

### Main rail network

This concession was granted by the ministry of Infrastructure and the Environment and concerns passenger transport by rail using the main railway network in the Netherlands. Each year, NS prepares a transport plan that requires the approval of the minister of Infrastructure and the Environment. With the transport it offers, NS is responsible for guaranteeing the public interest of passenger transport by train. This means that NS contributes towards the accessibility of major cities, economic core areas and the regions, and ensures accessibility for all. The service provided by NS must also be focused on growth. Furthermore, in the context of the public interest, NS should keep its operational performance up to standard as measured against five duty-of-care aspects: guaranteeing public safety, running on time, offering a proper service (cleanliness and ready information in the event of disruptions) and offering a fair chance of obtaining a seat. Among other things, it has been agreed with the authorities that if NS should eventually lose the concession for the main rail network, rolling stock used on the main rail network should be taken over by the new concession holder at their carrying amount or on the basis of lease agreements. The concession is valid from 1 January 2005 to 1 January 2015. In 2012, NS was liable for a concession charge of €20 million; this charge will be €30 million in the next two years. In addition, the minister can impose a maximum penalty of €2.75 million per year on NS if the agreed performance as contained in the transport plan is not achieved.

### HSL South

The concession was awarded on the basis of a public tender to HSA, in which NS and KLM are the shareholders. The contractual obligations include, among other things, minimum frequencies and maximum journey times, as well as quality requirements (punctuality) and requirements concerning customer satisfaction and accessibility.

The term of the concession was originally 15 years. The start date was postponed a number of times and was set at 1 July 2009 by the State. The agreement does not contain any options for renewal. As regards termination, it stipulates that this is only possible through cancellation by the minister. Discussions with the State resulted in a definitive policy plan by the minister to cancel the current concession with effect from 1 January 2015, to terminate the concession agreements on that date and then to incorporate the HSL South services in the main rail network in a new integrated concession to be awarded in a private settlement to NS on 1 January 2015 (see note to the provisions).

NS has acted as guarantor vis-à-vis the State regarding the implementation of the published policy plan for the operation and HSA's concession commitments up to 2015. At the end of 2012, the provision for the loss-making HSL South contract was calculated on the basis of the present value of the expected net costs of continuing the current concession contract up to 1 January 2015 (see the explanatory notes to the provisions).

The annual access charge is €148 million as at 2000 prices (the charges are index-linked) with a scheme/discount for the introductory phase for the first four years. The access charge was €126 million in 2012 (2011: €101 million). In December 2008, the State gave HSA leave to delay payment of the access charges for a period of three years from the start date. A one-off reduction in the debt was agreed in 2012 of €206 million in 2012 due to exogenous factors (EMC-ERTMS issues). The remaining liability at the end of 2012 of €80 million in total will be paid in 2013 and 2014. A downward adjustment of €14 million was applied to the annual access charge for journey times and the frequency of the service to Paris. Renegotiations of the access charge, among other things, are possible under certain circumstances.

### Regional transport concessions

This concerns passenger transport by rail for the connections listed below. The concessions contain the requirements with respect to frequency, accessibility, service levels and similar aspects.

The following three concessions were extended in 2012 and have a term up to and including 12 December 2015:

- Gouda – Alphen aan den Rijn
- Zwolle – Kampen
- Rotterdam – Hoek van Holland Strand

The concessions were granted by the relevant provincial or municipal authorities. A user fee is received from the entity granting the concession for its implementation.

The following concessions ended on 9 December 2012 and have been operated since that date by Arriva:

- Zutphen – Apeldoorn
- Zwolle – Emmen



### Merseyrail franchise

This franchise is operated in a 50/50 joint venture with Serco, a listed UK company. It concerns passenger transport on the rail network around Liverpool. The annual train-kilometres comes to approximately six million kilometres. There is a duty to implement the agreed service level (timetable, quality of the service) at a fixed fee from the regional authorities. An evaluation is performed once every five years to ascertain whether the operations continue to be 'efficient'. The first evaluation took place in 2008. The franchise runs for 25 years (until 20 July 2028). There is no option to renew the franchise. Failure to comply with the contract means that the franchise may be terminated, in which case the financial exposure would be £5 million. The annual fee from the authorities (grant) is laid down in the contract and is indexed annually.

### Northern Rail franchise

This franchise is operated in a 50/50 joint venture with Serco, a listed UK company. It concerns the regional and urban passenger transport in the north of England. This franchise covers about 45 million train-kilometres a year. There is a mandatory requirement to perform the agree service provision (timetable, quality of the timetable) in return for a fee from the authorities (grant) agreed in advance and which is indexed annually. The franchise runs until 31 March 2014. If the contractual conditions are not met, the franchise may be terminated. In that case, the financial exposure is £13 million.

### Greater Anglia franchise

Abellio won the Greater Anglia franchise in 2011. This franchise is operated by the full subsidiary Abellio Greater Anglia Ltd. It concerns passenger transport by train on the rail network in the Anglia region in the east of England. The number of train-kilometres for this franchise is around 34 million per annum. The franchise started on 5 February 2012 and runs up to 19 July 2014. There is an obligation to provide the set services (timetable, quality of the services) for a predetermined fee paid to the government, which is index-linked on an annual basis. In the event of non-compliance with the contract, the franchise may be terminated. In that case the financial exposure is £10 million. There are also 50 franchise obligations that must be met during the term of the franchise, with penalty clauses if the obligations are not met.

### Concessions in Germany

Abellio operates various bus and train services in the North-Rhine Westphalia and Hessen regions. The concessions run until between 2014 and 2022. In October 2012 it acquired the Saale-Thüringen-Südharz-Netz rail concession with a start date in December 2015 and annual revenue of around €140 million.

### Concessions in the Czech Republic

PROBO operates 68 bus services in the Central Bohemia region. The concessions run until between 2013 and 2014.

The number of bus-kilometres covered by these concessions is approximately 7.5 million per annum. The annual fee paid by the government is stipulated in the contractual and is reviewed on an annual basis.

### Concessions in London

Abellio London operates 42 bus services in London from 5 depots and 37 in Surrey. The concessions have an average term of five years and end between 2013 and 2018.

### Qbuzz concessions

Qbuzz operates regional bus concessions in Rotterdam (up to December 2012), Friesland (up to December 2016) and Groningen-Drenthe (for a term extended by two years in 2012 to December 2017).

## NOTES TO THE CONSOLIDATED INCOME STATEMENT FOR 2012

# 19

### Revenue

Revenues can be broken down as follows into revenue categories:

#### Revenue Categories

In millions of euros	2012	2011
passenger transport	3,568	2,769
Hub development and operation	735	611
Other activities	58	48
Intra group elimination	-95	-83
<b>Total turnover</b>	<b>4,266</b>	<b>3,345</b>
Own capitalised production	159	105
Other revenue	213	178
<b>Total revenue</b>	<b>4,638</b>	<b>3,628</b>

The Hub Development and Operation item includes an amount of €248 million relating to development activities.

## OPERATING EXPENSES

# 20

### Staff costs

In millions of euros	2012	2011
Wages and salaries	1,187	993
Social security contributions	159	119
Contributions to defined contribution plans	28	23
Contributions to defined benefit plans	12	11
Other staff costs	95	78
Staff hired in	120	75
<b>Total</b>	<b>1,601</b>	<b>1,299</b>

The average workforce, expressed in full-time equivalents (FTEs):

### Average workforce

	2012	2011
passenger transport	24,342	19,775
Hub development and operation	3,213	3,136
Other activities	470	458
<b>Total</b>	<b>28,025</b>	<b>23,369</b>

### Remuneration of Directors

#### Introduction

In 2012 the remuneration policy for of the NS Executive Board was revised. This took account of the developments in this area in Dutch society. The discussions resulted in a new remuneration policy for NS Executive Board members approved by the shareholder at the end of 2012; this policy will apply to all newly appointed members of the NS Executive Board. The main points of this new policy are given at the end of this report, after the 2012 remuneration report.

#### Remuneration in 2012

The remuneration for the sitting members of the Executive Board in 2012 is based on the remuneration policy pursued since 2009.

The aim of this policy is twofold.

1. The remuneration policy supports the national and international objectives of NS and is in line with the organisation's positioning within the national and international multi-modal transport sector in an increasingly competitive environment.
2. The level of remuneration and the design of the remuneration components create the conditions for being able to attract and retain qualified Executive Board members with the necessary expertise and experience and pay them in line with acceptable standards.

The remuneration is determined by the Supervisory Board following a proposal by the Remuneration Committee. The Remuneration Committee consists of Ms T.M. Lodder (chair), Mr W. Meijer and Ms M.J. Oudeman.

**Remuneration components and the relationship between the individual components**

The Executive Board's remuneration consists of a fixed salary with employee benefits (expense allowance, lease car and pension) and a short-term variable component. The short-term variable component is geared to the realisation of challenging objectives within a single financial year. It amounts to a maximum of 50% of the fixed income for the Chairman and CEO and a maximum of 40% for the other current Executive Board members.

**Size of the remuneration in relation to the external remuneration market**

The frame of reference for the total salary was changed in 2009. This involved NS being placed in the market/public category by the government, a position that has been adopted by the Supervisory Board. As of 2009, the remuneration has been determined by taking into account a weighted combination of remuneration relationships in the relevant markets, namely the public, private and international markets. The median remuneration for each reference group is taken into consideration.

For the public reference group, an analysis is made of the remuneration of a group of public and semi-public organisations that are comparable with NS. In the case of the private market, the remuneration is used for Dutch management positions of a similar level. To do this, the Executive Board positions at NS are analysed using the HAY Group's job weighting method, a method that is also used for other jobs within NS. The international reference group consists of foreign transport companies.

A weighted average of the median values is determined using weights set by the shareholder; the public reference group is assigned a weight of 40%, the private reference group a weight of 35% and the international reference group a weight of 25%.

The Supervisory Board notes that the total cash income (this is the combined value of the fixed salary and the short-term variable component) for the NS Executive Board is less than the median income determined in this manner.

On 1 January 2012, the fixed salary of the NS Executive Board members was increased by 1.5%. This is in line with the increase agreed in the NS collective labour agreement and appropriate for the remuneration policy.

