



VEI ANNUAL REPORT 2021





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Bangladesh — A mechanic of DWASA in Dhaka conducts preventive maintenance on an air release valve under the supervision of the DMA Caretaker.



- < Photo cover: the Philippines – Ms. Annilyn Castigon, a YEP Water participant seconded from the Cagayan de Oro Water District to work with VEI for 2 years, inspects newly installed water meters in an urban poor area of Malasag, Cugman, Cagayan de Oro City.
- < Photo left: Bangladesh – Community members receive a training on how to maintain and repair a water pump in Dhamalkot LIC, Dhaka.

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A SUCCESSFUL YEAR TOWARDS STRATEGY 2030



2021 was a successful year to work on the implementation of VEI's Strategy 2030 "Quality in peer solidarity". This Strategy 2030 is centered around the improvement of water and sanitation services through long-term Water Operator Partnerships (WOPs) in which utility employees from the Netherlands collaborate with colleagues/peers of partner water utilities in the global South. It was also a year that COVID-19 had an impact on our business processes, especially in the peer to peer support done by our colleagues from the Dutch water utilities.

The restrictions and challenges imposed by COVID-19 stretched the VEI organization. The flexibility of VEI colleagues, water experts from Dutch water utilities, WOP partners and financiers are greatly appreciated. Despite the enormous challenges, the impact of the WOPs exceeded our expectations. In 2021, VEI directly financed access to water and sanitation services to 349,949 people. This is a step-up compared to our forecast and contributing to the

overall goal of reaching 11.5 million people in the period 2015-2030. This achievement is financially supported by the Ministry of Foreign Affairs, Water for Life Foundation (voluntary contributions by 44,000 Dutch customers), several Dutch embassies, Invest-NL, the Ministry of Infrastructure and Water Management and international partners and financiers such as the EU-WOP fund, UNICEF, EIB, USAID and the Inter-American Development Bank. The leverage of the aforementioned co-financiers is only possible with the continuous support of the Dutch water utilities. Their support is again immensely appreciated.

VEI employees in collaboration with our WOP partners in 18 countries have shown *Adaptivity*, *Commitment* and *Team work*.

Adaptivity is demonstrated in the way how the project teams adapted their way of working. Peer-to-peer collaboration shifted towards hybrid online support, us-



349,949^{people}

were supported by VEI in 2021 with access to sustainable water services

pandemic. A special appreciation goes to the WOP partners with whom VEI concluded emergency interventions in 2021: FIPAG-Beira in Mozambique concluded its recovery program after the city of Beira was ravaged by cyclone Idai. The water department of the City of Harare prevented a looming public health crisis caused by a cholera outbreak. With some high impact interventions Harare water department prevented a repetition of the 2008 outbreak which caused 4,300 cholera casualties. And more recently the water utilities in the Cebu area of the Philippines were hard struck by cyclone Rai. The VEI project team organized generators to quickly restore water supply.

Team work was displayed by all the WOP teams. Despite the challenges to meet physically due to (inter)national travel restrictions, many found creative solutions to continue the activities and more than ever relied on each other to achieve results. A special thank you to the WaterWorX program management team, who succeeded to successfully close phase 1 of this flagship program and in parallel submitted the proposal for phase 2, which was granted by the Ministry of Foreign Affairs in 2021.

There is much more to tell about the activities and results in 2021. Please take some time and read in this annual report the impressive work that was done in the WOPs and how 'peer-to-peer' interaction continues to be a driver for progress towards access to water and sanitation for all.

ing online training materials. More colleagues of partner utilities in the Global South contributed to the peer-to-peer learning and made us aware that blending of Dutch water expertise with expertise from partner utilities will provide more efficient and sustainable projects. In parallel, many new climate resilient investment plans were developed to support WOP partner utilities in attracting investments to improve the water and sanitation services. Also, new concepts are being developed to support WOP partners in adapting to climate change and increasingly complicated water catchment management challenges that impact the quality and availability of water resources for drinking water production. Inspiring examples are the IWRM4WASH project in Ethiopia and the project in Cagayan de Oro, the Philippines.

Commitment is at the heart of our WOP partners who continue to work on improving water and sanitation services in harsh conditions, worsened by the COVID-19

Toine Ramaker
CEO VEI
The Netherlands



Established in 2004 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 approximately 350,000 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.

◀ *The Philippines – Ms. Cherry Ann E. Lucagbo proudly showing her new water meter at the recently installed Meter Stub-Out of COWD in relocation site Berjaya-Gawad Kalinga, Bugo, Cagayan de Oro City.*

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



VEI Annual Report in Numbers

RESULTS 2021



INFOGRAPHIC
VEI IN NUMBERS
2021

Since VEI was founded in 2004, millions of people already gained access to water and/or sanitation.

