

Integrated

2022 Annual Report

Accelerating
for dunes
and water



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At our site near Lake Valkenburg, Katwijk, Dunea is working on a pilot with new, smart treatment technologies.

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Managing Director

Wim Drossaert



“Our river water intake is getting dirtier, that’s a cause for concern.”

At Dunea we look back on a very challenging year.

The world has changed: whilst still in the process of recovering from a pandemic, we were faced with the consequences of a terrible war. The impact has been huge. Energy prices shot up, inflation reached unprecedented levels, raw materials have become scarce and more expensive, and there is growing uncertainty in the world. This has also had direct consequences for Dunea.

For example, we had to terminate our gas contract due to the sanctions policy. The need to renew our electricity contract meant that we were faced with massive cost increases. As an essential business, our cyber-security has also been under scrutiny.

High energy prices resulted in a reduction in water consumption from September 2022. Our customers are showering less often and for shorter periods, as evident from our peak consumption. That’s good news to us, because we have dedicated numerous campaigns to promoting responsible and sustainable drinking water use among our customers. However, this sudden sharp fall also means that our revenue has been lower than forecast. And falling revenue accompanied by rising costs places greater pressure on drinking water prices to maintain our financial continuity. The rising costs of energy, labour and raw materials have forced us to implement a significant tariff increase for the first time in years: our variable tariff will rise by 20% on average in 2023.

Climate change is progressing faster than expected. And we are witnessing the consequences close to home. In 2022, we once again had a long, dry summer with a high peak demand, making it difficult to

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maintain our water supplies. On top of this, our river water intake is getting dirtier. PFAS concentrations in rivers are a particular cause for concern. As industries are still able to discharge PFAS, we are faced with circumstances that are very challenging to say the least. It is astounding that in the Netherlands we are apparently unable to prevent the discharge of PFAS into a key source of drinking water. This situation has forced us to develop additional treatments. The technology involved is complex and requires costly investments, ultimately paid for by our customers. Surely in the Netherlands we should be better able to protect our drinking water sources and, at the very least, recover the costs of the pollution from the polluter?

With more than 1.3 million people in our sales area and forecast population growth, we also face the major challenge of producing an extra seven million cubic metres of water by 2030. We have already realised a small part of this, but the most difficult projects are still to come. Our customers and shareholders expect us to continue to produce sufficient, reliable drinking water. However, we cannot go ahead with the necessary additional water production yet, mainly because the province still hasn't given the green light on the required permits. As a result, our operational reserves will run out in 2023. As a water company, Dunea aims to maintain operational reserves of at least 5% in order to absorb fluctuations such as those seen in the recent long dry summer periods. Our goal is to increase this to 10%, but we moved in the opposite direction in 2022, and in 2023 our reserves will even decrease to around 3%. We have had many talks with the province and other stakeholders where we shared our growing concerns that temporary water shortages may happen as early as 2023.

Fortunately there is also good news: the biodiversity is improving in our nature reserves. We have now counted more than seven thousand species in our dune reserves. This means Dunea manages one of the most diverse nature conservation areas in the Netherlands. It goes without saying that the nitrogen crisis has had an impact on our nature areas. We have succeeded in partially alleviating the effects of nitrogen through intensive nature conservation, but unfortunately there is very little more we can do. It is our hope that measures will soon be introduced to combat further nitrogen deposition and the accompanying adverse consequences for biodiversity.

Sadly, the nitrogen dossier is also creating disharmony in the Netherlands. As far as we are concerned, the tension needs to be taken out of the debate: seeking a dialogue will help us move forward. I truly believe that as humans we live in symbiosis with nature and the environment. We will only be able to protect our nature by including the human factor in our approach. Building support for nature conservation requires involving people and allowing them to enjoy our nature reserves, rather than banning recreational visitors from enjoying nature or closing off too many areas. The Province of South Holland is home to a growing number of residents who will all need drinking water and residential amenities, and also want to enjoy outdoor recreation activities. We would like to see more nature reserves being created and recreational areas in the Province of South Holland. Let people enjoy nature, thereby boosting their appreciation for our valuable and unique green areas. That is one of Dunea's key motives for taking part in the Nationaal Park Hollandse Duinen (Holland Dunes National Park) – a collaboration that is also based on this view of nature.

“We have counted seven thousand species in our dunes.”

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2022 was a difficult and uncertain year for our employees too, yet the morale in our organisation is high. That's great to see. I realize that we are asking a lot of our people. But despite headwinds, dark clouds and sometimes even fierce storms, we have managed to stay on course. As Dunea, we have shown that our organisation is resilient enough to cope with rapidly changing circumstances. Our strategy works and has held up well. Our social impact and relevance also make us an attractive employer. We have started to communicate this more in the reporting year. The growth of our organisation is evident from the addition of more than seventy employees to our workforce.

“Our organisation proved resilient enough to cope with rapidly changing circumstances.”

A year of unprecedented events. That is how 2022 will go down in the books for us. In this exceptional year, Dunea has shown that a steady course and flexibility can go hand in hand. That when we need to, we can and must accelerate. Our annual report shows how we accomplished this. I'm proud of what we have achieved and I want to thank everyone who has contributed for their commitment and involvement.

We confidently look forward to what will no doubt be another year full of exciting challenges.

Wim Drossaert
Managing Director

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More than 1.3 million people in the western part of South Holland rely on Dunea 24 hours a day, 7 days a week for one of their most important basic needs: a reliable supply of safe drinking water.

We produce water both with and in nature, and that is something special. With a 546-strong skilled and committed Dunea workforce we put a huge amount of energy into delivering a sustainable product that really matters. Day in, day out, we supply our customers with high-quality, reliable drinking water and we protect our beautiful dune reserves: Solleveld, Meijendel and Berkheide. These are areas with a high level of biodiversity, which form part of Nationaal Park Hollandse Duinen (Holland Dunes National Park). Our dunes are a crucial part of the drinking water supply system. For many people, they are also the perfect place to exercise, relax and spend time with friends. Maintaining the balance between water extraction, nature and recreation is one of the cornerstones of our policy.

In 2022, we produced more than 78 million m³ of drinking water. We also invested in nature, biodiversity, safety and security in our approximately 2,400 hectares of dune reserves.



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Financial

Operating income

143,889
2021: 147,262
(x €1,000)

Result after tax

6,307
2021: 8,541
(x €1,000)

Investments

33,841
2021: 39,442
(x €1,000)



Customers

Number of residents

1,360
2021: 1,349
(x 1,000)

Number of administrative connections

660,402
2021: 653,694

Water tariff

1.71
2021: 1.60
(€)



Dunes

Dune reserves under our management

2,420
2021: 2,420
(ha)



Water production and distribution

Drinking water produced

78,752
2021: 80,155
(x 1,000 m³)

CO₂ footprint¹

13,108
2021: 11,855
(in tonnes of CO₂)

CO₂ footprint per m³ supplied:

0.17
2021: 0.14
(in kg)



Staff

Number of employees

546
2021: 533

Absences due to sickness

7.3%
2021: 5.8%

¹ The model used to calculate the CO₂ footprint was further improved in 2022. The effects of this improvement are explained in the [Climate neutrality](#) section.

Five-year overview

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Financial

	2022	2021	2020	2019 ¹	2018
Operating income (x €1,000)	143,889	147,262	147,432	144,396	144,111
Result after tax (x €1,000)	6,307	8,541	6,998	8,496	15,651
Current ratio	0.40	0.21	0.27	0.14	0.10
Interest coverage ratio	2.6	3.2	2.4	2.6	3.9
Solvency (%)	40.4	40.1	39.4	39.2	38.1
Debt ratio	5.8	5.7	6.1	6.3	
Return on total assets (%)	1.8	2.1	2.0	2.3	3.5
Investments in tangible fixed assets (-/- third-party contributions received) (x €1,000)	33,841	39,442	40,723	33,145	33,443
Weighted Average Cost of Capital (WACC) ²	2.01	2.27	2.12	2.34	3.56



Customers

Number of residents (x 1,000)	1,360	1,349	1,342	1,327	1,315
Number of administrative connections	660,402	653,694	643,976	639,756	632,000
Full drinking water tariff (€) excl. municipal sufferance tax and tap water tax	1.71	1.60	1.57	1.62	1.63



Staff

Number of employees	546	533	524	500	506
Absences due to sickness (%)	7.3	5.8	3.9	4.9	6.6



Water production and distribution

River water intake (x 1,000 m ³)	80,164	79,018	81,836	80,598	82,652
Drinking water produced (x 1,000 m ³)	78,752	80,155	82,227	80,438	81,474
Drinking water sold in own supply area (x 1,000 m ³)	74,019	75,459	76,606	73,750	74,374
Drinking water sold in own supply area per administrative connection (m ³)	112	115	119	115	118
Length of mains pipeline network (in km)	4,545	4,521	4,494	4,470	4,439
Length of transport pipeline network (in km)	287	285	284	283	283
Number of installed water meters	584,350	577,411	571,829	564,934	557,813

1. A number of financial KPIs were adjusted in 2019 to correct errors. The details are explained in the 2020 annual financial statements.

2. The WACC is based on a provisional calculation, subject to the results of the audit of the 'drinking water company report' submitted to the Human Environment and Transport Inspectorate (ILT).



Dunes

Dune reserves under our management (ha)	2,420	2,420	2,428	2,428	2,250
Number of visitors to Meijendel Visitor Centre	103,187	39,633	63,626	143,320	141,199

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Increasing focus on safety

A specific focus was placed on safety in November of this year, during the specially named 'safety month'. We devoted a range of activities to physical, social and digital safety. At the end of 2022, Dunea obtained VCA** certification. Our safety management system and safety awareness were given a major boost in the lead-up to this certification.

Increase in drinking water tariffs

Dunea has been forced to increase its drinking water tariffs for 2023, due in part to significant rises in the price of energy and materials. We are of course also mindful of the social impact of higher tariffs and are therefore taking measures such as intensifying our cooperation with debt assistance agencies.

Delays to the investment agenda had an impact on the operational reserves

The scheduling of a number of key investment projects in the Berkheide dune reserve is under pressure due, among other things, to the complexity and long processing times of the permit applications. This has meant that several projects have not gone ahead this year. As a result, Dunea will have to eat into its operational reserves in 2023.

Protecting the dunes

The number of visitors to the Meijndel Visitor Centre is growing in line with the national trends of population growth and the rising popularity of outdoor recreation. As the population and the number of homes in the region will continue to grow in the period up to 2030, visitor numbers are also expected to increase. To protect nature and biodiversity, Dunea is working to create more natural 'buffer zones' outside the Natura 2000 areas and to encourage visitors to also visit other locations within the Nationaal Park Hollandse Duinen. We are also taking action to control nitrogen deposition. For example, in 2022 we created open dune grasslands by allowing grazing in some areas. The effects of these measures are temporary. The nitrogen problem is too large for us to solve alone, making regional collaboration essential. Instead of exacerbating conflicts, we need to join forces in the interest of both nature and the economy.

Urgency and acceleration of the task for Drinking Water for the Future

In 2022 we featured prominently in news items on the availability of water and the pressure on our drinking water system. Dunea is obviously working hard on solutions. In 2022, we accelerated our work on all programmes under 'Drinking Water for the Future': responsible and sustainable water use, collaboration for clean water sources, investment in the current river-dune system, and preparations for investment in new sources. A great example is the completion of the pilot installation on Lake Valkenburg.

Pressure on our staffing levels

Coronavirus and labour market shortages put pressure on our staffing levels. In response, we devoted more attention to labour market communication. We also consciously focused on staff development by offering internal career opportunities, ample opportunities for training and adjustments within the organisation, for example through the introduction of smaller teams.

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Trends and developments in 2022

The reporting year was marked by considerable unrest and uncertainty in the world. It also became clear that our climate is changing faster than originally thought. Closer to home, we are witnessing population growth in our sales area and a rise in the number of visitors to the dunes, while drinking water production is becoming increasingly difficult. Dunea is dealing with all these developments: we are responding to changes and try to exert our influence where possible.

Huge impact of the war in Ukraine

The war in Ukraine had a huge impact in 2022. There was increasingly anxiety worldwide, energy and raw materials became scarcer and inflation soared. Due to the war, Dunea had to terminate its gas contract with Gazprom and enter into a new contract. Our electricity contract expired and we were able to renew with our existing supplier until the end of 2024. Both contracts saw substantial price increases.

These developments forced Dunea, like other drinking water companies, to increase its drinking water tariffs. We are of course also mindful of the social impact of higher tariffs and are therefore taking measures such as cooperating with debt assistance agencies. At the same time, this is an opportunity to accelerate the sustainability improvements we have already implemented. For example, in 2022 we started with the development of a new energy strategy and interventions to reduce natural gas consumption in our offices in the short term.

More information on this topic can be found in the [Financial results](#) and 2022 results: [Working for every customer](#) and [Climate Neutrality](#) sections.

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Climate change

Drought threatens drinking water supplies

In 2022, knowledge institute Deltares published a [study](#) showing that there is a high chance that climate change will result in more frequent periods of low Meuse water discharge in the future. This means that there will be less water available from the Meuse, posing a potential threat to the drinking water supply of more than seven million people in the Netherlands and Belgium. Climate change is affecting both the quantity and the quality of our drinking water. At the same time, we are facing an anticipated additional rise in demand for drinking water due to population growth and an increase in emerging chemical substances that threaten the quality of drinking water. Drought and rising temperatures also increase the risk of undesirable heating of the pipe network and wildfires in our dunes.

Drought did not pose a threat to drinking water production in 2022. Dunea is well prepared for drought. The water levels in our infiltration ponds in the dunes remained sufficiently high, as did the underground drinking water stocks and the storage cellars. We did, however, witness a rise in water consumption on hot days. Since this occurred during the holiday period, total demand remained largely unchanged. To ensure we will be optimally prepared in the longer term, we are fully committed to the umbrella programme 'Drinking Water for the Future'.

More information on this topic can be found in the [Drinking water supply now and in the future](#) section.

Sustainable and responsible water use

At the end of 2022, the Dutch cabinet decided to make soil and water the top priorities in decisions on the spatial planning of the Netherlands. A sufficient supply of clean water and a healthy soil are vital for the entire population of our country. One of the objectives set out in the

policy letter is to limit private drinking water consumption to 100 litres per person per day and to achieve a 20% reduction in the drinking water consumption of corporate customers by 2035.

Dunea also made efforts in 2022 to encourage responsible and sustainable water use by customers, for example through public campaigns. This helps to reduce the pressure on the water system, climate adaptation and sustainability. We saw a sharp fall in peak consumption levels from September of the reporting year. This was probably because customers are showering less often and for shorter periods due to high energy bills. If this turns out to be a permanent development, it is a positive side effect that contributes to our objectives.

More information on this topic can be found in the [Drinking water supply now and in the future](#) section.

Biodiversity and nitrogen

Climate change and nitrogen emissions are placing further pressure on biodiversity. The dune reserves we manage, Meijendel, Solleveld and Berkheide, are particularly valuable and rich in biodiversity. We have now counted more than seven thousand species in these areas. It is vital to protect these dune reserves and we cannot do it alone. As an example, we are working together with partners in the Nationaal Park Hollandse Duinen to protect this biodiversity, for instance by creating buffer zones, as well as through information and education. Targeted natural management measures, such as the use of grazing animals to stop open dunes from becoming overgrown, enable us to limit the effects of nitrogen.

More information on this topic can be found in the [Valuable dunes](#) section.

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Stricter drinking water standards for emerging substances

Based on measurement data from the drinking water companies between 2015 and 2021, the National Institute for Public Health and the Environment (RIVM) has concluded that the levels of PFAS in Dutch drinking water are well below the maximum allowable limit under the European Drinking Water Directive. Stricter guideline values for concentrations of PFAS substances are to be introduced in due course. Accordingly, Dunea is exploring the possibility of adapting its treatment process to further reduce PFAS levels in drinking water. This will involve major interventions. In connection with this, we will explore solutions for the residual stream released by such new treatment technologies that still contains PFAS. In the reporting year, Dunea endeavoured to make it clear to relevant stakeholders that for responsibility for removing these substances lies with the companies that emit and discharge them.

More information on this topic can be found in the [Drinking water supply now and in the future](#) section.

Population growth and urbanisation

Water awareness in construction

Within the framework of the government's accelerated approach to the construction of new homes, there are specific plans to build 235,000 homes in the province of South Holland over the coming years. A large part of this task lies in our supply area.

In the reporting year we highlighted the importance of drinking water as a precondition for the housing construction target, including in the media, pointing out that new homes cannot be built without a secure supply of drinking water. In this context, we are calling for water awareness in construction (www.bouwadaptief.nl). To get this message across, we are taking part in the Climate-Adaptive Construction

Covenant and the Future-Proof Construction coalition. More information on this topic can be found in the [Drinking water supply now and in the future](#) section.

Balancing nature conservation and recreation

As a manager of nature reserves, we are constantly seeking a balance between what the natural ecosystem can cope with and recreational needs. We expect the steady growth in the number of visitors to continue in future. This also calls for measures outside the current dune reserves. Nationaal Park Hollandse Duinen offers the region a platform for collaborating with various regional partners, including the province and municipalities, to work on nature enhancement and to improve education, recreation and other uses of the area. The greater appreciation for nature, nature management and biodiversity resulting from the coronavirus pandemic presents an opportunity to make visitors aware of their responsibility for our beautiful dunes.

More information on this topic can be found in the [Valuable dunes](#) section.

Pressure on our staffing levels

The effects of labour market shortages were felt in all sectors in the reporting year. Dunea was similarly affected: it proved more difficult for us to recruit suitable new staff, particularly for the more technical roles. In response, we expanded our recruitment capacity and devoted more attention to labour market communication. We also consciously focused on staff development by offering internal career opportunities, ample opportunities for training and making adjustments in our organisation.

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Dunea's staffing levels came under pressure not due to labour shortages, but also due to the high rate of infections with the Omicron coronavirus variant in the early months of 2022. At present, the impact of coronavirus does not differ much from that of normal seasonal influenza, which also re-emerged in late 2022.

More information on this topic can be found in the [Attractive work](#) section.

Increasing polarisation

The increasing polarisation of society affected us in a number of ways. The challenges we face in safeguarding the quality and quantity of drinking water affect other interests, for example in the area of nature, recreation and culture. That is why we place a permanent focus on strategic environmental management and stakeholder management, because timely insight into other parties' interests is essential in order to successfully tackle today's challenges.

More information on this topic can be found in the [Stakeholder management](#) section.

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Mission, vision and strategy

Towards a robust and sustainable drinking water system

During the reporting year, Dunea followed its strategic plan.

Developments in the world around us, as outlined in the previous section, prompted us to accelerate our current approach.

Mission

Our mission is to ensure that customers and nature lovers in the Randstad conurbation can count on natural, high-quality drinking water and tranquillity and space 24 hours a day, seven days a week. To this end, we constantly strive for a sustainable balance between water extraction, nature conservation and recreation.

Vision

Drinking water and dunes contribute to a pleasant and healthy living environment. In a world that is increasingly urbanised and digitalised, and that needs to become more sustainable, Dunea is working to become future-proof. We are becoming more agile and more enterprising, and are expanding our services. Working with partners, we are developing solutions to the challenges facing society right now. This allows us to add value. Our people are essential to these efforts: skilled professionals who continue to develop their talents. Every single day, our customers can depend on high-value products and services, produced in harmony with nature.