**Performance criteria for the variable remuneration component**

The performance criteria are defined at the start of the year by the Remuneration Committee and are adopted by the Supervisory Board. The performance criteria are derived directly from the corporate plan and the Transport Plan for 2012. They are subdivided into customer-related and shareholder-related criteria. Around 75% of the performance criteria are customer related. The Remuneration Committee submits a proposal to the Supervisory Board concerning whether and to what extent the targets have been achieved and whether there are exceptional circumstances that necessitate amendments. The Supervisory Board then determines the variable remuneration.

Around 80% of the performance criteria applied to all of the Executive Board members, although with different weightings for the different members.

Making use of its discretionary powers, the Supervisory Board decided not to grant any variable remuneration to the NS Executive Board members for 2012. The reason for this is the big impact that the bad winter weather on 3 and 4 February 2012 had on the performance of NS, in the eyes of Dutch society. Following on from this, the Supervisory Board decided after consulting with the shareholder to apply a discretionary adjustment of 35% to the variable remuneration for 2011, which would have been 100% according to the determination method but had not yet been established and granted (as was stated in the 2011 annual report). This was announced at the end of 2012 by the Supervisory Board, together with the announcement by the Minister of Finance of the remuneration policy for new Executive Board members. The variable remuneration for 2011 was paid in 2012 and recognised as an expense.

**Pension plan**

The Executive Board members participate in a pension plan operated by the sector pension fund (Railway Pensions Fund). The retirement age for the Chairman and CEO is 62, based on his employment contract in 2001. There is also a transitional arrangement from the age of 60. The retirement age for the Executive Board members appointed since 2009 is 65.

**Employment contracts**

The contract with Mr A. Meerstadt was drawn up in 2001. The contract states that, unless Article 7:687 of the Dutch Civil Code applies, compensation will be paid on termination of the contract of at least 100% and at most 300% of the base salary. When Mr Meerstadt was appointed Chairman and CEO on 1 January 2009, it was decided not to increase his fixed salary to the level of his predecessor, thus putting into practice the policy of pay restraint desired by the shareholder.

Mr Meerstadt was appointed Chairman and CEO for a period of four years on 1 January 2013.

Ms M.W.L. van Vroonhoven was appointed a member of the NS Executive Board for a period of four years on 1 August 2009. In the employment contract concluded with her, the Supervisory Board observed the corporate governance code number II.1.1 and number II.2.7 concerning the duration of the appointment and any compensation respectively, as well as implementing a reduction in her fixed income of 20% compared with her predecessor (on the initiative of the shareholder).

Mr E.M. Robbe was appointed a member of the NS Executive Board for a period of four years as of 1 January 2011. The aforementioned corporate governance principles were also incorporated in his employment contract, along with the reduction in the fixed salary of 20% compared with his predecessor.

**Executive Board remuneration**

The specifications of the gross remuneration amounts for each member of the Executive Board that are for the account of the company are as follows.

**Executive Board remunerations**

In euros	2012	2011
<b>A. Meerstadt</b>		
Fixed salary	489,141	481,912
Variable remuneration	0	156,620
<b>E.M. Robbe</b>		
Fixed salary	379,210	373,606
Variable remuneration	0	97,138
<b>M.W.L. van Vroonhoven</b>		
Fixed salary	379,210	373,606
Variable remuneration	0	97,138
<b>Total</b>	<b>1,247,561</b>	<b>1,580,020</b>

**Crisis levy**

The amount paid to the Executive Board in remuneration is exclusive of the sum of €231,210 in the form of a crisis levy (as determined by the government).

**Pension**

The employer's contribution to the pension expenses for the entire NS Executive Board in 2012 was €39,474 (2011: €38,934). The employer's contribution to the pension expenses is two thirds of the total pension expenses.

**Lease cars**

The Executive Board members of NS are entitled to a lease car in accordance with the NS lease car scheme. The scheme

offers the option of waiving the right to a lease car and being paid the gross lease amount instead. Mr Meerstadt and Mr Robbe make use of this option and receive the gross amount of €1,310 each month in accordance with the scheme. The scheme also offers the option of opting for a smaller lease car with payment of the gross amount of the difference between the actual lease costs and the maximum allowable lease costs. Ms Van Vroonhoven has opted for this option and receives a monthly gross amount of €525.

**Early departure arrangement for Mr Niggebrugge**

Mr Niggebrugge made use of an early departure arrangement with effect from May 2011. This arrangement was established in his employment contract in 2000. The arrangement applies for 24 months with effect from 1 May 2011 and concerns 90% of the last established salary. In 2012 the sum of €426,052 was paid to him. The remaining four months will be paid to him in 2013.

**Remuneration policy for new NS Executive Board members**

The key objective of the policy is that the Supervisory Board should be able to attract and retain well-qualified members for the Executive Board. There has been a change in how the reference salary is determined compared with the existing remuneration policy. The total pay for new Executive Board members will be based on a weighted combination of the remuneration relationships into external reference markets, namely the public market and the private market. Using the median values in these markets, a weighted median value will be determined in the ratio 60 (public market) to 40 (private market). The international reference group will not be included in the new remuneration policy. As regards the public and semi-public peer group, a group of organisations has been chosen that are as comparable as possible to NS in terms of their nature, size, complexity and impact. The analysis will consider the total cash remuneration of the senior executives in these organisations.

In the case of the private market, the remuneration is used for Dutch management positions of a similar level. To do this, the Executive Board positions at NS are analysed using the HAY Group's job weighting method, a method that is also used for other jobs within NS. The reference salary for the fixed salary of the Chairman and CEO is 20% more than the reference salary for the other Executive Board members.

The variable income cannot exceed 20% of the fixed salary. The variable component is comprised of two categories, namely the 'qualitative' interests of passengers and the 'financial' commercial interest. The two categories are weighted in the ratio of 75 to 25. In incorporating the 'qualitative' interests of passengers as a category, there is an explicit link to the 'public transport' function. Both categories have objectively quantifiable performance criteria, for which targets are agreed that can be measured and evaluated over a period of a single year. A score of less than 90% in the qualitative category and/or financial category means that there is no variable remuneration for that year. A claw-back clause has



also been included in the remuneration policy for new NS Executive Board members from 2013. The Supervisory Board maintains its discretionary powers in establishing the variable remuneration.

#### Remuneration of the Supervisory Board members

The remuneration of members of the Supervisory Board for 2012 borne by the company totalled €207,686. In 2011, the remuneration of members of the Supervisory Board borne by the company was €182,183. The remuneration comprises a fixed fee and an allowance for participating in one or more committees.

The specification for each member of the Supervisory Board is as follows:

#### Remuneration of the members of the Supervisory Board

In euros	2012	2011
<b>W. Meijer</b> , Chairman	39,700	39,700
<b>H. Zwarts</b> , Vice-chairman (until 15 March 2011)	-	8,140
<b>F.J.G.M. Cremers</b> , Vice-chairman	40,150	38,664
<b>T.M. Lodder</b>	35,215	35,879
<b>M.J. Oudeman</b>	29,900	29,900
<b>P. Rosenmöller</b>	29,900	29,900
<b>J.J.M. Kremers</b> (appointed on 26 January 2012)	27,641	-
<b>C.J. van den Driest</b> (appointed on 24 October 2012)	5,180	-
<b>Total</b>	<b>207,686</b>	<b>182,183</b>

The company has not extended any loans, advances or guarantees with respect to the Executive Board or Supervisory Board members.

All the shares of NV Nederlandse Spoorwegen are held by the Dutch State. No options have been extended to Executive Board or Supervisory Board members or to members of staff to hold or obtain securities in the company.

## 21

### Depreciation, amortisation and impairment

in millions of euros	2012	2011
Depreciation of property, plant and equipment	329	318
Depreciation of investment property	15	13
Amortisation of intangible assets	11	5
<b>Total depreciation and amortisation</b>	<b>355</b>	<b>336</b>
Impairment of property, plant and equipment	2	-
Reversal of impairment of property, plant and equipment	-	-12
Impairment of investment property	3	1
Impairment of intangible assets	8	5
<b>Total impairment losse</b>	<b>13</b>	<b>-6</b>
<b>Total</b>	<b>368</b>	<b>330</b>

## 22

### Use of raw materials, consumables and inventories

in millions of euros	2012	2011
Raw materials and consumables	338	291
Energy	227	200
<b>Total</b>	<b>565</b>	<b>491</b>

## 23

### Costs of subcontracted work and other external costs

in millions of euros	2012	2011
Subcontracted work	238	143
Cleaning	80	84
Maintenance	106	82
IT	134	114
<b>Total</b>	<b>558</b>	<b>423</b>

## 24

### Infrastructure fees

The user fee for the Dutch rail infrastructure increased from €283 million to €314 million due to a price increase and infrastructure fee paid for the high-speed rail. The user fee for the British rail infrastructure in 2012 was €217 million compared to €84 million in 2011. This increase was due to the start of the Greater Anglia franchise. The user fee for the German rail infrastructure 2012 was €20 million (2011: €20 million).

## 25

### Other operating expenses

Other operating expenses include insurance, accommodation costs and fixtures and fittings, external auditor's fees, publicity costs, rental and lease costs for operating assets and additions to provisions.