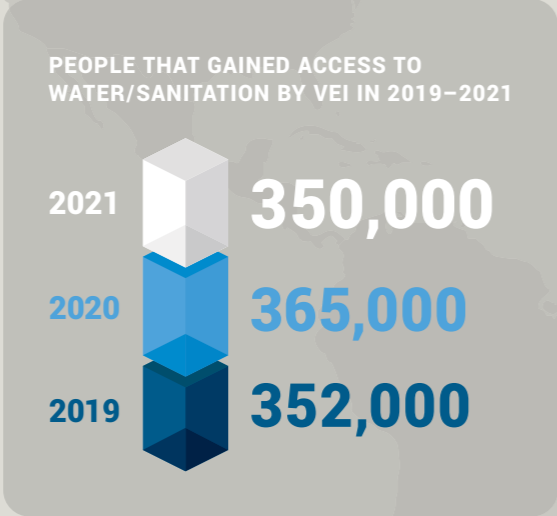
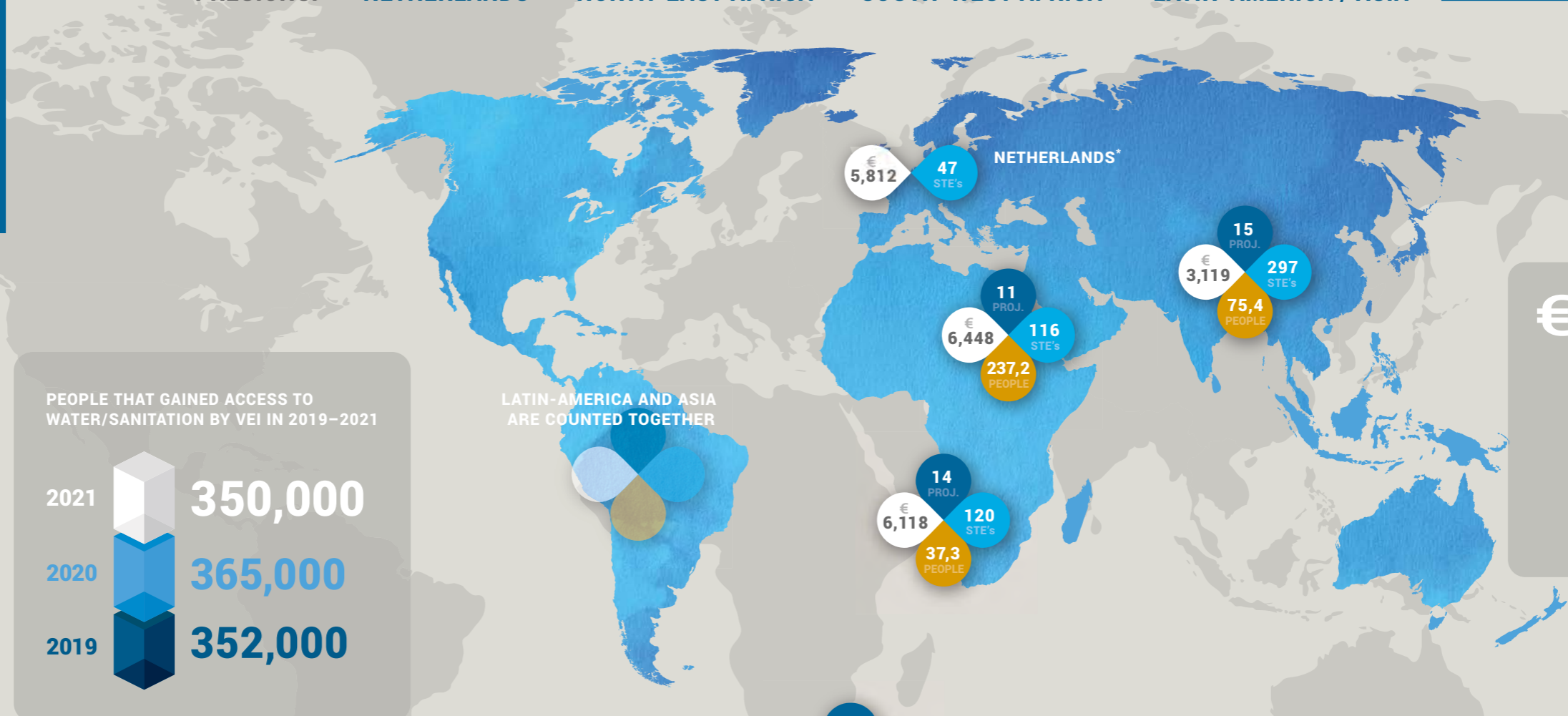


This picture shows per region: turn-over, the number of active projects, number of peers/expert (days) and SDG results.

The map shows for the first time expert days in the Netherlands* [47] which relate to the support by Dutch water experts for the 10 Communities of Practice, aiming at knowledge sharing between interested water utility peers.