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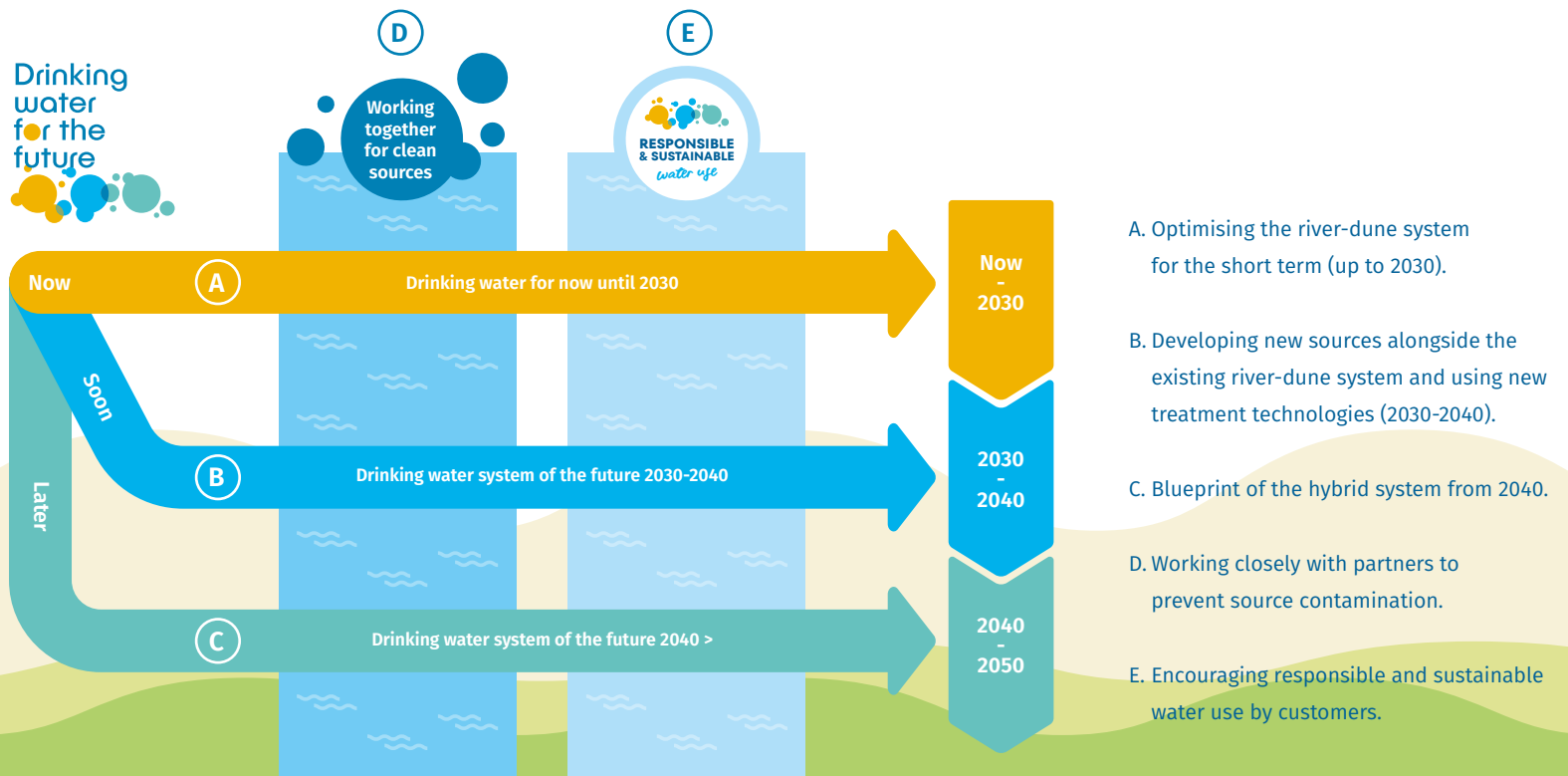
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Strategy

Our strategy focused on creating a sustainable and robust drinking water system with multiple sources, which over the long term will provide high-quality, safe drinking water and security of supply for our customers. This strategy was introduced in 2019. In 2022 we brought the strategic programmes under a new banner: Drinking Water for the Future. The aim is to clarify the relationship between the programmes, to improve integral control and to increase visibility within and outside the organisation.

After 2040, we will work towards our blueprint of a hybrid system. This will be a system in which we combine our current natural river-dune system (A) with innovative systems of direct treatment from new, nearby sources (B). We will use the dunes to create water stocks, to even out temperature differences and for stable water treatment. At the same time, new treatment technologies will help us find an appropriate response to problems such as newly emerging substances. How we will combine the two systems is the subject of a long-term research project. See also the **Drinking water supply now and in the future** section.



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Below we briefly explain how we have accelerated implementation of our strategy in 2022. Information on the progress and results we achieved in 2022 can be found in the 'Drinking water supply now and in the future' section from page 27.

A. Drinking Water For Now Until 2030 programme

In 2022 we set up a programme structure for our short-term challenges: Drinking Water For Now Until 2030. The aim of this programme is to ensure that the current river-dune system is sufficiently in order and robust to meet our growth forecast up to 2030: 10 million m³ of extra water supply. New sources are not expected to start providing extra capacity until 2030. This means that we need to meet our short-term targets using our current system.

The components of this programme are:

- the Berkheide programme to boost extraction capacity;
- the Berkheide bridging capacity project to expand bridging capacity to three months (we are starting with bridging capacity at Berkheide, with work at Meijendel and Solleveld to follow);
- the Lek and Meuse blending plant project to ensure that we can also extract water from the Lek;
- the Brakel and Bergambacht master plan designed to increase the availability of extraction, pre-treatment and pumping stations;
- the Solleveld master plan aimed at safeguarding the availability of water extraction, nature and recreation in Solleveld up to and including 2040;
- increasing the operational availability of the river water system by inspecting, strengthening and optimising Bergambacht pipeline 1 and Bergambacht pipeline 2;
- reconstructing the booster station along the A12 at Zoetermeer;
- expanding drinking water storage capacity in the South supply area.

B. Drinking Water System of the Future 2030-2040

In 2030, the current river-dune system will no longer be able to cope with the ever increasing demand. As a result, the extra demand for water will need to come from new sources from 2030. This programme is seeking new sources in combination with new treatment technologies. The programme also has targets relating to quality and continuity.

C. Blueprint of the hybrid system from 2040

As part of this research project, we are investigating the best approach to combining the river-dune system and the system of new sources in the longer term. The project aims to identify the best solution in terms of water quality, security of supply, nature, groundwater and operations.

D. Working closely with partners to prevent source contamination

Dunea works with partners to prevent source contamination. As long as something doesn't end up in the water source, we don't have to take it out again. Key partners include fellow drinking water companies, the Association of Dutch Water Companies (Vewin), the Clean Meuse Water Chain (Schone Maaswaterketen) and the Association of River Water Companies for the Meuse (RIWA-Maas).

E. Encouraging responsible and sustainable water use

Through this new programme, Dunea is encouraging responsible and sustainable water use by private customers, corporate customers, and within our own organisation. Our aim is to alleviate the rapidly increasing pressure on the water supply and the water system and to contribute to several sustainability goals.

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A fit organisation

We have set five strategic goals for our organisation, which should enable Dunea to successfully implement its strategic programmes. These strategic goals remained virtually unchanged in 2022. The new materiality analysis performed in 2022 also still supports the current approach. There have, of course, been shifts in emphasis within the strategic goals. For example, the strategic goal of climate neutrality now focuses mainly on a new energy strategy and there is a stronger emphasis on recreational pressure in valuable dunes. In addition to the five strategic goals, we have established three preconditions: innovation, a smart approach to data, and safety. Stakeholder management was added as a precondition in 2022.

Looking ahead to 2023

In 2023, we will continue to build on Drinking Water for the Future. We will continue to make substantial investments in our river-dune system and to further improve our maintenance management. In addition, we will make a preliminary selection of new sources. We are also expecting the results of our research pilots and of research into the hybrid system. These results will help us to understand the best way to set up that system. Finally, we will also continue to encourage responsible and sustainable water use.

This involves anticipating high-impact changes in the world around us, including by:

- attractive and retaining good people;
- reducing our energy consumption;
- dealing with the new economic reality, for example through the implementation of socially responsible debt collection and safeguarding our income, but also by anticipating inflation and liquidations.

Our other focus areas are:

- working safely (physical, health and safety/social and digital);
- strengthening internal chains and collaboration;
- working on the legally required update of the disruption risk analysis and the supply plan;
- collaborating with stakeholders for example in multi-utility partnerships, on the labour market and in supplier and contract management.

Value creation and impact

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Dunea is working on integrated reporting on long-term value creation; to this end, we are monitoring developments in the IIRC's framework for integrated reporting.

This framework combines financial and non-financial data in a single report, creating a more complete picture of a company's overall performance in conjunction with and in relation to stakeholders. The value creation model plays an important role here.

Our value creation model shows how Dunea creates value for its stakeholders and for society as a whole. The model shows the capital Dunea uses as input for its business model, the output that delivers and the impact it has on the environment.

Connection with the Sustainable Development Goals

Dunea's work, products and services directly and indirectly touch on all of the Sustainable Development Goals (SDGs). The SDGs are a means of indicating the SDGs to which Dunea makes (or aims to make) the biggest contribution. This allows Dunea to express, in a universal language, how we will connect with our stakeholders and environment.

However, Dunea has decided to focus on the four SDGs where the organisation can make the biggest difference:



- 6 & 15, which relate to our core tasks;
- 3 & 13, which are derived from healthy drinking water and recreation in nature and the impact those have on people (SDG 3) and as a strategic goal for Dunea; SDG 13 because of the urgent global challenge, including associated legislation (Dutch Climate Agreement), and the profound influence this development has on Dunea's operations.



Colleagues Dini and Anton next to the low reservoir at the Katwijk production location.

Value creation

Input

Social

Relationship with stakeholders

Human

Skilled, committed staff and volunteers

Intellectual

Knowledge and innovation with regard to dunes and water, enhanced by networks in the sector and environment

Natural

- Robust dune ecosystem
- Quantity and quality of sources
- Nitrogen deposition on the dunes !
- Raw materials !

Produced

- Buildings, vehicle fleet, facilities and infrastructure for drinking water supply and recreation
- Energy

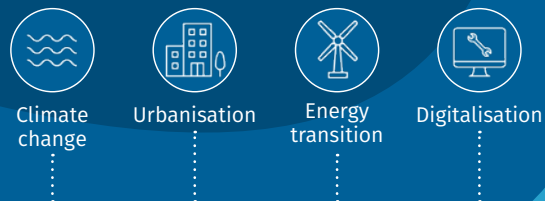
Financial

Income from water supply in designated supply area

Business model



Trends



! Denotes negative effects/
value destruction

Output

- Connection with stakeholders
- Continuous knowledge development and sharing
- Development opportunities and 'fit & energetic' policy
- Safe, pleasant working conditions

- Good, natural drinking water
- Managed dunes
- Renewable energy
- Energy consumption/
Waste !

- Assets
- Transparent, affordable drinking water tariff








Outcome

- Confidence, health and convenience:
 - Responsible & sustainable water use;
 - Peace, space and relaxation in the Randstad
- Energetic, adaptable employees
- Knowledge sharing, innovation, information and education

- Balance in National Park Hollandse Duinen between drinking water supply, biodiversity and recreation
- CO₂ and nitrogen in the immediate environment, waste, consumption of raw materials !

- Healthy financial position for investments in increasingly sustainable managed assets

Impact

-  Long-term security of drinking water supply
-  Positive impact on biodiversity and contribution to visitors' wellbeing (health, tranquillity and space).
-  Reducing Dunea's direct and indirect CO₂ emissions
-  Contributing to confidence and convenience for all customers
-  Contribution to employees' wellbeing and employment and prosperity
-  Contribution to essential infrastructure for a liveable region
-  Dunea creates value for its internal and external stakeholders

Contribution to SDGs



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Stakeholders and materiality

Dunea has defined the following stakeholder groups (in no particular order):

- customers;
- staff;
- shareholders;
- provinces and water boards;
- partners and suppliers;
- the central government (regulator).

The 'About this report' section features a table showing in what way and how frequently we had contact with our stakeholders in 2022 and what the outcomes were of those contacts.

Materiality analysis

Every two years, Dunea audits the themes that our stakeholders consider relevant to the impact Dunea can make in the period up to 2025 (the term of our current strategic plan). In this context we asked our stakeholders how they view Dunea's impact on the material topics and vice versa: how Dunea is influenced by these material topics (double materiality). The results of this materiality analysis are also important input in determining whether our strategic plan is still on the right track.

What is striking in the new materiality analysis is that all stakeholders consider the quality and quantity of our drinking water to be by far the most important aspect. Nature conservation and care for biodiversity are deemed to have become more important, as has the responsible and sustainable use of our increasingly scarce drinking water on the demand side. These subjects are in line with our strategic plan.

Definitions of the material topics can be found in the 'About this report' section.

Next steps

Based on the results of the new materiality analysis, we have made minor changes to our value creation model. This concerns the addition of the strategic goal 'Drinking water supply now and in the future' and textual amendments in the impacts. We will adjust our strategic objectives where necessary in 2023.

In the connectivity matrix, we show the connections between the value themes, material topics and our strategic direction. This matrix helps us to focus on long-term values, objectives, risks and KPIs for the different value themes in an integrated way.

Materiality matrix

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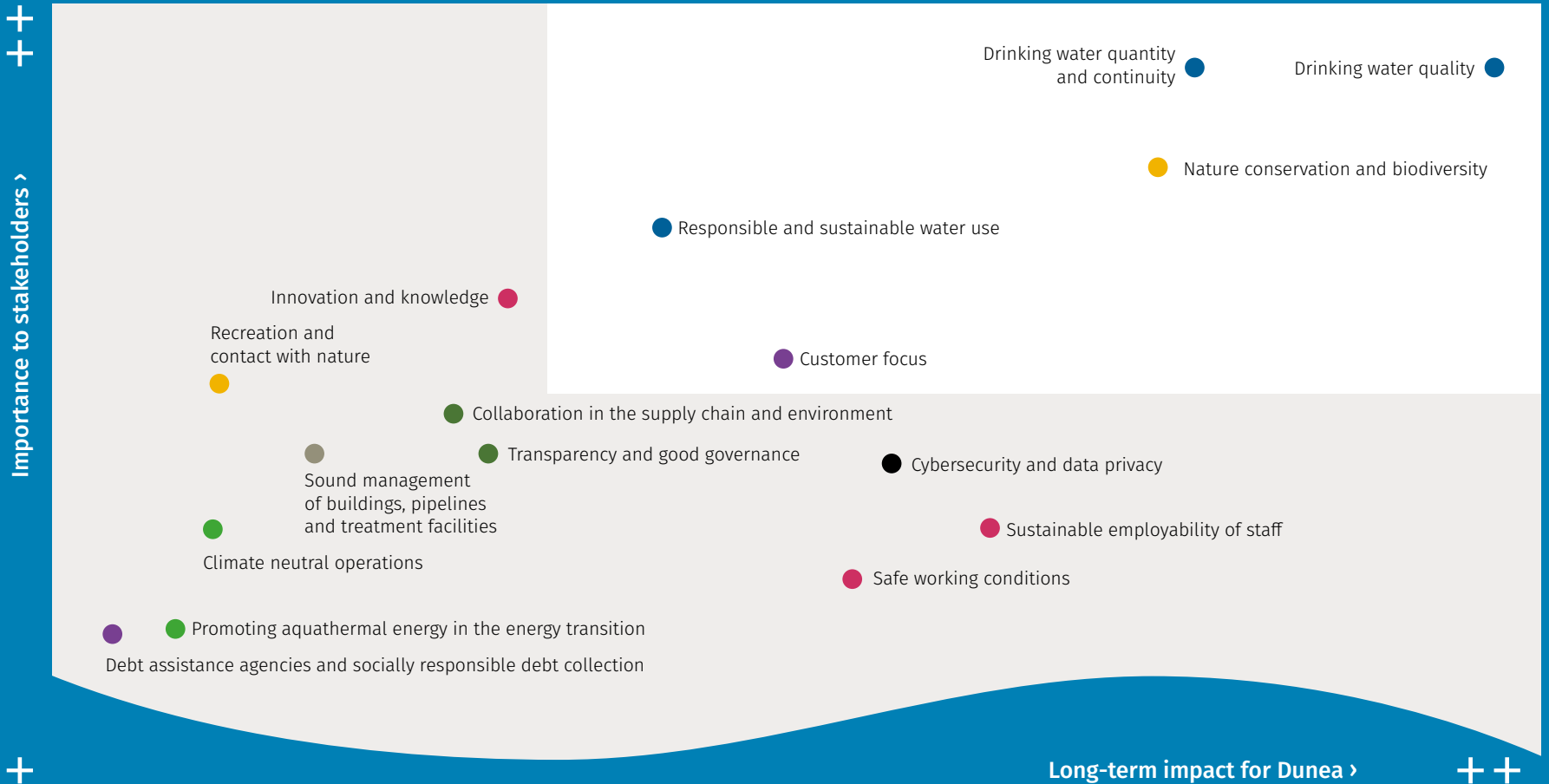
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Long-term impact for Dunea >

Connectivity matrix

Value themes & impact



Drinking water supply now and in the future

Safeguarding the quality, quantity and continuity of the drinking water supply, now and in the future

Material topics

- Drinking water quality
- Drinking water quantity and continuity
- Responsible and sustainable water use
- Cybersecurity and data privacy*

Risks (see Risk matrix, page 70)

4. Security of supply under pressure due to failure of critical IT systems
5. Impact on quality due to contamination of sources with new, unknown and emerging substances
6. Security of supply under pressure due to current source capacity problems
8. Risk of negative pressure on the drinking water function due to new products & services (non-drinking water activities)
10. Bergambacht pumping station flood risk
14. Ability to obtain financing for future investment requirements

KPIs and targets**

- Operational drinking water reserve: >= 5%
- Number of exceedances of the standard: 0



Valuable dunes

Net positive impact on biodiversity and contributing to visitor wellbeing (health, tranquillity and space) with consideration for responsible water extraction

- Nature conservation and biodiversity
- Recreation and contact with nature
- Cybersecurity and data privacy*

13. Increasing environmental pressure in respect of nature conservation function with negative impact on drinking water activities

KPIs on this value theme are still under development



Climate neutrality

Making the most efficient use of energy and raw materials, reducing direct and indirect CO₂ emissions and minimising pollution

- Climate neutral operations
- Promoting aquathermal energy in the energy transition
- Cybersecurity and data privacy*

8. Risk of negative pressure on the drinking water function due to new products & services (non-drinking-water activities)
14. Ability to obtain financing for future investment requirements
15. Risks of energy transition for drinking water capacity and quality

(reduction in 2025 compared to 2019)

- Scope 1 emissions: 70%
- Scope 2 emissions: 100%
- Scope 3 emissions: 25%



Working for every customer

Contributing to confidence and convenience for all customers through good and accessible services and advice

- Customer focus
- Debt assistance agencies and socially-responsible debt collection
- Cybersecurity and data privacy*

7. Fraud/conflict of interest/corruption resulting from unduly wide powers/inadequate controls
11. Inadequate process control + data quality

- General customer satisfaction: > 7.8
- Customer Effort Score: <= 2.0
- Complaint resolution time: >= 80% within 5 working days

* Further details on this subject can be found in the 'Governance' section from page 76. ** For the results on the KPIs see the 2022 results section.

Connectivity matrix

Value themes & impact



Attractive work

Contributing to staff wellbeing (pride, identity, health) and employment and prosperity in the region



Smart asset management

Contributing to essential infrastructure for a liveable region taking into account occupation of scarce space in the Randstad



Stakeholder management

Dunea creates value for internal and external stakeholders based on mutual commitment, taking into account different, and sometimes conflicting, interests

Material topics

- Safe working conditions
- Sustainable employability of staff
- Innovation and knowledge
- Cybersecurity and data privacy*

- Sound management of buildings, pipelines and treatment facilities
- Cybersecurity and data privacy*

- Collaboration in the supply chain and environment
- Transparency and good governance*
- Cybersecurity and data privacy*

Risks (see Risk matrix, page 70)

3. Insufficient qualified personnel and loss of knowledge from organisation
11. Inadequate process control + data quality
9. Prolonged failure of critical components in drinking water infrastructure/assets
12. Security of supply under pressure due to forced relocation of transport infrastructure
15. Risks of energy transition for drinking water capacity and quality
1. Competing interests between short-term and long-term visions of key stakeholders and Dunea
8. Risk of negative pressure on the drinking water function due to new products & services (non-drinking-water activities)
13. Increasing environmental pressure in respect of nature conservation function with negative impact on drinking water activities

The following risks also apply to all of the above value themes:

2. Non-compliance with new/changing laws and regulations
16. Loss of essential data for business processes as a result of cybercrime

KPIs and targets

- Time to fill vacancies: < 50 days
- Incident frequency ratio: < 6
- Absences due to sickness: < 5.0%

KPIs on this value theme are still under development

KPIs on this value theme are still under development

* Further details on this subject can be found in the 'Governance' section from page 76.

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In this part of the annual report, we explain the key results and developments for each value theme.



De Tapuit Visitor Centre in the Meijendel nature reserve, near Wassenaar.



Drinking water supply now and in the future

This value theme is about safeguarding the quality, quantity and continuity of the drinking water supply, now and in the future.

KPIs

	Target	2022	2021
Operational drinking water reserve	5%	4.5%	4.3%
Number of increases over the norm	0	0	0

Material topics

- Drinking water quality
- Drinking water quantity and continuity
- Responsible and sustainable water use
- Cybersecurity and data privacy

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Policy

Dunea's policy aims to optimise and, where possible, expand the existing river-dune system up to 2030 in order to meet the demand for drinking water. For the period after 2030, we are developing new sources and treatment technologies with the end goal of a hybrid production system. To achieve this, we are carrying out practical research, implementing innovative technologies and expanding our knowledge in collaboration with partners.