#### External auditor's fees

in millions of euros	2012	2011
Statutory audits	1.7	1.7
Other assurance engagements	0.9	0.8
Tax advisory services	-	0.1
Other services	0.9	1.0
<b>Total</b>	<b>3.5</b>	<b>3.6</b>

## 26

## Net finance result

in millions of euros	2012	2011
<b>Recognised in the income statement</b>		
Interest income from held-to-maturity investments	-	-
Interest income from available-for-sale financial assets	1	2
Interest income from deposits with a term longer than a month	4	3
Interest income from bank balances	7	4
Net gain on disposal of available-for-sale financial assets transferred from equity	-	-
Exchange rate differences	-	-
Lease income	1	2
Other interest income	2	4
<b>Finance income</b>	<b>15</b>	<b>15</b>
Interest expense from financial liabilities measured at amortised cost	-19	-16
Financial benefits	9	10
Exchange rate differences	-	-
Other costs of financing activities	-30	-21
<b>Finance expense</b>	<b>-40</b>	<b>-27</b>
<b>Net finance result included in the income statement</b>	<b>-25</b>	<b>-12</b>
<b>Recognised directly in equity</b>		
Foreign currency translation differences	2	1
Effective portion of changes in the fair value of cash flow hedges	-11	-19
Net changes in the fair value of available-for-sale financial assets	1	-4
Income tax on gains and losses recognised in equity	3	6
<b>Finance result recognised directly in equity, after tax</b>	<b>-5</b>	<b>-16</b>
<b>Attributable to:</b>		
Company shareholder	-5	-16
Minority interest	-	-
<b>Finance result recognised directly in equity, after tax</b>	<b>-5</b>	<b>-16</b>

## 27

## Income tax expense

in millions of euros	2012	2011
<b>Included in the income statement</b>		
Current taxes	-22	3
Deferred taxes	-45	-53
<b>Total income tax expense</b>	<b>-67</b>	<b>-50</b>
<b>Reconciliation with effective tax rate</b>		
Profit before tax	331	261
Non-deductible costs	4	3
Other permanent differences	1	-3
<b>Taxable result</b>	<b>336</b>	<b>261</b>
Income tax at Dutch tax rate for corporation tax (2012 and 2011: 25%):	-84	-65
Effect of the tax rate in foreign jurisdictions (different rate)	15	13
Effect of non-valuation of deductible losses	-3	-1
Adjustments from previous years	5	3
Changes in tax rate on deferred taxes	-	-
<b>Total income tax</b>	<b>-67</b>	<b>-50</b>
<b>Income tax on income and expenses recognised directly in equity</b>	<b>2</b>	<b>5</b>

The income tax was calculated using the applicable tax rates in the Netherlands, the UK, Ireland, Belgium, Germany, the Czech Republic, France and the Scandinavian countries, taking account of the tax rules and the permanent differences between the determination of the result for reporting purposes and that for tax purposes. The tax rules consist of, among other things, the participation exemption and the limits to deductible costs.

The effective tax burden on the result for income tax is 20.3% (2011: 19.2%). Deferred tax assets of €1 million

(2011: €1 million) with respect to a number of participating interests that do not form part of the tax entity were not recognised because it is unlikely that these assets will be realised in the future.

Agreements have been reached with the tax authorities with respect to the tax returns until the end of 2007. No final assessment has been received yet for the years after that; the financial statements for previous years and this year include the tax for those years on the basis of the submitted returns.



# 28

## Financial risk management

Financial instruments are contracts between parties that produce a financial asset for one party and a financial liability or equity instrument for the other party. This includes traditional financial instruments (accounts receivable, debts and securities) and derivative financial instruments (derivatives).

Financial instruments potentially bring risk. As far as the Group is concerned, these are mainly market risks, credit risks and liquidity risks. This section discusses the objectives and the policy with respect to the management of risks arising from financial instruments, as well as the management of capital.

The purpose of the Group's risk policy is to identify and analyse the risks to which the Group is exposed, to determine effective risk limits and controls and to monitor compliance with the agreed limits. The policy and systems for financial risk management are evaluated on a regular basis and, where appropriate, adjusted to the changes in the market conditions and the activities of the Group.

To ensure adequate risk management, additional policies have been drawn up for a number of business units. For instance, NS Insurance and Abellio implement specific risk management measures for the business units where Corporate Treasury is responsible for the financial risk management.

Where Corporate Treasury's policy relates to the business units, this policy is recorded in the Cash Manager's Manual [Handboek Cashmanagers], which is part of the overall NS Reporting Manual accessible to every member of staff via the NS intranet. The Group wishes to create a disciplined and constructive climate based on policy standards and procedures in which all the members of staff understand their role and responsibilities. The Group also strives to spread knowledge and expertise among several members of staff in order to avoid excessive dependence on individual people.

The Group participates in transport concessions outside the Netherlands through Abellio. Most of these operations are in the UK, in part in a joint venture with its partner Serco, with both parties having equal representation. In addition, Abellio has operations in Germany and the Czech Republic. The nature of the risks and the control measures are similar to those for NS, bearing in mind the size of these operations.

The Audit Committee and the Supervisory Board monitor the adequacy of the risk management framework in conjunction with the risks the Group faces. In its supervisory capacity, the Group's Audit Committee is assisted by Corporate Audit and the Corporate Finance and Administration department. Corporate Audit performs regular and ad hoc evaluations to

provide additional assurance of the good governance of all the business processes of NS. The findings of Corporate Audit are reported to the Audit Committee.

### Insurance risks

In the context of its operating activities, the Group faces risks that can be insured. Risks over and above its retained cover are administered by the subsidiary NS Insurance. These concern the risks of collision, fire, operational claims and liability claims. The maximum amount of these damages is calculated by external specialists once every three years, or more often if changed circumstances dictate. The subsidiary NS Insurance insures the identified risks of the business units. It does not insure third parties. Should the total annual claims burden exceed the retained cover of NS Insurance, they are covered by reinsurance. The normal loss and damage of the Group will be reimbursed from the premium income and investment income of NS Insurance. If the claims exceed the normal claims, yet are lower than the retained cover of NS Insurance, these are met by the – adequate – free reserve of NS Insurance.

NS Insurance is reinsured by means of stop-loss reinsurance contracts. Maximum possible loss assessments are done on a regular basis to prevent under-insurance. If market conditions allow, NS Insurance only takes out reinsurance with parties with a minimum rating of A+ (stable outlook). Should the rating fall below A-, it has the option to cancel the reinsurance contract. This has not been the case to date. The reinsurers of NS Insurance have a minimum rating (in December 2012) of A-.

NS Insurance is an insurance company subject to regulation by the Dutch central bank (DNB) and the Authority for the Financial Markets (AFM). As is the practice in the insurance sector, the required size of the free reserves to be held is linked to the solvency margin required by DNB. It is standard practice in the industrial insurance market to hold free reserves at a factor three times the solvency margin. The solvency margin requirement for 2012 is approximately €4 million. For NS Insurance, this means that a free reserve of €12 million is sufficient. NS Insurance comfortably satisfies this requirement.

### Information on risks and financial instruments

The following financial risks are distinguished: market risk, credit risk and liquidity risk. There are also additional risks arising from cross-border lease transactions.

### Market risk

Market risk concerns the risk that the income and expenses of the Group or the value of the investments in financial

instruments suffer a negative impact due to market changes, such as the cost of raw materials, foreign exchange rates and interest rates. The purpose of market risk management is to maintain an acceptable market risk position with optimum returns.

### Price risk of raw materials

The Group is sensitive to the effect of market fluctuations in the energy price. In 2005, the Group signed an eight-year contract with Essent (2007-2014) to deliver track power for trains in the Netherlands. The transport costs of the track power are not included in the contract. Under the contract, the Group pays Essent the costs for the shared use of their gas and coal-fired plants. Part of these costs is variable (fuel prices) and part is fixed (other costs). The Group uses a hedging strategy, by means of which a substantial part of the fuel costs (reduced over a number of years ahead) are also fixed.

The contract offers the Group price stability and market conformity, and takes account of volume and credit risk:

- Price stability: shortages in production capacity in the Netherlands and a shortage of CO<sub>2</sub> emission rights do not result in price increases.
- Market conformity: the variable fuel component enables the company to pursue its own risk management in more liquid fuel markets.
- Volume risk: the volume risk of the contract is limited because the Group has the option to adjust the volume annually within bandwidths.
- Credit risk: the credit risk is hedged by means of a credit management system.

If the value of the contract exceeds an agreed threshold, Essent issues security by means of a bank guarantee or Essent contributes cash as security. If this security is pledged in cash, the contribution and the obligation will be offset since the two are intricately linked.

Abellio has agreed fuel hedge contracts for some of its subsidiaries to partly hedge them against fluctuations in the fuel price and the corresponding foreign exchange risks. To this end, forward contracts are used monthly for a part of its fuel costs for a future period (varying between year-end 2012 and 2016) to hedge the exposure from risks associated with fuel costs and the corresponding foreign exchange risks.

### Vacancy risk for investment property

With respect to investment property, the Group faces the risk of vacant properties. To limit this risk, the Group uses long-term rental agreements with financially sound parties. Despite a decrease in the average remaining term of the rental agreements, this is still more than five years as at year-end 2012. The Group continues to strive to

conclude long-term rental agreements with financially sound parties.

### Interest and exchange-rate risks

Interest and exchange-rate risks are largely managed by the head office. The holding of both interest-rate and foreign-currency positions in connection with foreign group companies is regulated, and this is done within defined position limits. Speculative positions are not taken.

The Group uses derivative financial instruments to hedge exchange-rate and interest-rate exposures that arise from operating, financing and investing activities. Such transactions take place within agreed guidelines. Depending on circumstances, this policy can be adjusted from time to time. In accordance with the treasury policy, the Group does not hold derivatives for trading purposes, neither does the Groups issue them.

### Exchange-rate risk

The Group faces exchange-rate exposure on purchases, trading activities, liquid assets, loans taken up and other balance-sheet items denominated in a currency other than the euro. By virtue of its operating activities, the Group's foreign exchange positions mostly arise from positions denoted in pound sterling (GBP), the Swiss franc (CHF) and the Czech koruna (CZK). With respect to foreign currencies, the Group recognises a transaction risk, a translation risk and an economic risk.

Transaction risks concern risks in connection with future cash flows in foreign currency, as well as in connection with balance-sheet positions denominated in foreign currency. The policy of the Group is aimed at hedging 100% of all the material items denominated in foreign currency, with the exception of exchange-rate risks on foreign operations. The risk of exchange-rate fluctuations is hedged using forward exchange contracts, spot and/or forward acquisitions and sales and swaps, as a result of which one or more risks to which the primary financial instruments are exposed are transferred to other contract parties.

Acquisitions and sales, investment and financing obligations and settlements with foreign railway companies are usually conducted in the functional currency of the Group's business units: the euro (EUR) and pound sterling (GBP). At year-end 2011 and 2012, no material items are held in currencies other than the functional currency of the relevant business unit.

### Sensitivity analysis

Since no material items denominated in foreign currency were held at year-end 2012 and 2011, a change in the

exchange rate of the euro at the year-end did not impact on the equity and profit for the reporting period.

*Translation risks concern risks* in connection with the translation of the balance-sheet items of subsidiaries with a functional currency other than the euro. The ensuing risks are only hedged if the Group expects to discontinue the relevant operating activities in the short term. The net equity value of the subsidiary can then be hedged. If no decision has been made to dispose of or discontinue the relevant subsidiary, the translation differences are accounted for in equity via the statutory reserve for exchange differences.

*Economic risks* are related to a possible weakening of the competitive position caused by a change in the value of a foreign currency. These risks are not currently hedged because the likelihood that the competitive position is under threat as a result of this is low. Moreover, this risk is considered to be a normal operational risk.

