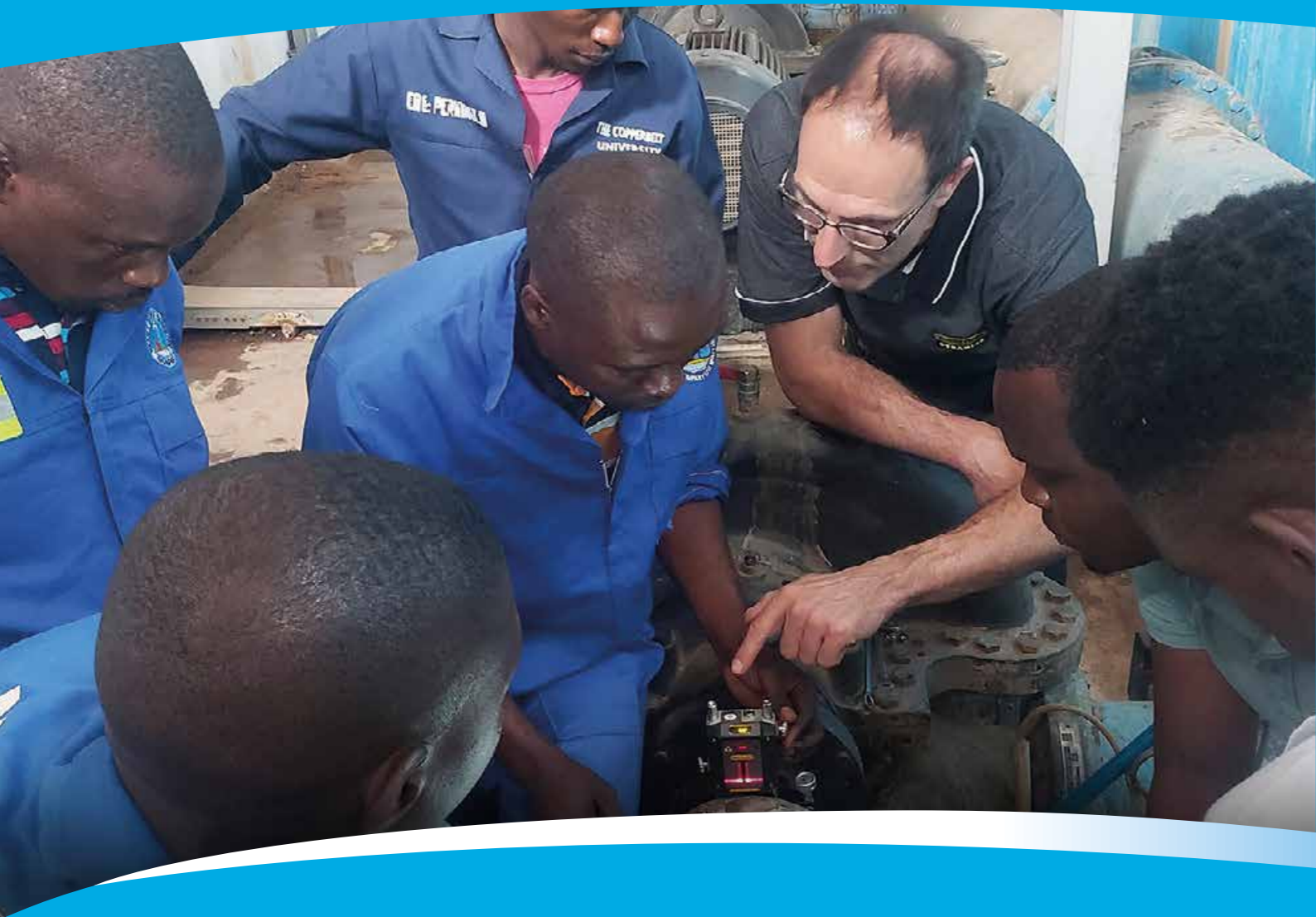




VEI ANNUAL REPORT 2022





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Zambia – Hands-on training in the use of laser pump alignment equipment. Properly aligned pumps reduce electricity consumption and improve the water supply. Credits: Howard Musonda.



- < Photo cover: Kenya – Pilot with the pupu pump in Nakuru and Kisumu. The pupu pump performs well to empty pit latrines.
- < Photo left: Bangladesh – The WOP team in Bangladesh designed and built a training site: a scaled distribution network complete with all appurtenances for Dhaka's water utility (DWASA). At this training site the mechanics can learn and practice effective maintenance of the pipeline network.

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SDG6 INVESTMENTS NEED A SERIOUS STEP-UP



VEI shrugged off the COVID-impacts early 2022. Many utility employees from the Netherlands resumed their collaboration with colleagues/peers of partner water utilities in the global South and boosted improvements in water and sanitation working processes through long-term Water Operator Partnerships (WOPs).

In 2022, VEI provided access to water and sanitation services to 652,327 vulnerable people. This is an all-time high number which gives us even more energy to work harder and mobilize financing for the most vulnerable. Hand in hand with 55 WOP partners we will continue to explore high impact low-cost interventions, working towards the SDG target of 11.5 million people in the period 2015-2030. To achieve this target, continued financial support is available from the Ministry of Foreign Affairs, Water for Life Foundation, Dutch embassies, RVO and international financiers such as the EU-WOP fund, UNICEF and the Inter-American Development Bank.

Leverage of the aforementioned co-financiers is only possible with the continuous support of the Dutch water utilities. Their support is a prerequisite for the work of VEI.

Despite the great news about the 2022 SDG results, the recently published 'State of the World's drinking water' (2022) analyses the harsh global WASH figures: 771 million people have no access to drinking water, whereas 1.2 billion people only have basic services with often low water quality. In addition, 546 million pupils have no adequate water and sanitation facilities at school and 2.4 billion people lack access to toilets. This leads to an estimated 1.5 million people (many children) who die annually due to water-borne diseases. For drinking water only, € 41 billion per year needs to be invested towards the 2030 SDG goals, and only a small part of this annual investment is available. A further step-up in SDG6 investments is probably needed as the



652,327 people

were supported by VEI in 2022 with access to sustainable water services



impacts of climate change cause additional adaptation costs and global inflation pushes up costs per SDG.

The case for additional investments in water and sanitation in terms of health and economic impacts is so convincing, as studies show. Water and sanitation play a pivotal role in achieving other SDGs. Access to water and sanitation reduces diseases (SDG3) and saves time to fetch water far from home. This saved time can be converted into economic activities (SDG1, decrease poverty). School attendance increases (SDG4) because children do not have to stay at home due to e.g. diarrhea and lack of menstruation school facilities for girls. Also, women are released from carrying water for hours in the early and late hours of the day, promoting equal opportunities (SDG5, gender). And finally, access to safe water reduces the use of firewood for water boiling, and thus will reduce deforestation (SDG13 - climate action).

Therefore, all actors were urged to step-up their investments during the second SDG6 conference in the history of the UN, which took place in March '23 in New York. As VEI, we can only echo this pledge for acceleration of SDG6 funding, as 2030 is approaching quickly. Our role is to energetically continue the work with the 55 WOP partners and find ways to efficiently provide access to water and sanitation for the most vulnerable. Interesting examples can be found in this annual report. Please take a moment and scroll through the achievements of the 55 WOPs and how these WOPs contributed to the SDG6 agenda.

Toine Ramaker
CEO VEI
The Netherlands

Mozambique — Sustainable Water Services in Beira



SPECIAL

SUSTAINABLE WATER FUND STIMULATES NEW FORMS OF PARTNERSHIPS

In 2012, the Netherlands Enterprise Agency (RVO) launched the Fonds Duurzaam Water (FDW) program or the Sustainable Water Fund to stimulate public-private partnership (PPPs) projects in the water sector. The fund turned out to be a perfect match for VEI. Throughout the years, VEI has worked in over 10 FDW PPPs around the world. Now that many of the FDW projects are coming to an end (although the PPPs will likely continue in some shape of form via the WaterWorX Program), it's time to look back on this fruitful cooperation.

"The first time we applied for co-financing from FDW, in 2012, four FDW PPPs were approved", says Adriaan Mels, regional manager for VEI. "Another 5 PPPs were approved in the following years, while in addition, VEI was requested to participate in another 3 PPPs with other lead partners. With this portfolio of PPPs, we had the opportunity to start new types of activities and cross-sectoral collaboration using the Water Operator Partnerships (WOP) principles as a basis. As a result, we were able to continue our work with new and existing partners. Around 50% of the partnerships came from existing relationships, whilst the other 50% were new partners."

Long-term strategy

VEI had already started its work back in 2005. The aim was to give partner water utilities long-term assistance, mostly technical assistance, to eventually be able to continue, capacitated and financially sustainable with better performance. Two years later, in 2017, FDW representative Michiel Slotema met with the VEI-activities in Bangladesh for the first time where he worked with the Embassy of the Netherlands. He was impressed with the approach VEI chose. An approach close to the pillars of

FDW: long-term technical assistance and creating a sustainable water sector based on public-private partnerships with the option for small investments realized by the utility to solve small and medium scale practical issues, such as network maintenance, new water meters, and pressure valves. With a combination of technical assistance and investments, the results were accelerated. Adriaan Mels: "This combined approach is unique in terms of international development work. And it works."

Reducing water losses

Key to an independent and financially healthy water utility is reducing water losses and increasing the number of households and businesses that actually pay for water. This goal is referred to in the water sector as reducing non-revenue water (NRW) to its economic level. So, what's the best place to start with this goal in mind? Households and other user groups are only willing to pay when they are assured of a continuous flow of tap water. But to offer this stable supply, an operational network is needed. Due to cash flow problems, water utilities are often unable to make proper maintenance and extend the network. Without funds to build a well-performing water



network, people will not pay for their water, and without people paying for their water, there will never be enough money to build a well-performing water network – leading to a vicious negative downwards circle. “Thanks partially to the options for co-financing provided by FDW, quite a few of these issues can be overcome”, Adriaan Mels explains. VEI’s project manager in Ethiopia Daniel Truneh confirms this. “We work in close collaboration with Adama Town Water Supply and Sewerage. The option of small and medium scale investments, and the flexibility of FDW, offers us the opportunity to support Adama in a practical way in fairly easily solving (small) issues in the network or the provision of accurate water meters. This makes the cooperation with our partner utility easier, because it provides the utility with the resources to decrease the amount of NRW.”

Improved revenue

When the supply of water is assured for at least some hours every day, water utilities can start focusing on improved revenues in their so-called District Meter Areas (DMAs). An important element of the FDW program is that projects are inclusive and pro-poor. Therefore, and because VEI itself believes in the need as well, most of the WOPs develop special programs for low-income areas typically located in the peri-urban zones of a city who have limited access to quality drinking water. Different kinds of solutions were developed to supply water to these households which in turn contributed to improved revenues, a win-win for both. Patrick Egan is the project manager of the VEI program in the Philippines. The WOP found a solution for Metro Cebu. “In the Philippines, it’s not allowed for water utilities to supply

drinking water in the informal areas”, Patrick says. “Our French NGO partner Eau et Vie E&V and the Metropolitan Cebu Water District (MCWD) decided that MCWD would bring water to the boundaries of these informal settlements and install a bulk water meter at that location. From that point on, E&V takes ownership to deliver and distribute the water within the informal low-income communities. For this, they established a social enterprise. Because E&V visits the area two to five times a week to meter read, bill, and collect the money (usually employing community members) and even offer households the opportunity to create a credit on E&V’s account so they can pay in advance, the payment rate is above 90%”. A viable business case has been developed with a return on investment within 7 years.