At the same time, we are focusing on protecting our sources to ensure the future availability and quality of the water supply.

Finally, we are promoting responsible water use by both our customers and employees. One of the ways we are doing this is by focusing on water awareness in new construction, technology such as digital water meters to provide insight into water consumption, and encouraging changes in behaviour through public campaigns.

Developments in 2022

Drinking water supply

Water sales were 1.7% lower in 2022 than in 2021. Our call in summer 2022 for the responsible use of drinking water and high gas prices have had an impact on water consumption. The envisaged residential construction has also remained behind targets, due in part to nitrogen issues. Our customers were able to rely on a continuous drinking water supply with limited interruptions: there were no major incidents or problems as far as the drinking water supply was concerned.



Chemicals are topped up for the treatment process in the Lake Valkenburg pilot.

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Dunea is increasingly using sensors to make our processes smarter, for instance in our water demand predictions and groundwater monitoring. Improved detection and localisation of leaks in our pipeline network enabled us to detect two leaks in 2022 before they were reported by passers-by. These improvements help us to prevent pipe bursts and the potential resulting damage.

Progress of Drinking Water For Now Until 2030 programme

The operational drinking water reserve is below the target level. This is primarily due to delays in the expansion of our extraction capacity. The Drinking Water For Now Until 2030 programme aims to optimise the process from source to tap, in order to bring the operational drinking water reserve back to the minimum level.

Blending plant in implementation stage

The Blending Plant project entered the implementation stage in April 2022. This project facilitates water extraction from the Lek with a full-scale plant. The risk of disruption in the supply of river water to the dunes is then reduced, because we are no longer solely dependent on the Afgedamde Maas as a primary source for drinking water production.

Strengthening the pipe network

The identified risks and incidents affecting our river water transport pipelines – which carry pre-treated river water from Bergambacht to the infiltration areas – clearly show that the system is vulnerable. That is why we initiated a number of activities in 2022, including a specific inspection programme, carefully planned and coordinated repair work, and an exploratory study on the creation of booster functionality. The aim of these measures is to improve the availability of river water supply in irregular circumstances.



Berkheide: first projects completed, scheduling under pressure

The Berkheide programme is focused on optimising existing extraction operations and nature restoration in the Berkheide dune reserve. In this dune reserve, there is still scope within the provincial permit to extract more water. These activities need to be blended into a vulnerable nature reserve. The first projects were completed in 2022 and will deliver around 1.5 Mm³ in permanent additional capacity.

The scheduling is under pressure, however, due, among other things, to the complexity and long processing times of the permit applications. This has meant that several projects have not gone ahead this year. The result is that Dunea needs to eat into the operational reserves in 2023: Instead of the desired 5%, the available reserve in 2023 is 3.3%.

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Progress in the Drinking Water System of the Future 2030-2040 programme

Lake Valkenburg pilot

The reporting year saw the commissioning of the pilot installation on Lake Valkenburg. This marks the start of efforts to answer further research questions posed in Drinking Water for the Future. The pilot will look at the processing required to turn water from Lake Valkenburg into water that is suitable for drinking. This trial will run until 2025.

Brackish Groundwater pilot

The Brackish Groundwater pilot looks at whether we can use brackish groundwater as a source for drinking water production. It also looks at the effect of pumping up brackish groundwater on the underground freshwater reservoir. The initial results of the pilot were released in 2022. They show that the freshwater reservoir is displaced slightly faster than anticipated. The pilot will run until 2025.

Voluntary environmental impact report (EIR) process

Alongside the pilots, Dunea has started to prepare for the creation of new sources. To ensure that we proceed in a careful and thorough manner, we have initiated a voluntary EIR process. The environmental impact report (EIR) is a tool that takes full account of environmental concerns in the preparation and adoption of plans and decisions. 2022 saw the publication of the Scope and Level of Detail Memorandum: the first formal step in the EIR process. The study of alternative suitable sources and treatment technologies is currently ongoing. In this study, Dunea is explicitly looking for options beyond the locations of our current pilots. Dunea is carrying out the entire process in close consultation with the Province of South Holland (Haaglanden and West Holland Environmental Protection Agency), all water boards and municipalities of potential sources and treatment locations and interested parties in the region such as nature conservation



Technologist Suzanne takes a water sample at the Lake Valkenburg pilot.

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organisations, site managers and geothermal energy parties.

There is appreciation for Dunea's transparency and openness, however stakeholders are also expressing concerns about the scale of the task and its spatial impact.

Developments surrounding source protection

Joining forces to tackle pollution and drought issues

Together with the province of Limburg, the municipality of Maasgouw, Evides and the Limburg Water Company (Waterleiding Maatschappij Limburg, WML), Dunea has instituted legal proceedings in Flanders (Belgium) against a permit granted for depth reduction of the Meuse lake at Kinrooi in Flanders. There are concerns about the origin of, and pollutants in, the soil used to reduce the depth of the lake. As the lake has an open connection with the Meuse, the use of contaminated soil could have a negative impact on the groundwater, drinking water extraction and Natura 2000 areas.

Another partnership we are involved in is the Clean Meuse Water Chain (Schone Maaswaterketen) alliance, with the aim of influencing the parties responsible for granting permits and holding the dischargers into the Meuse to account.

We are also active in the Association of River Water Companies for the Meuse (RIWA-Maas), where we work with other drinking water companies to promote the importance of clean surface water. One of the ways we do this is by measuring pollution at a number of locations in the Meuse.

During the reporting year, we contributed input in the National Coordination Committee for Water Distribution (Landelijke Coördinatiecommissie Watervredeling, LCW) and in the Regional Drought Consultations (Regionale Droogte-Overleggen, RDO) for the centre and west of the Netherlands to advocate the interests of drinking water

during droughts and the importance of timely measures in the event of water shortages. These efforts are being reviewed both within Dunea's crisis response organisation and at national level.

Encouraging responsible and sustainable water use

Launch of the Responsible and Sustainable Water Use programme

In November 2022, the central government policy letter entitled 'Water en bodem sturend' (Guided by water and soil) presented the goal to move towards drinking water consumption by residential customers of 100 litres per person per day and a 20% reduction in drinking water consumption by corporate customers by 2035.

Based on this policy letter, we have tightened the objectives of our programme for responsible and sustainable water use:

- to reduce the average drinking water consumption per residential customer of 128 litre per day in 2020 to 100 litre per day in 2035;
- to reduce the drinking water consumption of small corporate customers through a sector/target group-oriented approach;
- to reduce the drinking water consumption of major corporate consumers through a tailored and/or sector-oriented approach;
- to secure the commitment of 90% of our employees to responsible and sustainable water use.

Alongside the impact of our efforts, drinking water consumption is also influenced by other factors such as gas prices and weather conditions, particularly in the summer. These factors make it more difficult to evaluate the programme and its results. Our solution is to also evaluate interim results, such as the number of corporate customers and municipalities with whom we are in talks on this subject, the number of water scans carried out and media coverage and sentiment.

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Water Scan for Major Corporate Consumers

The reporting year saw the launch of the Water Scan for Major Consumers. For further information see the [Working for every customer](#) section.

Awareness campaigns

During the dry summer of 2022, we seized every opportunity to raise awareness of the importance of responsible and sustainable water use. Our consumer campaign also helped to promote this message. The campaign consisted of tips for saving water, such as collecting rain water for use in the garden or using the small button when flushing the toilet. At the end of 2022 we launched a campaign called ‘#shower1song’ (#shower1song), which emphasises the dual benefits of taking shorter showers and seeks to encourage customers to actually make a habit of taking shorter showers.

Making our voice heard in a timely manner

Dunea aims to be aware of and involved at the earliest possible stage in new construction developments in our supply area. We engage in dialogue with municipalities and project developers to encourage them to focus on water awareness in their construction activities. By taking part in the Climate-Adaptive Construction Covenant (Convenant Klimaatadaptief Bouwen) and as a partner in the Future-Proof Construction (Toekomstbestendig Bouwen) coalition of the province of South Holland, we try to ensure that water awareness in construction is taken into account in laws and regulations at the national level. We and other drinking water companies also provided input for the national assessment system for climate-adaptive construction.

Testing winning ideas in the Challenge for Entrepreneurs

Since 2022, The Green Village has been testing the water-saving solutions of three winners of the Challenge for Entrepreneurs: an event organised by Dunea in 2021 alongside partners Arcadis and VP Delta. The rainwater toilet, the Rain Mate and the ‘Weeing and Washing Combination’ are being tested by residents. Their experiences will be used to make the products suitable for broad production and distribution. Digital water meters have also been installed in The Green Village to gain a better understanding of the impact of these innovations on drinking water use.

Saving water at Dunea sites

Our efforts to raise awareness of the importance of saving water are also aimed at our employees, both at work and at home. For example we share our public campaigns (such as ‘#shower1song’) on the intranet and have taken part in the Footprint Challenge, where the theme of week one was ‘water awareness’. Water-saving shower heads have been installed at the Watergolf site at the Scheveningen pumping station and at our head office in Zoetermeer.

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Agenda for 2023

The ongoing projects will be continued in 2023.

Drinking Water For Now Until 2030 programme

Implementation of the Berkheide programme will continue full steam ahead in 2023 to increase our annual extraction capacity from 85 million m³ to 92 million m³. To be able to infiltrate and extract these volumes, we are taking a dual approach to boosting the capacity and availability of the pre-treated river water supply. The first step is to work on river water extraction and pre-treatment. We will do this through the Brakel and Bergambacht master plan and implementation of the Blending Plant. In the second step we will focus on the transport of pre-treated river water, for example by carrying out and following up inspections of Bergambacht pipeline 1 and restoring the booster station in Zoetermeer.

Drinking Water System of the Future 2030-2040 Programme

In 2023 we will publish the variant memorandum and select the alternatives we will take further in the EIR process. This will mark the completion of the exploration of new sources and treatment technologies, and we will move on to the elaboration stage. We will continue to seek intensive contact with stakeholders during this stage. We will progress with the design of the alternatives and the drafting of the EIR report. We will use the results from the pilots to further refine the alternatives and to arrive at a provisional preferred variant for Dunea.

Source protection

We will continue the projects to better protect our sources that ran in 2022 into 2023, with a focus on collaboration within the chain.

Responsible and sustainable water use

The Responsible and Sustainable Water Use programme will be a major priority in 2023. In addition to the Water Scan for corporate customers, we will be launching the 'Water Savings Check' for residential customers in 2023. We will also be reviewing all internal processes to identify opportunities to directly or indirectly contribute to our water saving targets. Finally, we will conduct public campaigns to make our customers more water aware.



**Ronald van den Berg and
Jeroen van Jole at the
Lake Valkenburg**
Logisticon Water Treatment

Accelerating for dunes and water

‘Making miles faster together’

Family business Logisticon develops, designs and produces smart technical solutions for water treatment, and advises companies worldwide on the subject. It has assisted Dunea with projects such as the Lake Valkenburg pilot. ‘This is a real treat of a pilot plant!’

Ronald van den Berg is a Sales & Process Specialist, while Jeroen van Jole is Head of the Sales Division. They advised on the design of Dunea’s pilot set-up on Lake Valkenburg and the brackish water pilot in Scheveningen. Logisticon also built both plants. Ronald: ‘In the pilot at Lake Valkenburg, Dunea is exploring what treatment is needed in order to use the fresh surface water as a new source for the future drinking water supply. The pilot uses a combination of conventional treatment technology and innovative membrane technologies, such as ultra filtration (UF) and reverse osmosis (RO). RO membranes are also used in the brackish water pilot in Scheveningen, but in a different way because that project involves the treatment of fresh groundwater. The practical experience we are gaining is positive for Dunea and for further improving our services. The benefits are twofold.’

Jeroen stresses the need for momentum to tackle the major challenges in the area of drinking water. ‘We only need to look at drought, emerging undesirable substances, the need for climate and nature conservation and construction targets. All urgent themes. And on top of this we have limited available capacity in the market. With a 100-strong team, Logisticon can produce equipment worth around €25 to €30 million each year. But we, too, have limited capacity. The Netherlands has a strong track record when it comes to water and drinking water. We need to keep this going. For example by adopting a kind of construction team approach to projects: in collaboration with customers, suppliers and other stakeholders. This will enable us to take full advantage of one another’s expertise and make miles faster.’



Valuable dunes

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Material topics

- Nature conservation and biodiversity
- Recreation and contact with nature
- Cybersecurity and data privacy

With the 'valuable dunes' theme, Dunea aims to have a net positive impact on biodiversity in our dune reserves by 2030 and to contribute towards visitor wellbeing (health, peace and space), with consideration for responsible water extraction.

KPIs

There are currently no KPIs for this value theme. We will be developing KPIs as part of our preparations for the CSRD.

Key performance indicators:

- Dune reserves under our management
2,420 hectares (2021: 2,420 hectares)
- Number of visitors to Meijendel Visitor Centre
103,187 (2021: 39633)

Policy

The dunes provide us with drinking water, we provide for the dunes. Dunea endeavours to safeguard this dual function. As a nature conservation body, Dunea focuses on protecting, preserving and, where possible, improving the natural value of the nature reserves entrusted to our care. This value is dependent on the robustness of the individual reserve and of its connection with other nature reserves. Key indicators are the diversity of species and the quality and quantity of habitat types and natural processes. Our main goal is to achieve a net positive impact on biodiversity by 2030 and to contribute towards visitor wellbeing.

Results of ongoing projects

Vision for Groot Solleveld

In 2022, a vision for the Groot Solleveld area was adopted within the Nationaal Park Hollandse Duinen partnership. The aim is to enhance nature in the area and to improve the opportunities for recreation. We have done this in consultation with local stakeholders, including sports associations, residents' and environmental organisations and recreational associations.

Redesign of the Mientkant

An outline design has been drawn up for the redevelopment of the Mientkant in the Berkheide dune reserve. Various working groups (nature, recreation and cultural history) and the Municipality of Katwijk have shared their vision for the redesign with us. The design is in keeping with the broader regional vision for the Mient Kooltuin area, with the Mientkant forming a green recreational buffer between the dunes and the residential suburbs; this will also be one of the 'park gates' for the Nationaal Park Hollandse Duinen.



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Optimising the Pompstationsweg and Harstenhoek entrances

The layout around the NPHD entrances at Pompstationsweg and Harstenhoekweg is suboptimal. Paths do not connect to each other in a logical manner and traffic flows unintentionally overlap. This results in unwanted crowding and, in some cases, unsafe situations. In 2022, we started with the redesign of these entrances. This process will be completed in 2023.

Second phase of Heart of Meijndel delayed

Realisation of the second phase of the Heart of Meijndel project (redesign of the outdoor space at De Tapuit Visitor Centre) was scheduled to take place in the 2022-2023 implementation period. The implementation has been postponed because the permits could not be granted on time.

Research into biodiversity and nature quality

Dunea is conducting ongoing research into biodiversity and nature quality in the dunes. The research is a collaborative effort between Dunea and various universities and a large group of volunteers. 2022 saw the publication of studies on the evaluation of our grazing policy, mowing management and the indentations we made in the foredunes.

The Meijndel, Solleveld and Berkheide dune reserves are particularly valuable and rich in biodiversity. In the Netherlands, more than sixty percent of the national plant species occur in this type of habitat, grey dunes. This also includes focal species, often with protected status. These species are monitored as part of the National Flora Monitoring Network for Focal Species (LMF-a). In 2022, we published the results of twenty years of monitoring by the LMF-a of 75 of these plant species in the dunes. The results show the return of rare plant species such as American shoreweed and chaffweed. The wet dune valleys have been expanded since 1997 from two to fifty hectares.



Continuing to grow Nationaal Park Hollandse Duinen

Dunea continued to work with partners on Nationaal Park Hollandse Duinen in 2022. This partnership enables us to protect nature and water extraction on the one hand while enhancing natural assets and spreading recreation with the aid of buffer zones. As one of the six steering partners, Dunea's activities in the reporting year included contributing to the strategic project 'From Zweth to the Sea' and Mient-Kooltuin.

In 2022, no progress was made on the application for the designation of National Park (NP) status. The Ministry of Agriculture, Nature and Food Quality is working in consultation with the provincial authorities to draw up a new policy programme for national parks in the Netherlands. This is expected to be delivered in early 2023. Central government and the provincial authorities must then reach a decision. The Nationaal Park Hollandse Duinen application for formal NP status will be deferred until this time.

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Balancing nature conservation and recreation

The number of visitors to Meijndel Visitor Centre in The Hague and Wassenaar has risen from 1 to 1.1 million since 2011. Meijndel is therefore following the national trend of population growth and the rising popularity of outdoor recreation. This is evident from the Meijndel Trend Analysis commissioned by Dunea and carried out by Royal Haskoning/DHV in 2022. As the population and the number of homes in the region are set to grow rapidly in the period up to 2030, visitor numbers are expected to increase. To protect nature and biodiversity, Dunea is working to create more natural 'buffer zones' outside the Natura 2000 areas and to encourage visitors to also visit other locations within the Nationaal Park Hollandse Duinen. We will use the Meijndel Trend Analysis as a baseline to closely monitor developments in the coming years.

Nitrogen problem calls for greater cooperation

Research by the National Institute for Public Health and the Environment (RIVM) shows that the nitrogen deposition in our dune reserves comes from many sources, mostly from afar. This is important information that can help us to reduce emissions in the direction of the dunes. A number of parties, including the Nationaal Park Hollandse Duinen and Dunea, have come together to discuss solutions under the guidance of the Province of South Holland.

In 2022, we created open dune grasslands by allowing grazing in some areas and by removing trees and thickets. This allows space for unique species to develop further. The effects of these measures are temporary. We need to do more to preserve and promote biodiversity in the long term. The nitrogen problem is too big for us to tackle alone, which means that we need to work with agriculture and particularly with shipping and industry in the region. Instead of exacerbating conflicts, we need to join forces in the interest of both nature and the economy.



Rabbits are key

Despite a 50% reduction in nitrogen deposition and the impact of longer periods of drought and livestock grazing, the dunes continue to be adversely affected by the lack of a viable rabbit population.

This is the main finding of the doctoral research carried out by our ecologist Harrie van der Hagen. Dunea has pursued a grazing policy since 1990, which involves the use of large grazing animals in the dunes. This policy has proved to be less effective than was anticipated.

The natural management brought about by rabbits, which eat tree and bush seedlings and dig up the soil, has a greater impact on restoring biodiversity. We are therefore in talks with the province of South Holland to discuss how we can responsibly boost the rabbit population in our dune reserves.

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Incidents

Minor, manageable incidents occurred in our dune reserves in the reporting year. A fire at Duinrell and Solleveld was quickly extinguished thanks to rapid and effective collaboration with the fire service.

The fire service informed us that the water extraction area was not at risk. In addition, campers were sent away from the dunes on a total of seventy occasions: a big increase compared to previous years. Our managers are keeping a sharp eye on this.

New code of conduct for work in the dunes

The Dunea code of conduct³ ensures that we carry out our work in accordance with the applicable laws and regulations, including the Nature Conservation Act (Wet natuurbescherming), which provides for the protection of species, the Provincial Environmental Regulations (Provinciale Milieu Verordening, PMV), the philosophy of the Barometer for Sustainable Land Management (Barometer Duurzaam Terreinbeheer) and agreements with authorities on cultural heritage. The code of conduct was updated in 2022 and further expanded where necessary. All staff and contractors who work on Dunea sites are required to sign this code of conduct. This is another way in which we safeguard the protection of our dunes.

Our dune wardens Tessa and Eva keep an eye on things in Dunea's vulnerable dune reserves.



³ This is the code of conduct on working at Dunea sites. In addition, Dunea has a general code of conduct entitled 'The Deal of Dunea'.

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Agenda for 2023

In 2023, we will focus on the following in the context of the value theme 'Valuable dunes':

- reinforcing the rabbit population in the dunes to ensure effective, natural grazing;
- combating growth of thickets and loss of plant biodiversity in the dunes;
- improving visitor flows in Meijendel (Heart of Meijendel project) and the design of the buffer zone at the Mientkant;
- delivering the project portfolio around Groot Solleveld, in the context of 'From Zweth to the Sea';
- continuing to identify the natural assets of our reserves in Brakel and Bergambacht.



Ox-tongue broomrape
in bloom in the dunes
at Katwijk.



Heleen Verduijn
volunteer at Solleveld dune reserve

Accelerating for dunes and water

‘Rolling up our sleeves for biodiversity in Solleveld’

‘The first time I came here, I was immediately sold,’ says Heleen Verduijn. Heleen works with a permanent group of volunteers once every two weeks in Solleveld.

Along with eight volunteers, Heleen carries out a wide range of activities to keep Solleveld attractive, green and accessible. It’s hard work that involves digging, cutting, raking and pruning. With a camera to hand, because you get to see all kinds of things here. Even roe deer – ‘we spotted one of those this morning during our early bird session. Unusual, because you don’t normally see them here!’