The main exchange rate for the reporting year is as follows:

### Exchange rate against the euro

	Average exchange rate		Spot rate on reporting date	
	2012	2011	2012	2011
GBP	1.23	1.15	1.23	1.20

### Interest-rate risk

The policy pursued by the Group is to ensure that at least 50% of the interest-rate risk on loans taken up is based on a fixed rate. When determining the interest risk on borrowings, the Group can take account of available liquidities that could neutralise the interest-rate risk on variable interest loans. The Group uses derivatives, such as interest-rate swaps, to limit the interest-rate risk. The tables below provide insight into the interest rates as at the balance-sheet date, as well as the maturity date or - if earlier - the contractual revision date. This means that a position where the interest rate is due to be revised within the coming year is classified in the category '12 months or less'.

The table below presents the interest rates on the balance-sheet date as well as the remaining term for financial assets in the categories of interest-bearing non-current assets and current assets.

### Interest-bearing financial assets

in millions of euros	2011						
	Interest	Total	< 6 mth	6-12 mth	1-2 yr	2-5 yr	> 5 yr
Available-for-sale financial assets	2% - 5%	29	-	-	6	23	-
Held-to-maturity investments	0% - 2%	49	-	-	45	-	4
Financial leases	5% - 6%	16	-	-	16	-	-
Deposits	0% - 2%	362	356	6	-	-	-
<b>Total</b>		<b>456</b>	<b>356</b>	<b>6</b>	<b>67</b>	<b>23</b>	<b>4</b>

in millions of euros	2012						
	Rente	Totaal	< 6 mnd.	6-12 mnd.	1-2 jr.	2-5 jr.	>5 jr.
Available-for-sale financial assets	0% - 5%	95	-	-	14	81	-
Held-to-maturity investments	-	-	-	-	-	-	-
Financial leases	5% - 6%	15	-	-	15	-	-
Deposits	0% - 2%	279	275	-	-	4	-
<b>Total</b>		<b>389</b>	<b>275</b>	<b>-</b>	<b>29</b>	<b>85</b>	<b>-</b>

The above deposits and bonds (included in financial assets available for sale) are intended, among other things, for paying the agreed investment obligations of approximately €360 million, redemption and interest-rate payments on the amounts borrowed, non-current provisions and liabilities.

The interest-rate risk for part of the non-current financial assets available for sale is hedged by means of a fair value hedge making use of interest-rate swaps. The face value of these interest-rate swaps is €60 million. The carrying amount of these derivatives was virtually zero at the end of 2012.

The following notes contain information about the contractual stipulations for the interest-bearing amounts borrowed and other financial liabilities of the Group, which are stated at amortised cost.

The summary of outstanding loans is as follows:

### Interest-bearing financial assets

					31 December 2011	
In millions of euros	Currency	Nominal Interest	Expiry date	Face value	Carrying amount	
Private loans	EUR	0 % - 6%	2012 - 2014	20	20	
Private loans	EUR	0 % - 6%	2014 - 2020	21	21	
Private loans	EUR	6 % - 10%	2012 - 2014	5	5	
Private loans	EUR	6 % - 10%	2014 - 2020	6	6	
Private loans	EUR	variable	2014	29	29	
Private loans	EUR	variable	2016	356	356	
Private loans	EUR	variable	2017	15	15	
Private loans	EUR	variable	2019	51	51	
Financial lease liabilities	EUR	4 % - 6 %	2015	3	3	
Interest rate swaps used for hedging	EUR	3 % - 4 %	2012 - 2016	39	39	
<b>Total liabilities</b>				<b>545</b>	<b>545</b>	

					31 December 2012	
In millions of euros	Currency	Nominal Interest	Expiry date	Face value	Carrying amount	
Private loans	EUR	0 % - 6%	2013 - 2015	7	7	
Private loans	EUR	0 % - 6%	2015 - 2021	16	16	
Private loans	EUR	6 % - 10%	2013 - 2015	3	3	
Private loans	EUR	6 % - 10%	2015 - 2021	10	10	
Private loans	EUR	variable	2016	357	357	
Private loans	EUR	variable	2017	44	44	
Private loans	EUR	variable	2019	51	51	
Private loans	EUR	3%	2014	80	80	
Financial lease liabilities	EUR	4 % - 6 %	2015	4	4	
Interest rate swaps used for hedging	EUR	3 % - 4 %	2013 - 2016	52	52	
<b>Total liabilities</b>				<b>624</b>	<b>624</b>	

The face amount of the interest rate swaps used for hedging at the end of 2012 was €445 million (2011: €417 million).

### Interest-rate profile

As at the balance-sheet date, the interest-rate profile of the interest-bearing financial instruments of the Group could be specified as follows:

### Carrying amount

In millions of euros	Carrying amount 2012	Carrying amount 2011
<b>Assets / liabilities with a fixed interest rate</b>		
Financial assets	110	94
Financial liabilities	120	55
<b>Balance</b>	<b>-10</b>	<b>39</b>
<b>Assets / liabilities with a variable interest rate</b>		
Financial assets	1,227	895
Financial liabilities	452	655
<b>Balance</b>	<b>775</b>	<b>240</b>

### Interest-rate sensitivity

An increase of 100 basis points in the interest rate as at the balance sheet date would mean an increase in profit for the reporting period of €2 million, €12 million more (2011: €9 million) would have been received in interest income. The increase of €4 million (2011: €7 million) in interest charges would be compensated by income from interest-rate swaps of €5 million (2011: €4 million). This results in a positive effect of €3 million (2011: €6 million). Taking account of income tax, an increase of €2 million (2011: €5 million) in the profit for the reporting period and equity remains. In the event of a drop in the interest rate of 100 basis points, a reverse effect would be achieved.

When determining the result, the balance-sheet position at the year-end was assumed for instruments that had a variable interest rate. Subsequently, the effect on this position of an increase or decrease in the variable interest rate of 100 basis points was calculated. For some of these instruments, the variable interest rates are fixed by means of interest-rate swaps. As a result, a change in the variable interest rate has no impact on these instruments. The assumption is that all other variables, in particular foreign exchange rates, remain constant. The analysis was performed on the basis of the same assumptions in 2011.



**Hedging transactions**

The Group uses derivatives to hedge the risk, partially or fully, of fluctuations in the fair value of financial assets and/or liabilities, as well as fixed commitments.

With the aid of interest-rate swaps, variable-interest loans are effectively converted into fixed-interest loans.

The tables below show the periods in which the net cash flows before tax are expected with respect to derivatives that serve as cash flow hedges. The interest-rate risk is partly mitigated by these cash-flow hedges.

**Cash flow from interest rate swaps used for hedging purposes 2011**

In millions of euros	Carrying amount	Expected cash flows	< 6 months	6-12 months	1 to 2 years	2 to 5 years	>5 years
<b>Interest rate swaps</b>							
Liabilities	39	40	4	4	8	24	-

**Cash flow from interest rate swaps used for hedging purposes 2012**

In millions of euros	Carrying amount	Expected cash flows	< 6 months	6-12 months	1 to 2 years	2 to 5 years	>5 years
<b>Interest rate swaps</b>							
Liabilities	52	57	7	7	14	29	-

The above items are stated at net value because of the determined intention to settle the hedging transactions net. In the calculation of the future cash flows, it was assumed that the future variable interest rate position will be the same as the latest available variable interest rate position.

**Fair value versus carrying amount**

The carrying amount of financial assets and liabilities recognised on the balance sheet hardly differs from the fair value

**Value determination of investments recognised under non-current financial assets**

When calculating the market price, it was assumed that the carrying amount of deposits with a residual term of less than one year is equal to the market value. With respect to government securities, the fair value was calculated using the available actual market prices/closing prices.

**Value determination of derivatives**

When determining the value of the interest-rate swaps and foreign exchange derivatives, the Group uses valuation methods in which all the significant information required is derived from published market data.

**Credit risk**

Credit risk is the risk of financial loss for the Group if a supplier or counterparty of a financial instrument does not comply with the contractual obligations. Credit risks mainly arise from accounts receivable from clients and from investments. As at the balance-sheet date, there were no significant concentrations of credit risks. The maximum credit risk equals the balance-sheet value of each financial asset.

The carrying amount of financial assets represents the maximum credit risk. The maximum credit risk as at the balance-sheet date is as follows:

**Credit risk**

In millions of euros	Note	31 Dec 2012	31 Dec 2011
<b>Financial assets including investments</b>			
Available-for-sale financial assets	5	135	69
Held-to-maturity investments	5	2	50
Finance leases	5	23	16
Other financial assets	5	16	15
Deposits	5	279	362
Trade and other receivables	8	412	594
Cash and cash equivalents	9	948	534
<b>Total</b>		<b>1,815</b>	<b>1,640</b>

**Investments**

The Group reduces its credit risk on investments by exclusively investing in counterparties that meet the policy criteria prepared by the Group. Regular assessments are carried out to ascertain whether counterparties continue to meet the policy criteria or whether further action is required.

In view of the credit rating of the counterparties, the Group expects that they will fulfil their obligations. No impairment losses were incurred on investments, bonds and deposits in 2012 and 2011. Investments are essentially made in counterparties with a long-term credit rating of A from Standard

& Poor's and at least a long-term credit rating of A2 from Moody's, or in a number of Dutch municipalities. Should a counterparty only have one credit rating, the rating requirements of Standard & Poor's or Moody's as described above have to be satisfied. Investments that no longer satisfy this policy are only tolerated as an exception with frequent monitoring, or they are wound down (mainly through normal selling), which can still extend some time beyond the balance-sheet date. The foreign companies of the Group do not have long-term material liquidity surpluses.

**Trade and other receivables**

The credit risk arising from the Group's trade and other receivables is primarily determined by the individual characteristics of the different clients. The demographic aspects of the client base, including the risk of non-payment and the country in which the clients are active, have less impact on the credit risk. Some 9% (2011: 12%) of the Group's turnover is realised from sales transactions with the Dutch education agency Dienst Uitvoering Onderwijs (DUO).

As part of the credit policy pursued by the business units, each new client's credit rating is established separately before standard payment and delivery terms and conditions are offered. If a contract is renewed, the company's own experience is also referred to when the creditworthiness is assessed. When assessing creditworthiness, clients are divided into groups based on credit profiles, including the categories of government, companies, private clients and clients that may have had earlier financial difficulties. Deliveries to clients with a high risk profile are only made after approval by the Executive Board. Business transactions with most of the clients go back some years now, with only a few incidental cases of immaterial losses.