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**



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



◀ Photo: Uganda — Drilling supervision training for NWSC staff in Lira, given by VEI and WE Consult. Many of the candidates are now working on putting their new knowledge into practice by supervise pairs of drillings (supervised remotely by experienced WE Consult supervisors).

A SUCCESSFUL YEAR TOWARDS STRATEGY 2030

QUALITY IN PEER SOLIDARITY

2021 was the first full year to work on the implementation of VEI's Strategy 2030 "Quality in peer solidarity". This Strategy 2030 is centered around the improvement of water and sanitation services through long-term Water Operator Partnerships (WOPs) in which utility employees from water utilities in the Netherlands collaborate with peers of partner water utilities in the global South.

Despite the COVID-19-related challenges in the WOPs, such as travel restrictions, availability of materials and staffing, the impact of the WOPs exceeded our expectations. In 2021, VEI directly financed access to water and sanitation services to 349,949 people. This is a step-up compared to the forecast and contributes to the overall goal of reaching 11.5 million people in the period 2015-2030. This big achievement is financially supported by the WaterWorX program (Ministry of Foreign Affairs), several Dutch embassies, Invest-NL and the Water for

VEI Dutch partner water operators



PEER-TO-PEER SUPPORT ...

Life Foundation but also international partners such as Unicef, EU, Inter Development Bank of America, USAID and African Development Bank.

VEI adapted to the reality of working in the context of COVID-19-restrictions through the further introduction of online peer-to-peer interactions, supported by strong local teams. Moreover, 2021 was the first year in which VEI actively supported employees from the WOP partner utilities to visit and support, in-country, other partner utilities (South-South collaboration). This contributes to the resilience and sustainability of the WOPs and provides excellent opportunities to exchange knowledge.

The solid WOP portfolio translated in a steady turn-over of €21 million and a positive result (after tax) of € 51,000. The positive result over 2021 will be added to the own reserves. VEI's solvency, expressed as shareholders'

equity in relation to the balance sheet total, was 8% (compared to 14% 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 1.10 (compared to 1.21 in the previous year). Finally, no unforeseen items of extraordinary expenditure had to be accounted for in 2021 or influenced future expectations.

The portfolio for the upcoming years looks promising. New programs and projects have been secured, with WaterWorX phase-2 (2022-2026) as the flagship program. WaterWorX is a collaboration of all Dutch water utilities, the Ministry of Foreign Affairs and 39 utilities in 15 countries. Also, the new EU-WOP program was launched, coordinated by UN-GWOPA, in which VEI successfully submitted three proposals as lead-partner and two proposals as collaborating partner. Furthermore, the

Water for Life Foundation increased its contributions to provide access to water and sanitation in low-income areas, perfectly aligned with our activities in the WOPs.

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-NL and many more international financiers.

A thriving Water for Life Foundation is a second back-bone for VEI. The Water for Life Foundation raises funds from Dutch water customers. Through Water for Life vulnerable residents in low-income areas get access to sustainable water and/or sanitation services. This is done in areas where VEI is engaged in a WOP. 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.

The developments and results in 2021 are further discussed in three thematic areas: environment, social domain and governance.

ENVIRONMENT AND CLIMATE CHANGE

In 2021, VEI started to measure its carbon footprint with 2019 as the baseline, which was the last complete business year without COVID-19-related restrictions. The carbon footprint assessment shows that VEI's footprint is 2,500 tCO₂, split into CO₂ emissions caused

by the Head office in Utrecht (100 tCO₂) and project related CO₂ emissions (2,400 tCO₂), mainly through air travel by experts travelling to the 18 project countries for peer-to-peer support.

It is our ambition to become carbon neutral in 2026, through reducing the footprint and off-setting. The implementation strategy for this ambition will be elaborated in 2022. First steps have been implemented through a partial electrification of the car park in the Netherlands, compensation of flights through tree planting programmes and introduction of the hybrid online support of partner water utilities with the aim of reducing flights.

Apart from the footprint associated with VEI project activities, WOP partners are supported to reduce their footprint, mainly caused by pumping of water. Therefore, many WOPs receive support to reduce energy consumption and NRW levels. In Mwanza, Tanzania, for example, NRW levels in a pilot area reduced from 48% to 15% saving precious water and reducing energy for pumping.

It is widely known that millions of people who do not have access to safe piped water, cook their water to kill water-borne pathogens. Enormous amounts of fossil fuels are used, like firewood, charcoal and paraffin. On top of CO₂ emissions by burning these fuels, also negative environmental impacts are registered like erosion and soil degradation due to deforestation. At the same time, CO₂ emissions through cooking can be reduced when residents get access to safe piped water. Therefore VEI started a pilot in Arusha Tanzania with WOP partner Arusha Urban Water Supply and Sanitation Authority (AUWSA). The aim is to quantify the reduced CO₂ emissions when residents stop boiling their water after connecting to safe piped water. The preparation,

Bangladesh – The DMA Caretaker team is practicing the maintenance of one of DWASA's groundwater pumps in Dhaka.



implementation and monitoring of this pilot is fully accredited by Gold Standard. In 2022 the pilot will be evaluated and the real potential to generate carbon credits will become clear (i.e. avoided CO₂ emissions). Revenues will be ploughed back to additional water and sanitation infrastructures, creating more impact on the livelihoods of more people in low-income areas.