Heleen tells us: ‘We’re currently excavating a seepage pond. It was completely closed, but was discovered by one of the volunteers who does research here on lizards and salamanders. Now we have removed a lot of soil, the water has come back. We are installing fencing (to keep out the cows that graze in Solleveld) and pruning the surrounding vegetation to create the best possible conditions for rare plants and animals. We’ve noticed that Dunea has been placing a much stronger focus on these types of changes in recent years.

Nothing is just removed. We do everything in consultation with René Soonieus, the Dunea manager, who also lends a hand. Broom, for instance, is very important for insects. Which are in turn food for birds. We remove grass clippings in herbaceous areas – sometimes you find little balls containing young tiger spiders among the clippings, which we put back – because this soil needs to remain low in nutrients. It sounds contradictory, but some plants thrive in poor soil. These are rare plants and animals that we want to preserve for the sake of biodiversity in the reserve. Solleveld is a rare gem, we have to take care of it!’



Climate neutrality

This value theme is about making the most efficient use of energy and raw materials, reducing direct and indirect CO₂ emissions and minimising pollution.

Key performance indicators:

CO₂ footprint in tonnes of CO₂: **13,108**
(2021: 11855)

KPIs

Scope 1 emissions: **193** (2021: 1,272 tonnes of CO₂)

Scope 2 emissions: **0** (2021: 0 tonnes of CO₂)

Scope 3 emissions: **12,915** (2021: 10,583 tonnes of CO₂)

Offsetting of Scope 1 and Scope 3 emissions that we can influence: **653** (2021: 1,551 tonnes of CO₂)

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Material topics

- Climate neutral operations
- Promoting aquathermal energy in the energy transition
- Cybersecurity and data privacy

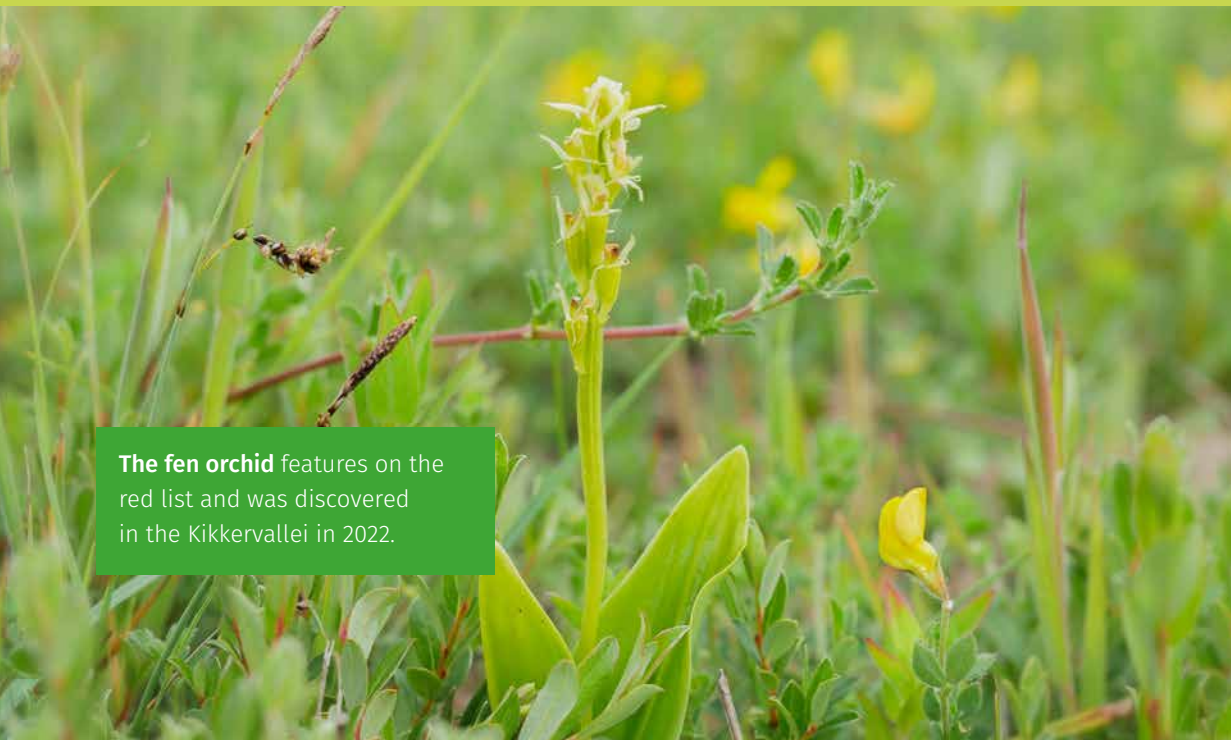
Policy

The main aim of our policy is to reduce direct and indirect CO₂ emissions. Since 2017, Dunea has calculated its annual CO₂ footprint according to the practice code for calculating the CO₂ footprint of drinking water companies issued by the KWR. As this protocol stipulates that indirect emissions (upstream and downstream activities) also need to be included, we look at the entire chain. We use the annual calculation to focus our efforts and to monitor the progress of our ongoing CO₂-reduction measures.

These measures also have areas of overlap with measures to make our operations circular. Our participating interest AquaMinerals focuses on this, by creating economic value and sustainability value for current and expected raw materials from our residual and waste streams. At Dunea, we are ensuring that the residual materials we produce are of as high a quality as possible, for example by expanding our production process with a rinse water treatment facility.

Our subsidiary Dunea Warmte & Koude B.V. develops and implements projects in which aquathermal energy adds value for the customer and for society. Dunea's assets can be used as a sustainable source of heat and cold, thus contributing towards the energy transition and achieving the climate goals.

The fen orchid features on the red list and was discovered in the Kikkervallei in 2022.



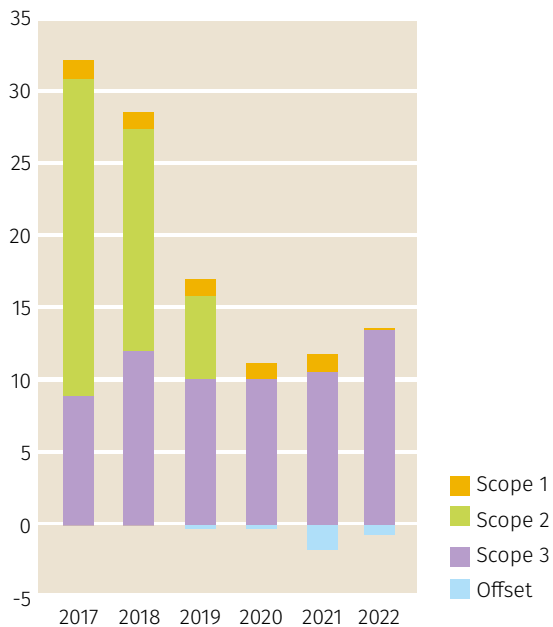
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Developments in 2022

Our CO₂ footprint in 2022

At the end of 2022, Dunea's CO₂ footprint came to 13,108 tonnes of CO₂eq without offsets, and 12,455 tonnes of CO₂eq with offsets. The emission factor of water supplied by Dunea therefore worked out at 0.17 kg CO₂eq/m³ of drinking water produced without offsets and at 0.16 kg CO₂eq/m³ with offsets.

Dunea's CO₂ footprint (kt CO₂eq)



The Footprint Challenge



Dunea takes part in the Footprint Challenge for the water sector

In the reporting year, Dunea took part in the Footprint Challenge for the water sector. Our employees were challenged to reduce their own footprint and increase their handprint for forty days, by developing sustainable habits both at work and at home.

Each week had a different theme, such as 'Wise with water', 'Eat smart' and 'Travel smart'. During the challenge, employees encouraged each other and their family members to do things like eat more seasonal vegetables, to go for a walk or run together, to eat less meat and to take shorter showers.

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The practice code for calculating the CO₂ footprint of drinking water companies was updated in 2022. As a result, the Scope 1 emissions are lower. At year-end 2022, 29% of Dunea's vehicle fleet was electric (2021: 28%) This means we have not yet reached our target of 40%. The main reason is that we are dependent on long delivery times for electric vehicles. The target for 2023 has again been set at 40%. Electric vehicles have been ordered, the first batch of which were delivered in the first quarter of 2023. It is difficult to find a good electric alternative to the service vans and four-wheel drive jeeps used in the dune reserves. Our emergency generators are switching to biofuel. This transition is on schedule and is expected to be completed in 2025.

In 2022, the consultancy firm Enovium delivered a research report that indicated the current energy label and potential improvement measures for a number of buildings. Based on this report, we will explore options for improving the sustainability of, or phasing out, two buildings with low energy labels. We are also working to further reduce our gas consumption. An initial 'quick win' was to set the thermostat to nineteen degrees in all buildings in 2022.

Major Scope 2 developments (purchase of electricity)

In 2022, we made a start on further detailing our energy strategy with the aim of reducing our electricity consumption, reducing our natural gas consumption, generating our own green electricity and taking a smart approach to purchasing green energy.

In the reporting year we purchased 100% green wind energy from the Netherlands in the form of Guarantee of Origin certificates.



Solar panels on the roofs of our slow sand filters in Scheveningen generate a large amount of sustainable energy.

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We also made progress with the installation of solar panels to generate our own energy. At year-end 2022, all planned 168 solar panels had been installed at our head office in Zoetemeer, with an expected annual yield of 53 MWh. The expansion of the solar panels on the slow sand filters at the pumping station in Scheveningen should be complete by mid 2023. This involves a total of 3,900 panels with an expected annual yield of 1,100 MWh.

The CO₂ footprint of the new blending plant has also been assessed, with the extraction of more water from the Lek. The assessment revealed that using water from the Lek in the production process uses less energy, because the water is transported to the dunes over a shorter distance. The CO₂ footprint is therefore less than when water from the Meuse is used. Although the use of water from the Lek results in additional sludge disposal, the positive CO₂ impact of the lower energy consumption is greater than the negative CO₂ impact of the additional sludge. We will take these findings into account in the further development of the blending plant.

Major Scope 3 developments (indirect emissions)

Scope 3 emissions increased compared to 2021. This was mainly due to increased pulverised coal dosing to remove PFAS from drinking water, as well as higher investment.

In collaboration with Keeping South Holland Accessible (Zuid-Holland Bereikbaar), a mobility scan was carried out in 2022 with a view to a new and sustainable commuting scheme. Smarter and more economical travel by our staff should help to reduce indirect CO₂ emissions.

As Dunea needs to do more to remove PFAS from drinking water, we are looking for sustainable solutions to the increase in pulverised coal sludge containing PFAS – a residual product left over from this treatment process.

AquaMinerals completed an initial study into the reuse of this sludge in 2022. This study shows that the pulverised coal we have used can be given a second life in the removal of substances such as drug and cosmetics residues from domestic waste water. Partly on the basis of these results, we aim to work hard in 2023 to make this solution a practical reality.

Major Scope 4 developments (avoided emissions)

By investing in emission-reduction projects outside Dunea we managed to offset 653 tonnes of CO₂ emissions in 2022 (both direct Scope 1 and indirect upstream and downstream Scope 3 emissions that we can influence). We consciously opt for initiatives that have common ground with dunes and water.

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Progress on aquathermal energy

Based on its revised strategy, Dunea Warmte & Koude B.V. focused in 2022 on identifying (potential) projects with a high chance of success and a short lead time. In the reporting year, a total of seven indicative tenders were submitted for aquathermal energy projects in The Hague, Leiden, Rijswijk, Zoetermeer and Wassenaar. In the case of three tenders, there is still a chance that a contract will be entered into in early 2023.

A study was carried out into sustainability improvements using aquathermal energy at public and commercial swimming pools in our supply area. The results of the study and the options for Dunea Warmte & Koude will be analysed further in 2023.

The team was expanded with an engineer in the reporting year, increasing the available expertise and capacity. This means that strategic partners can be contacted faster. In another development, Dunea Warmte & Koude B.V. joined the board of the Aquathermal Network (Netwerk Aquathermie): this partnership is also vital to faster progress towards the energy transition.

Agenda for 2023

For the Climate Neutrality value theme, the items on our agenda include the following focus points and activities:

- preparing for and implementing the measures identified as part of the new energy strategy;
- launching a feasibility study for measures such as making the Scheveningen pumping station gas-free;
- introducing the new sustainable commuting policy;
- exploring ways we can include sustainability and circularity as an integral element in the design and construction of new water treatment plants.



Working for every customer

This value theme is about contributing to confidence and convenience for all customers through good and accessible services and advice.

KPIs

	Target	2022	2021
General customer satisfaction	> 7.8	8.1	8.0
Customer Effort Score ⁴	<= 2.0	1.5	1.6
Complaint resolution time (resolved within 5 working days)	>= 80%	74%	48%

Material topics

- Customer focus
- Debt assistance agencies and socially responsible debt collection
- Cybersecurity and data privacy

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⁴ The customer effort score measures the ease with which customers can interact with Dunea. The scores range from 1: very little effort, to 5: a lot of effort.

Policy

Dunea's policy aims to continuously improve the customer experience. To do this, we use the results from satisfaction surveys and data from our customer contacts. We support customers with paying their water bills where possible. We also ensure that their data is afforded the best possible level of protection at all times, in line with the applicable laws and regulations. Continuous improvement is enshrined in all processes that relate to our customers.

Developments in 2022

Improvements in customer communication

Regular customer communications improved in 2022. For example, the email accompanying the periodic settlement for residential customers now shows at a glance the consumption over the period, the new instalment amount and the amount still to be paid or still to be received. Customers can find more information on our website by following links in the email. We also use the confirmation email for changes of address or meter readings to make customers aware of other information that may be useful to them, such as water-saving tips. The self-service options for residential customers on My Dunea were also expanded.

Helping corporate customers save water

We extended the Digital Water Meters pilot for corporate customers in 2022. The aim of this pilot is to gain insight into how the meters work and, at the same time, to use the data obtained to give the customer insight into opportunities to save water. We are keen to gain a better understanding of what we need to make our organisation ready for a larger roll-out of digital water meters and the increasing use of IoT applications.



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We also launched the Water Scan for corporate customers who consume more than 10 million litres per year. The Water Scan provides these customers with insight into their own water management and opportunities for the more responsible and efficient use of drinking water. They are supported in this by our staff. We started the Water Scan with four customers in 2022, with thirty more expected to follow in 2023. The initial results are positive: customers are more aware of their water use and are taking direct action to use water more efficiently in their processes.

Socially responsible debt collection

In 2022, Dunea teamed up with an experienced external partner to launch a project to develop a new mission and vision for socially responsible debt collection. Further to this, customers have been given the option of a monthly instead of a quarterly direct debit. The collection process will undergo further changes in 2023 with the aim of identifying potential payment issues as early as possible and offering customers the most appropriate solution.

In the first quarter of 2022 the courts dealt with an action brought by Defence for Children against the State of the Netherlands, PWN and Dunea. Defence for Children was demanding a ban on the disconnection of the drinking water supply to households that include minors where payment obligations have not been met. The court rejected this demand. Defence for Children has appealed against this decision. The appeal is yet to be settled.

Dunea handles payment arrears and disconnections with the utmost care: we follow set procedures in which we seek to contact the customer in various ways and at various times. Disconnection is a last resort when it comes to making a payment arrangement. Dunea works with organisations including municipalities, housing associations and energy companies in order to identify payment arrears at an early stage and offer appropriate support.

Dunea also provides facilities in our beautiful dune reserves. For example this upgraded lookout point.



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Improved processes

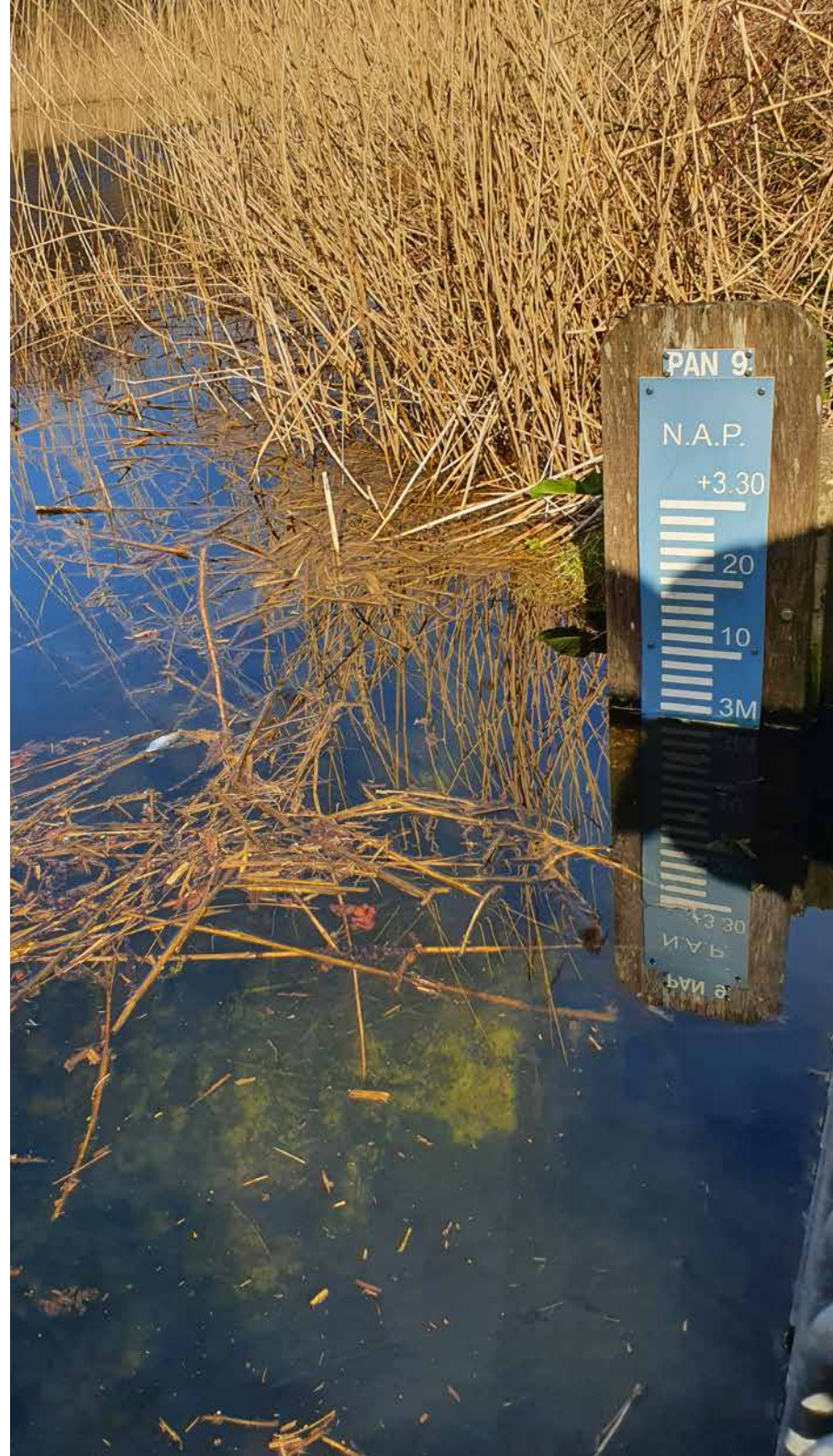
We also made changes ‘behind the scenes’ to improve our services in 2022. For instance, our Contact Centre system now features a new English-language options menu, smarter queue management and more reporting options. This ensures a better customer experience, such as shorter waiting times, and a better understanding of how we can improve our processes.

We also updated our complaints handling procedure. Changes to the contact form help customers get through to the right team faster, reducing the resolution time. An internal analysis of common complaints has led to improvements on our website, such as the addition of a decision tree for customers who want to change their contract.

Agenda for 2023

We will be following up on ongoing projects and planned improvements in 2023, including by:

- introducing socially responsible debt collection;
- developing a self-service option for corporate customers;
- expanding internal quality management for our services;
- developing new products and services aimed at helping our customers to make sustainability improvements and to save water;
- monitoring the customer satisfaction of recreational visitors to our dune reserves.





Remco Spierenburg

Danone facility building and utility manager

Accelerating for dunes and water

‘Making a difference today through sustainable water use’

Nutricia in Zoetermeer, part of Danone, produces liquid medical nutrition for vulnerable target groups. So it is even more important that the water used is of a high quality. At the same time, water is also needed for the production processes. Remco Spierenburg: ‘Sound management of our water sources is one of the main pillars of our sustainability policy. Reducing and reusing water are part of this. We expect our suppliers to help us achieve this goal.’