The Group recognises a provision for impairment amounting to the estimated losses from trade and other receivables. The most important elements of this provision are a specific loss provision for separate major positions and a collective loss provision for groups of similar assets in connection with losses already incurred but not yet identified. The collective loss provision is determined on the basis of historical payment data for comparable financial assets.

The age breakdown of the receivables as at the balance-sheet date is as follows:

### Age analysis of receivables

In millions of euros	31 Dec 2012 Gross	31 Dec 2012 Provided for	31 Dec 2011 Gross	31 Dec 2011 Provided for
Not past due	184	-	431	-
Past due 0 - 30 days	21	-	21	-
Past due 31 - 120 days	9	-	7	-
Past due 121 - 180 days	14	-	6	-
Past due 181 - 360 days	11	-	3	1
Past due more than one year	10	3	8	3
<b>Total</b>	<b>249</b>	<b>3</b>	<b>476</b>	<b>4</b>

### Impairment losses

The changes during the year in the provision for impairment with respect to receivables were as follows:

### Change in provision for bad debts

In millions of euros	2012	2011
Balance as at 1 January	4	17
Additions	-	1
Use	-1	-1
Release	-	-13
<b>Balance as at 31 December</b>	<b>3</b>	<b>4</b>

The provision accounts for receivables are used to enter impairment losses, unless the Group is certain that it is impossible to recover the amount due. In that case, the amount is classified as uncollectible and written off directly against the relevant financial asset. The maximum credit risk on receivables as at the reporting date can be specified as follows (broken down by segment):

### Credit risk for receivables

In millions of euros	31 Dec 2012	31 Dec 2011
passenger transport	162	396
Hub development and operation	72	67
Other	12	9
<b>Total</b>	<b>246</b>	<b>472</b>

The risk profiles of the Group's operations in the Netherlands, the UK, Germany and the Czech Republic do not differ so much as to justify a separate summary.

### Liquidity risk

The risk of the Group failing to meet its financial obligations is limited because the Group has sufficient liquid assets or assets that can be made liquid quickly. In addition, the Group also has at its disposal a committed credit facility allowing the withdrawal of €475 million, with a term until 2015. The Group is considering reducing this facility to some extent in 2013.

At year-end 2012, the liquid assets and assets that can be made liquid quickly amounted to €1,638 million (2011: €1,490 million). The contractual financial obligations within one year amount to €818 million (2011: €652 million). The Group expects to meet the investment obligations and the long-term liabilities from the surplus of funds in the short term and from the projected cash flow from operating, investing and financing activities.

The Group manages the liquidities on the basis of regular bottom-up liquidity forecasts. Based on the forecast, the business units that are clients of Corporate Treasury's in-house bank are given financing limits. The bank monitors these limits and it is not possible to exceed them unless approval has been obtained. This provides Corporate Treasury with an early-warning system. The aforementioned liquidity forecast and the financing limits enable Corporate Treasury to manage the liquidities (lending and borrowing of funds).

The contractual terms of the financial liabilities, including the estimated interest payments, are shown below.

### Contractual cash flows of financial liabilities as at 31 December 2011

In millions of euros	Carrying amount 31 December 2012	Contractual Cash flows	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
<b>Non-derivative financial liabilities</b>							
Private loans	503	562	368	11	28	56	99
Finance lease liabilities	3	4	-	-	-	4	-
Accruals	204	293	-	-	-	-	293
Trade and other payables	589	589	589	-	-	-	-
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	39	40	4	4	8	24	-
<b>Totaal</b>	<b>1,338</b>	<b>1,488</b>	<b>961</b>	<b>15</b>	<b>36</b>	<b>84</b>	<b>392</b>

### Contractual cash flows of financial liabilities as at 31 December 2012

In millions of euros	Carrying amount 31 December 2012	Contractual Cash flows	< 6 months	6 - 12 months	1 - 2 years	2 - 5 years	> 5 years
<b>Non-derivative financial liabilities</b>							
Private loans	568	578	5	45	58	372	98
Finance lease liabilities	5	5	-	-	-	5	-
Accruals	-	-	-	-	-	-	-
Trade and other payables	757	754	754	-	-	-	-
<b>Derivative financial liabilities</b>							
Interest rate swaps used for hedging	52	58	7	7	14	30	-
<b>Total</b>	<b>1,382</b>	<b>1,395</b>	<b>766</b>	<b>52</b>	<b>72</b>	<b>407</b>	<b>98</b>

The face value of the interest-rate swaps used for hedging was €445 million at the end of 2012 (2011: €417 million).

### Risks arising from cross-border lease transactions

Until the end of 1998, the Group concluded cross-border lease transactions with the aim of reducing borrowing costs. Under these cross-border leases, which solely concerned rolling stock, the beneficial ownership remained with the Group, which is why the relevant assets are included on the balance sheet. The carrying amount of the rolling stock involved in cross-border leases at year-end 2012 was €156 million (2011: €143 million). The financial benefits of the cross-border leases are deducted from the borrowing costs spread across the term of the transactions in the income statement.

The not yet amortised financing benefits obtained with these leases, amounting to €5 million at year-end 2012, are recognised on the balance sheet as income attributable to future years and split into a current portion of €3 million and a non-current portion of €2 million. The maximum risk that arises upon the simultaneous dissolution of all the current contracts actually exceeds the reserve, but the chance of this occurring is minimal. In view of the real risk, we consider the amount for the balance-sheet item of income attributable to future years as adequate. Some of the positions related to these leases concern off-balance sheet positions. The credit risk associated with these off-balance sheet positions is managed by Corporate Treasury. Unless exceptional unforeseeable situations arise, the exchange-rate risk in these contracts is hedged.

# 29

## Related Parties

Transactions with related parties take place on the basis of the 'arm's length' principle.

All the issued shares are in the hands of the Dutch State. A significant transaction with a company related to the State (DUO) concerns the receipt of the fee for the student travel card (2012: €438 million, 2011: €421 million).

Furthermore, NS received an amount of €59 million in grants from the State in 2012 through various schemes. Of this total, €54 million was recognised as 'Other income' and €5 million was deducted from the related costs.

The following transactions take place with ProRail, a company related to the State:

- Payment of the user fee for the Dutch infrastructure. Details can be found under note 24;
- ProRail BV - NS Groep NV concerning a framework contract (FENS). On 20 December 2000, NS Groep NV and the former Railinfrabeheer BV agreed a framework contract, in the context of which NS made a one-off financial contribution of €1,338 million to Railinfrabeheer. ProRail (the legal successor of Railinfrabeheer BV) uses this contribution for the controlled access to the stations desired by NS (among others), development of the public transport smart card, improvement of the quality of the railway infrastructure and information provided at stations. In 2012, a total of €48 million (2011: €176 million) was invoiced and a total of €5 million (2011: €7 million) in interest income. At the end of 2012 NS received the sum of €257 million (which is recognised with the other liabilities) as a result of the effect of the addendum to the FENS framework contract. The total outstanding liability has been directed by means of project decisions;
- NS has undertaken to pay ProRail BV €113 million (at 2006 prices) for the financing of commercial facilities in Nieuw Sleutel Projecten [new key projects] stations. From 2008 to date, €85 million (at current price levels) has been paid to ProRail BV.

- NS took over the assets and staff concerned with ProRail's travel information from ProRail with effect from 1 November 2012. The transfer involved an acquisition sum of €5 million.

The transactions with members of the Executive Board and Supervisory Board are explained under note 20.

There were no significant transactions with joint ventures and other participating interests in 2012 and 2011.

Eurofima is a 5.8% participating interest of the Group; the following transactions and balance-sheet positions apply to this party:

	2012	2011
Interest income	3	-
Interest charges	5	8
	31 December 2012	31 December 2011
Deposits	-	355
Interest payable	1	1
Private loans	451	451

## Group companies

In accordance with section 403 Book 2 of the Dutch Civil Code, NS Groep NV has assumed joint and several liability for debts arising from the actions of participating interests marked with an asterisk (\*).

The main companies included in the consolidated financial statements are:

## The main companies included in the consolidated financial statements

	Percentage interest	Registered seat
<b>Operating companies</b>		
NS Reizigers BV*	100	Utrecht
NS Internationaal BV	100	Utrecht
Abellio Transport Holding BV	100	Utrecht
NedTrain BV*	100	Utrecht
NS Financial Services (Holdings) Ltd	100	Dublin
NS Stations BV*	100	Utrecht
NS Vastgoed BV*	100	Utrecht
NS Insurance NV	100	Utrecht
NS Opleidingen BV	100	Utrecht
NS Spooransluitingen BV	100	Utrecht
<b>Subsidiaries of operating companies</b>		
Thalys Nederland NV	100	Utrecht
HSA Beheer NV	90	Rotterdam
NedTrain Ematech BV	100	Utrecht
NS Stations Retailbedrijf BV*	100	Utrecht
NS Fiets BV	100	Utrecht
NS-OV Fiets BV	100	Utrecht
Qbuzz BV	49	Amersfoort
Stationsfoodstore BV	100	Utrecht
NS Poort Ontwikkeling BV	100	Utrecht
NS Financial Services Company Ltd	100	Dublin
PROBO BUS a.s.	100	Kraluv Dvur
Abellio Transport Holdings Ltd	100	London
Abellio Greater Anglia Ltd	100	London
Abellio GmbH	100	Essen
Abellio West London Ltd	100	London
Abellio London Ltd	100	London

## Joint ventures

The Group participates in the following joint ventures:

## Joint ventures

	Percentage interest	Registered seat
Waterkant CV	51	Amsterdam
Stationsdrogisterijen CV	50	Zaandam
Stationslocaties OG CV	55.8	Utrecht
Basisfonds Stationslocaties CV	50.9	Utrecht
HTM Buzz BV	24.5	Dordrecht
Merseyrail Electrics 2002 Ltd	50	Liverpool
Northern Rail Ltd	50	Hampshire
Trans Link Systems BV	68.75	Amersfoort

The following items are included in the consolidated financial statements, corresponding with the share of the Group in the assets and liabilities, income and expenses of the joint ventures:

## Costs and revenues from joint ventures

In millions of euros	2012	2011
Non-current assets	341	340
Current assets	202	206
Non-current liabilities	14	30
Current liabilities	179	211
<b>Net assets / liabilities</b>	<b>350</b>	<b>305</b>
Revenue	570	613
Expenses	514	558
<b>Result from operating activities</b>	<b>56</b>	<b>55</b>
<b>Profit for the period</b>	<b>51</b>	<b>46</b>

As at 31 December 2011 and 2012, the joint ventures had no investment obligations

## Other interests

The Group's interest concerns:

## Other interests

	Percentage interest	Registered seat
Eurofima	5.8	Basel

In accordance with the disclosure requirement contained in sections 379 and 414, Book 2 of the Dutch Civil Code, a full list of the group companies, associates and joint ventures is filed with the Trade Register in Utrecht.