Water resources (groundwater and surface water) increasingly suffer from droughts, floods and pollution, caused by unsustainable land-use practices, deforestation, urbanization. This complex interplay of factors is being worsened by climate change impacts. This requires water utilities to develop long-term water resilient investment plans that also take into account catchment based interventions and new partnerships with stakeholders in catchments. This means that VEI supports the WOP partner utilities in developing long-term climate resilient investment plans, support new stakeholder fora and development of catchment management plans. In the end this is necessary to sustain and expand water and sanitation services. Inspiring projects of this nature are the IWRM4WASH project in Addis Ababa (Ethiopia), the 'Ridge to Coast Rain to Tap' (R2CR2T) projects in Cagayan de Oro (the Philippines) as well the research project in Vietnam to explore water storage in aquifers to overcome the impact of salt water intrusion.

Ethiopia – Residents in the Dire catchment (upstream Addis Ababa) working on soil and flood protection measures.



SOCIAL WELL-BEING AND INCLUSION

The impact on the 349,949 residents that received access to water and sanitation through the WOPs goes a long way. Provision of safe water and decent sanitation (SDG6) is one of the most impactful investments for economic development, social well-being and public health improvement. Availability of safe water saves residents (predominantly women) from low-income areas time to fetch water. This time saved can be used for education and income generating activities. So access to water and sanitation contributes to reducing poverty (SDG1) and contributes to gender equality (SDG5).

Moreover, the health impact of safe water is stunning. Child mortality is reduced as described in scientific literature. Also, public health is improved due to reduced water-borne diseases like diarrhea, cholera and typhoid. Access to safe water, amongst others for handwashing, is also important to fight the COVID-19 pandemic. In the past two years VEI supported many partner utilities in building hand-washing facilities and supported utility employees with protective clothing, hand gel etc. All our projects that included construction of infrastructures in low-income areas are accompanied with awareness campaigns including repetitive messages of the importance of handwashing and hygiene.

Although WOPs focus on long-term sustainable impact, our partnerships with utilities and presence on the ground provide the opportunity to quickly implement high impact urgency interventions. Three high impact urgency interventions were concluded in 2021. The water supplier FIPAG in the city of Beira (Mozambique) was supported to quickly recover from the devastating cyclone Idai which took place in 2019. VEI supported FIPAG, funded by the Ministry of Foreign Affairs and Water for Life foundation, with repairing leaks, office rehabilitation, ICT

equipment, rehabilitation of pumping stations amongst others. In Harare (Zimbabwe) interventions were implemented to successfully fight an upcoming cholera outbreak by increasing the water production capacity and improved conveyance of water to low-income water-starved areas. These interventions greatly helped to avoid a public health crises as happened in 2008, when 4,300 people died due to cholera. More recently, VEI supported the water utilities in the Cebu region with generators to quickly restart water distribution to its customer after cyclone Rai raged over the Philippines, hitting our WOP partners in the Cebu region.

Zimbabwe – Leak repairs as part of the Harare emergency program to fight the cholera outbreak.



Closer to home, VEI adopted and implemented new policies and measures for the general well-being of our employees and the VEI organization at large. Strategy 2030 includes a diversity agenda aiming at a gender and age balanced organization. For example, the share of female peers doubled between 2017-2021. A confidante was appointed to provide the opportunity for employees to discuss sensitive issues. Furthermore, all employees were asked to give feedback on the level of collaboration between departments and their overall satisfaction about working for VEI, which resulted in high satisfaction scores.

The Dutch water utility experts who work side-to-side with their peers in the WOPs, together with the VEI resident project managers and local teams, are the 'human engine' of the WOP. Therefore, VEI invests in skills and competence development. Also, knowledge exchange becomes increasingly important; 10 Communities of Practice (CoPs) were established in which any utility employee can participate. The CoPs organize seminars, provide basic courses, exchange of best practices and lessons learnt. Training and CoPs contribute to the step-up of Quality of peer Support, which is at the core of Strategy 2030.

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. In 2021, an uniform framework with definitions for SDG counting was developed, adopted and accepted by the Ministry of Foreign Affairs. This framework will be mainstreamed throughout the whole WOP portfolio.

Strict policies and procedures exist such as procurement, procurement and a code of conduct to make sure VEI employees and its representatives follow the highest standards with regard to integrity and transparency. Accountability is being supported by a state-of-the art renewed SAP accounting system and new IT-apps for declarations, time keeping and a resourcing system for planning of utility experts.