Remco Spierenburg and his team are responsible for the land, buildings and utilities such as water and gas at the Danone site in Zoetermeer. ‘One of my main tasks is to safeguard the quality of the water we use for our products. Dunea reports on its composition. This is an aspect that is examined in a number of audits. Over the years that I have worked at Nutricia, there have never been any quality complaints.’

‘Danone has ambitious water management goals in the context of sustainability. We want to reduce our water consumption and further improve the quality of the water we discharge so that it can be reused. We have regular discussions about this with Dunea. A Water Scan was initiated in 2022 to look at the options for the reuse of treated wastewater and other improvements. We also talk about this subject with other parties such as municipalities and the district water control board. We believe that Dunea can act as a key link between various customers and other stakeholders: together we can set up improvement projects whose impact extends beyond our site.’



Attractive work

This value theme is about contributing to staff wellbeing (pride, identity, health and employment) in the region.

KPIs	Target	2022	2021
Time to fill vacancies (in days)	< 50	64	59
Incident frequency ratio	< 6	5	10
Absences due to sickness (in %)	< 5.0	7.3	5.8

Material topics

- Safe working conditions
- Sustainable employability of staff
- Innovation and knowledge
- Cybersecurity and data privacy

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Policy

Our employees are essential to the achievement of our strategic objectives. We believe it is important that they continue to develop as skilled professionals. With our proactive HRM policy and strategic personnel planning, as an employer Dunea is committed to optimising the employability of our staff and encouraging their development and mobility, in a challenging, pleasant and safe working environment.

Developments in 2022

Staff development

Staff development was a key focus area for us in the reporting year. A total of 35 employees moved on to a different role. Organisational changes were made within two departments, creating smaller teams. As a result, there is a greater focus on employees and greater scope for personal control.

Another step forward was the launch of a course and training platform aimed at job-specific knowledge, safety and personal skills.

Dunea also challenges its employees to be innovative. Data stewards are active within each department to encourage teams to make smart use of data and digitalisation. They benefit from central support and meet regularly to share opportunities and successes. The Dunea Digitalisation Agenda provides clarity on ongoing initiatives and how they are related. For example, work took place in 2022 on a standard method to assess the reliability of data and KPIs based on this data, the data quality dashboard underwent further development, and a roadmap was drawn up for the Dunea Data Platform.



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We are also focusing on data literacy, to ensure that our staff are aware and take advantage of the possibilities offered by data. We provide staff with accessible training in how to adopt a more data-driven approach to their work, for example through the use of process mining and Power BI. We support more experienced data users with a 'data professional' environment, to enable them to analyse their R and Python processes in greater depth and make them smarter.

We have also invested in cooperation between managers, due in part to the addition of many new managers in recent years and the reduced opportunities for face-to-face contact in 2020 and 2021. The monthly face-to-face manager meeting has been revamped around the theme 'managers together as one team'. Peer support sessions are also organised and strategic days are held twice a year. The aim is both to facilitate the mutual exchange of information and to improve management skills.

New employee onboarding process

After two years of the coronavirus pandemic, we were finally able to once again organise a central induction in Scheveningen for new employees in May 2022, as an addition to an event for all employees. This afternoon afforded staff the opportunity to learn in person about Dunea's core activities: drinking water production and dune reserve management.

In addition, we reviewed and redesigned the existing onboarding programme. Changes were made to the content and timing of the monthly introductory meeting in Zoetermeer, to ensure that new employees receive information at a time that is most relevant for them.



Technician Mario during repair work on a transport pipeline in Zoetermeer.

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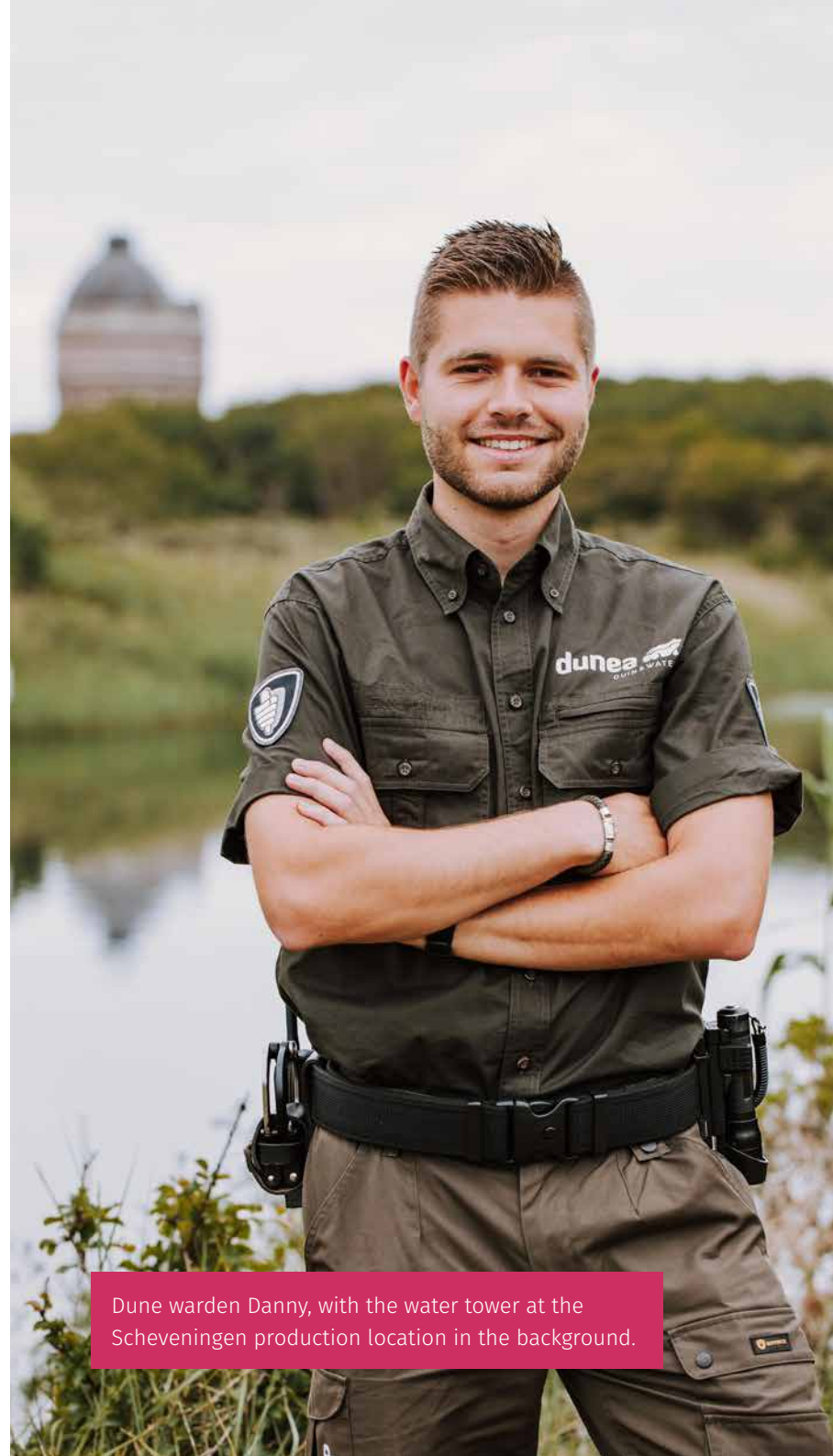
Development opportunities are not the only thing that is important: salary too remains a key motivating factor. At the end of 2022, our sector completed successful negotiations for a new collective labour agreement (CAO), with a €1,000 gross one-off payment for everyone to compensate for higher costs in 2022. An appropriate salary increase has been agreed 2023. Because we are aware of the potential effect of high inflation on our employees' financial situation, we offered additional support in the form of individual budget coaching. Although this service was advertised through media such as the intranet, staff did not make use of it.

As in previous years, we devoted considerable energy to issuing safety alerts, safety training and identifying risks at work. A specific focus was placed on safety in November, during the specially named Safety Month. A range of activities were devoted to physical social and digital safety. Safety Month concluded with an audit by the VCA with a positive final assessment: Dunea obtained VCA** certification. Our safety management system and safety awareness were given a major boost in the lead-up to this certification.

A survey on psychosocial workload was conducted among our employees in the reporting year. Dunea scores highly relative to the benchmark: our high score for 'future prospects' deserves special mention. Areas of concern are work volume and work pressure. We will devote extra attention to these areas in 2023.

Confidential advisers

Dunea had two confidential advisers in 2022, one of whom is retiring. Partly for that reason, the team was expanded at the end of 2022 with two internal confidential advisers and now consists of two men and two women.



Dune warden Danny, with the water tower at the Scheveningen production location in the background.

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The internal confidential advisers are responsible for:

- assisting, counselling and advising employees with a report or complaint;
- analysing incidents and advising the management team;
- making referrals to professional care providers;
- reporting numbers and the nature of the reports.

Dunea has made a budget available to the internal confidential advisers for education and training. The confidential advisers are free to decide how this budget is spent.

Partly in response to the BOOS episode on The Voice, a manager meeting in spring 2022 looked at psychosocial safety in the workplace and what role managers have in this. In the context of Safety Month, sessions took place throughout the organisation to encourage teams to discuss this topic. These sessions will continue in 2023. We are also looking at whether there is a need for support and in what areas.

The confidential advisers received a total of sixteen reports in the reporting year, thirteen of which were concluded. The non-concluded reports and discussions will be resumed again in 2023. One report concerned bullying, while the other reports related to demotivating and uninspiring working conditions.

Absences due to sickness

The rate of absences due to sickness, which totalled 7.3% in 2022, is a cause for concern. Long-term absenteeism in particular is high. The collaboration with the occupational health and safety service has been reviewed. Based on the outcome of this review, a new occupational health and safety service will be engaged in May 2023. This new partnership will place a greater focus on absenteeism prevention and counselling to improve staff employability.

Our position on the labour market

Dunea was able to fill a large number of vacancies in 2022: three in four vacancies were successfully filled. As in previous years, there were also vacancies that proved difficult to fill: mainly technical and specialist roles and ICT vacancies. Dunea has developed its own technical traineeship to ensure that suitable employees can be found for these roles in the near future. Two members of staff have already been taken on for this purpose in 2022. An additional recruiter has also been appointed. The two recruiters are supported by a permanent intern.

New colleagues often opt for Dunea due to its social position and nature conservation function. They also see Dunea as a multifaceted organisation that offers scope for initiative and personal development. In 2022, we noticed that candidates like to opt for stability and that is something we can offer. The overall picture is therefore that the combination of remuneration plus what Dunea has to offer as a social organisation is sufficiently attractive.

Agenda for 2023

In 2023 we will be continuing our ongoing activities, as well as focusing on:

- introducing a new method of strategic personnel planning;
- implementing the new labour market communication strategy;
- offering staff regular medical examinations and workshops on dealing with work pressure and the early identification of signs of pending overload;
- elaborating a proposal for changes to appraisal interviews and performance reviews, aimed at greater scope for dialogue and individual control;
- developing an environment in which staff can experiment with data and digitalisation techniques.

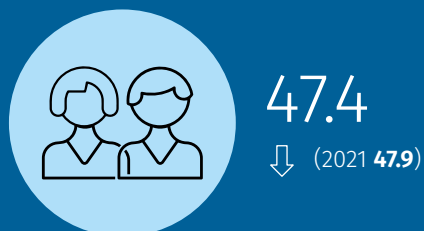
Staff and organisation

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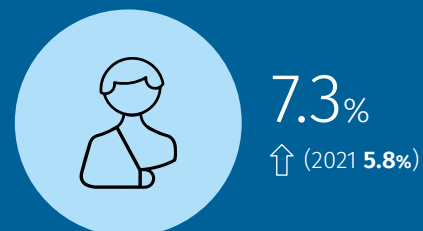
Number of employees



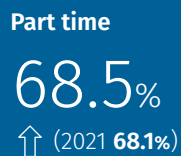
Average age



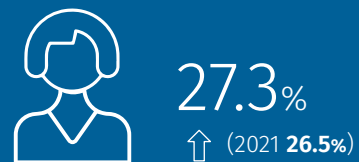
Absences due to sickness



Full-time and part-time contracts by gender



Ratio of men to women



Women and men in management roles





Saskia van Otterloo
*talent manager for the National
Water Traineeship*

Accelerating for dunes and water

‘Young people are needed to face the major challenges in the water sector’

As talent manager for the National Water Traineeship (NWT), Saskia supervises twenty recent graduates out of a total of 120 active trainees. ‘The initial belief was that technical solutions are the answer,’ says Saskia van Otterloo. ‘But the challenges facing the water sector are now so big that there is a growing awareness that what we really need is young and diverse talent.’

‘Since 2011, the NWT has been hastily preparing higher professional education and university graduates for a meaningful career in the water chain: from municipalities and provincial authorities to water boards and drinking water companies. The challenges are now bigger and more urgent than ever, and that requires a fundamental shift to start thinking and doing things differently. We start with a group of around thirty trainees twice a year. With or without a background in the water sector, with or without technical knowledge. What they have in common is an open, curious and motivated attitude: how can we change things? How can I use my strengths to achieve the goal of clean and safe drinking water? Innovative thinking from a wide range of disciplines is precisely what is needed to help achieve the necessary acceleration.

I followed the traineeship myself from 2018 to 2020: I worked as a strategic adviser for the Stichtse Rijnlanden Water Control Board. As a trainee you are embraced by the sector, which is good for your development and for your network. Trainees are invaluable because their fresh outlook and vision enables organisations to think critically. Including Dunea, where four of our trainees are currently working in both strategic and operational roles. They are really enjoying it. In that respect, I think water companies like Dunea can express their passion and pleasure even more strongly, including outside the sector. Because a job in the water chain is not just challenging: your work really matters in securing a liveable future.’



Smart asset management

This value theme is about contributing to essential infrastructure for a liveable region taking into account occupation of scarce space in the Randstad.

KPIs

There are currently no KPIs for this value theme. We will be developing KPIs as part of our preparations for the CSRD.

Material topics

- Sound management of buildings, pipelines and treatments
- Cybersecurity and data privacy

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The First Bergambacht Pipeline (Bal-1) is one of our main transport pipelines.

Policy

In order to successfully accomplish our mission, we need infrastructure for drinking water, nature and recreation that continues to meet the expectations of our customers and stakeholders. Mature asset management organisation helps us, against a changing backdrop and with an anticipatory and adaptive approach, to ensure a high-quality and reliable future drinking water supply, to provide a high-quality natural environment and to offer peace and space to enjoy this environment. All of this at the lowest possible costs, with an acceptable level of risk.

Developments in 2022

Maintenance of river water transport pipelines

Dunea's river water transport pipelines carry pre-treated river water from the intake points to the infiltration areas in the dunes. We closely monitor the condition of these pipelines, because they are a vital component of our drinking water production process. In the reporting year we produced an inspection programme, carried out planned repair work and coordinated reconstruction work with the parties involved. For example, repairs were carried out on the First Bergambacht Pipeline (BAL 1): one of our main transport pipelines. A specialist team carried out these repairs with the help of divers. We also began an exploratory study into the creation of booster functionality, with the aim of safeguarding the river water supply in irregular circumstances (for instance in the event of disaster situations or pressure restrictions).

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New partnerships

We made progress with our multi-utility approach in the reporting year: where possible, we collaborate closely with other grid operators and contractors to enable us to work more efficiently and sustainably with less disruption. Dunea has signed a new collaboration agreement with Stedin and Oasen. Through the collaborative organisation Infra Stedin Dunea Oasen, we work together on the installation and replacement of electricity cables and gas and drinking water pipelines. The contractors involved are given greater responsibility for the design, preparation and planning of projects, enabling us to extract more efficiency from the available work capacity.

We have signed a declaration of intent with The Hague City Council and Stedin for a more intensive partnership in The Hague subsoil and public spaces. The partnership relates to major maintenance and replacement projects involving electricity cables and sewer, gas and water pipelines. We will be gaining experience through joint pilots in the coming period. Based on this experience, we will draw up a covenant that sets out the agreements for the partnership in greater detail.

Dunea also joined Het Leidinghuis in 2022. Het Leidinghuis offers water boards and drinking water companies support in the area of maintenance, fault handling, management and storage of emergency and contingency materials, knowledge sharing and technical development. The direct efficiency gain is that Dunea itself needs to keep fewer materials in stock.



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New rinse water treatment facilities in use

Renovation work on the rinse water treatment facilities in Scheveningen and Katwijk was completed in 2022. The new facilities ensure that the water used to clean the sand filters can be reintroduced in the existing treatment process. This means that the rinse water eventually becomes drinking water again and we reduce our residual streams.

Management process and system improvements

During the reporting year we made improvements in the transfer of projects to the management organisation. This has given us a better understanding of the essential infrastructure, which benefits management. A dashboard for monitoring groundwater measurement points was also produced, providing us with round-the-clock control information in the context of our Water Act permit.

The pipeline network fault monitoring system remains a concern. We are working hard to improve this system so that we can analyse the fault information in greater depth and organise proactive maintenance at an earlier stage.

Agenda for 2023

Plans are being made and executed in 2023 for the maintenance of our essential infrastructure:

- the Brakel and Bergambacht master plan;
- the Solleveld master plan;
- the large pumps inspection plan;
- the clean water storage inspection plan.



This monumental pre-filter building at our production location in Katwijk underwent a full renovation in 2022. It is now in use as an innovative rinse water treatment facility.



Stakeholder management

This value theme is about creating value for internal and external stakeholders based on mutual commitment, taking into account different, and sometimes also conflicting, interests.

KPIs

There are currently no KPIs for this value theme. We will be developing KPIs as part of our preparations for the CSRD.

Material topics

- Collaboration in the supply chain and with the environment
- Cybersecurity and data privacy

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In the most densely populated part of the Netherlands where Dunea produces and supplies drinking water, with limited space both above and underground, it is a growing challenge to fulfil our tasks. To do this, we are dependent on effective collaboration and coordination with our environment. Dunea is actively committed to environmental management. Everyone within Dunea who has contact with stakeholders has an environmental management role. Environmental management opens the door to cooperation: for our own tasks that we cannot fulfil alone and for broader social tasks to which we can contribute. The main objective is to create added value together with others and to reduce the risk of conflicting interests and delays, for example in securing permits. We seek to establish a dialogue with stakeholders wherever possible and to remain in dialogue to emphasise and explain the importance of space for drinking water and nature.

Developments in 2022

Constructive talks on the interests of drinking water and geothermal energy

Attention was devoted in 2022 to the potentially conflicting interests of geothermal energy and water extraction. This led to constructive talks between the drinking water and energy sectors. At the start of 2022, the House of Representatives decided that boring for the detection or extraction of geothermal heat could not take place in areas designated for the extraction of drinking water. The Mining Act is to be amended to this end: new rules will be introduced for the permit system that regulates the detection and extraction of geothermal heat.



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Dunea is not opposed to geothermal energy, however our current groundwater protection and water extraction areas and the Drinking Water Sources for the Future study area in the Province of South Holland are scarce and need to be protected. Dunea has always emphasised this stance and has also expressed negative opinions on pending permit applications relating to boring for geothermal energy in parts of South Holland. These procedures are still ongoing.

Focus on drinking water in council elections

In 2022 we sought to raise awareness of the challenges we face when it comes to nature and the availability and quality of drinking water. Thanks to active lobbying during council elections, we succeeded in ensuring a greater focus on water, nature and the subsoil in the coalition agreements.

Successful collaboration with municipalities

The river-dune system will remain as important as ever for our drinking water production process up to and including 2050. A vital part of that system is the Bergambacht pumping station, located in the municipality of Krimpenerwaard. Dunea signed a declaration of intent with this municipality in the reporting year: we will enter into a strategic partnership in which we respect one another's spatial requirements as much as possible.

In addition, we highlighted the importance of drinking water and nature in various vision and policy documents of municipalities and the provincial authority. One of the outcomes is that the drinking water intake point in the Afgedamde Maas has been included in the environmental strategy of the municipalities of Zaltbommel and Maasdriel (Bommelerwaard region) and the municipality of Altena. This ensures that our interests will be taken into account in municipal decisions.

Strategic partnerships in development

Dunea has 3 key strategic partnerships, which also contribute to the achievement of our mission, vision and strategy.

- *Nationaal Park Hollandse Duinen (Holland Dunes National Park)*

In Nationaal Park Hollandse Duinen, Dunea is working in a core group with the National Forest Service, the Province of South Holland, The Hague City Council, the Delfland and Rijnland District Water Control Boards and 53 other local partners to establish a sustainable, resilient and accessible national park that will strengthen and increase the value of the area for people, plants and animals.

- *Multi-utility partnerships*

We actively seek to collaborate with grid operators. Multi-utility partnerships enable us to work more efficiently on more projects, with less disruption. For example, in 2022 we put out a call for tenders in conjunction with Stedin for a joint contractor for subsoil work. In partnership with Structin, we collaborated on the installation of utilities for new buildings. In Leiden, we signed an agreement with the city council and grid operator Liander for better subsoil coordination and cooperation.