## SEPARATE INCOME STATEMENT 2012

### Separate balance sheet as at 31 December 2012 for NV Nederlandse Spoorwegen

In millions of euros	31 Dec 2012	31 Dec 2011
<b>Assets</b>		
Non-current financial assets	3,162	2,977
<b>Total</b>	<b>3,162</b>	<b>2,977</b>
<b>Equity</b>		
Share capital	1,012	1,012
Foreign currency translation reserve	2	1
Research and Development	15	-
Hedging reserve	-36	-28
Actuarial reserve	6	-1
Fair value reserve	8	7
General reserve	1,891	1,918
Profit for the period	264	68
<b>Total equity</b>	<b>3,162</b>	<b>2,977</b>
<b>Total</b>	<b>3,162</b>	<b>2,977</b>

### Separate income statement for 2012 for NV Nederlandse Spoorwegen

In millions of euros	2012	2011
Other result	-	-
Result of group companies after tax	264	68
<b>Net result</b>	<b>264</b>	<b>68</b>

### Principles applied to the financial statements

#### General

With effect from 2006, the Group applies the International Financial Reporting Standards (IFRS) and their interpretations by the International Accounting Standards Board (IASB), as adopted for use in the European Union, for preparing its consolidated financial statements.

For the determination of the principles for the valuation of assets and liabilities and result determination for its separate financial statements, NV Nederlandse Spoorwegen avails itself of the option in section 362, paragraph 8 of Book 2 of the Dutch Civil Code. This means that the principles for the valuation of assets and liabilities and result determination (hereinafter 'accounting principles') of the separate financial statements of NV Nederlandse Spoorwegen are the same as those applied to the consolidated financial statements. In this context, participating interests in which substantial influence is exercised are measured using the equity method.

#### Participating interests in group companies

The participating interests in group companies are measured using the equity method, with losses only recognised to the extent that the shareholder has an obligation to settle them.

#### Result of group companies

The result of group companies consists of the result after income tax.

## NOTES

### TO THE SEPARATE BALANCE SHEET AND THE INCOME STATEMENT

The amounts presented in the notes are stated in millions of euros, unless indicated otherwise.

#### Financial assets

##### Participating interests in group companies

In millions of euros	2012	2011
Balance as at 1 January	2,977	2,974
Share in profit	264	68
Dividend distributed for the previous reporting year	-74	-52
Other changes	-5	-13
<b>Balance as at 31 December</b>	<b>3,162</b>	<b>2,977</b>

#### Equity

In millions of euros	31 Dec 2012	31 Dec 2011
<b>Share capital</b>	<b>1,012</b>	<b>1,012</b>
<b>Statutory reserves</b>		
Foreign currency translation reserve	2	1
Research and Development	15	-
Hedging reserve	-36	-28
Total of statutory reserves	-19	-27
<b>Fair value reserve</b>	<b>6</b>	<b>-1</b>
<b>Other reserve</b>		
Actuarial reserve	8	7
Algemene reserve		
Stand per 1 jan.	1,918	1,683
Uitgekeerd dividend	-74	-52
Winst over voorgaande verslagperiode	68	287
Overige mutaties	-21	-
Totaal algemene reserve	1,891	1,918
Total other reserves	1,899	1,925
Total reserves	<b>1,886</b>	<b>1,897</b>
Profit for the period	264	68
Minority interests	-	-
<b>Total equity</b>	<b>3,162</b>	<b>2,977</b>

At the start of 2012, the Group made new agreements with the existing shareholders in one of its equity interests with the aim of acquiring the remaining shares. The revaluation of the existing interest at its fair value has resulted in a gain of €6 million. This gain is recognised in the result of the group companies and has been transferred from the general reserve to the revaluation reserve via the 'other changes' item.

#### Off-balance-sheet commitments

Other than the disclosures on page 96, no claims have been made against NV Nederlandse Spoorwegen and consolidated participating interests that have not been adequately accounted for in the balance sheet.

For the purpose of income tax, nearly all the subsidiaries belonging to the Group are part of the NV Nederlandse Spoorwegen tax group, with the exception of the foreign corporate units. Consequently NV Nederlandse Spoorwegen is jointly and severally liable for the tax liabilities of the subsidiaries included in the tax group.

#### Result of group companies

The result for group companies consists of the result after income tax. The negative difference in the 2011 result between the separate financial statements and the consolidated financial statements concerns the reversal of losses from Group companies (HSA); in contrast to the consolidated financial statements, these were only recognised in the separate financial statements up to 2011 insofar as the shareholder was required to settle the deficit. In 2011, NS acted as guarantor up to 2015 for HSA, as a result of which the cumulative losses were recognised in the separate financial statements after all and there was no longer a difference at the end of 2011 between the equity in the separate financial statements and that in the consolidated financial statements.

#### Key participating interests

NV Nederlandse Spoorwegen is the holding company of NS Groep NV. NS Groep NV is the only subsidiary of NV Nederlandse Spoorwegen. For a list of the participating interests, please refer to page 117.

Utrecht, 12 February 2013

#### Supervisory Board

**W. Meijer, Chairman**  
**F.J.G.M. Cremers, Vice-chairman**  
**C.J. van den Driest**  
**J.J.M. Kremers**  
**Ms T.M. Lodder**  
**Ms M.J. Oudeman**  
**P. Rosenmöller**

#### Directie

**A. Meerstadt, Chairman and Chief Executive Officer**  
**E.M. Robbe**  
**Ms M.W.L. van Vroonhoven**

## OTHER INFORMATION

### Profit appropriation as stipulated by the Articles of Association

Pursuant to article 21, paragraph 2 of the Articles of Association of NV Nederlandse Spoorwegen, any positive balance in the income statement is at the disposal of the General Meeting of Shareholders.

### Profit appropriation proposal

It will be proposed to the Meeting that €172 million of the total result of €264 million should be added to the general reserves and distribute the remaining €92 million as dividend. In 2012, €74 million was distributed in dividends.

### Events after the balance-sheet date

On 17 January 2013, the Amsterdam to Brussels Fyra service was suspended for precautionary reasons due to safety problems with the V250 rolling stock. NS is working on a solution together with other parties. There is now an alternative solution, in operation since 18 February, whereby rail passengers are able to make use of a direct connection along conventional track. The problems with the rolling stock will have implications for services in the short term and will also have financial consequences. It is not possible at this stage to quantify the financial implications in view of the wide-ranging scenarios for tackling the problems with the rolling stock and resulting problems for services. This event does not affect the actual situation for the assets and liabilities as at the balance-sheet date. Consequently any (additional) losses on the HSL South contract arising from the recent developments in 2013 will be incorporated in the result for the 2013 financial year.

### Independent auditor's report

To: the General Meeting of Shareholders of NV Nederlandse Spoorwegen

#### Report on the financial statements

We have audited the accompanying financial statements 2012 of NV Nederlandse Spoorwegen, Utrecht. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated income statement, the consolidated statement of the total result, the consolidated cash flow statement and the consolidated statement of change in equity for the year then ended, and 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 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

#### The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of NV Nederlandse Spoorwegen as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

#### Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of NV Nederlandse

Spoorwegen as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

#### Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the annual report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the annual report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

*The Hague, 12 February 2013*

#### KPMG ACCOUNTANTS N.V.

R.R.J. Smeets RA

# NS TEN-YEAR SUMMARY

## Balance sheet

in millions of euros	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Assets</b>										
<b>Non-current assets</b>										
Property, plant and equipment	3,483	3,433	3,272	3,150	2,844	2,710	2,468	2,506	2,630	2,844
Investment property	314	315	309	317	319	307	305	305	271	-
Intangible assets	90	76	64	157	149	115	96	8	10	13
Investments in equity accounted investees	14	14	14	40	33	27	24	-	-	-
Other financial assets, including investments	176	150	146	305	274	263	254	311	236	69
Deferred tax assets	346	392	407	438	455	524	654	691	723	776
<b>Current assets</b>										
Inventories	73	80	95	132	133	133	127	133	93	119
Other investments	279	362	209	150	1,454	1,815	1,882	1,318	1,455	1,484
Trade and other receivables	509	680	892	1,245	1,377	1,243	823	721	480	387
Income tax receivables	11	14	-	34	154	116	-	-	-	-
Cash and cash equivalents	948	534	386	546	571	291	481	285	323	222
<b>Total assets</b>	<b>6,243</b>	<b>6,050</b>	<b>5,794</b>	<b>6,514</b>	<b>7,763</b>	<b>7,544</b>	<b>7,114</b>	<b>6,278</b>	<b>6,221</b>	<b>5,914</b>

## Balance sheet

in millions of euros	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Equity and liabilities</b>										
Equity	3,162	2,977	2,831	2,871	4,249	4,109	3,843	3,708	3,584	3,632
Deferred credits	134	170	213	229	238	251	267	287	324	370
Non-current loans and borrowings	577	180	315	785	839	794	786	750	800	770
Non-current employee benefits	35	31	34	34	34	40	48	121	235	9
Non-current provisions	277	349	175	233	162	147	192	203	214	227
Accruals	39	239	103	29	8	22	6	-	-	-
Deferred tax liabilities	153	136	103	88	66	51	67	46	34	-
Bank overdrafts	-	-	-	18	42	46	15	-	-	-
Current part of loans and borrowings	48	365	387	292	244	232	248	3	3	6
Corporate tax payable	9	17	7	-	1	84	46	-	-	-
Trade and other payables	1,247	784	794	1,210	1,226	1,101	1,097	1,160	1,027	900
Prepaid income	387	754	751	707	639	616	436	-	-	-
Current part of provisions	175	48	81	18	15	51	63	-	-	-
<b>Total equity and liabilities</b>	<b>6,243</b>	<b>6,050</b>	<b>5,794</b>	<b>6,514</b>	<b>7,763</b>	<b>7,544</b>	<b>7,114</b>	<b>6,278</b>	<b>6,221</b>	<b>5,914</b>