VEI works in highly complex environments in 18 countries. Therefore, risk management is on top of the agenda (see below for the Chapter on risks). Apart from the risk management every project country is being monitored closely using information from embassies, VEI resident staff, Control Risks and International SOS. For every visit to a country, the risk table is updated. This is necessary because conditions can change overnight, as the COVID-19 pandemic and the turmoil in Myanmar and Ethiopia have shown. This also means that VEI works with a restricted country list and changes in this list are based on a strict intake protocol and discussions with VEI shareholders.

Working in complex environments means that achieving results in WOPs depends on the enabling environment. The enabling environment includes amongst others cost-covering tariffs, good governance, leadership, benchmarking and a clear regulatory framework. Many of our WOPs work on improving the enabling environment at utility and government levels (local and national), in close collaboration with international development partners and Dutch embassies.

Photo: Kenya – water kiosk Nakuru.



RISK MANAGEMENT



IN 2021

VEI is exposed to a variety of risks, such as recently the COVID-19 pandemic

Given the international context of our work, VEI is exposed to a variety of risks, such as the COVID-19 pandemic. Therefore, the risk inventory and risk management are important topics to VEI. VEI is preventing and mitigating the identified risks to minimize risk occurrence and its impacts continuously. The main risk categories are related to health and safety, operational risks including fraud and corruption, financial risks and reputational risks. With regard to the latter risk, VEI realizes that the effects of reputational risks extend to the shareholders and the Dutch drinking water companies affiliated with VEI.

The risk assessment is based on a selection process with predefined criteria. In general, choices related to contract types and project sites are key elements in managing the risk profile and exposure. A prime criterium is to weigh our involvement against a reasonable expectation that efforts will have a sustainable and lasting impact. The motivation of our utility WOP partner is an important indicator here. Other considerations relate to the safety situation of the project site, such as

Tanzania – Field visit pilot area NRW reduction.

indicated by the Ministry of Foreign Affairs and their embassies, presence of other international organizations, travel infrastructure and accommodation, health facilities and advice provided by our advisor 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.

VEI explicitly condemns and 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 the type of contracts, VEI's policy is not to take a financial interest in local entities, but merely to act in a supporting role focusing on technical assistance.

Photo: Ghana – The more than 55-year-old transmission line between Kpong (Lake Volta) and Accra is being partly replaced by GWCL. The photo shows the section of the pipeline in Gbetsile, a suburb of Greater Accra.



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 effect 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 the risk of spreading the virus. In response to the COVID-19 crisis, 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) receives information on the political, security and health situation in the countries where we are present.
- A Travel Handbook ('Veilig op Reis'), which contains instructions on behavior and assistance relating to health and safety.
- 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 airticket.
- VEI cooperates with Control Risks (crisis management) and International SOS (health) in order to optimally inform and prepare employees and, if necessary, provide guidance in the area of health and safety.

Kenya – Introduction mechanical pit emptying Nakuru.





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 partners and hired staff. Operational risks can affect the reputation of VEI and 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. VEI learned from previous experiences that, when confronted by disappointing (initial) results, the first response of both partners is to look for ways of improving those results. As a result, there has not been a case of premature termination of a collaborative partnership without mutual consent in the past 10 years. The COVID-19 pandemic shows that large-scale restrictions on international travel in the projects is possible. Responding creatively to these situations is vital for the implementation of the project portfolio.

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

- Contract selection criteria, including a restricted country list where projects are being implemented.
- Selection of partners/partnerships.
- Use of the KPI (Key Performance Indicator) dashboard, transparent reporting, and performance reporting.
- A standardized Financial Planning & Control cycle, using state-of-the art accounting software.
- Communication protocols defining core messages for target audiences.
- A mandatory "code of conduct" for VEI staff, including procurement procedures.
- All VEI projects are subject to frequent internal and independent external audits, often in combination with a market conformity check on hardware investments.

STRATEGIC RISK

Impact on the results and / or financial position: limited

The activities of VEI are sponsored through the contributions and efforts of the Dutch water utilities, the foundation Water for Life, funds from the Ministry of Foreign Affairs and other (inter)national donors. VEI is constantly looking for new partnerships. The strategic risks include reduced funding for international water projects, and donor support for the WOP model specifically.

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.
- Continuous search for new externally financed projects and project partners.
- Collaboration with UN-GWOPA to promote the WOP model internationally, including mobilizing additional financial support for WOPs.



**THE PHILIPPINES “WATER FOR LIFE”
Two schools in Cagayan de Oro**

Trench excavation and pipeline laying works started in October 2021 in the Water for Life – two schools Cagayan de Oro project. During a field visit conducted by VEI and COWD staffs on October 7, 2021, it could be observed that the contractor is laying pipes according to the approved depth and using clean sand bedding & backfill materials. After pipe-laying, other facilities such as water tanks will be rehabilitated, and tapplings will be made for the classrooms.