- *Dunea Warmte & Koude B.V.*

With Dunea Warmte & Koude B.V., we use the water in our pipeline network as a sustainable source of heating or cooling for new suburbs and buildings. This is one way in which we contribute to the energy transition and create value for our stakeholders. We took further steps on this project during the reporting year, as explained in the '2022 results – Climate neutrality' section.

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Making progress in the water chain

The 2022 drought posed a major challenge to ensure that the water in the Lek, with our intake point in Bergambacht, stayed fresh. Thanks to our input in the Western Central Regional Drought Consultations and effective coordination, the water remained fresh and usable.

The reporting year saw the start of the Clean Meuse Water Chain (Schone Maaswaterketen, SMWK), a five-year action programme. SMWK is a unique partnership of drinking water companies and water managers in the Meuse water catchment area (water boards, the the Directorate-General of Public Works and Water Management

(Rijkswaterstaat) and the Ministry of Infrastructure and Water Management) to improve water quality in the Meuse and the water catchment area. The SMWK website features an atlas that shows discharge permits. This atlas is to be expanded in the coming period.

Internal environmental management survey

We carried out an internal survey on our environmental management. The aim of this 'baseline' is to gain insight into our current approach and safeguarding of environmental management and to identify opportunities to further professionalise environmental management within Dunea. The results show that we are already on the right track, but also that we can make further improvements in the chain.

Importance of data exchange

Sharing data with our environment is becoming increasingly important. We adhere to internationally accepted guidelines that help to make data findable, accessible, interoperable and reusable. We do this in collaboration with all other drinking water companies. Dunea is taking part in two pilots that encourage cooperation in subsoil and critical infrastructure.

Agenda for 2023

We will continue to seek cooperation with our stakeholders into 2023 and beyond, with action points including the following:

- continuing to elaborate our vision and strategy for environmental management, based on the internal study and external developments and successes;
- raising awareness of the importance of drinking water and nature among new administrators in the context of provincial elections and water board elections;
- continuing to focus on effective liaison with stakeholders in the permit process for the extension of drinking water capacity;
- holding talks with the geothermal energy sector with the aim of working together to translate interests into technical measures;
- signing a declaration of intent with partners in the region for the alternative new sources to be explored in the EIR process;
- initiating a pilot for water awareness in new construction;
- actively participating in the regional implementation of major government programmes related to space, soil and water to protect the interests of drinking water.



Christiaan van der Kamp
*Managing Director
of the Haaglanden
Environmental Protection Agency*

Accelerating for dunes and water

‘Permits are a critical part of the process’

‘I am very familiar with the complex challenges faced by Dunea,’ says Christiaan van der Kamp. Christiaan is the Managing Director of the Haaglanden Environmental Protection Agency (ODH), the government authority with legal responsibility for carrying out permit granting, supervision and enforcement tasks in Dunea’s work area. In addition to the Nature Conservation Act, the Environmental Protection Agency also implements water extraction legislation.

‘Dunea has many projects in the dune reserve, aimed at the development and conservation of nature and, of course, water extraction. Dunea crosses paths with the Environmental Protection Agency in many of these areas. Which is only logical, because the dune reserve is one of the most vulnerable nature reserves in the Netherlands, home to a wide variety of protected animal species and plants. I fully understand that the Environmental Protection Agency is a ‘difficult’ party: the necessary permits are a critical part of the process and when things don’t go to plan, delays occur. Moreover, the Nature Conservation Act is not simple for parties like Dunea. In principle, you are not allowed to disturb anything or anyone. But the law is there for a reason, and we are responsible for implementing this law. There’s no room for negotiation. Even if it has consequences for the drinking water production process, we will still implement it.

Of course we’re not blind to the challenges facing Dunea. We held talks in 2022 on subjects including the division of roles, to see how we can work together as constructively as possible. Always professional, never personal, but now and then sparks fly. That’s also due to the passion on both sides. When I first started in this role, Managing Director Wim Drossaert took me through the dune reserve. I appreciated that immensely. Witnessing the situation with your own eyes establishes the basis for an effective conversation.

In a general sense, the Netherlands needs to work and develop in a much more nature inclusive way. We need to seek a balance together: what can we do for nature? What’s difficult is that the politics responsible for the problems is not the same as the politics that has the solutions. It’s not going to be easy. But we are happy to take up the challenge, together with Dunea.’

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In 2022, Dunea achieved a result of €6.3 million, which represents a decrease of €2.2 million compared to 2021. In this section, we explain our financial results in more detail.

2022 result

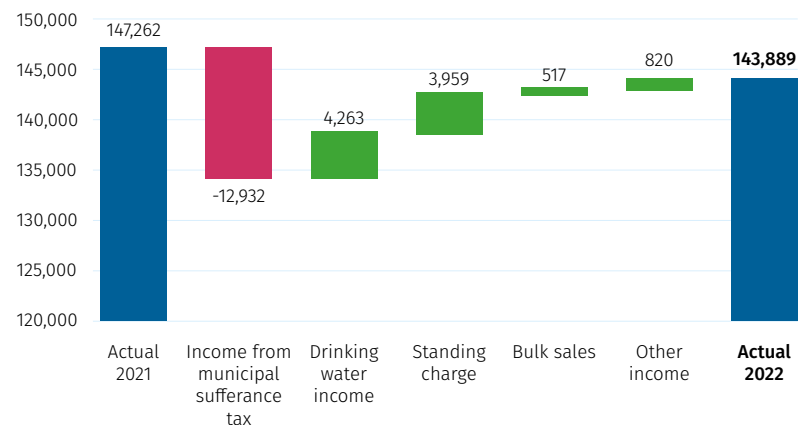
(amounts x €1,000)	2022	2021	in EUR	%
Total operating income	143,889	147,262	-3,373	-2.3%
<i>Income from municipal sufferance tax</i>	84	13,016	-12,932	-99.4%
<i>Total operating income excl. municipal sufferance tax</i>	143,805	134,246	9,559	7.1%
Total operating expenses	132,789	134,279	-1,490	-1.1%
<i>Costs of municipal sufferance tax</i>	17	12,090	-12,073	-99.9%
<i>Total operating expenses excl. municipal sufferance tax</i>	132,772	122,189	10,583	8.7%
Financial result	-4,794	-4,442	-352	7.9%
Result after tax	6,307	8,541	-2,234	-26.1%

The 2022 result after tax was €6.3 million (2021: €8.5 million), which represents a decrease of €2.2 million compared to 2021. As the municipal sufferance tax was abolished as of 2022, there was a reduction in income and costs in 2022. The effect without the municipal sufferance tax is that the operating income and operating expenses have risen. Operating income rose by €9.6 million, largely due to a tariff increase for every m³ sold and the standing charge. Operating costs rose by €10.6 million due to higher wage and energy costs plus inflation.

Operating income

93.3% of the operating income consisted of water income (2021: 94.2%).

Operating Income Actual 2022 versus Actual 2021



Water sales (including bulk sales) fell by 1.0 million m³ compared to 2021. Despite the reduction in m³, income from sales rose by €4.3 million due to the increase in the variable tariff of €0.07 per m³. In addition, income from the standing charge rose by €4.0 million, which was due to an increase in the number of service addresses and an increase in the most common supply capacity tariff of €4.06. The €0.8 million in other income relates to higher subsidy/grant income and additional revenue from activities such as sewer management carried out for third parties.

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2022 drinking water tariff

The tariff structure remained unchanged in 2022. Customers pay a standing charge for the supply of drinking water, the amount of which is based on the supply capacity of the customer’s service address. Customers also pay a fixed tariff per m³ for drinking water consumption. Dunea applies the ‘cost recovery’ principle to all tariffs, with the drinking water tariff and the standing charge tariff being structured according to the cost-plus method: cost price + a margin to cover capital costs. The tariffs are set each year in the budget process. The amount of the margin is decisive in terms of how Dunea’s financial ratios will develop over time. Dunea’s guiding principles in this are included in the financial policy. This policy is aimed at maintaining Dunea, as a business, on a sound financial footing, thereby ensuring our ability to obtain sufficient financing for future investment requirements. When determining the amount of the margin, Dunea may not exceed the maximum capital costs according to the WACC (2022: 2.95%).

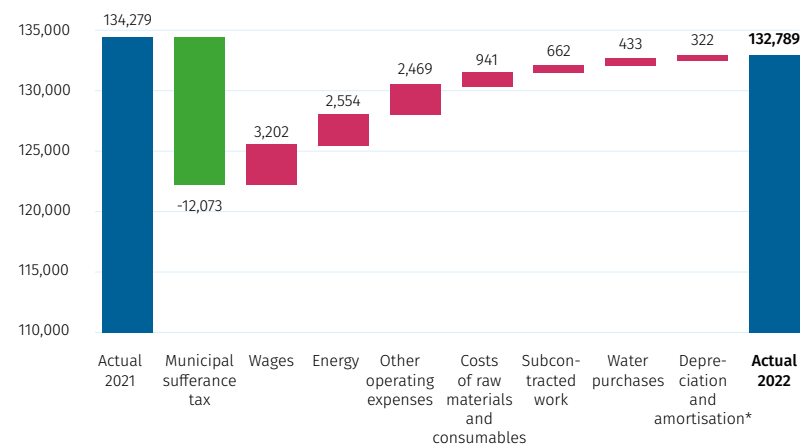
In 2022, the lowest standing charge, which applied to more than 95% of our customers, rose to €64.42 (2021: €60.36). The variable tariff rose to €1.07 (2021: €1.00). In 2023, the tariffs will rise further to €66.88 for the lowest standing charge and €1.29 for the variable tariff, respectively. This increase is attributable to an expected increase in the costs of energy and wages in particular. The tariffs stated are exclusive of VAT and tap water tax.

Each year, the Authority for Consumers and Markets (ACM), acting on the instructions of the Human Environment and Transport Inspectorate (ILT), reviews the setting of the drinking water tariffs. Based on the advisory report by the ACM, the ILT has concluded that the 2022 drinking water tariffs comply with the legal framework for all aspects reviewed. Discussions are currently ongoing on the aspect ‘allocation of costs for other water’. This discussion has no effect on the drinking water tariffs set for 2022, however.

More information about the tariff schedule can be found on our website.

Operating expenses

Operating costs Actual 2022 versus Actual 2021



* This includes the effect of the impairment and divestment of tangible fixed assets.

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Total operating expenses fell by €1.5 million relative to 2021. The increase in costs, particularly in the costs of energy, chemicals, wages and salaries and other operating expenses, was offset by lower costs in respect of the municipal surffrance tax.

Wages and salaries rose by €3.2 million due to an increase in the average number of employees (€0.9 million) as well as a pay rise under the Collective Labour Agreement (€2.1 million) and for various other reasons (€0.2 million). Energy costs rose by €2.6 million due to a significant increase in energy prices. Other operating expenses rose by €2.5 million compared to 2021, mainly due to an increase in ICT costs (€0.7 million), the hiring of external expertise (€0.7 million) and bad debt losses (€0.4 million). The cost of raw materials and consumables rose by €0.9 million, which is attributable to price increases, higher consumption of chemicals and more sludge disposal. The costs for subcontracted work rose by €0.7 million largely due to higher maintenance costs for our facilities and natural spaces. The cost of water purchases rose by €0.4 million, mainly due to increased procurement from Evides and Waternet. Finally, depreciation costs rose by €0.3 million due to investments in the Brackish Groundwater and Lake Valkenburg pilots, both of which have a relatively short depreciation period.

Investments

In 2022, Dunea invested €37.7 million (2021: €43.4 million) in tangible fixed assets. The investments in 2022 mainly relate to the following projects:

- €23.6 million in improving the pipeline network;
- €1.7 million in recycling rinse water processing at the pumping station in Katwijk;
- €1.6 million in the Trekvliet construction project;
- €3.8 million in the Berkheide programme.



The rinse water ponds at Dunea's pumping station in Bergambacht.

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Investments were also made in 2022 in the ‘Drinking Water for the Future after 2030’ programme, mainly in relation to the Brackish Groundwater and Lake Valkenburg pilots. These investments were recognised under intangible fixed assets for a total amount of €1.1 million (2021: €1.8 million).

The decrease compared to 2021 was mainly caused by lower investment in improving the pipeline network: fewer kilometres of pipelines were laid for new construction, replacements and reconstructions. We also capitalised €40.3 million (2021: €38.2 million) for projects that were completed in 2022. At the end of 2022, the Work in progress was €38.6 million (2021: €41.5 million).

The drinking water sector needs to make significant investments. The investments for the period 2023-2027 have been estimated at €255 million. Most of this investment relates to the distribution and transport network (€115 million) and the Drinking Water for the Future programme (€102 million), including investment in new sources and the Berkheide programme. These investments are necessary to ensure we will be able to continue to guarantee the quality and security of supply of drinking water in the years ahead.

Although the need for investment is already a considerable challenge in itself, financing investments is becoming increasingly difficult.

In 2022, Dunea started to draw up a long-term strategy to fund its financing for this investment. This strategy is expected to be ready and presented to the shareholders by the end of 2023. Dunea is currently comfortably able to fund its investments over the next five years.

Financing and ratios

The total value of the loan portfolio (including overdraft facilities) was €255.3 million at the end of 2022 (2021: €253.9 million). A new loan of €35.0 million was raised in 2022. The ratios Dunea has to meet are:

	Target	2022	2021
Solvency (in %)	>= 30.0	40.4	40.1
Debt ratio	<= 8.0	5.8	5.7
Interest coverage ratio	>= 1.3	2.6	3.2

Dunea monitors changes in the ratios so we can make timely adjustments to keep the ratios at the desired level. 2022 also saw the launch of a follow-up study into the financeability of the drinking water sector with the aim of securing the drinking water supply in the longer term. The results of the study were presented in early 2023 to the Minister of Infrastructure and Water Management, after which he announced in a letter that he plans to further detail the recommendations made by the research agency together with stakeholders. We are closely following these developments with a view to our ability to obtain financing for our investment requirements.

By doing so, we are monitoring our ability to finance our investments.

Banks are expecting interest rates to rise further in the first instance in 2023, with a potential fall later in the year. What ultimately happens with interest rates depends on the economic developments and whether or not the ECB or national authorities decide to intervene. We are closely monitoring interest rate developments so we can anticipate any changes.

Inflation rose sharply in 2022 and this situation appears to be continuing into 2023.

Financial instruments

Financial instruments include both primary financial instruments (such as receivables and payables) and derivative financial instruments (derivatives). Dunea uses primary financial instruments as part of our normal business operations. Dunea does not use derivative financial instruments.

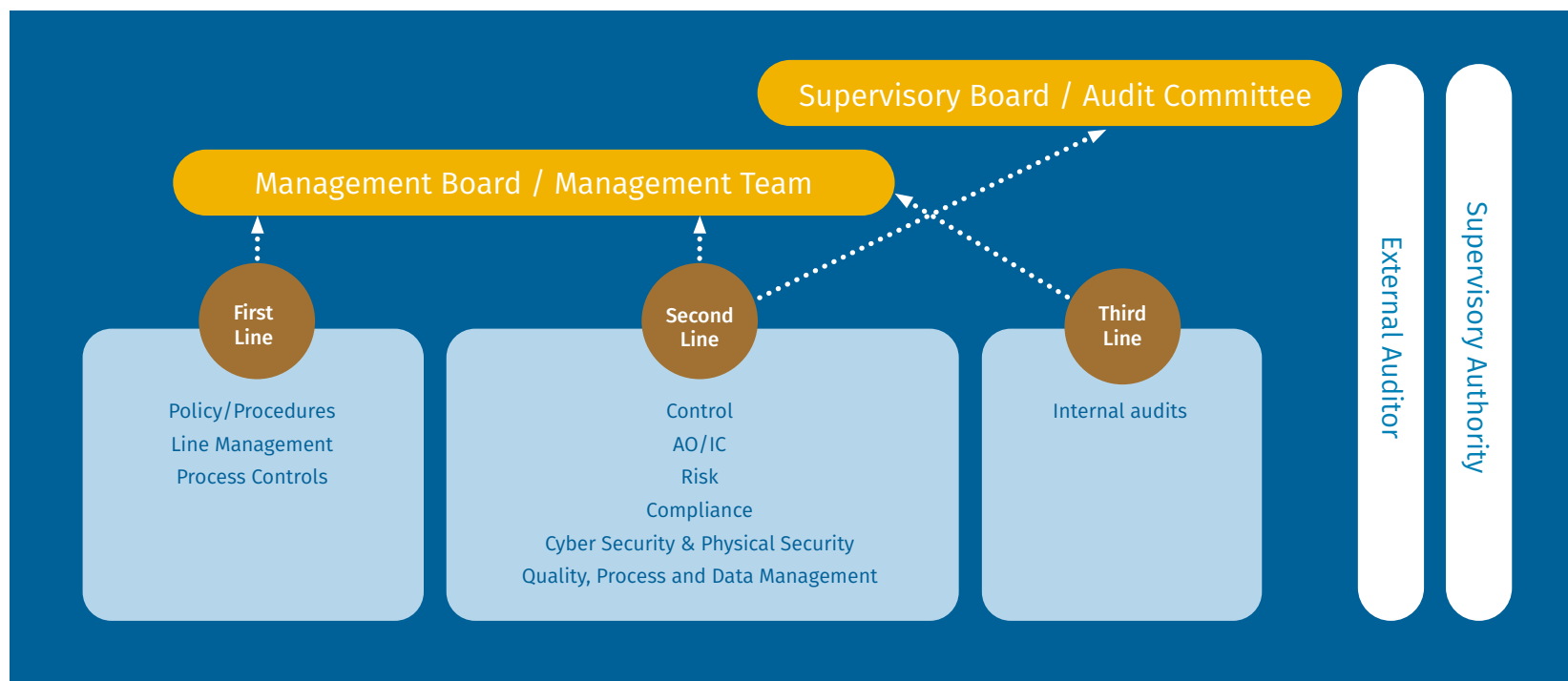
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Risk management

In its risk management, Dunea complies with the Corporate Governance Code. This code states that the management board of an organisation is responsible for identifying and managing the risks associated with the business strategy and activities. In this section we explain the design of our risk management and what the key risks were in the reporting year.

Risk governance and framework

Dunea uses the Three Lines Of Defence model as its risk management model. This did not change during the reporting year. The model is illustrated below in diagram form:



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As the first and hence most important line of defence, the managers and staff in the various teams and processes within Dunea have final responsibility for the decisions they make, the risks they take in their day-to-day work and how they appropriately manage these risks. The Management Board and management team have final responsibility for the risk management process, together with the responsible managers.

The risk management role in the second line of defence is responsible for setting up, supporting, advising on and safeguarding a good risk management process, always in support of the business. This role has been assigned to several Dunea staff members, who coordinate their activities with each other.

Although Dunea does not have an independent internal audit function, audits are conducted within Dunea under the responsibility of the Quality, Process and Data Management Manager. These are operational audits relating to critical and high-risk processes (third line of defence).

Risk management process

The risk management process, which is based on the COSO Enterprise Risk Management Integrated Framework (COSO-ERM), comprises several steps. As this process did not change during the reporting year, it is concisely described in this section.

The process starts with two rounds of internal queries through which we identify the relevant risks associated with Dunea's strategy, objectives and activities. The next step is to analyse the likelihood that these risks might materialise and the impact they would have on Dunea's business operations (gross risks). Then, based on the control measures Dunea has in place, we assess the extent to which these control measures reduce or mitigate the risks and how effective the measures are (net risks).

The weighted net risks are then displayed in a risk matrix. This provides insight into the relationships between and the impact and development of these risks. Finally, the desired risk response is established. This concerns how Dunea wants to deal with the risk, i.e. whether we accept the risk, want to avoid or reduce it, or decide to mitigate it by shifting it to a third party. If a risk for a particular company value represents an opportunity for another company value, the Management Board considers this dilemma in consultation with the management team and decides which company value should be prioritised.

Where necessary, improvements are made to internal risk management and control systems. Actions flowing from this process are monitored, including by periodically updating the risk analysis. All relevant risks are included in the risk register, along with a broad outline of the measures taken and the impact of the residual risk. Based on the monitoring of market developments and decisions made, new risks are identified and existing risks are updated in the register. We do this twice each year; the risk register was updated most recently in December 2022.

The strategy and risks are also discussed twice a year with the Supervisory Board, and the Managing Director explains the main risks to the Annual General Meeting. According to the consultation arrangements between management and the Supervisory Board, risk management is a standing item on the agenda at least twice a year.

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Risk taxonomy and appetite

In accordance with the COSO model, we have divided our risks into four categories: strategic risks, operational risks, financial risks and compliance risks. The company-wide risk analysis performed in 2022 resulted in several changes compared with 2021. These are indicated with an arrow in the risk matrix. The main changes are briefly outlined below.