Photo: Philippines – FDW-project in Cebu >

Photo: Philippines – MCWD Groundbreaking ceremony >



Additional tasks

Most of the WOPs focus on improving the effectiveness of the core activities of a drinking water utility. Even so, some of the projects gained co-funding to work on non-core but important tasks as well, such as improving the disaster management performance for drinking water. Patrick proudly explains: “Investments achieved by the water utility and training for water utility employees to be prepared for disasters were well invested. In December 2021, Super-Typhoon Odette hit the island of Cebu and caused severe damage to the electrical supply, that in term caused power outages at all of MCWD’s water production sites. Thankfully, we were able to restart the water supply within 24 hours by activating the emergency response plans and utilizing the emergency generators provided by the project. Because of this, many lives and livelihoods were saved.”

Independence

One of the first FDW projects of VEI started in Mozambique. The cooperation between VEI and the organization Fundo Investimento e património do abastecimento de agua (FIPAG) started in 2015 in Beira, the country’s second city. Now, almost 8 years later, the amount of technical assistance to FIPAG Beira has reduced, because the revenues have increased with 76%, after project implementation, benefitting FIPAG Beira’s financial health. To continue this positive trend, it is important that water tariffs continue to increase in a balanced way so that the water utility eventually becomes financially future proof. For instance, despite the positive results, there is a need for other donors to continue supporting FIPAG to maintain the results achieved and to keep FIPAG interesting for external financiers. “On the other hand, most water utilities serve a large area, so when their NRW approach is working in

a part of their supply area, they copy it to another area”, thus says local project manager in Mozambique Joep Vonk. “Because duplication asks for adjusting to the specific circumstances of every area, technical assistance remains necessary.”

Governance and cooperation

According to Daniel Truneh, project manager and team leader in Ethiopia, “communication and cooperation are one of the most important elements in a project. To keep a project manageable, a limited number of partners works best. We started our first project in Ethiopia with as many as nine partners. It was like a project within a project. All these partnerships asked for a lot of diplomacy and balancing. On a technical level, it was interesting to have a partnership with a large group of partners, because we were able to run a truly integrated water project. Even so, in a parallel FDW project in Harar, Ethiopia, we decided to continue with a smaller number of partners. Now in our follow-up project the partners know each other better and have more trust, and we can focus on executing a project in the field.” Adriaan Mels agrees that cooperation can be complicated. “This is especially true with new partners because a sustainable collaboration and trusted relationship still has to be developed. For instance, a board of directors may change, or new chief executives are appointed. They may not be as engaged as the previous board members. Unfortunately, this sometimes leads to the decision to part ways”. Michiel Slotema adds “that VEI has internalized the development of partnerships in the WaterWorX program, instead of having a project fully worked out from the start (as in FDW), they first initiate a two-year feasibility phase, to co-create the WOP.”



Continuation after FDW

In general, the WaterWorX program – which is, in a way, a continuation and builds on the most important goals supported by FDW – can cover the technical assistance, says Adriaan Mels. This long-term program between all the Dutch water companies, 40 water utilities from low- and middle-income countries and the Dutch ministry of Foreign Affairs was specially installed for this type of assistance back in 2017.

It's a good thing that it doesn't end with SWF. FIPAG in Mozambique is so enthusiastic about the WOP approach that it has started to copy the project results throughout the country, for instance in Maputo, where Joep Vonk works. This process of copying and upscaling is challenging, especially now that more and more people live in the cities, which demands quick and large

extensions of the network. "Not only will the water supply pose challenges, the expansion of drinking water extraction capacity will also become more challenging and asks for a cooperative approach between integrated water management and drinking water utilities", thus says Michiel Slotema. According to Patrick Egan, the project manager in the Philippines, they, too, have only just begun. "The end of the SWF program has been the start of copying the results to other parts of MCWD's supply area, and with help from the local politicians and especially the mayor, this process is running well." Eventually, it all comes down to two simple questions, he adds. "One: is it sustainable; and two: will it continue when we are gone?" When every project is implemented with these two questions in mind, it will lead to the best possible results – which is something they learnt from the SWF and VEI approach.





Established in 2005 by Dutch water utilities, VEI has developed into an effective organization operating worldwide. VEI implements Water Operator Partnerships (WOPs) with dozens of water operators, aiming at sharing knowledge and skills to make the partner water operators stronger, financially sustainable and more (climate) resilient. VEI creates improved access to water and sanitation services, for hundreds of thousands of people every year, mostly in low-income areas in Africa, Asia and Latin-America.

Standing side by side as water operators, we strive to continuously increase our impact for people living in poverty, by systemically improving the maturity of working processes of our WOP partners, supported by peer-to-peer collaboration, training, technical assistance and smart investments.

VEI is a full subsidiary of Vitens N.V. and Evides Waterbedrijf N.V. and implements the international Corporate Social Responsibility policy on behalf of seven Dutch drinking water utilities:

- Vitens N.V.
- Evides Waterbedrijf N.V.
- WML
- Waterbedrijf Groningen
- Brabant Water
- WLN
- PWN



Ethiopia – Sustainable Water Services for Harar

◀ *Photo left: Malawi – Inspection of the boreholes at CRWB using the new borehole camera. This allows us for the first time to actually see the inside of the borehole and helps determining the sustainable abstraction quantities.*



VEI Annual Report in Numbers

RESULTS 2022

This picture shows per region: turnover, the number of active projects, number of peers/expert (STE-days) and SDG results.

WORLDWIDE ALMOST 1 BILLION PEOPLE STILL LACK ACCESS TO WATER AND/OR SANITATION

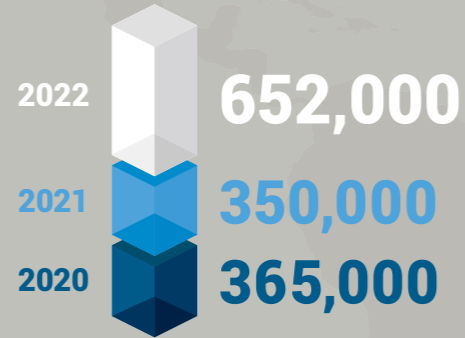
4 REGIONS: NETHERLANDS NORTH-EAST AFRICA SOUTH-WEST AFRICA LATIN-AMERICA / ASIA



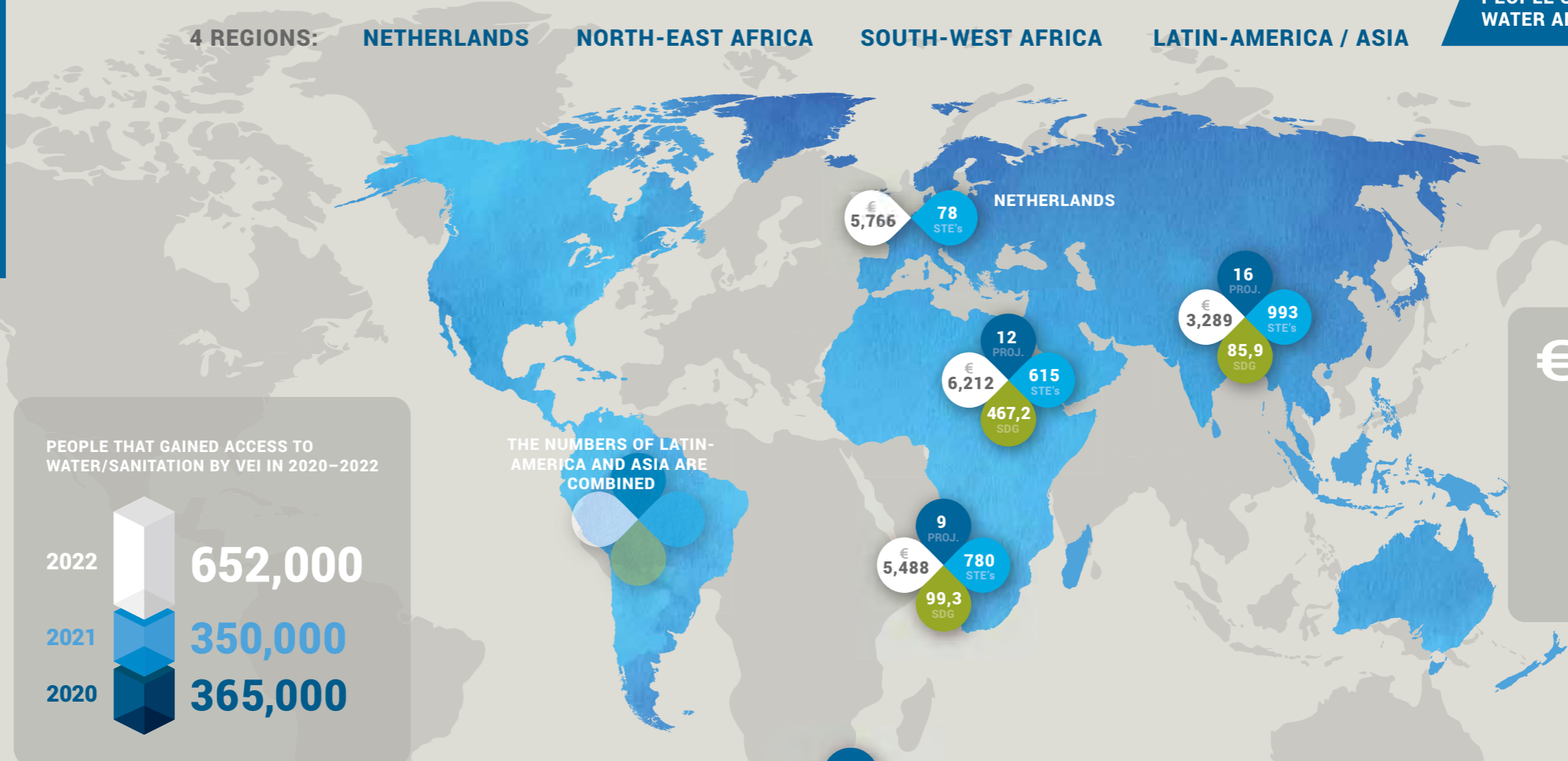
INFOGRAPHIC VEI IN NUMBERS 2022

Since the foundation of VEI in 2005, millions of people gained access to water or sanitation services.

PEOPLE THAT GAINED ACCESS TO WATER/SANITATION BY VEI IN 2020-2022



THE NUMBERS OF LATIN-AMERICA AND ASIA ARE COMBINED



4 SUBJECTS PER REGION:

- NUMBER OF PROJECTS
- TURNOVER in € x 1.000

- IMPACT ON SDG6 x 1.000
- NUMBER OF STE'S



DIRECTOR'S REPORT

STEP-UP TOWARDS SDG6 URGENTLY NEEDED



Based on the results achieved in previous years, VEI continued its activities in this first 'post-COVID' year. The implementation of VEI's Strategy 2030, centered around the improvement of water and sanitation services through long-term Water Operator Partnerships (WOPs), accelerated for the three strategic pillars: 1). The number of vulnerable people who got access to sustainable water and sanitation services increased, 2). The quality of peer-to-peer collaboration and knowledge transfer between colleagues of the 55 water utilities, with whom VEI collaborates, improved and 3). Several interventions were implemented to further strengthen VEI as a socially responsible organization.

In 2022, VEI directly financed access to water and sanitation services to 652.327 people. This achievement is influenced by the final delivery of various projects and will be a major contribution to the overall goal of reaching

11.5 million people in the period 2015-2030. As said, the 2022 SDG peak is partially due to the closure of phase 1 of the WaterWorX program. Despite these impressive results obtained in the different VEI projects, the global outlook for achieving the SDG6 goals is worrisome due to a lack of financing, impacts of climate change and population growth.