This project will ensure safe and reliable water supply for 6,800 students and staff.



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. Examples of the financial risk for VEI are risks associated with penalty clauses, bonus/malus agreements in performance based projects, repayment of subsidies, debt-risks, liability for (health) damage and the risk of 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. Because not all projects close at the same time, this aggregated risk is limited.

VEI implements the following control measures to minimize financial risks:

- Optimization 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.
- Limited long-term commitments in relation to rent, vehicles, etc.
- No equity or financial positions in local entities.
- Flexible workforce contractions aligned with the project duration.

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

VEI realizes that incidents could negatively affect the reputation of the drinking water utilities affiliated to VEI. Incidents that can negatively affect their reputation include irresponsible behavior of VEI employees and representatives of VEI. 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 employees, the importance of responsible, respectful behavior in other cultures is communicated. This is implemented through a code of conduct, behavioral guidelines, etc., and training. Also, frequent and transparent communication contributes to reduce this risk.

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

Utrecht, 30 May 2022
Toine Ramaker
 CEO VEI

Photo: The Philippines – Representatives of VEI and COWD discuss with the chairman of the home-owners association in Berjaya, Bugo, Cagayan de Oro: a relocation site for disaster victims which was recently connected to 24/7 piped water supply. >



FINANCIAL STATEMENTS

Balance sheet as at 31 December 2021

(before proposed appropriation of result)

(x EUR 1,000)

(x EUR 1,000)

Income statement for the year ended 31 December 2021



	Note	31/12/2021	31/12/2020
ASSETS			
Current assets			
Construction contracts	1.	7,701	1,634
Accounts receivable	2.	412	725
Taxes and social security charges	2.	313	304
Other receivables, prepayments and accrued income	2.	2,151	712
Cash and cash equivalents	3.	10,575	8,213
Total assets		21,152	11,588
SHAREHOLDERS EQUITY AND LIABILITIES			
Shareholders equity			
Paid-up and called share capital	4.	36	36
Other reserves		1,629	1,547
Undistributed result		51	82
Total shareholders equity		1,716	1,665
Provisions	5.	212	345
Current liabilities			
Construction contracts	6.	15,660	5,720
Taxes and social security charges	7.	68	68
Other current liabilities	7.	3,495	3,790
Total current liabilities		19,223	9,578
Total shareholders equity and liabilities		21,152	11,588

	Note	2021	2020
Net turnover			
Net turnover	9.	21,570	19,586
Cost of operations			
Cost of operations	10.	-19,591	-17,487
Gross profit		1,979	2,099
General and administrative expenses			
General and administrative expenses	11.	-1,889	-1,996
Total costs		-1,889	-1,996
Operating profit		90	103
Financial expenses			
Financial expenses	12.	-26	-5
Result before tax		64	98
Corporate income tax			
Corporate income tax	13.	-13	-16
Result after tax		51	82

Consolidated cash flow statement for the year ended 31 December 2021

(x EUR 1,000)

CASH FLOW FROM OPERATING ACTIVITIES		2021	2020
Operating profit	Note	90	103
Adjustments for:			
Movement in provisions	5.	-133	-73
		-43	30
Movements in working capital:			
Receivables	2.	-1,135	1.119
Construction contracts	1. & 6.	3.873	-472
Current liabilities	7.	-295	-956
		2.443	-309
Cash generated from operations		2.400	-279
Financial expenses	12.	-26	-5
Corporate income tax paid	13.	-13	-2
		-38	-7
Net cash generated from operating activities		2.362	-286
The movement in cash at banks and in hand can be broken down as follows:			
Balance as at 1 January		8.213	8.499
Movements during the financial year		2.362	-286
Balance as at 31 December		10.575	8.213

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 2020 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.

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 110.2% at 31 December 2021 (31 December 2020: 93.2%). Due to the current financial situation, ABP is unable to increase the pensions in 2022. A reduction of the pensions in 2022 is not planned either.

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.

	31/12/2021			31/12/2020		
	Invoiced Installments	Project cost	Balance	Invoiced Installments	Project cost	Balance
Africa	15,622	16,668	1,046	11,677	12,729	1,052
Asia	4,094	4,339	245	3,224	3,802	578
South America	0	0	0	24	27	3
WaterWorX (Consortium)	0	0	0	0	0	0
WaterWorX (VEI)	16,958	23,368	6,410	0	0	0
Water for Life	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total	36,674	44,375	7,701	14,925	16,558	1,633

(x EUR 1,000)

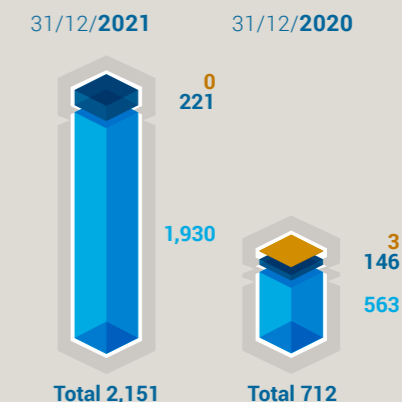
2. RECEIVABLES

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 2021 a provision for doubtful receivables was deducted amounting to € 275,000 on the receivables (2020: no deduction).