For three strategic risks, the likelihood that they might materialise has increased. First, the likelihood of the drinking water quality deteriorating as a result of contamination from unknown, emerging and/or persistent substances (such as PFAS, but also drug residues, chemicals and pesticides) further increased. This is one of the key strategic risks for Dunea. This risk continues to increase because more and more new, unknown substances are being developed by the industrial sector and subsequently discharged into our drinking water sources, and because Dunea is able to detect these substances better and sooner by using adjusted methods. As a number of these substances also pose a risk to public health at a certain intake level, this improved detection will logically lead to stricter standards and regulation, particularly for PFAS. Due to a better understanding of the health risks of PFAS, standards have already been tightened in recent years, but they may be made even more stringent in the Netherlands, with a new limit of 4.4 ng/L. Although Dunea will be able to continue to meet the European standards by applying additional treatment measures, with the current treatment methods it is not possible to remove residues from drinking water to such an extent that such a strict limit can be met, precisely because these substances are so persistent. Dunea is working on adjustments to the treatment system, for example by using a hybrid system with multiple water sources. This will reduce dependence on a single source. As these measures can only be implemented over the long term, in the short term Dunea is primarily focusing on raising awareness and emphasising the importance of water source protection to permit issuers



Heavy machinery is used for the construction of the water extraction facility in Berkheide.

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and other stakeholders, in order to prevent that these substances end up in the surface water in the first place. The recent proposal by the Dutch government for a European PFAS ban is a welcome result of these awareness-raising activities. In addition, Dunea is investigating what additional treatment steps are feasible within the existing drinking water production process in the short term.

Two other strategic risks that have increased are closely related. The risk that security of supply could come under pressure in the near future due to insufficient capacity of our water sources is undiminished. The fact that this trend has not yet been reversed is mainly due to the planned expansions of water extraction being behind schedule and to increasing demand forecasts. One of the main reasons for the delays in the planned extraction expansions is that permit application processes have extremely long completion times and often grind to a halt when objections are lodged. Dunea notes that support for drinking water projects in and around the dunes is increasingly coming under pressure. Examples of this include resistance to the expansion of our extraction operations in Berkheide and to other construction activities we want to develop in and around the dunes: programmes that really cannot be delayed any longer. The nitrogen issue and the recent loss of the derogation for nitrogen emissions from construction activities are also contributing to the delays in the planned expansions, partly because compensation measures are increasingly difficult to implement. Dunea is trying to contain this trend, mainly through measures focused on water demand, such as by promoting responsible and sustainable water use by consumers and corporate customers. In the autumn of 2022 and the spring of 2023, we saw water use that was lower than the forecasts. If this continues over the long term, it could lead to a reduction in the likelihood of the strategic risk. Dunea also aims to better inform visitors to the dune reserves about the importance of nature conservation in these areas and their importance for the drinking water supply. With regard to the nitrogen issue, Dunea is focusing on building up

specialist knowledge by collaborating with other parties in the water supply chain who have more experience with this issue. This could include collaborating with grid operators and the Dutch Construction and Infrastructure Federation (Bouwend Nederland).

Our environmental management activities are also paying off. Dunea has noticed that stakeholders are increasingly involving us at an early stage in plans and proposed projects that could have an impact on our water sources or underground infrastructure. This enables Dunea to better safeguard its drinking water interests and to contribute ideas on how to effectively manage particular risks to the drinking water supply. Examples of such risks include those arising from the energy transition, as well as those associated with the possible relocation of our critical infrastructure.

Finally, the financing risk has decreased, as Dunea has observed that the free cash flow forecast has improved and the timing of investments has been spread over a longer period. As a result, Dunea does not foresee any difficulties with remaining within the set ratios in the near future.

Risk matrix³

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Strategic risks

1. Competing interests between short-term and long-term visions of key stakeholders and Dunea
5. Impact on quality due to contamination of sources with new, unknown and emerging substances
6. Security of supply under pressure due to current source capacity problems
8. Risk of negative pressure on the drinking water function due to new products & services (non-drinking-water activities)
12. Security of supply under pressure due to forced relocation of transport infrastructure
13. Increasing environmental pressure in respect of nature conservation function with negative impact on drinking water activities

Operational risks

3. Insufficient qualified personnel and loss of knowledge from organisation
4. Security of supply under pressure due to failure of critical systems
9. Prolonged failure of critical components in drinking water infrastructure/assets
10. Bergambacht pumping station flood risk
11. Inadequate process control
15. Risks of energy transition for drinking water capacity and quality
16. Loss of essential data for business processes as a result of cybercrime

Compliance risks

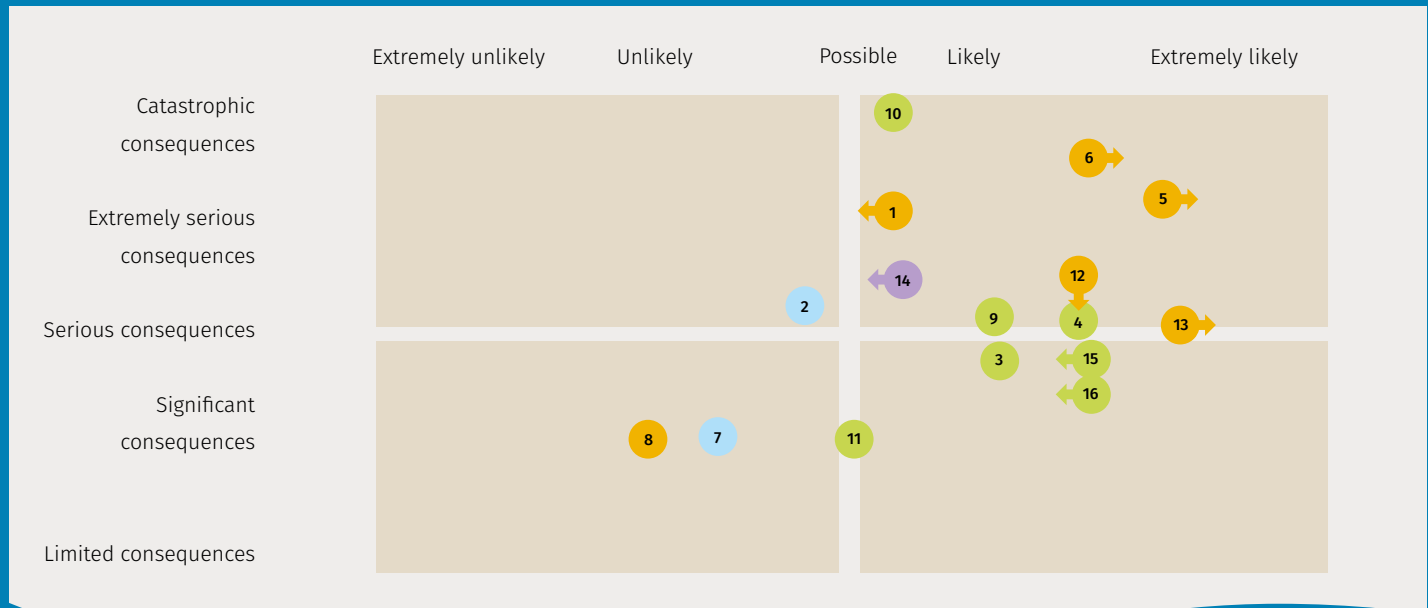
2. Non-compliance with new/changing laws and regulations
7. Fraud/conflict of interest/corruption resulting from unduly wide powers/ inadequate controls

Financial risks

14. Ability to obtain financing for future investment requirements

Potential likelihood of occurrence

Impact on/harm to Dunea's objectives



- Strategic
- Operational
- Financial
- Compliance
- ↑ Risk has increased
- Risk has stayed the same
- ↓ Risk has fallen

3. The risks listed here are all net risks.

Strategic risks

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The key gross risks identified for Dunea in 2022 are briefly explained below, including Dunea’s tolerance for these risks.

Risk	Measures	Risk tolerance ¹
Impact on drinking water quality due to contamination of sources with new, unknown or emerging substances (5)	Preventing pollution: raising awareness of source protection among permit issuers and other stakeholders; programme to investigate alternative sources to complement existing sources: hybrid system. Use of membrane technology	Nil/Low
Pressure on security of supply due to source capacity problems (6)	Accelerating Berkheide programme: discussions with permit issuers. Accelerating/expanding the multi-source programme/hybrid system where possible. Lek activated as a valuable extraction source. Focusing more actively on responsible and sustainable water use; water scans for corporate customers	Nil/Low
Increasing pressure from local residents in respect of nature conservation function, with negative impact on drinking water activities (13)	Intensifying discussions with stakeholders; importance of valuable dunes combined with importance of drinking water; collaborating with parties in the water supply chain regarding nitrogen compensation	Low
Pressure on security of supply due to forced relocation of transport infrastructure (12)	Soil and infrastructure environmental management strategy, securing property rights including in plans, multi-source programme (sources closer to home); focusing on/collaborating with grid operators	Low
Competing interests between short-term and long-term visions of key stakeholders and Dunea (1)	Raising awareness among stakeholders of the public interest of the drinking water supply and the challenges Dunea faces	Low
Risk of negative pressure on the drinking water function due to new products and services (8)	Strict separation between statutory and non-drinking-water activities while preserving synergy benefits, Risk Committee assessment of governance and processes; expert staff; collaboration with E/C partners	Low

1. The risk tolerance expresses the impact that Dunea is prepared to accept in relation to the risk in question.

Operational risks

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Risk	Measures	Risk tolerance
Bergambacht pumping station flood risk (10)	Multi-source programme; involvement in flood protection programme (Delta programme), intensifying consultation and collaboration with relevant stakeholders; informing the regulator	Low
Pressure on security of supply due to failure of critical IT systems (4)	Managing/monitoring assets with a multi-year plan; automation of security and crisis management process; redundant systems	Nil/Low
Prolonged failure of critical components in drinking water infrastructure/assets (9)	Risk analysis, regular inspection and maintenance, prioritisation of necessary replacements in multi-year asset plan	Low
Risks of energy transition for drinking water capacity and quality (15)	Environmental vision; collaboration/coordination with grid operators and E/C partners; role and positioning of Dunea Warmte & Koude; Heating Transition Municipal Instruments Act (WGIW) consultation	Low
Insufficient qualified personnel and loss of knowledge from organisation (3)	Recruiting personnel sooner/recruitment support; investing in/expanding personnel knowledge; strategic personnel planning; outsourcing/ collaborating for specialist knowledge; recording and transfer of knowledge;	Low
Loss of essential data for business processes as a result of cyber crime (16)	Security and crisis management; Network and Information Security Act (Wnbi) audit, data sharing process, expanding data steward roles, implementing SIEM/SOC, participating in ISIDOOR, setting up offline backups and network segmentation	Nil/Low
Inadequate process control and data quality (11)	Recording processes and controls in framework; focus audits; data management; timely transfer of knowledge/files	Low

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Financial risks and financial reporting risks

Risk	Measures	Risk tolerance
Ability to obtain financing for future investment requirements (14)	Monitoring loan covenant ratios; consultation with banks; optimal use of scope for profitability; focus and support for long-term forecasts/ scenario analyses	Low

Compliance risks

Risk	Measures	Risk tolerance
Non-compliance with new/changing laws and regulations (2)	Monitoring; influencing/coordination through Vewin ⁶ , regular consultation with regulator, Risk Committee assessment of new projects; KPI coordination	Low
Fraud/conflicts of interest/corruption resulting from unduly wide powers/inadequate controls (7)	Adequate segregation of duties; internal control system; regular fraud risk analysis; company rules; roll-out of reformulated The Deal of Dunea and code of conduct, employee screening	Nil/Low

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Other key themes

Crisis management

The crisis management policy was updated in 2022. Managing crises and minimising the consequences is a top priority for Dunea. The policy is based on the following principles:

- 24/7 supply of reliable drinking water is always the highest priority;
- crisis management affects all processes and areas within Dunea;
- the crisis management team can get the situation under control and bring it to an end as quickly as possible, and can minimise the consequences;
- clear working arrangements are applied with regard to scaling up, roles, tasks, information sharing, decision-making and communication;
- Dunea is a reliable partner for its crisis partners;
- staff in the crisis management team are familiar with crisis management, aware of possible scenarios for scaling up, monitor developments and keep their training up to date;
- communication is open and transparent.

In 2022, the crisis management team was scaled up four times. In none of these emergencies was the quality or supply of drinking water threatened.

Audits and continuous improvement

In 2022, internal audits were performed to prepare for external audits (ISO certification and VCA** certification) as well as on a number of specific processes, including field staff involved in customer processes. In addition, an internal audit was started in 2022 into the water meter replacement process. The audits performed did not lead to adjustments to the risk matrix.

The external audits for ISO 9001, ISO 14001 and VCA** certification were completed in 2022 with positive results. There was also an active emphasis on lean management process improvements. To achieve these improvements, process improvement officers were deployed throughout the organisation. Staff took on this role in addition to their normal workload.

Update on fraud risk analysis

In 2022, we made preparations for a new risk analysis on fraud and conflicts of interest. Based on the updated picture, we are able to perform targeted tightening of the existing mitigating measures.

Digital security

Cyber security was already important for Dunea, but its importance has increased. In addition, ever more requirements are imposed by new legislation, such as the European NIS 2 Directive and the Open Government Act (Wet Open Overheid). Dunea is anticipating these legislative changes in several ways: through preventive measures, but also through detection, monitoring & response and repression & recovery. We expanded our cybersecurity capacity in 2022. We also revamped our security awareness platform and increased our focus on awareness-raising activities.

We are moving more and more applications to the cloud. For example, 2022 was dominated by a preliminary study to prepare for the cloud migration of our ERP system. The migration will begin in 2023 and will make significant demands on our organisation over the next two years. We are also exploring the responsible use of new applications, such as ChatGPT. This includes looking into the potential and impact of this new technology, and giving full consideration to the risks and mitigating measures.

COVID-19

We have not identified any additional material strategic, operational or compliance risks for Dunea resulting from the COVID-19 pandemic. During the year we monitored the risks and concluded that the continuity of our business operations was not compromised or adversely affected.

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In control statement

The Management Board is responsible for the design and operating effectiveness of the risk management and internal control systems.

The risk management and control systems operated effectively during the reporting year. With regard to these systems and their operating effectiveness no deficiencies were observed of which we were not already aware or for which we had not already taken measures.

Accordingly, no substantial changes were made to the risk management system in 2022.

The Management Board therefore declares that:

- The Annual Report provides sufficient insight into deficiencies and the operating effectiveness of the internal risk management and control systems;
- The above systems provide a reasonable degree of assurance that the financial reports contain no material misstatements;
- Given the current state of affairs, it is justifiable for the financial report to be prepared on a going-concern basis;
- The Annual Report sets out the material risks and uncertainties that are relevant to the expectation that the company will continue as a going concern for a period of twelve months after the preparation of the report.

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Drone photo of our Scheveningen production location.

Corporate Governance

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As a vital part of the economic infrastructure and as guardian of security and nature, Dunea fulfils an important role in society. In light of this role, we feel responsible for ensuring transparent business operations as well as rules for good governance, effective supervision and proper accountability. In this section we explain our governance structure.

General

Dunea N.V. is a public limited company under Dutch law (naamloze vennootschap) that heads a group also comprising the subsidiaries Dunea Warmte & Koude B.V. and Stichting Nationaal Park Hollandse Duinen. Dunea N.V. also has several participating interests.

Corporate Governance Code

Although the Dutch Corporate Governance Code ('the Code') is only mandatory for Dutch listed companies, in view of its social function and other factors, Dunea has decided to voluntarily apply the Code. We do this to the extent that the principles and best practices of the Code are applicable to Dunea, with due regard for the 'comply or explain' principle. Dunea strives to communicate openly and actively with its stakeholders, in line with the underlying concept of the Code. Each year, Dunea is monitored for compliance with all the best practice provisions in the Dutch Corporate Governance Code.

In 2022, Dunea deviated from one element of the Code:

- **Internal audit function**

The Code includes the principle that companies have established an internal audit function. Strictly speaking, Dunea has not established a separate audit function. Due to the size of our organisation, we have allocated the performance of internal controls and reporting across various control functions within Dunea (see also the 'Risk management' section). The external auditor reviews and reports on these matters in the annual Management Letter and the audit report. This ensures that the Management Board and the Supervisory Board (including the Audit Committee) are engaged with the internal audit process and are able to adequately supervise it.



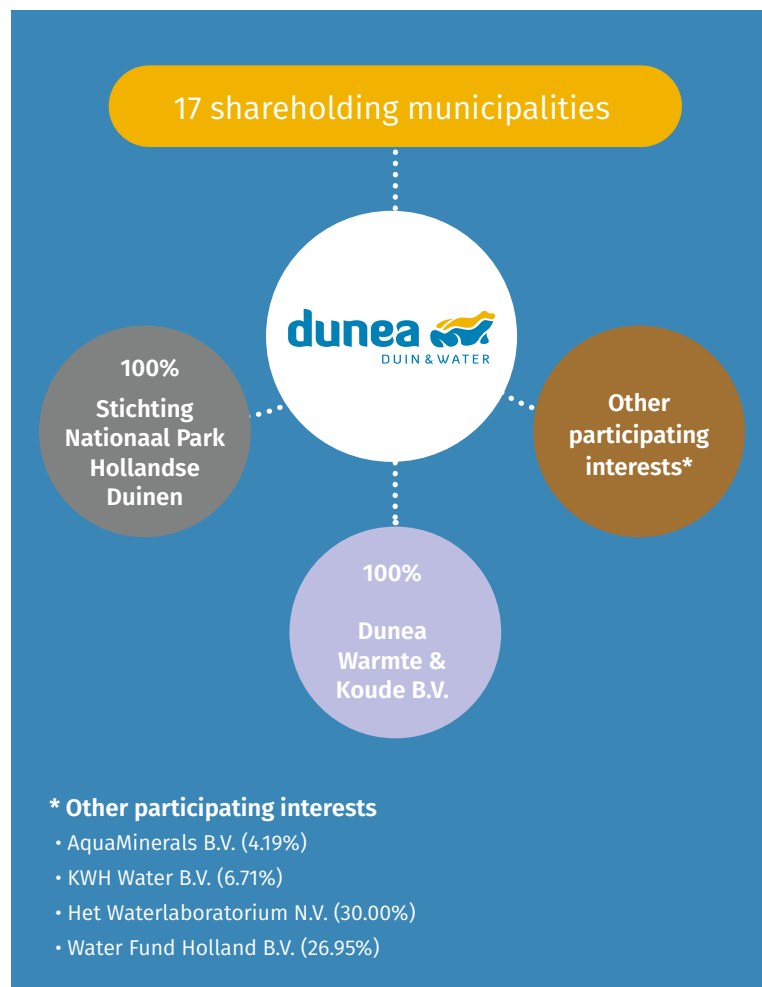
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Our governance structure

The legal structure of Dunea and its subsidiaries and participating interests is as follows:



Management Board

The Management Board, which comprises one managing director under the Articles of Association (‘the Management Board’), is responsible for the day-to-day management of Dunea and for shaping the strategic course and policies of Dunea and its subsidiaries. The Management Board is supported in this by the division managers for ‘Dune & Water’ and ‘Customer & Operational Support’: they jointly constitute the management team.

The Management Board has appointed a separate director for the day-to-day management of the subsidiary Dunea Warmte & Koude B.V.

The Management Board of Dunea renders account to the shareholders at least twice a year for the policy pursued, the (multi-year) budget, the tariff regulations, and the Annual Report during the half-yearly General Meeting of Shareholders.

Supervisory Board

The Supervisory Board monitors the Management Board’s policies and the general course of affairs within Dunea and its subsidiaries. The Supervisory Board supports the Management Board with advice aimed at furthering the interests of Dunea.

The Supervisory Board comprises five members. Their responsibilities and competencies are set out in the Supervisory Board Charter, which is published on our website.

In the performance of its supervisory role, the Supervisory Board is advised by two committees:

Audit Committee

The Audit Committee advises the Supervisory Board regarding the execution of its supervisory responsibilities.

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The Audit Committee evaluates the financial reporting process, the system of internal control and the management of risks, focusing on compliance with the relevant laws and regulations and the effectiveness of codes of conduct and the audit process.

Remuneration Committee

The Remuneration Committee's tasks include the recruitment and selection of members of the Supervisory Board and the Management Board, as well as assessment of the remuneration policy for the Supervisory Board members and the Management Board.

The Remuneration Committee has also been assigned the task of annually reviewing the performance of the Management Board and Supervisory Board members.