VEI becomes increasingly aware that its impact covers much more SDGs than SDG6 alone. Regarding SDG13 (climate action), for example, VEI harvested in 2022 for the first time self-generated carbon credits through connecting houses to a safe water supply network; residents stopped boiling their water which they previously sourced from unsafe water sources.

Core partners for our projects such as the Ministry of Foreign Affairs, several Dutch embassies, the Water for

◀ Photo: Bangladesh – VEI organized the Latin America and Asia ("LAsia") team retreat in Dhaka with the focus on team building, team values by 'culture mapping' and 'appreciative inquiry' exercises and a visit to the facilities and services areas of Dhaka Water and Sewerage Corporation (DWASA).

Life Foundation and the RVO managed program Fund Sustainable Water (FDW) were important drivers in the SDG6 acceleration. Even more important is to note that such high SDG numbers are based on long-term and productive partnerships with partners such as the Ministry of Foreign Affairs and RVO. Therefore, this annual report also includes a specific chapter with reflections on the results of the RVO-FDW program, since this program has proven to be key in developing public private partnerships and an important driver for sustainable changes in the water sector.

Also, the peer-to-peer collaboration, supported by strong local teams, regained traction through 189 visits by 117 Dutch water experts, 2,466 days of online/hybrid collaboration and 428 days of so-called South-South collaboration. The peer-to-peer collaboration contributes to the resilience and sustainability of the WOPs and provides excellent opportunities to exchange knowledge. Ultimately, the objective is to sustainably improve systems and build capacity in a total of 110 prioritized water utility

Our Dutch partners



(sub)working processes. For each of these working processes a 'maturity level' was assessed on a scale from 1 (elementary) to 5 (world class). The 32 utilities in WaterWorX have the ambition to increase a total of 830 maturity level steps in the prioritized (utility) processes. On average, projects have the ambition to increase an average of 1,5 levels. Apart from improved maturity levels in working processes, our WOP partners have been supported with investment mobilization. To this purpose a Pre Investment Fund (PRI) was established in WaterWorX to support activities, such as preparatory studies.

Any change, be it improved working processes or utility performance indicators, takes time. That is why WOPs need long-term perspectives and financial support. This is demonstrated in Mozambique where VEI collaborates (since 2005) with the national asset holder of water infrastructures (FIPAG) for the 22 main urban centers and AIAS (since 2014), responsible for water & sanitation services in 130 secondary towns. A snapshot of these long-term WOPs is presented in this annual report.

The solid WOP portfolio translated in a steady turnover of € 20.8 million and a positive result (after tax) of € 79,000. The positive result over 2022 will be added to the reserves. VEI's solvency, expressed as shareholders' equity in relation to the balance sheet total, was 7% (compared to 8% in the previous year). The decrease of the solvency has been caused by higher total assets and liabilities. The company's liquidity, expressed as current assets relative to current liabilities, was 1.09 (compared to 1.10 in the previous year). Finally, no unforeseen items of extraordinary expenditure had to be accounted for in 2022 or influenced future expectations.

The portfolio for the upcoming years is stable. In 2022 new projects have been secured, such as a new MCA financed WOP with the water utility of Ulan Batar in Mongolia, EU WOP projects, a project for the water utility of STUCO in St. Eustatius, supported by the Dutch Ministry of Infrastructure and Water Management and a IWRM focused project in Kenia, supported by the Netherlands embassy in Nairobi. Also, the water utility of Blantyre (Malawi) was integrated into the WaterWorX portfolio.

CONTINUED SUPPORT FROM DUTCH WATER UTILITIES AND WATER FOR LIFE FOUNDATION

The impressive SDG-impact and improvement of water services in many water utilities in the global South is only possible with support from the 7 Dutch water utilities; Vitens, Evides Waterbedrijf, WML, Waterbedrijf Groningen, PWN, Brabant Water and WLN. These core partners enable VEI to leverage their contributions with resources from others, such as the Ministry of Foreign Affairs, Ministry of Infrastructure and Water Management, embassies, Invest-International, RVO and many others.

A thriving Water for Life Foundation is a second back-bone for VEI. The Water for Life Foundation raises funds from Dutch water customers and assigned VEI to prepare, implement and monitor water and sanitation projects for vulnerable residents in low-income areas. The WOP partner utility supports the preparation and implementation of the investment and assumes responsibility to operate and maintain the newly built infrastructures, ensuring that the infrastructures remain functional over time.

Developments and results in 2022 are further discussed in three thematic areas: environment, social domain and governance.

WATER AND SANITATION
play a pivotal role in achieving other SDGs



Photo: Indonesia – Assessment of water treatment at WTP Kaligarang to overcome operational problems due to high turbidity load in the river water during heavy rainfall events in the catchment area.



ENVIRONMENT AND CLIMATE CHANGE

VEI started to measure its carbon footprint in 2019. The footprint reduced from 2,507 tCO2 in 2019 to 1.648 tCO2 in 2022. This reduction is mainly covid-related due to air travel restrictions and increased emphasis on working in hybrid forms. VEI developed a strategy to become carbon neutral in 2026, through reducing the footprint (-10%) and off-setting the remaining carbon footprint through self-generated carbon credits. Reduction mainly will be based on less air travel through hybrid online support and improved efficiency of the visits by experts.

In 2022 VEI harvested for the first time self-generated carbon credits through the WOP in Arusha with partner Arusha Urban Water Supply and Sanitation Authority (AUWSA). In this project 2,900 houses were connected to the water supply network and residents stopped boiling their water which they previously sourced from unsafe water sources. A part (134 tCO2) of the generated carbon credits is used to off-set a part of VEI's carbon footprint, making our net footprint 1.514 tCO2 in 2022. The surplus of generated carbon credits will be sold and revenues will be ploughed back into new WASH projects.

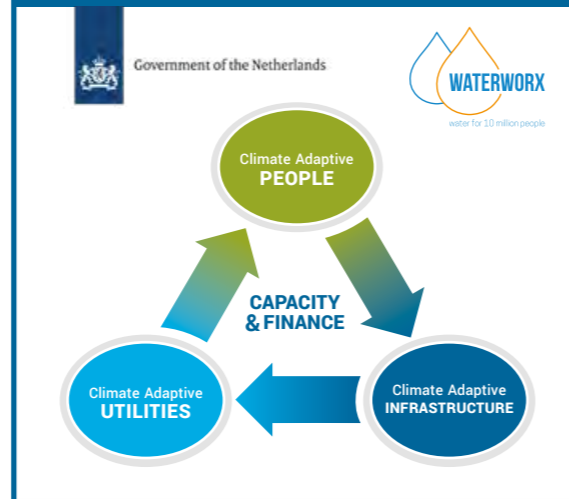
The negative climate impacts on water resources (droughts, floods and pollution) are increasingly addressed by VEI. This translates in more activities and projects that include climate adaptive planning and interventions. The inspiring project IWRM4WASH in Addis Ababa (Ethiopia), now has rehabilitated 224 hectares of formerly infertile agricultural areas, in close collaboration with the communities in the Legedadi area. These measures will reduce sediment load into the downstream reservoir (Legedadi) which is a major source of drinking water for Addis Ababa. Apart from creating new livelihood opportunities, the project delivers WASH infrastructures in several towns in this area. A **movie** was developed, which can



be found on VEI's LinkedIn page, about the first 2 years of the project, supported by the Netherlands Embassy in Addis Ababa. **Scan the QR-tag and watch the movie.**

Lessons learnt from the above project in Addis Ababa will feed a new Climate Adaptation project, in collaboration with the Ministry of Foreign Affairs. The project was presented at the UN Water conference and will work on Climate Adaptive people (making them less vulnerable to climate events), Climate Adaptive Utilities, through climate risk assessment and future planning, as well as Climate Resilient Infrastructures through concrete investments to protect infrastructures and water resources using Nature Based Solutions.

COMMITMENT: TOWARDS CLIMATE ADAPTIVE UTILITIES IN THE GLOBAL SOUTH



Malawi – Installing new gate valves at Lilongwe Water Board by Project Manager Rob Beckers. Credits: Rob Elfring.



Indonesia – Awareness campaign in Semarang*Photo: Ghana – Water quality project*

SOCIAL WELL-BEING AND INCLUSION

The impact on the 652,327 residents that received access to water and sanitation through the WOPs goes a long way. SDG6 is known for its cross-cutting impact on other SDGs. Access to water and sanitation reduces diseases (SDG3) and saves time to fetch water far from home. This saved time can be converted into economic activities (SDG1, decrease poverty). School attendance increases (SDG4) because children do not have to stay at home due to e.g. diarrhea and lack of menstruation school facilities for girls. Also, women are released from carrying water for hours in the early and late hours of the day, promoting equal opportunities (SDG5, gender). And finally, access to safe water reduces the use of firewood for water boiling, and thus will reduce deforestation (SDG13 – climate action).

The sustainability element of WOPs is a strong selling point as Operation & Maintenance is often a potential failure for longer-term project impacts. Therefore, VEI started to analyze the availability of water after project implementation, particularly in low-income areas. To detail and quantify the sustainability of the projects in low-income areas, VEI conducted an analysis of three implemented projects financed by the Water for Life foundation (Dukem in Ethiopia, Mabote in Mozambique and Adenta in Ghana), using data on average (billed) water use and (collected) revenues. The analysis shows that in the researched projects water supply is stable and water consumption per person per day is between 40-55 liters, which is internationally regarded as a sufficient supply. Also, payment behaviour is good; for example 80-90% of the water users in Adenta Ghana pay for their water. To ensure that the functionality of implemented projects is monitored, VEI will start with functionality checks as from 2023.

VEI is actively promoting the inclusion of younger people in its projects, both from the Netherlands as well as in the local teams. For example, the WaterWorX program enrolled 28 Young Professionals, selected by the WOP partners, through the YEP program. This YEP program is a 2-year development program working on personal development and skill development. Also, VEI recruited 2 Dutch YEPs for its projects in the Philippines and Uganda. Moreover, 6 trainees from the Dutch water utilities and 6 interns were deployed.

Twice per year employee meetings are organized to discuss the progress towards strategic objectives and employees can give feedback about what they find important for VEI to remain a relevant organization and attractive employer.

Given the complex work environment, the well-being of our employees and the VEI organization at large gets due attention. A confidante was appointed to provide the opportunity for employees to discuss sensitive issues. Also, a workshop was organized to discuss how to set personal boundaries at the work floor and how to discuss differences in perceived inappropriate behaviour.

In addition to the already existing firm support on health & safety issues, new e-learning modules were launched to internalize awareness on health & safety issues. Also, mental health screening and support is now offered.

GOVERNANCE

VEI continuously works on transparency towards its donors and supporting partners. VEI-accounts and individual projects are audited regularly and external reviewers give feedback on the efficacy and effectiveness of projects. Accountability is being supported by a state-of-the-art SAP accounting system and new/improved IT-apps. These apps now also provide the opportunity to store data in a secure place and can be retrieved by authorized persons to develop dashboards to present project progress.