The receivable relating to Taxes and social security charges amounts to € 313,000 (2020: € 304,000) relates to VAT. There is no current account agreement with Water for Life and no interest is being charged.

The other receivables, prepayments and accrued income consists of the following categories:

- Advances to personnel and projects
- Other receivables and Prepaid costs
- Current account Water for Life



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

	31/12/2021	31/12/2020
Paid-up and called share capital	36	36
Other reserves	1,629	1,547
Undistributed result	51	82
Total	1,716	1,665

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 2021 720

shares were issued and paid up. In 2021 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
2021:				
Balance as at 1 January	36	1,547	82	1,665
Movements				
Appropriation of the result of previous financial year	-	82	-82	0
Distribution of dividend	-	-	-	0
Result for financial year	-	-	51	51
Balance as at 31 December	36	1,629	51	1,716
2020:				
Balance as at 1 January	36	1,513	34	1,583
Movements				
Appropriation of the result of previous financial year	-	34	-34	0
Distribution of dividend	-	-	-	0
Result for financial year	-	-	82	82
Balance as at 31 December	36	1,547	82	1,665

Proposed appropriation of result

Based on article 18 of the articles of association, the board of directors proposes to appropriate the result of 2021 as follows: to add an amount of € 51,000 to the other reserves.

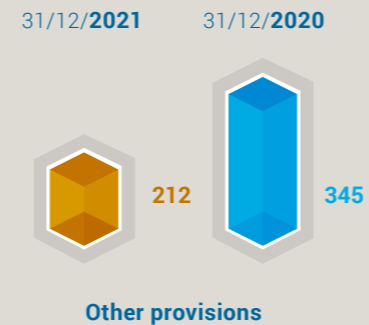
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5. PROVISIONS

Other provisions are recognized for employees working abroad and relates to withholding taxes. The movement in the provision is presented in the table below.

	2021	2020
Balance as at 1 January	345	418
Movements in provisions		
Additions	52	296
Release	-75	-129
Utilisation	-110	-240
Balance as at 31 December	212	345

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



(x EUR 1,000)

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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.

An amount of € 6,512,00 has been received for WaterWorX phase 2, which phase starts at 01/01/2022 and is a continuation of WaterWorX phase 1. This amount has been presented under the line WaterWorX (Consortium) as installment.

	31/12/2021			31/12/2020		
	Invoiced Installments	Project cost	Balance	Invoiced Installments	Project cost	Balance
Africa	3,919	2,505	1,414	8,780	5,917	2,863
Asia	3,920	3,350	570	3,089	2,630	459
South America	0	0	0	0	0	0
WaterWorX (Consortium)	13,513	1,518	11,995	8,900	8,880	20
WaterWorX (VEI)	0	0	0	17,043	16,546	497
Water for Life	2,572	920	1,652	2,594	772	1,822
Other	30	1	29	149	90	59
Total	23,954	8,294	15,660	40,555	34,835	5,720

(x EUR 1,000)

(x EUR 1,000)

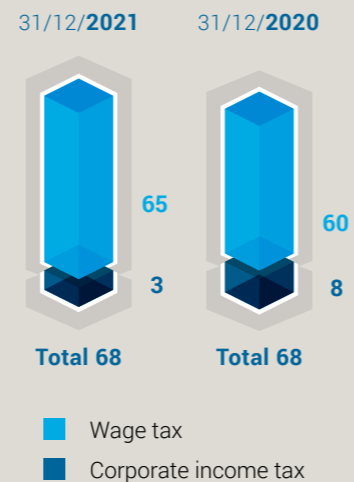
(x EUR 1,000)

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:

	2021	2020
Payable as at 1 January	8	2
Payable for financial year	13	8
Total	21	10
Paid in financial year	18	2
Payable as at 31 December	3	8



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 € 2,040,000 (2020: € 2,115,000) and payroll related liabilities € 253,000 (2020: € 251,000).

Debt to shareholders

The trade creditors and other payables include a debt to the shareholders:

	31/12/2021	31/12/2020
Vitens N.V.	201	481
Evides N.V.	54	173
Total	255	654

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 € 370,000 (2020: 489,000) 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 contracts as per 31 December 2021	€ 192	€ 178	0
<i>Rent</i>	129	87	0
<i>Lease</i>	63	91	0
Rental contracts as per 31 December 2020	€ 266	€ 223	0
<i>Rent</i>	199	94	0
<i>Lease</i>	67	129	0

The company provided the following guarantee:

	Currency	Amount	Beneficiary
Nr. NLNTFSBGI 0044066 (2021)	EUR	373	European Investment Bank
Nr. NLNTFSBGI 0044066 (2020)	EUR	373	European Investment Bank

The guarantee is related to an advance payment guarantee, to ensure that contractual obligations are met.