## Income statement

in millions of euros	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Continuing operations</b>										
Revenue	4,638	3,628	3,520	3,271	4,253	4,040	3,846	3,474	2,949	2,729
Total operating expenses	4,283	3,356	3,286	3,121	3,925	3,685	3,536	3,186	2,805	2,685
<b>Result from operating activities</b>	<b>355</b>	<b>272</b>	<b>234</b>	<b>150</b>	<b>328</b>	<b>355</b>	<b>310</b>	<b>288</b>	<b>144</b>	<b>44</b>
Net finance result	-25	-12	-22	4	67	56	43	45	30	49
Share in result of investments in equity accounted investees	1	1	1	-	4	5	1	-	-	-
<b>Profit before income tax</b>	<b>331</b>	<b>261</b>	<b>213</b>	<b>154</b>	<b>399</b>	<b>416</b>	<b>354</b>	<b>333</b>	<b>174</b>	<b>93</b>
Income tax expense	-67	-50	-53	-37	-118	-79	-157	-112	-142	-12
<b>Profit for the period from continuing operations</b>	<b>264</b>	<b>211</b>	<b>160</b>	<b>117</b>	<b>281</b>	<b>337</b>	<b>197</b>	<b>221</b>	<b>32</b>	<b>81</b>

## Passenger transport

in millions of euros	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Total ticket revenues	2,026	1,988	1,896	1,839	1,790	1,740	1,697	1,592	1,489	1,417
comprising:										
• domestic ticket revenues	1,916	1,884	1,799	1,758	1,706	1,663	1,622	1,523	1,424	1,353
• international ticket revenues	110	104	97	81	84	77	75	69	65	64
Passenger kilometres in millions	17,098	16,808	16,359	16,315	16,180	15,546	15,414	14,730	14,097	13,848
comprising:										
• standard tickets	12,591	12,381	12,252	12,290	12,277	11,644	11,498	10,962	10,577	10,535
• major contracts (student travel passes)	4,507	4,427	4,107	4,025	3,903	3,902	3,916	3,768	3,520	3,313
Seat kilometres in millions	56,545	56,368	57,117	59,636	59,033	54,772	50,167	49,737	49,500	47,100
Productivity:										
• passengers per train	138	140	138	139	140	135	135	129	122	124
• seats per train	458	471	487	515	482	487	441	436	430	420

## Hub development and operations

in millions of euros	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Retail and hospitality sector turnover in the Netherlands	357	347	342	330	321	291	267	237	232	206
Number of stations	402	397	399	398	395	387	377	390	388	387
Property under development (m <sup>2</sup> gross floor area)	56,600	112,400	219,200	259,000	583,714	418,000	24,181	56,144	-	-

## Staffing

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Average number of FTEs	28,025	23,369	22,979	29,505	26,270	25,502	24,334	24,712	23,084	23,201
Average number of employees	31,517	26,548	26,099	32,705	29,033	27,978	26,819	27,135	25,491	24,994
FTEs as at 31 December	27,879	24,201	23,630	30,068	26,581	26,004	24,961	23,626	24,794	23,403
Number of employees as at 31 December	31,592	27,509	26,868	33,582	29,384	28,676	27,382	26,116	27,191	25,558

## Trains as at 31 December

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Electric multiple units (EMUs)	2,423	2,316	2,307	1,983	2,003	1,969	1,881	1,877	1,883	1,836
Diesel multiple units (DMUs)	42	50	50	50	76	84	78	80	86	86
Loco-hauled coaches	483	493	473	589	849	833	870	852	833	836
Passenger rolling stock, total vehicles	2,948	2,859	2,830	2,622	2,928	2,886	2,829	2,809	2,802	2,758
comprising:										
• double-decker coaches	1,127	1,186	1,168	1,242	1,146	1,050	1,050	1,049	987	772
Locomotives for passenger travel	82	66	60	84	108	122	122	121	123	123

## Seating

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross number of seats as at 31 December, in thousands	248	268	264	251	258	256	250	249	242	232
Average number of seats available to passengers, in thousands	214	213	201	217	223	214	205	204	205	192

# INDEX

**A** Abellio 3, 4, 5, 13, 14, 20, 21, 33, 35, 40, 41, 46, 47, 51, 55, 56, 58, 59, 60, 79, 91, 92, 95, 97, 98, 106, 107, 117  
 Absenteeism 52, 55, 56, 58  
 Accessibility 2, 10, 26, 27, 39, 40, 97  
 Accidents at work 8  
 Accounting policies applied for the financial statements 118  
 Accounts receivable 62, 65, 70, 77, 88, 113, 114, 122  
 Acquisition 32, 58, 78, 79  
 Actuarial value 66, 67, 74, 89, 92, 93, 118, 119  
 AH to go 14  
 Amortisation 65, 71, 73, 78, 79, 80, 82  
 Appointments 29, 100, 101  
 Articles of association 28, 29, 120  
 Assigned authorisations 30  
 ATB 34  
 Audit Committee 8, 29, 31, 106  
 Auditor 8, 9, 25, 27, 29, 31, 36, 103, 120  
 Auditor's report 120

**B** Bicycles 2, 7, 10, 17, 18, 19, 21, 43, 117  
 Bus 4, 10, 32, 78, 117  
 Business segments 77

**C** C'est du pain 21  
 Cash and cash equivalents 36, 62, 65, 70, 88, 93, 113, 122  
 Cash flow statement 65, 77, 120  
 Cash-generating unit 73, 82  
 Central government 48  
 Central Works Council 8, 29, 45, 53  
 Clean trains and stations 4  
 CO<sub>2</sub> 3, 26, 27, 40, 41, 44, 46, 47, 48, 57, 58, 59, 60, 107  
 Collective labour agreement 35, 50, 51, 53, 93, 100  
 Competitors 108  
 Consolidated balance sheet 62, 78, 120  
 Consolidated financial statements 3, 61, 62, 64, 66, 68, 69, 70, 72, 74, 76, 80, 82, 84, 86, 88, 90, 92, 94, 96, 98, 100, 102, 104, 117, 118, 119, 120  
 Consolidation 31, 68, 69, 76  
 Consumer organisations 27  
 Continuity 21, 22, 23, 31, 34, 39, 76  
 Corporate governance 3, 9, 28, 42, 56, 101  
 Corporate income tax 36, 76, 87, 96, 105, 111, 119  
 Corporate plan 8, 100  
 Credit risk 73, 88, 106, 107, 113, 114, 116  
 Creditors 62, 70, 88, 95, 115, 123  
 Current journey information 3  
 Customer opinion 2, 12, 16  
 Customer satisfaction 3, 13, 14, 15, 19, 45, 97  
 Customer Service 15, 21, 45  
 Czech Republic 4, 21, 77, 97, 98, 105, 106, 114

**D** Deferred taxes 76, 105  
 Deposits 36, 70, 76, 84, 88, 104, 109, 112, 113, 116  
 Depreciation and amortisation 65, 71, 73, 78, 79, 80, 82  
 Deregulation 21  
 Desigual 13, 14  
 Dialogue 3, 10, 27, 33, 39, 40, 43, 45  
 Disabled persons 51, 56  
 Dismantling and removal costs 71  
 Diversity 24, 25, 26, 29, 40, 44, 50, 51  
 Dividends 29, 36, 39, 65, 66, 67, 89, 119, 120  
 Door to door 16, 17, 21  
 Drinking water 49  
 Dutch Safety Board see OVV

**E** Early retirement payments 73, 74  
 Ease of use 3, 44, 45, 55, 56, 97  
 Efficiency 25, 44, 46  
 Elekronetz Saale-Thüringen-Südharz, Dieselnetz Niedersachsen Südost 8  
 Emissions 3, 26, 27, 39, 40, 41, 46, 47, 48, 58, 59  
 Employee engagement 24  
 Employee participation 53  
 Employers 3, 13, 24, 25, 40, 50, 51, 53  
 Employment contract 100, 101  
 Energy saving 3, 23, 27, 46, 49  
 Energy efficiency 3, 23, 27, 41, 42, 46, 48, 58  
 Environment 2, 11, 32, 44, 45, 58, 97  
 Environmental policy 74

Equity 36, 62, 64, 66, 67, 69, 70, 71, 73, 74, 75, 76, 87, 89, 93, 104, 105, 108, 111, 118, 119, 120, 123  
 Equity method 62, 63, 65, 68, 69, 83, 118, 122, 124  
 ERTMS 8, 34  
 Eurofima AG 96  
 Europe 3, 4, 10, 11, 20, 21, 39, 47, 54, 57, 79  
 Exchange rate differences 69  
 Executive Board 9, 42, 51, 53, 56, 101  
 Executive Board: rules of procedure 30, 31, 54  
 Expresslinien Mittelland/Emsland 8, 21

**F** Fair Share scheme 56  
 Fair value 64, 66, 67, 69, 70, 71, 72, 73, 76, 77, 78, 81, 89, 92, 93, 104, 109, 112, 119  
 Financial non-current assets 62, 64, 65, 66, 67, 84, 86, 87, 104, 109, 112, 113, 118, 119  
 Financial instruments 70, 106, 107, 108, 111  
 Financial lease contracts 84  
 Financing risks 31, 107  
 Flevo line 43  
 Foreign exchange differences 65, 69, 70, 89, 118, 119  
 Foreign exchange risk 107, 116  
 Franchises/concessions 7, 8, 13, 21, 33, 43, 47, 59, 60, 97, 98  
 Fyra 2, 6, 7, 13, 14, 15, 31, 32, 45, 49, 95, 120  
 Fyra International Taskforce 15

**G** Gay Pride 25, 27, 51  
 Germany 4, 7, 8, 10, 20, 21, 53, 77, 97, 98, 105, 106, 114  
 Goodwill 69, 72, 73, 78, 82, 83  
 Great Britain see United Kingdom  
 Greater Anglia 3, 6, 7, 13, 14, 20, 21, 35, 36, 47, 53, 56, 58, 59, 60, 91, 92, 97, 98, 103, 117  
 Greenwheels 17, 19  
 GRI 41, 42, 58, 59, 60  
 Growth in passenger numbers 6, 35, 36