Projects are closely monitored in quarterly business reviews, for the three regional portfolios that were created in 2021. Financial progress, progress in results, risks and Requests for change are discussed in a structured approach. VEI started working more intensively in regional portfolios to support knowledge

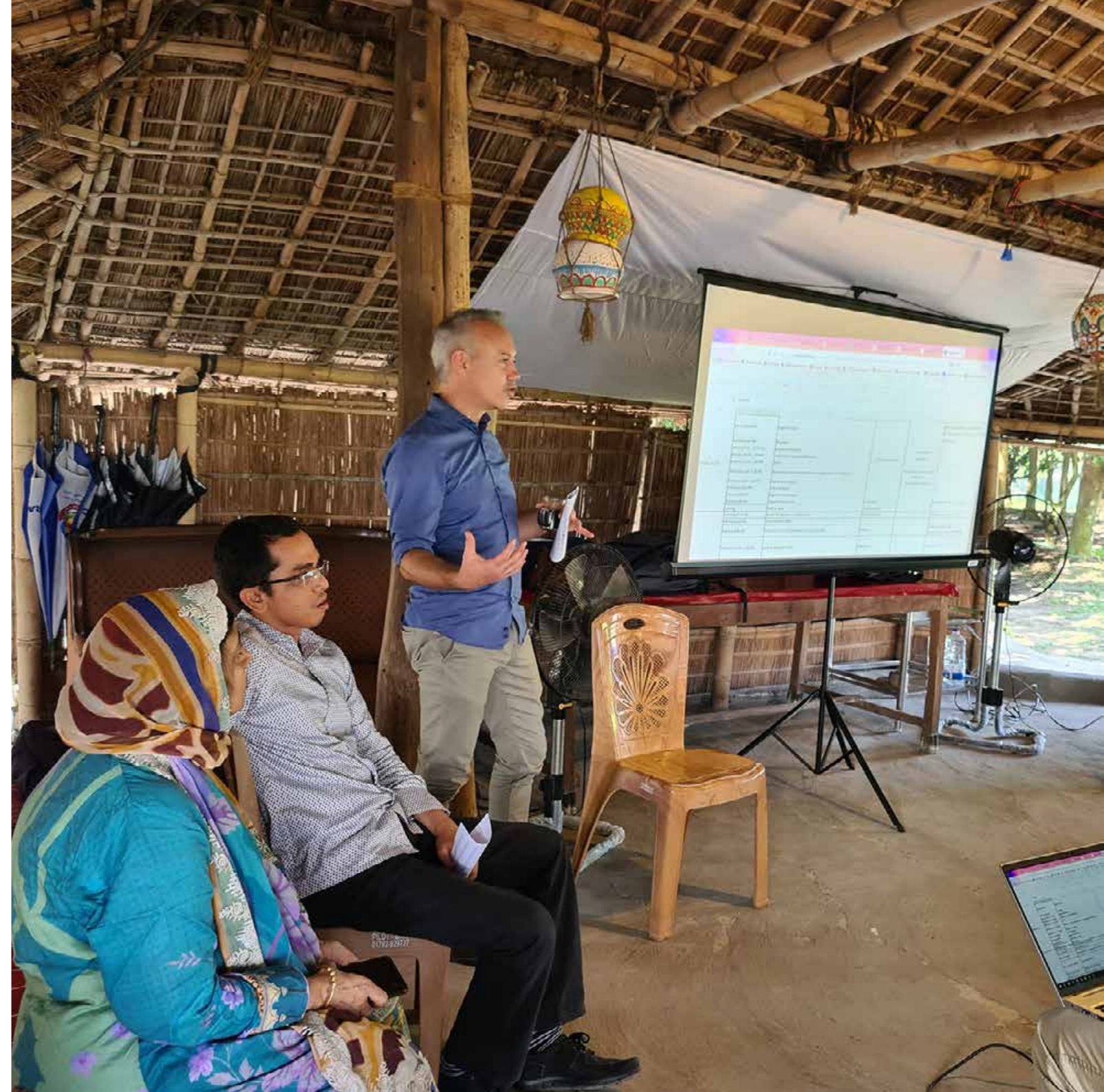
exchange, financial monitoring and focused project development. The regional focus also supports collaboration between the Headquarters in Utrecht and the 19 project countries. In 2022 for each of the 3 regional teams meetings were organized.

Knowledge management continues to be important as driving factor for the success of our WOPs. In 2021 ten Communities of Practice were launched on the GWOPA Workplace platform. In 2022 many working sessions and meetings were organized, partially in close collaboration with IHE Water Institute. Currently more than 1,000 water utility practitioners are member of the CoPs.

VEI continues to promote the added value of WOPs internationally. This was done, among others, through contributions to conferences like IWA, SIWI Stockholm and the earlier mentioned UN Water Conference 2023 in New York. The added value of WOPs is strengthened with new partnerships. For example, a research focused collaboration of 4 years was established with Wageningen University to explore new IWRM4WASH concepts and quantifying the impact of ongoing interventions in the area of water resources protection and efficient use thereof. Also, Tensing, a supplier of geo-services in the Netherlands, worked as part of their corporate social responsibility program on new geo-solutions in Accra, Ghana.

ESG-information in this annual report is not audited.

◀ Photo left: Bangladesh – Group photo after carrying out an inspection of an E-PRV with DWASA. Photo right: Bangladesh – Regional team meeting ▶



SPECIAL

18 YEARS OF WATER OPERATOR PARTNERSHIPS IN MOZAMBIQUE

Mozambique is the oldest WOP (Water Operator Partnership) partner of VEI and demonstrates how WOPs can support performance improvement of (public) water utilities. The WOPs in Mozambique also underline the importance of long-term commitment to drive sustainable results. The long-term financial support of the Royal Netherlands Embassy in Maputo, based on a long-term strategy, has been supportive to obtain positive results throughout the years.

The rich history of collaboration started in 2004 with FIPAG, the national asset holder and water supplier for the 22 largest urban centres in Mozambique. The WOP with FIPAG started with a focus on operational issues for the 4 cities in the Southern Region and was extended to 5 cities in the Central Region in 2008 and six new cities in the Northern Region as from 2012. In later stages, support slowly shifted to institutional topics, such as the establishment of regional offices, which now play a significant role in the implementation of the Delegated Management Framework of the Mozambican government. Also, support to FIPAG headquarters with Asset Management, Investment mobilization and the further development of the FIPAG academy started.

In 2014, VEI started supporting AIAS. AIAS is responsible for Water and Sanitation services in approximately 130 peri-urban towns. A program to support water operators in 15 towns in optimizing water service delivery was initiated. In parallel, the program provides technical assistance at the headquarters of AIAS on a broad range of institutional topics such organizational development, implementation of innovative technologies, and investment mobilization. This has proven a successful formula as

can be seen in the performance data presented below. The approach is now being applied in 60 towns under the responsibility of AIAS.

Throughout the WOPs with FIPAG and AIAS, training (on the job), capacity building, development of improvement plans, mobilization of investments and small-scale infrastructural projects for low-income areas (supported by the Water for Life foundation) were the building blocks for improvement. This has resulted, for example, in 1). Training of hundreds of employees, 2). Implementation of 46 Water for Life projects (total M5,3 euro), connecting 627,000 people to WASH services (42,000 AIAS and 585,000 FIPAG) and 3). >M100 euro of investments mobilized for FIPAG (ORET Chicamba, ORIO in North Maputo- Curumane, FDW Beira and DRIVE in Nacala) and active contributions to secure large projects for AIAS (World Bank, JICA, USAID, CRIDF, Operation Water, D2B/ DRIVE Beira coastal protection).

Three colleagues who have involved for a long time in the WOPs with FIPAG and AIAS explain how they have experienced the added value of working in WOPs for the utility performance and their personal development.



◀ Photo: Mozambique – FIPAG





INTERVIEW

FERNANDO NHONGO | FIPAG

What do you see as the added value of working in WOPs?

Several aspects have added value to FIPAG. The partnership supported the improvement of services, water supply management processes, and the institutionalization/ internalization of these improved management processes. It also accelerated the elaboration of FIPAG's values, clarifying its vision and helping to materialize its mission.

How has the FIPAG-VEI partnership contributed to the development of FIPAG?

I see two major results of the FIPAG-VEI partnership. Firstly, development of human capital through the trainings by VEI specialists. These trainings significantly contributed to the institutional development, such as the creation of standards and work procedures. Another important aspect was the development of young FIPAG employees. Today, these employees lead the management processes, contributing to the transformation of the water utility. Secondly, the values of FIPAG are inspired by the WOP. The functional structure of Dutch water utilities and the commitment shown by the experts worked as a source of inspiration. For example the services and performance indicators of the water utilities in the Southern part of Mozambique improved during the partnership. Access to water for the low-income population was part of the objectives, supported by the Water for Life foundation.

How has the WOP influenced your career?

Since 2007 I have had the privilege of working with several VEI specialists from various areas: operation and maintenance, water quality, telemetry, energy efficiency, projects, assets and finance. Jointly we worked on the diagnosis of the water utilities, we designed proposals for solving the challenges, which were later included in the management processes. The interaction with VEI

specialists increased my understanding of the water utility and my quality of work.

I also had the opportunity to act in the position of Regional Director for the three regions of FIPAG. I have no doubt that this was related to working with VEI experts. Currently I am working on the challenge of Non-Revenue Water together with VEI specialists. So I have grown into a professional who can contribute to the water sector, inside and outside FIPAG.

INTERVIEW

FARIDA SAIFODINE NETHERLANDS EMBASSY IN MAPUTO



What do you see as the added value of working in WOPs?

The most important added value, both for FIPAG and AIAS, is the fact that VEI is working side to side with these organizations, building trust and improving the partnership year by year and this facilitates the daily work. It can be noticed that there is a clear transfer of knowledge on the operation of water supply systems, that is helping these organizations to deal with the enormous challenges in the area of WASH.

How have the partnerships with VEI contributed to the development of FIPAG and AIAS?

In both organizations the capacity and competencies of technicians, to deal with management and operation of water supply systems, increased. For FIPAG the organization was consolidated and is now better able to mobilize funds for the different investment projects. For AIAS, VEI contributed to the participation of private sector in the operation of water supply systems in small towns. This is one of the main policies of the Government of Mozambique and fits with the strategy of the Dutch cooperation to guarantee sustainable water services.



INTERVIEW

CARLOS CAPITÃO AIAS AND FORMER YEP (YOUNG EXPERT PROGRAMME)

What do you see as the added value of working in WOPs?

In my point of view WOPs are created to support utility improvement. The added value can be seen in, for example, flexibility in achieving results, developing institutional skills, and sharing experiences.

How has the AIAS-VEI partnership contributed to the development of AIAS?

The partnership brought an international and multicultural approach that allowed the technicians to adopt a holistic view of the water business, technically and socio-economically. Highly qualified local and foreign human resources were assigned to different fields of expertise, elevating the technical capacities of the staff involved and the organization's competences. One of the beneficiaries of this partnership were the water operators. They became more professional, supported by an organizational structure with a clear chain of command. Trainings included operational management of water supply systems (production and distribution of water, plumbing, electricity and mechanics, non-revenue water and operation and maintenance of generators, etc.), financial management (accounting and auditing, preparation of investment and business plans, and tariff policy), Human Resources and stock management.

Several investments were made within the scope of the project, such as expansion of the distribution network, construction of treatment stations, construction of boreholes, pumping stations, and distribution centres. Also, connection materials and tools were supplied. These initiatives made a significant contribution to providing water to around 460,000 inhabitants located in Mozambican villages.

With a view to eradicating diseases, there were interventions in the field of sanitation, related to the economic strengthening of the sanitation chain, through the creation and training of artisans, distribution of improved latrines and points of sale. Training was provided to municipal and district infrastructure planning departments in the design of investment and masterplans for urban sanitation and funding strategies. Regarding education and improving sanitation for children, several sanitary blocks were built throughout the country. Efforts made in this area have contributed greatly to improving the lives of the Mozambican population.

How has the WOP influenced your career or development?