(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.

Due to changes in the accountability structure, the distribution of the regions has changed from 2022.

For VEI Africa no longer consists of three regions and Asia and Latin America have become one area of responsibility. The new situation is as shown on page 8.

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.

	2021	2020	Net turnover - The Netherlands	2021	2020
The Netherlands	5,812	4,952	Contribution Vitens	2,200	2,200
Northern Africa	2,508	3,500	Contribution Evides	1,750	1,750
Central Africa	3,898	3,616	Contribution WML	513	509
Southern Africa	5,161	4,283	Contribution Brabant Water	400	200
Asia	2,731	2,828	Contribution WBG	210	210
Latin America	460	407	Contribution PWN	531	0
Total	20,570	19,587	Other turnover	208	83
			Total	5,812	4,952

(x EUR 1,000)

(x EUR 1,000)

10. COSTS 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 € 699,000 (2020: € 91,000) relates to wages and salaries.

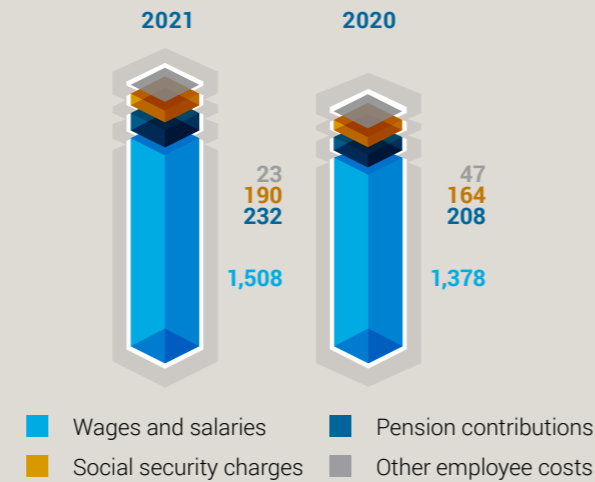
11. GENERAL AND ADMINISTRATIVE EXPENSES

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 € 1,254,000 (2020: € 1,706,000) relates to wages and salaries.

Wages and salaries own employees



Average number of employees

At the end of 2021, 21 employees were employed on a full-time basis (2020: 19). Ultimo 2021, none of these employees were employed outside the Netherlands (2020:2).

Audit fees

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

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

2020	PWC	Blömer	Other	Total
Audit of the financial statements	62	-	-	62
Other audit services	9	39	-	48
Tax services	-	-	7	7
Other non-audit services	-	-	-	0
	71	39	7	117

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 2021 relate to (1) the audit of the financial statements 2020, regardless of whether the work was performed during the financial year, and (2) other services rendered during the year 2021.

(x EUR 1,000)

(x EUR 1,000)

12. FINANCIAL EXPENSES

The cost of operations and the general and administrative expenses contains also an amount of € -156,000 (2020: € -5,000) related to exchange rate differences. The exchange rate differences are booked in the relevant projects.

	2021	2020
Interest and similar income	-26	-5
Total	-26	-5

13. CORPORATE INCOME TAX

The corporate income tax is based on the applicable corporate income tax rate in the Netherlands: 25,0% (2020: 25,0%). The effective corporate income tax rate on the company result is 15,0% (2020: 16,5%), due to a different applicable tax rate over the first € 245,000.

14. RELATED PARTIES

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

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 back-office activities (e.g. accounting, controlling, ICT, HR and marketing). The specification is as follows:

Contribution

	2021	2020
Vitens N.V.	2,200	2,200
Evides N.V.	1,750	1,750
Total	3,950	3,950

Costs

	2021	2020
Vitens N.V.	1,636	2,065
Evides N.V.	540	661
Total	2,176	2,726

(x EUR 1,000)



15. DIRECTOR'S REMUNERATION

	2021	2020
Current and former directors	175	175
Total	175	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, 30 May 2022
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 2021 as follows: to add an amount of € 51,000 to the other reserves.

Independent auditor's report

To: the general meeting of VEI B.V.

REPORT ON THE FINANCIAL STATEMENTS 2021

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 2021, 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 2021 of VEI B.V., Utrecht.

The financial statements comprise:

- the balance sheet as at 31 December 2021;
- 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).



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:

- Editorial;
- about VEI;
- results 2021;
- 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;
- 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 directors' 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, 30 May 2022
PricewaterhouseCoopers Accountants N.V.

F.S. van der Ploeg RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2021 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 management.

- 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.

Tanzania – VEI (Jan-Kees de Visser) supporting to disconnect the old network in Arusha City Centre from the newly laid network by the African Development Bank, resulting in reduced Non-Revenue Water.





Dutch Water Operators

Sustainable Water and Sanitation Services for All

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