**H** Hedge accounting 70, 71  
 High-speed line 6, 23, 103  
 High-speed train 15  
 Historic purchase price 76  
 Hospitality sector 91  
 HRM policy 11  
 HSA 32, 36, 94, 95, 97, 117, 119  
 HSL South 32, 35, 94, 95, 97, 120  
 HTM 7, 8, 21, 51, 117  
 Hub development and operation 4, 5, 35, 77, 125  
 Human Environment and Transport Inspectorate see ILT

**I** II AM 13, 14  
 ICC 54  
 ICE 46  
 ICT 7, 8, 25, 32, 51, 53  
 IFRS 68, 76, 77, 91, 118  
 ILO 54  
 ILT 15, 55  
 Impairment 69, 72, 73, 79, 83, 88, 95, 102  
 Income tax 36, 62, 63, 64, 65, 75, 85, 87, 104, 105, 118, 119, 122, 123, 124  
 Infrastructure levy 35, 36, 63, 103  
 Insurance NV 117  
 Intangible assets 22, 62, 72, 73, 76, 78, 82, 83, 85, 86, 87, 102, 122  
 Intercity 2, 3, 8, 15, 17, 27, 46, 49  
 Interest charges 75, 104, 111, 116  
 Interest income 75, 104, 111, 116  
 Interest-rate risk 70, 84, 88, 91, 107, 108, 109, 112  
 Interest-rate swaps 91, 108, 109, 110, 111, 112, 115  
 Internal auditors 29  
 Inventories 35, 36, 62, 63, 65, 68, 72, 73, 86, 88, 102, 122  
 Investments 22, 23, 31, 32, 36, 62, 63, 65, 68, 69, 70, 78, 79, 80, 82, 83, 104, 122, 124

**J** Joint ventures 69, 72, 76, 83, 116, 117  
 Journey information 2, 3, 8, 11, 15, 16, 17, 31, 34, 45, 56, 116  
 Julia's 14

**K** Kiosk 13, 14  
 KLM 97  
 KPN 51  
 Kubus 10

**L** Lease contracts 84, 97  
 Lessor 84  
 LOCOV 27, 45  
 Long-Term Rail Agenda 6

**M** Main objectives 4  
 Main rail network 4, 6, 13, 23, 32, 35, 36, 55, 94, 97  
 Maintenance 4, 5, 34, 47, 77, 96  
 Market value 76, 112  
 Merseyrail 13, 20, 21, 47, 53, 58, 59, 60, 91, 92, 97, 98, 117  
 Minister 23, 32, 94, 95, 97, 100  
 Ministry 4, 5, 6, 9, 29, 32, 34, 45, 55, 57, 97  
 Mission 4, 10, 28, 37, 39, 50  
 Mobility 4, 6, 26, 27, 39, 43, 44, 52, 57  
 Monop'station 21  
 Move NS 53  
 Multimodal 10, 11, 21, 39  
 Municipalities 15, 19, 34, 39, 51, 113

**N** NedTrain 4, 5, 7, 23, 36, 42, 51, 53, 54, 117  
 Network Rail 14  
 New timetable 2, 6, 14, 15, 27, 45  
 New World of Work 26, 27, 40, 44, 46, 50  
 Night-time services 43  
 NOC\*NSF 56  
 Noise 18, 44, 49  
 Non-current liabilities 62, 65, 68, 85, 86, 87, 91, 92, 95, 117  
 Northern Rail 20, 47, 58, 59, 60, 91, 92, 97, 98, 117  
 NS Academy 24, 25, 52  
 NS Business Card 15, 17, 19  
 NS Fiets 117  
 NS Hispeed 4, 5, 13, 17, 20, 23, 35, 41, 45, 46, 56, 59, 60  
 NS Insurance 7, 106, 117  
 NS Internationaal 117  
 NS Opleidingen 52, 117  
 NS Poort 117  
 NS Reizigers 4, 5, 46, 55, 59, 60, 117  
 NS Spooransluitingen 117  
 NS Station2station 13, 15, 17, 46  
 NS Stations 4, 5, 36, 49, 51, 53, 117  
 NS Vastgoed 117  
 NS Zonetaxi 2, 7, 17, 19

**O** Occupancy rates 26, 27, 40, 41, 46  
 OECD 54  
 Off-balance sheet commitments 96, 119  
 Operational lease 74  
 Other operating expenses 35, 36, 63, 78, 103  
 Outlook 6, 10, 28, 39, 43, 50  
 OV-fiets 2, 7, 17, 19, 21, 43  
 OVV 6, 15, 55

**P** Parking 18  
 Participating interests 5, 68, 69, 72, 83, 96, 105, 116, 117, 118, 119  
 Passenger transport 4, 5, 35, 58, 77, 78, 83, 97, 98, 99, 114, 125  
 Pensions 100, 101  
 Personal safety 8, 12, 44, 55, 56, 97  
 Privacy 8, 44, 56  
 Private loans 91, 110, 115, 116  
 PROBO 97, 98, 117  
 Profit appropriation 9, 36, 73, 89, 118, 120  
 Progress 2, 3, 4, 7, 10  
 Property development 4  
 Property, plant and equipment 22, 62, 65, 71, 72, 75, 76, 78, 85, 86, 87, 95, 102, 122  
 ProRail 2, 3, 6, 7, 8, 14, 15, 17, 25, 33, 34, 36, 45, 48, 49, 55, 57, 116  
 Providing service 4  
 Provinces 97  
 Provision of information 4  
 Provisions 4, 14, 16, 35, 36, 62, 65, 68, 74, 75, 79, 84, 85, 86, 87, 94, 95, 97, 103, 109, 116, 123  
 Public transport 4, 10, 17, 21, 56, 78, 101  
 Public transport smart card 2, 7, 8, 15, 17, 45  
 Punctuality 2, 10, 12, 13, 97

**Q** Qbuzz 8, 21, 97, 98, 117  
Q-Park 17

**R** Rabobank 9  
Rail infrastructure 36, 103, 116  
Railway Pensions Fund 90, 91, 93, 100  
Railway Police 55  
Railway safety 31, 33, 55  
Randstad conurbation 14, 53  
Receivables 2, 7, 36, 62, 65, 68, 70, 77, 85, 86, 87, 88, 105, 106, 113, 119, 122  
Recruitment 25, 53  
Remuneration 28, 99  
Remuneration policy 8, 9, 99, 100, 101, 102  
Reporting structure 77  
Reputation 8, 24, 31, 33, 39, 45  
Returns 3, 11, 22, 36, 39, 57, 77, 92, 93, 107  
Risk factors 31  
Risk management 8, 30, 31, 107  
ROC 53  
Rolling stock 36, 77, 78, 79, 96, 97, 115  
Rules of procedure 28, 29  
Running on time 4, 12, 13, 97

**S** Safety 2, 3, 4, 6, 7, 8, 12, 15, 31, 33, 34, 41, 44, 45, 53, 55, 56, 97  
Safety teams 55  
Scandinavia 7  
Schiphol 9, 15  
Scooter 17, 19  
Season tickets 27, 46  
Seating capacity 124, 125  
Seats2Meet 46  
Serco 98, 106  
Servex 91  
Share capital 62, 89, 96, 118, 119  
Shareholder 5, 8, 9, 26, 28, 29, 36, 38, 39, 43, 45, 58, 63, 64, 66, 67, 68, 78, 89, 97, 99, 100, 101, 104, 118, 119, 120  
Shops 2, 3, 14, 21, 47  
SNCF 21  
Social goals 56  
Social responsibility 42, 54  
Soil remediation 74, 94  
Sprinter 15, 27, 46  
Stakeholders 3, 10, 27, 33, 39, 40, 41, 42, 43, 44, 50  
Starbucks 14  
Station area 48  
Stationsdrogisterijen 117  
Stationsfoodstore 117  
Strategy 3, 6, 8, 10, 25, 28, 39, 40, 42, 50, 57, 70  
Strikes 13  
Students 7, 25, 39, 51, 53  
Suicides 34  
Supervisory Board 8, 9, 28, 29, 31, 42, 51, 68, 100, 101, 102, 106, 119  
Supply chain management 3, 44, 54  
Syntus 78

**T** Tax 36, 43, 52, 62, 63, 64, 65, 66, 67, 73, 74, 75, 76, 79, 83, 85, 86, 87, 88, 89, 95, 96, 103, 104, 105, 111, 112, 118, 119, 122, 123, 124  
Tax authorities 87  
Taxi 19  
TechniekFabriek 3, 7, 24, 25, 53  
Thalys 117  
Traction energy 27, 46, 48  
Traffic congestion 7  
Transport capacity 4, 15  
Transport chain 17, 19  
Transport plan 4, 13, 45, 97, 100  
Treasury policy 107  
Twitter 2, 12, 53

**U** United Kingdom 7, 77, 114  
Usage fee 36, 95, 97, 103, 116  
Utrecht Archives 56

**V** V250 7, 8, 13, 15, 32, 95, 120  
Variable remuneration 8, 9, 100, 101  
Veolia 48

**W** Wage costs 90  
Waste 26, 27, 39, 40, 41, 48, 49, 58  
Waterkant 117  
Website 4, 17, 29, 30  
West Coast Main Line 8, 32  
Whistle-blower policy 28, 30  
Winter 15, 27, 45  
Workplace 47, 51

**Y** YamYam To Go 14



A key milestone in 2012 was the opening of the passengers' mall at Rotterdam Centraal. Nineteen shops and hospitality sector outlets opened.

## GRI TABLE

The table giving the GRI indicators can be found on [www.ns.nl/jaarverslag2012/duurzaamheid](http://www.ns.nl/jaarverslag2012/duurzaamheid)

## COMPANY DETAILS

The registered offices of NS Group are in Utrecht. Trade register number 30124358

### Head office

Laan van Puntenburg 100  
3511 ER UTRECHT

### Postal address

Postbus 2025  
3500 HA UTRECHT

### Website

[www.ns.nl](http://www.ns.nl)

This report is compliant with GRI A+

## ACKNOWLEDGEMENTS

### Design and realisation

VBAT, Amsterdam

### Photography

Tara Fallaux  
Hollandse Hoogte

### Copyright ©

© NS, Utrecht. All rights reserved. No part of this publication may be duplicated, stored in a computer file or published in any form or by any method, be it electronically, mechanically, by photocopying, recording or by any other means, without prior written permission from the publisher.

The annual report is published in both Dutch and English. In the event of any discrepancies between the Dutch and English version, the Dutch version will prevail.