I consider myself one of the beneficiaries of the WOP. I have the opportunity to work in an international and multicultural context, receiving various training and interaction with different specialists. These interactions allowed me to gain the skills of an expert in water supply, with experience in project coordination, design of a project, operation and maintenance. In short, the partnership gave me the opportunity to contribute to increasing access to drinking water, through the various expansion projects of water supply I designed, and the technical assistance that I provided to water operators.



MOZAMBIQUE PERFORMANCE DEVELOPMENT

Performance development AIAS 2014 – 2022

The below table shows that the Water Operator Partnership with AIAS quickly expanded from 1 water utility in 2014 to 60 water utilities in 2022. The number of people with access to water increased with more than 400,000 whereas the percentage of Non-Revenue Water remained at a stable level with an increased production capacity. The partnership will continue to boost access to water and water availability in the coming years.



ASIS	2014	2015	2016	2017	2018	2019	2020	2021	2022
Number of towns	1	15	22	29	40	43	55	58	60
Number of people with access to water (*1,000)	6	118	142	189	221	207	291	342	419
Number of employees	10	220	253	380	357	365	489	450	715
Average of NRW	31%	30%	26%	30%	34%	36%	34%	31%	31%

Performance development FIPAG 2004 – 2022

The number of people receiving water services from FIPAG rapidly increased in the past 20 years, as well as the production capacity.

FIPAG	<1999	2017	2018	2019	2020	2021	2022
Number of towns	8	21	21	21	29	29	29
Number of people with access to water (*1,000)	<1.000	3.573	3.712	3.774	4.261	4.486	3.676
Number of employees	<1000	2.600	2.678	2.734	2.880	2.958	3.162
Average of NRW	50%	40%	42%	51%	51%	48%	45%

Photo: Mozambique – AIAS



RISK MANAGEMENT



IN 2022

VEI is exposed to a variety of risks

Tanzania – Water treatment plant in Mwanza

INTRODUCTION

Given the international context of our work, VEI is exposed to a variety of risks. Many of these risks are known and were included in the risk management assessments in the past years. For example risks related to our daily activities, and the risks associated with the COVID-19 pandemic. Every year a screening for new risks is performed that might require a different response.

The dynamic nature of our work and environment require VEI to execute risk inventories and develop risk management interventions. VEI is preventing and mitigating the identified risks to minimize risk occurrence and its impacts continuously. VEI realizes that, being part of, and representing the Dutch water sector, it needs to take into account the interests of the shareholders and the Dutch drinking water utilities affiliated with VEI.

The main risk categories are health and safety, operational risks including fraud and corruption, financial risks and reputational risks. The risk screening

in these categories is based on a selection process with predefined criteria. A prime criterium is to weigh our involvement in WOPs against the expectation that efforts will have a sustainable and lasting impact.

In general, choices related to contract types and project sites are key elements in managing the risk profile and exposure. The engagement and support of our utility WOP partner is an important indicator here. Other considerations relate to the safety situation of the project site, such as indicated by the Netherlands Ministry of Foreign Affairs and their embassies, presence of other international organizations, travel infrastructure and accommodation and health facilities. In managing the risks, VEI is supported by Control Risks. Control Risks is an independent, global risk consultancy specializing in helping organizations to manage political, integrity and security risks in complex and hostile environments.

Photo right: Ethiopia – Water reservoir and pumping station in Harar >



VEI will not participate in any form of fraud and corruption. The presence of VEI in a country does not indicate support of a government's policy or an endorsement of its governance quality. With respect to contract type, VEI's policy is not to take financial interests in local entities, but merely to act in a supporting role focusing on technical assistance and support with the implementation of projects co-financed by the Water for Life foundation, aiming at providing access to clean drinking water and a safe toilet.

HEALTH AND SAFETY RISK

Impact on the results and / or financial position: limited

Health and safety of international project staff, and staff assigned for short-term assignments, are the main risks to which VEI is exposed. Even though VEI staff mainly fulfil an advisory role, many are involved in the operations of WOP partners. The health and safety risks apply to international travel, local transportation (accidents, material damage), illness (nutrition, malaria, infectious diseases, pandemics), safety on the streets (theft), incidents (natural disasters, terrorism), and 'occupational health'. Personal injury resulting from accidents or incidents causes personal hardship and inconvenience. But it also has a negative impact on the image of VEI and its partners, particularly if such situations are not managed professionally. The recent COVID-19 pandemic shows that VEI is taking its responsibility and pro-actively implements interventions to avoid staff getting sick and the risk of spreading the virus. In response to the COVID-19 pandemic, VEI immediately established an effective emergency structure to align interventions jointly with stakeholders such as donors and WOP partners.

Among other measures, VEI implements the following controls to minimize the risk associated with health and safety:

- VEI staff (project based staff and short-term experts) receive information on the political, security and health situation in the countries where we are present.
- A Travel Handbook, which is frequently updated ('Veilig op Reis'), containing instructions on behavior and assistance relating to health and safety.
- E-learning modules to create awareness and internalize health & safety issues.
- Compulsory drivers for short-term experts.
- A crisis management organization has been set up and annual crisis management trainings are organized.
- A checklist clarifying the obligations of the employer and employee, which the short-term expert must sign to indicate that he/she is aware of all the available information and has read the relevant instructions before being issued an air ticket.
- VEI cooperates with Control Risks (crisis management), TravelClinic (medical advice) and International SOS (health) in order to optimally inform and prepare employees and, if necessary, provide guidance in the area of health and safety.

Photo: Ethiopia – Communities engaged in Addis, water and soil conservation as climate adaptation measures.





◀ Photo left: Indonesia – Short Term Experts Johan Lassing and trainee Toine Heus from Vitens, together with Dani, Edi and Tasmin from PDAM, receive a training in active leak detection using groundmics.

OPERATIONAL RISK, INCLUDING FRAUD AND CORRUPTION

Impact on the results and / or financial position: limited

Operational risks relate to the quality and effectiveness of the project, issue management (water quality, reliability), political risks (human rights, corruption), and employee conduct (professionalism). This includes the risk of any form of fraud and corruption not only caused by own personnel, but also by partners and hired staff. Operational risks can negatively influence targets and reputation of VEI and its partners. Furthermore, fraud and corruption can lead to financial losses, sanctions and fines. VEI mostly works in long-term partnerships with partners collaborating on a voluntary basis, or contracts that are awarded after a tender procedure. Neither poor performance nor bad publicity serves the interests of the parties involved and thus partners are motivated to implement a project successfully. VEI learned from previous experiences that in case of insufficient progress towards the objectives, partners try to improve. As a result, there has not been a case of premature termination of a collaborative partnership without mutual consent in the past years. The COVID-19 pandemic shows that even with large-scale restrictions on international travel, projects were able to largely deliver planned project results.

VEI implements the following controls in order to minimize operational risks:

- Contract selection criteria, including a restricted country list.
- Selection of partners/partnerships.
- Use of KPIs (Key Performance Indicator), transparent performance reporting.
- A standardized Financial Planning & Control cycle, using state-of-the art accounting software with built-in controls and updated procedures.
- Communication protocols defining core messages for target audiences.
- A mandatory “code of conduct” for VEI staff, including procurement procedures.
- Frequent internal and independent external audits, often in combination with a market conformity check on hardware investments.



Photo right: Suriname – Workshop with SWM employees ▶

STRATEGIC RISK***Impact on the results and / or financial position: limited***

The activities of VEI are supported by financial contributions and expertise of the Dutch water utilities, the foundation Water for Life, funds from the Ministry of Foreign Affairs and RVO and other (inter)national donors. The strategic risks include reduced funding for international water projects, and donor support for the WOP model specifically. VEI believes that the WOP model is most effective in achieving sustainable improvements.

VEI implements the following control measures to minimize strategic risks:

- Internal and external monitoring of programs and projects to ensure that project objectives are met, and sustainability is secured.
- Continuously search for new externally financed projects and project partners.
- Collaboration with UN-GWOPA to promote the WOP model internationally (e.g. sharing best practices), including mobilizing additional financial support for WOPs.

FINANCIAL RISK***Impact on the results and/or financial position: limited***

VEI is a project-based organization and the associated financial risk is therefore related to individual projects and to a lesser extent to programs. Examples of financial risks are penalty clauses, repayment of subsidies, debt-risks, liability for (health) damage and defaulting donors. In the event of early project termination, there may be financial consequences to relocate resident staff and/or reintegrate staff or an outplacement procedure has to be initiated. Despite this, the VEI portfolio is characterized by diversity, resulting in risk spreading.

VEI implements the following control measures to minimize financial risks:

- Optimization and updating of the administrative / finance & Control systems and procedures.
- Registration / preparation of VEI contracts with realistic performance targets and a good balance between fixed and variable rewards and bonus/malus arrangements.
- Many projects include advance payments by donors.
- Limited long-term commitments and assets such as rent contracts.
- No equity or financial positions in local entities.
- Flexible workforce contracts aligned with the project duration.

Mwanza – Water treatment plant



REPUTATIONAL RISK***Impact on the results and / or financial position: limited***

As mentioned earlier, VEI realizes that incidents in projects abroad could negatively affect the reputation of the drinking water utilities affiliated to VEI, possibly caused by irresponsible behavior of VEI employees or VEI representatives. Misconduct such as sexual abuse, child labor, discrimination based on gender, ethnicity or sexual orientation has a zero tolerance policy within the VEI organization. In addition, when recruiting both long- and short-term as well local employees, the importance of responsible, respectful behavior in other cultures is communicated. This is implemented through a code of conduct, behavioral guidelines, and training. Also, frequent and transparent communication in regional meetings contributes to reduce this risk.

VEI implements the following control measures to minimize reputational risks:

- Code of Conduct, zero tolerance.
- Preparatory talks with short-term experts before they start working abroad.
- Clauses in contracts with externally contracted personnel.
- Awareness training of VEI and project staff.
- Local communication is done by the local water utility.

- Direct lines of communication with the Dutch water sector, and checking communication messages before publication in case of doubt.
- Training spokesperson.
- Transparent working methods, including procurement and financial transactions.
- A restricted country list which has been assessed on reputational risks, and informed by policies of the Ministry of Foreign Affairs.

More about VEI's financial risks and risk management can be found in chapter 5, Financial Statements.

Utrecht, 22 May 2023
Toine Ramaker
 CEO VEI

Photo: Zambia – Training in the proper alignment of pumps was organized in Nkana WSC (Kitwe). VEI procured the necessary tools and organized the training. Proper alignment of pumps saves energy and money – resulting in both environmental and financial benefits for the partner utility. >



FINANCIAL STATEMENTS

Balance sheet as at 31 December 2022

(before proposed appropriation of result)

(x EUR 1,000)

Income statement for the year ended 31 December 2022

(x EUR 1,000)



		31/12/2022	31/12/2021
ASSETS			
	Note		
Current assets			
Construction contracts	1.	14.576	7.701
Accounts receivable	2.	474	412
Taxes and social security charges	2.	285	313
Other receivables, prepayments and accrued income	2.	1.733	2.151
Cash and cash equivalents	3.	8.706	10.575
Total assets		25.774	21.152
SHAREHOLDERS EQUITY AND LIABILITIES		31/12/2022	31/12/2021
	Note		
Shareholders equity	4.		
Paid-up and called share capital		36	36
Other reserves		1.680	1.629
Undistributed result		79	51
Total shareholders equity		1.795	1.716
Provisions	5.	286	212
Current liabilities			
Construction contracts	6.	20.185	15.660
Taxes and social security charges	7.	76	68
Other current liabilities	7.	3.432	3.495
Total current liabilities		23.693	19.223
Total shareholders equity and liabilities		25.774	21.152

		2022	2021
	Note		
Net turnover	9.	20.755	21.570
Cost of operations	10.	-18.657	-19.591
Gross profit		2.098	1.979
General and administrative expenses	11.	-1.976	-1.889
Total costs		-1.976	-1.889
Operating profit		122	90
Financial expenses	12.	-29	-26
Result before tax		94	64
Corporate income tax	13.	-15	-13
Result after tax		79	51

Cash flow statement for the year ended 31 December 2022

(x EUR 1,000)

CASH FLOW FROM OPERATING ACTIVITIES		2022	2021
Operating profit	Note	122	90
Adjustments for:			
Movement in provisions	5.	73	-133
		196	-43
Movements in working capital:			
Receivables	2.	384	-1.135
Construction contracts	1. & 6.	-2.351	3.873
Current liabilities	7.	-54	-295
		-2.020	2.443
Cash used in operations		-1.825	2.400
Financial expenses	12.	-29	-26
Corporate income tax paid	13.	-15	-13
		-44	-38
Net cash generated from operating activities		-1.867	2.362
The movement in cash at banks and in hand can be broken down as follows:			
Balance as at 1 January		10.575	8.213
Movements during the financial year		-1.867	2.362
Balance as at 31 December		8.707	10.575

Notes to the balance sheet and income statement



1. GENERAL NOTES

1.1 Activities

VEI B.V. is a joint venture of Vitens N.V. and Evides N.V.. VEI B.V. receives contributions from its shareholders and other donors in the context of development aid. It uses these contributions to finance its activities in the area of management support for water companies in developing countries. An own contribution is incorporated within a majority of the project contracts of VEI. This own contribution is sourced through the participating Dutch water companies, legitimized by the 1% CSR contribution of the Dutch drinking water law.

1.2 Registered office and number at chamber of commerce

VEI B.V. registered office is located at the Reactorweg 47, 3542 AD, Utrecht, the Netherlands. Registered at the Chamber of Commerce under number 634832.

1.3 Group structure

VEI B.V. consists of one legal entity. VEI B.V. is no part of a larger group.

1.4 Changes in accounting policies

There are no changes in accounting policies compared to previous year.

1.5 Changes in accounting estimates

There are no changes in accounting estimates.

1.6 Related parties

All legal entities that can be controlled, jointly controlled or significantly influenced, are considered to be a related

party. Entities which can exercise control over the Company are also considered to be a related party. In addition, statutory directors, other key management of VEI B.V. or the ultimate parent companies and close relatives are regarded as related parties. Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide the required insight.

1.7 Estimates

Preparing annual financial statements involves the use of assumptions, judgment and estimates based on historical experience and factors that are acceptable in the management's opinion given specific circumstances. Such judgment and estimates (including relevant assumptions) affect the valuation and presentation of the assets and liabilities reported and also the result for the year. Actual results may differ from these estimates and assumptions applied. The nature of these estimates and this judgment, including relevant assumptions, are disclosed in the notes to the financial statement.

1.8 Accounting policies for the cash flow statement

The cash flow statement has been prepared on the basis of indirect method. Items disclosed in the cash flow statement comprise the cash and cash equivalents. Cash flows in foreign currency are translated at an estimated average exchange rate. Inflow or outflow of cash related to interest is included in the cash flow from operating activities. Cash flows from investment and financing activities are not applicable.

2. GENERAL ACCOUNTING POLICIES

2.1 General

The financial statements have been prepared in accordance with the statutory provisions of Part 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 Comparison with previous year

The valuation principles and method of determining the result are the same as those used in the previous year. Also, the comparative figures for the financial year 2021 have not changed.

2.3 Operational Leasing

VEI B.V. has lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of, nor incurred by the company. The lease contracts are recognized as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

2.4 Foreign currency

2.4.1 Functional currency

The items in the financial statements are measured using the currency of the primary economic environment in which the company is based (the functional currency).

The financial statements are presented in euro, which is the functional and presentation currency of VEI B.V..

2.4.2 Translation of foreign currency

Transactions entered by the company in a currency other than the functional currency are recorded at the rates ruling when the transactions occur. Foreign currency assets and liabilities are translated at the rates ruling at the reporting date. Exchange rate differences arising on the translation of unsettled assets and liabilities are recognized in the company income statement.

3. ACCOUNTING POLICIES FOR THE BALANCE SHEET

3.1 Construction contracts

The item construction contracting by third parties consists of the balance of project costs and invoiced installments and, if applicable, allocated profit or recognized loss. Construction contracts by third parties are presented separately in the balance sheet under current assets. If a credit balance is shown, it is presented under the current liabilities. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

3.2 Receivables

Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

3.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank

balances and deposits held at call with maturities of less than 12 months. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at nominal value.

3.4 Provisions

Provisions are recognized for legally enforceable or constructive obligations that exist at the balance sheet date, and for which it is probable that an outflow of resources will be required and a reliable estimate can be made. Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The other provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation, unless stated otherwise. If obligations are expected to be reimbursed by a third party, such reimbursement is included as an asset in the balance sheet if it is probable that such reimbursement will be received when the obligation is settled.

3.5 Current liabilities

On initial recognition, current liabilities are recognized at fair value. After initial recognition, current liabilities are recognized at the amortized cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

4. ACCOUNTING POLICIES FOR THE INCOME STATEMENT

4.1 General

The result is determined as the difference between the realizable value of goods/services delivered and costs and other expenses over the year. Income from transactions is recognized in the year in which it is realized.

The project result is determined as the difference between project income and project costs. Project income is the contractually agreed income and income from supplemental and additional work, claims and fees, if and to the extent likely to be realized and able to be reliably determined. Project costs are costs relating directly to the project, which are generally allocated to project activities and can be apportioned to the project, and other costs that can be contractually allocated to the client. If it is likely that total project costs will exceed total project income, expected losses are immediately recognized in the income statement. This loss is included in cost of sales.

4.2 Net turnover

Net turnover consists of contributions by the Dutch water companies and subsidies received. Income is allocated to the relevant period. Subsidies are recognized as income in the income statement in the year in which the subsidized costs were incurred, or income was lost, or in which a subsidized operating deficit arose. Income is recognized if it is likely to be received. All turnover is based on contracts and agreements in which conditions like deliverables, results and prices are agreed upon.

4.3 Contract revenue and costs

When the outcome of a contract can be reliably estimated, contract revenue and costs are recognized as revenue and costs in the income statement under the percentage of completion method. The stage of completion is measured by reference to the contract costs incurred up to the balance sheet date as a percentage of total estimated costs for each contract. When the outcome of a construction contract cannot be reliably estimated, contract revenue is recognized as revenue in the income statement only to the extent of contract costs incurred that are likely to be recoverable. Contract

costs are recognized as expenses in the period in which they were incurred. When the outcome of a contract can be estimated reliably, revenue is recognized using the percentage of completion method by reference to the services provided up to the balance sheet date.

4.4 Cost of operations

Cost of (project) operations is defined as direct and indirect costs that can be allocated to the projects, which includes costs of raw materials and production supplies, costs of work contracted out and other external costs, personnel costs and other operating expenses that can be allocated to cost of sales.

4.5 General and administrative expenses

General and administrative expenses are defined as those costs chargeable to the year that are not directly attributable to cost of goods and services sold. In the case of VEI B.V., these costs are related to support departments and cannot be attributed to the cost of (project) operations. The general and administrative expenses also include the costs of own employees of VEI B.V.

4.6 Employee cost (employee benefits)

4.6.1 General

Employee costs (wages, salaries, social security contributions, etc.) are not presented as a separate item in the income statement. These costs are included in other components of the income statement, i.e. general and administrative expenses. For a specification, reference is made to the relevant note.

4.6.2 Short-term employee cost

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees and the tax authorities respectively.

4.6.3 Pensions

VEI B.V. applies the liability approach for all pension schemes. The pension fund ABP is unable to provide the information which is necessary for the defined benefit plans which are actually the pension plans that VEI B.V. has. Therefore, the defined benefit plan is treated as a defined contribution plan and the pension premiums owed for the financial year are entered as pension costs in the income statement. Prepaid contributions are recognized as deferred assets if these lead to a refund or reduction of future payments. Contributions that are due but have not yet been paid are presented as liabilities.

There are no other obligations in addition to the premiums paid, so no provision is included. The coverage ratio of ABP was 110.9% at 31 December 2022 (31 December 2021: 110.2%). On top of the interim pension increase in July last year (2.39%), the pension increase of 11.96% will take effect from January 1 this year. For the rest of this year, pensions will remain the same. At the end of November this year, ABP will look at its financial position and assess whether pensions will change or remain the same in 2024.

4.7 Financial income and expenses

Interest income and expenses are recognized on a pro rata basis, taking account of the effective interest rate of the assets and liabilities to which they relate. In accounting for interest expenses, recognized transaction expenses for loans received are taken into consideration.

4.8 Currency translation differences

Currency translation differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they are realized, unless hedge accounting is applied.

4.9 Corporate income tax

Tax on the result is calculated based on the result before tax in the income statement, taking account of the losses available for set-off from previous financial years (to the extent that they have not already been included in the deferred tax assets) and exempt profit components and after the addition of non-deductible costs.

5. FINANCIAL RISKS AND RISK MANAGEMENT

VEI B.V. is exposed to the following financial risks, which are explained below:

5.1 Market risk

5.1.1 Price risk

The company deems the price risk related to items in the financial statements to be limited. This is mainly caused by the type of contract which enables VEI B.V. to pass such effects on to donor parties.

Eligibility of project cost

The company is involved in various projects for which audits are performed in order to check eligibility of project cost incurred. For some projects, audits are performed on a yearly basis, for others an audit is performed in case a new installment is requested and for some projects audits are performed at the end of the project. For those projects where the subsidy funder performs an audit after closure of the project and for long-term projects, the company risks that, as a result of an audit, costs do not meet the conditions of the grant and can therefore not be claimed.

5.1.2 Currency risk

This is the risk that the value of a financial instrument will change due to fluctuations in the currency exchange rates. The company uses the euro as its functional currency. Exchange differences are calculated on a per-transaction basis and credited/charged to the income statement. For benefit of the projects, bank accounts abroad are held in foreign currencies to facilitate payments in foreign currencies. VEI B.V. is exposed to currency risks because its projects are implemented in financially unstable countries and transactions are executed in foreign currencies. Based on a risk assessment, the company does not use any forward currency contracts.

5.1.3 Interest rate and cash flow risk

No measures have been taken to mitigate interest rate risks. The company has no interest-bearing debts.

5.2 Credit risk

The company is exposed to risks in relation to valuation of receivables. The company manages this risk by assessing the recoverability of outstanding receivables periodically and takes adequate measures where necessary.

5.3 Liquidity risk

Cash and cash equivalents are at free disposal of the company. Many of the company's projects are financed based on pre-financing by financiers/donors.

Notes to the balance sheet

(x EUR 1,000)

1. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss. Construction contracts are presented separately

in the balance sheet under current assets. If it shows a credit balance, this will be presented under current liabilities.

	31/12/2022			31/12/2021		
	Invoiced Installments	Project cost	Balance	Invoiced Installments	Project cost	Balance
Africa	16.278	17.904	1.626	15.622	16.668	1.046
Latin-America / Asia	4.223	5.070	847	4.094	4.339	245
WaterWorX (Consortium)	-	-	-	-	-	-
WaterWorX (VEI)	16.958	29.061	12.103	16.958	23.368	6.410
Water for Life	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	37.459	52.035	14.576	36.674	44.375	7.701

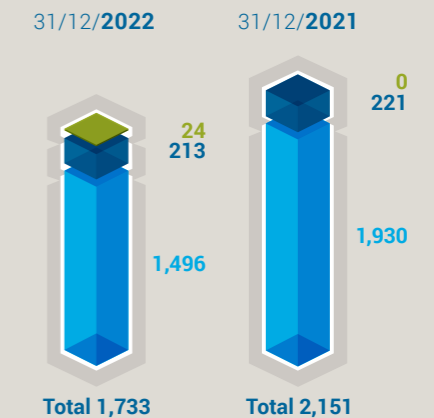
(x EUR 1,000)

2. RECEIVABLES

All receivables have a remaining term of less than one year. The net present value of the receivables approximates the book value, due to their short-term nature and the fact that provisions for bad debt have been created where necessary. For 2022 a provision for doubtful receivables was deducted amounting to € 194,000 on the receivables (2021: € 275,000). The debtors amount to € 474,000, after deduction of the provision for doubtful debts.

The receivable relating to Taxes and social security charges amounts to € 285,000 (2021: € 313,000) relates to VAT. The other receivables, prepayments and accrued income consists of the following categories:

- Advances to personnel and projects
- Other receivables and prepaid costs
- Credit notes to receive



3. CASH AND CASH EQUIVALENTS

The cash and cash equivalents are at the free disposal of the company with a credit facility amounting to € 1,500,000.

4. SHAREHOLDERS' EQUITY

	31/12/2022	31/12/2021
Paid-up and called share capital	36	36
Other reserves	1.680	1.629
Undistributed result	79	51
Total	1.795	1.716

The authorized share capital amounts to € 90,000 consisting of 1,800 shares with a nominal value of € 50 per share. At the year ended 31 December 2022 720 shares were issued and paid up. In 2022 no shares were issued. The movement in shareholders' equity is presented in the table on the following page.

(x EUR 1,000)

(x EUR 1,000)

	Paid-up and called share capital	Other reserves	Undistributed result	Total
2022:				
Balance as at 1 January	36	1.629	51	1.716
Movements				
Appropriation of the result of previous financial year	-	51	-51	-
Distribution of dividend	-	-	-	-
Result for financial year	-	-	79	79
Balance as at 31 December	36	1.680	79	1.795
2021:				
Balance as at 1 January	36	1.547	82	1.665
Movements				
Appropriation of the result of previous financial year	-	82	-82	-
Distribution of dividend	-	-	-	-
Result for financial year	-	-	51	51
Balance as at 31 December	36	1.629	51	1.716

Proposed appropriation of result

Based on article 18 of the articles of association, the board of directors proposes to appropriate the result of 2022 as follows: to add an amount of € 79,000 to the other reserves.

(x EUR 1,000)

(x EUR 1,000)

5. PROVISIONS

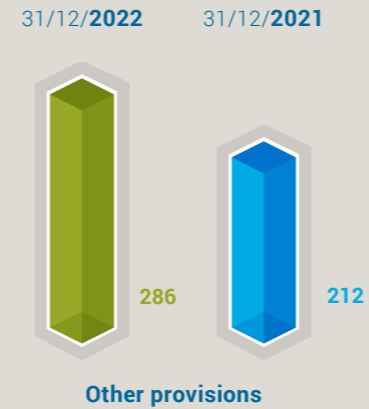
Other provisions are recognized for:

- Employees working abroad and relates to withholding taxes.
- Mid term review for WaterWorX phase II to be executed in 2024/2025.

The movement in the provision is presented in the table below.

	2022	2021
Balance as at 1 January	212	345
Movements in provisions		
Additions	169	52
Release	-15	-75
Utilisation	-80	-110
Balance as at 31 December	286	212

No amount of the provision can be classified as non-current (longer than one year).



6. CONSTRUCTION CONTRACTS

Construction contracts commissioned by third parties comprise the balance of project costs and invoiced installments and if applicable allocated profit or recognized loss. Construction contracts are presented

separately in the balance sheet under current assets. The construction contracts with a credit balance are presented under current liabilities.

	31/12/2022			31/12/2021		
	Invoiced Installments	Project cost	Balance	Invoiced Installments	Project cost	Balance
Africa	304	192	112	3.919	2.505	1.414
Latin-America / Asia	1.970	1.674	297	3.920	3.350	570
WaterWorX (Consortium)	20.513	3.017	17.496	13.513	1.518	11.995
WaterWorX (VEI)	-	-	-	-	-	-
Water for Life	3.930	1.668	2.262	2.572	920	1.652
Other	67	49	18	30	1	29
Total	26.784	6.599	20.185	23.954	8.294	15.660

(x EUR 1,000)

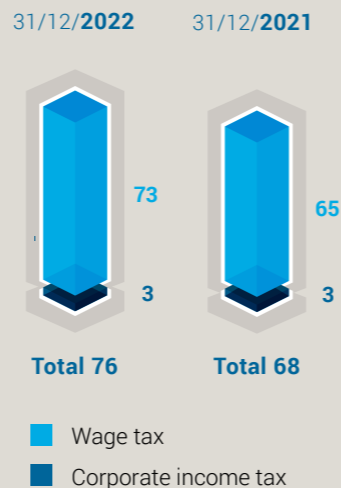
(x EUR 1,000)

7. TAXES, SOCIAL SECURITY CHARGES AND OTHER CURRENT LIABILITIES

The taxes and social security charges consist of the following categories:

Corporate income tax can be broken down as follows:

	2022	2021
Payable as at 1 January	3	8
Payable for financial year	15	13
Total	18	21
Paid in financial year	15	18
Payable as at 31 December	3	3



There is no current account agreement with Water for Life and no interest is being charged. The other current liabilities consists of the following categories:



All current liabilities fall due in less than one year. The fair value of the current liabilities approximates the book value due to their short-term character.

The other payables consist of expenses to be paid € 1,832,000 (2021: € 2,040,000) and payroll related liabilities € 273,000 (2021: € 253,000).

Debt to shareholders

Under the debtors, trade creditors and other payables positions with shareholders are included and lead to the following debt:

	31/12/2022	31/12/2021
Vitens N.V.	91	201
Evides N.V.	163	54
Total	254	255

No interest is charged on the debt to shareholders. In respect of repayment the regular payment term for creditors is used. No other agreements have been made.

(x EUR 1,000)

8. CONTINGENCIES AND COMMITMENTS

The company has concluded lease and rental contracts with an total rental expenditure of approximately € 347,000 (2021: 370,000) for the whole period.

These contracts are related to lease of cars, office space and housing for employees abroad.

	Due within 1 year	Due 1- 5 years	> 5 year
Rental and lease contracts as per 31 december 2022	€ 255	€ 83	0
<i>Rent</i>	193	18	0
<i>Lease</i>	62	65	0
Rental and lease contracts as per 31 december 2021	€ 192	€ 178	0
<i>Rent</i>	129	87	0
<i>Lease</i>	63	91	0

(x EUR 1,000)

Notes to the income statement



9. NET TURNOVER

Net turnover from The Netherlands is recognized based on contracts and relates to contributions from Dutch partners with which the company cooperates for their projects.

Net turnover from other continents and other parties relate to contracts as well and comprises grants provided by funders like Dutch Embassies abroad, Ministry of Foreign affairs, Investment and Development Banks, EU in order to realize our goals.

	2022	2021	Net turnover - The Netherlands	2022	2021
The Netherlands	5.766	5.812	Contribution Vitens	2.200	2.200
Northern Africa	2.964	2.508	Contribution Evides	1.750	1.750
Central Africa	3.248	3.898	Contribution WML	504	513
Southern Africa	5.488	5.161	Contribution Brabant Water	400	400
Latin-America / Asia	3.289	3.191	Contribution WBG	210	210
Total	20.755	20.570	Contribution PWN	543	531
			Contribution WLN	4	0
			Other turnover	155	208
			Total	5.766	5.812

(x EUR 1,000)

(x EUR 1,000)

10. COST OF OPERATIONS

The costs of operations relate to the projects performed during the financial year. The costs of the Project Operations Department are also classified as cost of operations. Under the cost of operations an amount of € 806,000 (2021: € 699,000) relates to wages and salaries.

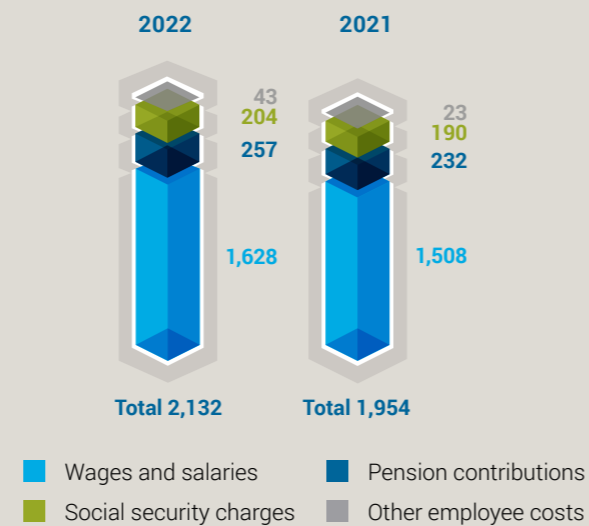
11. GENERAL AND ADMINISTRATIVE EXPENSES

The General and Administrative expenses relate to the support departments of VEI B.V. and are not project related.

Personnel costs

Under the general and administrative expenses an amount of € 1,326,000 (2021: € 1,254,000) relates to wages and salaries.

Wages and salaries own employees



Average number of employees

For 2022, 21 employees were employed on a full-time basis (2021: 21).

Audit fees

The following audit fees were expensed in the income statement in the reporting period:

2022	PWC	HLB Blömer	PKF	Total
Audit of the financial statements	77	-	-	77
Other audit services	-	10	13	23
Tax services	-	-	-	-
Other non-audit services	-	-	-	-
	77	10	13	100

2021	PWC	HLB Blömer	PKF	Total
Audit of the financial statements	46	-	-	46
Other audit services	-	7	-	7
Tax services	-	-	-	-
Other non-audit services	-	-	-	0
	46	7	0	53

The fees listed on the left relate to procedures applied to VEI B.V. by accounting firms and independent external auditors as referred to in Section 1, subsection 1 of the Dutch Accounting Firms Oversight Act (Dutch acronym: Wta), as well as by Dutch and foreign-based accounting firms, including their tax services and advisory groups. The fees for the year 2022 relate to (1) the audit of the financial statements 2022, regardless of whether the work was performed during the financial year, and (2) other services rendered during the year 2022.

12. FINANCIAL EXPENSES

The cost of operations and the general and administrative expenses contains also an amount of € -145,000 (2021: € -156,000) related to exchange rate differences. The exchange rate differences are booked in the relevant projects.

	2022	2021
Interest and similar expenses	-29	-26
Total	-29	-26

13. CORPORATE INCOME TAX

The corporate income tax is based on the applicable corporate income tax rate in the Netherlands: 25,8% (2021: 25,0%). The effective corporate income tax rate on the company result is 16% (2021: 15,0%), due to a different applicable tax rate over the first € 395,000.

(x EUR 1,000)

14. RELATED PARTIES

The company receives an annual contribution from its shareholders, which can be specified as follows:

Contribution

	2022	2021
Vitens N.V.	2.200	2.200
Evides N.V.	1.750	1.750
Total	3.950	3.950

All costs from related parties are charged to the company based on actuals (e.g. hours and invoices), without profit margin. The company hires personnel from its shareholders, mainly as project-staff. Moreover VEI B.V. hires staff from Vitens and Evides Waterbedrijf for backoffice activities (e.g. accounting, controlling, ICT, HR and marketing). The specification is as follows:

Costs

	2022	2021
Vitens N.V.	1.407	1.636
Evides N.V.	486	540
Total	1.893	2.176

(x EUR 1,000)

(x EUR 1,000)

15. DIRECTOR'S REMUNERATION

	2022	2021
Current and former directors	150	175
Total	150	175

The management board is charged with managing the company. The authority to determine the remuneration and other employment conditions of the members of the management board accrues to the General Meeting of Shareholders. The remuneration consists of a basic salary, holiday allowance, pension, social security and other expense allowances, and is in accordance with the requirements of the Executives' Pay (Standards) Act.

No loans, advances or guarantees were provided to the management board member.

Utrecht, 22 May 2023
T. Ramaker
 CEO VEI B.V.

Other information**Provisions of the Articles of Association governing the appropriation of profits**

The provisions of the Articles of Association relating to profit appropriation are as follows (article 18):

- 18.1 The profit achieved in a financial year is at the disposal of the general meeting.
- 18.2 Profits are paid out after adoption of the financial statements which indicate this is permissible.
- 18.3 The general meeting can adopt a resolution for payment of an interim dividend and/or distributions chargeable to a reserve maintained by the company.
- 18.4 Distributions on shares can only take place up to at most the amount of the distributable shareholders' equity.

- 18.5 A resolution aimed at distribution will not have any effect as long as the management board has not given its approval. The management board will only refuse to give its approval if it knows or should reasonably foresee that the company will be unable to continue to pay its eligible debts after the distribution.

Proposed appropriation of result

The board of directors proposes to appropriate the result of 2022 as follows: to add an amount of € 79,000 to the other reserves.

Independent auditor's report

To: the general meeting of VEI B.V.

REPORT ON THE FINANCIAL STATEMENTS 2022

Our opinion

In our opinion, the financial statements of VEI B.V. ('the Company') give a true and fair view of the financial position of the Company as at 31 December 2022, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the accompanying financial statements 2022 of VEI B.V., Utrecht.

The financial statements comprise:

- the balance sheet as at 31 December 2022;
- the income statement for the year then ended; and
- the notes, comprising a summary of the accounting policies applied and other explanatory information.

The financial reporting framework applied in the preparation of the financial statements is Part 9 of Book 2 of the Dutch Civil Code.

The basis for our opinion

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

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

Independence

We are independent of VEI B.V. in accordance with the 'Wet toezicht accountantsorganisaties' (Wta, Audit firms supervision act), the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Information in support of our opinion

We designed our audit procedures with respect to fraud and going concern, and the matters resulting from that, in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in support of our opinion, such as our findings and observations related to the audit approach fraud risk and the audit approach going concern was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Audit approach fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of VEI B.V. and its environment and the components of the internal control system. This included the director's risk assessment process, the director's process for responding to the risks of fraud and monitoring the internal control system. We refer to section risk management of the management report for management's fraud risk assessment.



We evaluated the design and relevant aspects of the internal control system with respect to the risks of material misstatements due to fraud and in particular the fraud risk assessment, as well as the code of conduct and internal policy documents and protocols, among other things. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls designed to mitigate fraud risks.

We inquired with the director whether he is aware of any actual or suspected fraud. This did not result in signals

of actual or suspected fraud that may lead to a material misstatement.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We identified the following fraud risks and performed the following specific procedures:

IDENTIFIED FRAUD RISKS

The risk of management override of controls

Management is in a unique position to perpetrate fraud because of management's ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

That is why, in all our audits, we pay attention to the risk of management override of controls in:

- The appropriateness of journal entries and other adjustments made in the preparation of the financial statements;
- Significant transactions, if any, outside the normal course of business for the entity.

OUR AUDIT WORK AND OBSERVATIONS

We evaluated the design and implementation of the internal controls in the processes for generating and processing the journal entries.

We also paid specific attention to access to the IT system and the possibility that segregation of duties can be overridden. We have selected journal entries on the basis of risk criteria and performed specific audit procedures on them, also paying attention to possible significant transactions outside the normal course of business.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to management override of controls.

Fraud in revenue recognition

As part of our risk assessment and assuming fraud risks in revenue recognition, we evaluated which types of revenue or assertions give rise to a risk of material misstatement due to fraud.

The presumption is that there is a risk of fraud in the recognition of income in each audit assignment. We identify the area of subsidy contributions regular, contributions Water for Life and contributions WaterWorX as area's that requires special attention, focusing on the judgments and accounting criteria for their recognition.

We evaluated the design and implementation of the internal controls in the processes of revenue reporting and test the effectiveness of the controls where relevant.

We conclude that, in the context of our audit, we were able to rely on the internal control measures relevant to this risk.

We have performed specific procedures that include:

- substantive procedures on the costs that relates to the projects. There is a direct link between the project costs and the revenue recognition.
- substantive procedures on the hours written by the employees in the VEI apps.
- substantive procedures on the construction contracts.
- performed work on the cut-off of the revenue among other means by validate by an sample that the invoices and payments which relates to projects in January and February are recognized in the correct period.
- determining the occurrence of debtors at the end of the year, whereby we tested the payments in 2023 by means of a sample;
- testing specific journal entries related to revenue processing.

Our audit procedures did not lead to specific indications of fraud or suspicions of fraud with respect to the existence and occurrence and cut off of the revenue reporting.

We incorporated an element of unpredictability in our audit. During the audit, we remained alert to indications of fraud. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance of laws and

regulations. Whenever we identify any indications of fraud, we re-evaluate our fraud risk assessment and its impact on our audit procedures. Audit approach going concern

Audit approach going concern

The director prepared the financial statements on the assumption that the entity is a going concern and that it will continue all its operations for at least 12 months from the date of preparation of the financial statements. Our procedures to evaluate the director's going concern assessment included, amongst others:

- considering whether the directors identified events or conditions that may cast significant doubt on the entity's ability to continue as a going concern (hereafter: going concern risks);
- evaluating the director's current budget including cash flows for at least 12 months from the date of preparation of the financial statements taken into account current developments in the industry and all relevant information of which we are aware as a result of our audit;
- analysing whether the current and the required financing has been secured to enable the continuation of the entirety of the entity's operations, including compliance with relevant covenants;
- performing inquiries of the director as to its knowledge of going concern risks beyond the period of the director's assessment.

Our procedures did not result in outcomes contrary to the director's assumptions and judgements used in the application of the going concern assumption.

REPORT ON THE OTHER INFORMATION INCLUDED IN THE FINANCIAL STATEMENTS

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- SDG6 investments need a serious step-up;
- about VEI;
- results 2022;
- directors' report;
- risk management;
- the other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

Based on the procedures performed as set out below, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and
- contains all the information that is required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and the understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of such procedures was substantially less than the scope of those procedures performed in our audit of the financial statements.

The director is responsible for the preparation of the other information, including the director's report and the other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the director

The director is responsible for:

- the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code; and for
- such internal control as the director determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to

issue an auditor's report that includes our opinion. Reasonable assurance is a high but not absolute level of assurance, which makes it possible that we may not detect all material misstatements. Misstatements may arise due to fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the [appendix](#) to our report.

Zwolle, 22 May 2023
PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2022 OF VEI B.V.

In addition to what is included in our auditor's report, we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the director.

- Concluding on the appropriateness of the director's use of the going-concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

074



Colombia – During the Leadership and Organizational Development course, the participating companies compare their organizational diagrams with support of Short Term Expert Stefan Hemmer.

075



Kenya – Turasha Dam



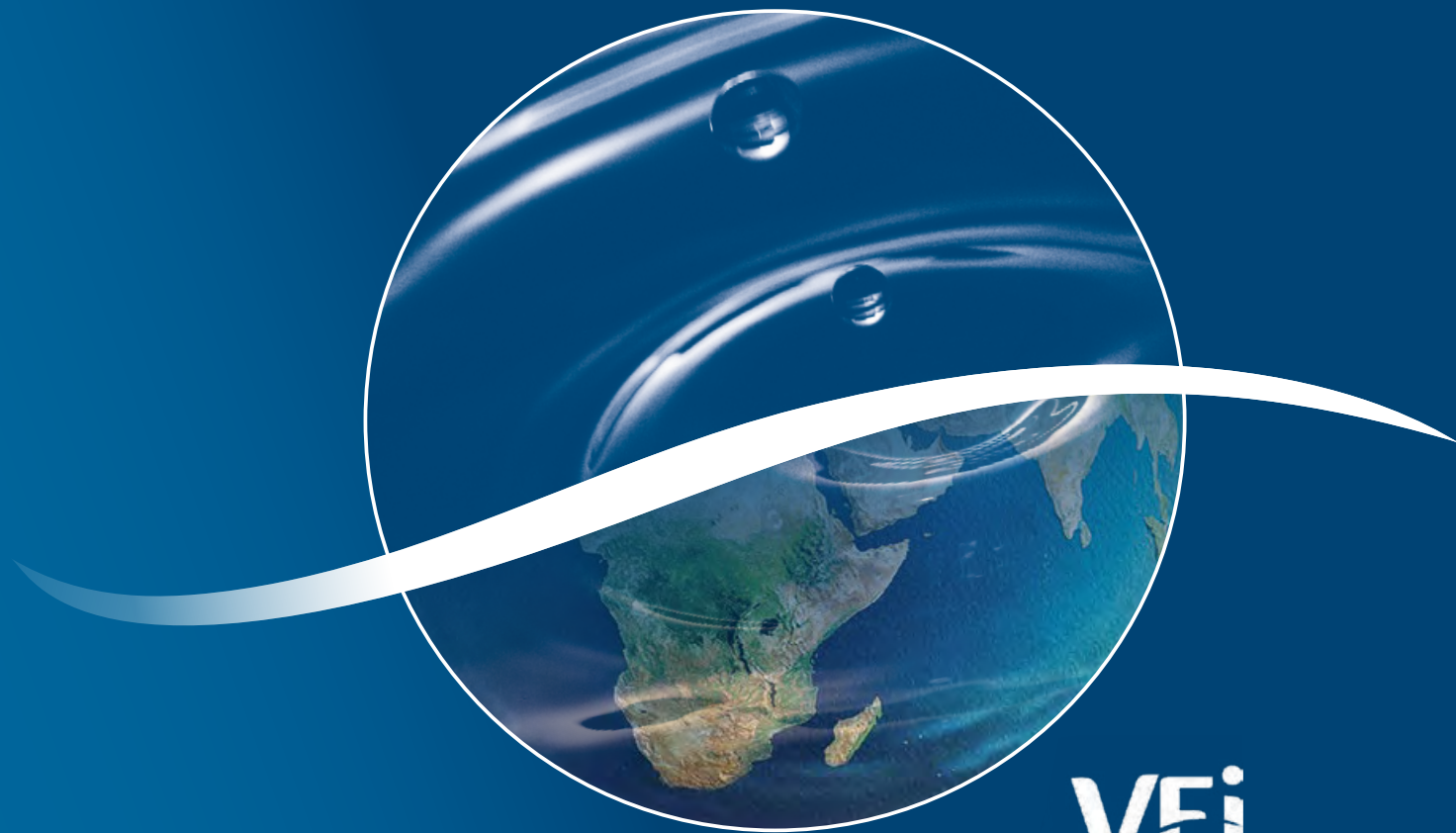
Mozambique – Sustainable water services



Zambia – Short Term Expert Nicole Kesselaer from WML at work

Ethiopia – The Integrated Water Resources Management for Water Sanitation and Hygiene (IWRM4WASH) project with partners Addis Ababa water and Sewerage Authority (AAWSA) and the Oromia Water and Energy Resource Development Bureau (OWERDB).





Dutch Water Operators

Sustainable Water and Sanitation Services for All

Address: Reactorweg 47 | 3542 AD Utrecht | The Netherlands | www.vei.nl