Weighing up interests

In their decision-making, the Management Board and Supervisory Board are responsible for weighing up the interests that are relevant to Dunea. Dunea's continuity as a drinking water company is paramount in this respect.

Diversity

Dunea endeavours to ensure a balanced distribution of men and women in the Management Board, the management team and the Supervisory Board. Diversity in terms of age, gender, knowledge and skill is a key selection criteria for the appointment of new members and reappointment of current members. These criteria are laid down in the Supervisory Board Charter and profile.

In 2022, the gender diversity targets were revised for the five-member Supervisory Board (60/40 split of M/F or F/M), the Management Board (not applicable, as there is only one member) and the three-member management team (66/33 split of M/F or F/M). Based on the composition of these bodies at year-end 2022, Dunea meets the gender diversity requirements for new appointments under the Diversity Quota and Targets Act (Wet ingroeiquotum en streefcijfers), which applies to large

companies as of 1 January 2022. In 2023, we plan to draw up a diversity policy for the whole of Dunea.

General Meeting of Shareholders

The seventeen shareholding municipalities in our supply area are represented in the General Meeting of Shareholders. A General Meeting of Shareholders is held every six months, including within six months of the end of the financial year. At a minimum, the agenda for the General Meeting of Shareholders includes the adoption of the Annual Report, the multi-year budget and the tariff regulations. The General Meeting of Shareholders also discharges the Management Board and the Supervisory Board from liability for the policies pursued and for their supervision, respectively. The General Meeting of Shareholders is responsible for the formal appointment of members of the Supervisory Board and for determining the remuneration of the Management Board, on the basis of the proposal by the Supervisory Board. A total of 4 million shares have been issued, each with a nominal value of €5.00. In accordance with the Articles of Association, each share confers the right to cast one vote. A detailed breakdown of the number of shares held by each municipality is provided on page 139.

External supervision

As one of the ten drinking water companies in the Netherlands, Dunea is subject to supervision by the Human Environment and Transport Inspectorate (Inspectie Leefomgeving en Transport, ILT). Each year, the ILT reviews our drinking water tariffs in the light of the guidelines in the Drinking Water Act (Drinkwaterwet). Based on its review of our rates for 2022, the ILT determined that we are in compliance with the Drinking Water Act. Therefore, a lighter regime will be applied: the review will now be conducted once every two years. After the end of each financial year, the ILT assesses Dunea's corporate governance statement, which shows realised revenue and expenses broken down by statutory and non-statutory activities. This is used to definitively establish the realised

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weighted average cost of capital (WACC). In addition, once every three years the ILT assesses the broad benchmark (performance comparison between the different drinking water companies) with regard to the aspects of efficiency, security of supply, drinking water quality and the environment. In reviewing our drinking water tariffs, the ILT is advised by the Netherlands Authority for Consumers and Markets (ACM).

In 2022, the ILT switched to a new form of supervision: ‘governance supervision’. This means a transition has occurred from operational supervision of tariffs and drinking water quality to supervision of the governance around the risk management process, with a focus on addressing strategic risks and long-term developments that could jeopardise the operations of drinking water companies. In 2022, intensive consultations took place through Vewin with the ILT about the scope of the definition of ‘drinking water’ and the associated duty to supply that applies for drinking water companies. This mainly concerned the implementation of future savings for drinking water used for household consumption.

This change in the focus of supervision will also change the structure and content of the supply plans that drinking water companies must regularly provide (starting with the 2024 plan). We value open dialogue, but we also observe that the various regulators are still searching for the optimum way to perform supervision and to divide up their supervisory roles.

Compliance and integrity

Acting in contravention of laws and regulations may harm Dunea’s reputation and integrity and jeopardise its ‘licence to operate’. Dunea therefore attaches great importance to the structured embedding of compliance in the organisation. For this purpose, Dunea has appointed a Compliance Officer who ensures that the organisation, its employees and third parties acting on behalf of Dunea undertake their activities in line

with the applicable legislation and regulations, codes of conduct and policies. The objectives, tasks and competencies of the Compliance Officer are laid down in a compliance charter and compliance programme. The Compliance Officer reports twice a year to the Supervisory Board.

Integrity is a priority for Dunea. To promote integrity and ethical conduct, we foster an ethical culture and desirable behaviour. Our code of conduct entitled ‘The Deal of Dunea’ and various employee policies set out arrangements and rules in this regard, which are detailed further in a code of conduct for working in dune areas, a code of conduct for working with electronic means of communication and a policy for reporting incidents and abuses (whistleblowing scheme), as well as other policies and regulations.

A new code of conduct for working in dune areas was adopted in 2022. This code of conduct sets out how various management activities should be performed by Dunea staff and external contractors in the dunes and at production locations. The aim is to preserve the permit exemption for nature management activities. The code of conduct has been brought into line with the requirements of the Nature Conservation Act, and processes have been reviewed and reformulated. Staff members and contractors have been made aware of the new code of conduct, including through training sessions.

Compliance with The Deal of Dunea is key in assessing the activities and actions undertaken by Dunea and its employees. Any observed instances of actions or activities undertaken in contravention of the principles of the code of conduct are recorded in the compliance register by the Compliance Officer and are reported to the Management Board. Appropriate management action is then taken in consultation with the Management Board and the management team. An updated draft version of The Deal of Dunea was drawn up in late 2022 and will be submitted to the Management Board and Works Council for adoption in early 2023.

The Management Board and Supervisory Board

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Management Board



W.M.E. Drossaert

(1967)

Nationality

Dutch

Position

Managing Director

Joined Dunea

1 September 2015

Relevant additional positions

Director of Stichting Nationaal Park Hollandse Duinen,
Chair of the Water Companies Employers' Association,
General Manager VNO-NCW, Member of the Supervisory Board of AT
Osborne, Chair of the Supervisory Board of N.V. Afvalzorg Holding.

Supervisory Board



J.P. Backer
(1953)

Nationality
Dutch

Position
Chair

First appointed
2017

Current term ends
end of June 2025

Profession
Independent consultant for legal and public/private issues at Roodhoorn Consultants B.V.

Relevant ancillary positions
Chair of Supervisory Board of the Gastroenterology Foundation (Maag Lever Darm Stichting), Member of Supervisory Board of Stichting Voortgezet Onderwijs Haaglanden, Board member of Stichting Fundatie Notelaers, Member of the Dutch Senate



A. van der Rest
(1953)

Nationality
Dutch

Position
Vice Chair, expert in sustainability, nature and the energy transition

First appointed
2018

Current term ends
end of June 2026

Profession
Former Safety, Health and Environment Manager at Shell Nederland B.V.

Relevant ancillary positions
Chair of the Board of CE Delft, Treasurer of IVN Den Haag



G.J. Doornbos
(1948)

Nationality
Dutch

Position
Water (chain) management expert, Chair of the Remuneration Committee

First appointed
2017

Current term ends
end of June 2025

Profession
Consultant

Relevant ancillary positions
Chair of Gebiedscoöperatie Buytenland van Rhoon, Administrative Coordinator of the Nieuwkoop Area Process, Member of the Supervisory Board of the Land Subsidence and Foundations Knowledge Centre (Kenniscentrum voor Bodemdaling en Funderingen)

Supervisory Board (continued)



W. van Dijk
(1966)

Nationality
Dutch

Position
Expert innovation/digitalisation, compliance/risk management, cybersecurity and works council, Confidential supervisory director, expert automation, digitalisation and robotics

First appointed
2020

Current term ends
end of November 2024

Profession
CEO of Rotterdam The Hague Airport



P.G. Pijper
(1966)

Nationality
Dutch

Position
Vice Chair of the Audit Committee, expert in financial and economic affairs

First appointed
2022

Current term ends
end of June 2026

Profession
Supervisory Board member, interim CFO

Relevant ancillary positions
Member of the Supervisory Board of Abiant (from 1 January 2023)



L.A.S. van der Ploeg
(1970)

Nationality
Dutch

Position
Vice Chair and Chair of the Audit Committee, expert in financial and economic affairs

First appointed
2014

Current term ends
end of June 2022

Profession
CFO of VolkerWessels Bouw- en Vastgoedontwikkeling B.V. (property development)

Relevant ancillary positions
Chair of the Supervisory Board of Haag Wonen; Member of the Board of Trustees of Erasmus School of Accounting & Assurance.

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Report of the Supervisory Board

The Supervisory Board monitors the Management Board's policies and the general course of affairs within Dunea and its affiliated enterprises. The Supervisory Board (hereinafter the 'Board') supports the Management Board with advice aimed at furthering the interests of Dunea. In this report, the Board describes its supervisory activities during the 2022 reporting year.

Supervision

Topics discussed in 2022

During its meetings in 2022, the Board discussed many of the subjects on which it exercises supervision. A number of these subjects are briefly outlined below.

The General Meeting of Shareholders

The 2023 Tariff Regulations and the 2023-2027 Multi-Year Budget were discussed at length in the meetings of the Audit Committee, which submitted these documents with a positive opinion to the Board. The Board then presented these documents to the General Meeting of Shareholders with a similarly positive opinion.

During the meeting at which these documents were put to a vote, the Board explained the relevant developments to the shareholders. This included global developments (the war in Ukraine being the most obvious example, with the most far-reaching impact), rising energy prices, the increasing demand for drinking water within Dunea's supply area and the associated multi-source strategy.

The Board is pleased that shareholders' meetings can once again take place in person. The Board would like to express its appreciation for the dynamic between Dunea and its shareholders and the commitment shown by the shareholders to the goals and challenges facing Dunea in a changing world. The Board is pleased that Dunea and the shareholders, both individually and collectively, have a mutual understanding of the challenges and tasks each is facing, and can thus consider all the options in every situation to find solutions that serve their mutual interests wherever possible. The fact that Dunea involves its shareholders in developments at an early stage and seeks to coordinate with them is ultimately paying off with regard to the agenda items at shareholders' meetings on which a decision is required.

During meetings, the Chair explains to shareholders, and in particular to new participants following the council elections, how the Board carries out its governance activities. The Board is pleased that shareholders can appreciate the manner in which the Board undertakes this task as well as the steps it takes to provide shareholders with information about its activities. Board members Van der Rest and Pijper would like to once again express their thanks for the trust the shareholders have placed in them for the next four years.

Strategic developments

The Board is well aware of the strategic developments and trends that are relevant for Dunea. The most important one is the rise in demand for drinking water, which is mainly linked to a population increase in the supply area. In the previous annual report, the Board noted that investments in new sources would be necessary to increase supply and production capacity and maintain water reserve levels. Dependency on a limited number of sources must be reduced. The Board observes that Dunea has specifically begun working to solve this issue, and this work is still ongoing. The technical and geographic feasibility of new sources is being carefully examined.

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One development that must be borne in mind is that the world is changing, and more stringent standards are having repercussions on decision-making procedures. Permit issuing processes are becoming more complex for competent authorities and are suffering from additional delays, due to nitrogen-related case law (among other factors). The Board is also aware that a reconsideration of the estimated timeframes for implementing the sources strategy will probably be required.

Dunea Warmte & Koude B.V.

2022 was the second full calendar year of operations for Dunea Warmte & Koude B.V. In 2022, the Board was once again closely involved with developments in this subsidiary. Ms Van der Rest attends the twice-yearly shareholders' meetings on behalf of the Board. The Board is also sent a copy of the minutes from these meetings, which helps it to stay informed. As in the previous annual report, the Board notes that the shareholders support the energy transition, but that the organisation is encountering thorny issues in practice in relation to how these projects can be embedded in real-life situations. The technical aspects do not usually present obstacles.

The issues on which decisions are required often include a political component, with aspects of procurement law needing to be taken into account. The Board understood and took note of a change in strategic direction, with more focus being placed on smaller-scale projects for the time being. As a result, Dunea Warmte & Koude B.V. will devote more energy to the role of source owner. The Board awaits with interest the developments that are expected to manifest in and around this Dunea subsidiary in 2023, and will naturally keep the shareholders informed.

Compliance

The Board received frequent reports from the Compliance Officer in 2022. Prior to being submitted to the Board, the reports were discussed in the Audit Committee, which paid particular attention to the internal controls in relation to the monitoring of existing internal controls as well as the implementation of new internal controls. The aim was to optimise business continuity and to mitigate potential distorting aspects as well as risks, including fraud risks, as far as possible, or exclude them entirely where possible. The risk register, which lists both active and latent business risks, was also taken into consideration.

Stichting Nationaal Park Hollandse Duinen

The official status of 'New Style' National Park had not yet been granted by the Ministry of Agriculture, Nature and Food Quality by the end of 2022. Dunea and the other partners are waiting for a legal policy framework from the Ministry. Separately from that process, the founding partners and the partners with whom we are collaborating closely to achieve the broad goals of the foundation have been discussing ways to shape future implementation and cooperation. One of the options raised in that context is obtaining Public Benefit Organisation status. No decision has yet been made on this matter, but the necessary preparatory and exploratory conversations have been held. If this status is obtained, it will affect the current organisational form and governance.

Dunea sought guidance from external experts in the exploratory conversations. In the next annual report, the Board hopes to be able to explain what decisions have been made and how the continuation of the foundation has been embedded and guaranteed.

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Consultation with the Works Council

Board member Ms Van Dijk meets the Works Council twice a year on behalf of the Supervisory Board, in the presence of the Management Board. In addition, various informal meetings take place, where those who attend are informed of current organisational and personnel developments. This enables the Board to remain in touch with the organisation.

The Board would like to note that there is a climate of positive cooperation with the Works Council and that discussions are both open and constructive.

Meetings and attendance

The Board met a total of six times in 2022. In the first half of the calendar year the meetings were held in hybrid form (both in person and online). Starting in the summer, all Board meetings were held in person.

Five of the six Board meetings were convened for the purpose of making decisions, with the Management Board present and participating. The sixth meeting (attended by all members of the Board) consisted of an informal and informative working visit to a site.

Three of the decision-making meetings were attended by the full Board. For the other two decision-making meetings, two and one members respectively were unable to attend, but gave their apologies in advance. The members who were unable to attend shared their views prior to the meetings concerned on the agenda items on which a decision was required. These views were included in the decisions that were ultimately recorded.

The last meeting, which due to unavoidable circumstances was held at the start of the new year, focused on the self-assessment of the Board (see below), which the Board had asked a specialist agency to facilitate. Mr Van der Ploeg participated in this self-assessment. The Board considered it important to take note of the findings of Mr Van der Ploeg, even though his formal role as a member of the Board ended on 1 July 2022. The Board thanks Mr Van der Ploeg for the self-assessment findings he submitted.

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Report by Supervisory Board committees

The Supervisory Board has two committees: the Audit Committee and the Remuneration Committee. The duties and responsibilities of both committees are described in the Corporate Governance section.

Audit Committee

On 1 January 2022, the members of the Audit Committee were Mr Van der Ploeg (Chair) and Ms Van der Rest. Following the departure of Mr Van der Ploeg from Dunea's Supervisory Board on 1 July 2022, the newly recruited Board member, Mr Pijper, joined the Committee on that date. He took over the role of Chair from Mr Van der Ploeg. The Audit Committee would like to take this opportunity to once again express its gratitude and appreciation for the role Mr Van der Ploeg played in the Audit Committee for many years.

Report of the Audit Committee

The full Audit Committee met four times in 2022. The first meeting of the calendar year took place online. The remaining three meetings were held at Dunea's head office. The Finance & Control Team Manager and the Compliance Officer participated in all Audit Committee meetings.

The external auditor also attended three meetings to explain a number of agenda items relating to the annual financial statements and the associated audit, and to discuss them with the Audit Committee. In the presence of the auditor, the Annual Report 2021, the Management Letter 2021 and the Audit Plan 2022, among other things, were discussed. The 2023 Budget, the 2023–2027 Multi-Year Budget and the 2023 Tariff Regulations were also discussed. The Audit Committee would like to take this opportunity to express its appreciation for the professionalism with which the auditor collaborated with the committee.

The relevant financial documents were submitted to the Supervisory Board with a positive opinion. The documents were then presented to the General Meeting of Shareholders with a positive opinion. Audit Committee meeting reports were also discussed in Supervisory Board meetings and, where necessary, additional clarification was provided during Board meetings.

The Audit Committee, by virtue of its role, is very familiar with the processes within the organisation. The Audit Committee obtains information on these processes from the auditor, the financial decision-making documents and the internal management reports. The system of internal control is adequately designed and operates effectively. Based on the external and internal provision of information concerning the internal control system, including external audits, compliance and internal operational audits, the Audit Committee is able to carry out sufficient supervision.

Remuneration Committee

Throughout the 2022 calendar year, the Remuneration Committee comprised Mr Doornbos (Chair), Ms Van der Rest and Mr Backer.

Report of the Remuneration Committee

The full Remuneration Committee met three times in 2022, with two of these meetings being held in person.

The first two meetings for 2022 focused on the recommendations for appointment and reappointment of two members of the Supervisory Board. The Remuneration Committee supervised this process, which was conducted in collaboration with an external specialist agency. It led to recommendations for the appointment or reappointment of two Board members: Ms Van der Rest (reappointed for a new four-year term) and Mr Pijper (a new Board member, also appointed for a four-year term).

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Both recommendations were placed on the agenda for the General Meeting of Shareholders held on 23 June 2022. The shareholders unanimously approved the recommendations for appointment and reappointment, and both the new member and the reappointed member will serve four-year terms on the Dunea Supervisory Board, commencing on 1 July 2022. With these new members in place, the Remuneration Committee considers the Supervisory Board well equipped to properly perform its supervisory duties over the next few years.

In the meeting held in the autumn of 2022, the Remuneration Committee discussed the performance of the Management Board, which attended part of the meeting. The Remuneration Committee feels positive about its collaboration with the Management Board. We are particularly positive about the way in which the Management Board looks after Dunea's continuity and interests – particularly in the relationship with the shareholders – and in a timely and properly documented manner informs the Remuneration Committee, and in effect the entire Supervisory Board, about developments within and outside of Dunea, and the required decision-making in this respect.

Quality assurance

Composition, diversity and independence

At the start of the 2022 calendar year, the Supervisory Board consisted of the following members:

- Mr J.P. Backer (Chair)
- Mr L.A.S. van der Ploeg (Vice-chairman)
- Mr G.J. Doornbos
- Ms A. van der Rest
- Ms W. van Dijk

On 1 July 2022, the composition of the Board was as follows:

- Mr J.P. Backer (Chair)
- Mr G.J. Doornbos
- Ms A. van der Rest (Vice Chair)
- Ms W. van Dijk
- Mr P.G. Pijper

After the end of the term of appointment of Mr Van der Ploeg, Ms Van der Rest was appointed as Vice Chair of the Board.

The composition of the Board is in conformity with the profile and the objectives of the diversity policy, which have been adopted and can be found on [our website](#). As 40% of the five members are female, the gender diversity goals were met. In the view of the Board, throughout 2022 the requirements relating to the independence of the Board and its individual members, as referred to in Article 2.1.7 to Article 2.1.9. of the Corporate Governance Code, were fulfilled.

Further information on the members of the Supervisory Board is provided beginning on page 82.

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Diversity profile

Name	Year of birth	Expertise/experience	Gender
J.P. Backer	1953	Chair	Male
A. van der Rest	1953	Vice Chair, expert in sustainability, nature and the energy transition	Female
G.J. Doornbos	1948	Expert in water chain management	Male
W. van Dijk	1966	Expert in innovation/digitalisation, compliance/risk management, cyber security and works councils	Female
P.G. Pijper (from 1 July 2022)	1966	Expert in financial and commercial aspects	Male
L.A.S. van der Ploeg (until 1 July 2022)	1970	Expert in financial and commercial aspects	Male

Retirement and reappointment schedule

Name	Date of first appointment	Date of reappointment (if applicable)	Last term ends in
J.P. Backer	1 July 2017	1 July 2021	2025
A. van der Rest	1 July 2018	1 July 2022	2026
G.J. Doornbos	1 July 2017	1 July 2021	2025
W. van Dijk	1 December 2020		
P.G. Pijper	1 July 2022		

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Self-assessment

In the Supervisory Board's self-assessment, which was performed in 2022 using an external module without process guidance, similar strengths emerged as in the previous reporting year: a transparent and engaged way of collaborating, in which trust in each other's qualities is considered extremely important. This also applies to the way the Board deals with the Management Board, which is regarded by shareholders as highly engaged.

All parties involved showed awareness of the strategic goals. The Board is pleased to see that everyone is willing to contribute, based on their own roles and responsibilities. The Board has indicated that it will continue to monitor diversity within its membership. The Board will also continue to develop, in order to continue its state-of-the-art performance of its supervisory tasks. In that context, over the coming year the Board will turn its attention to the new reporting requirements from the EU, including the Corporate Sustainability Reporting Directive (CSRD).

2022 Annual Report

In accordance with Article 16 of the Company's Articles of Association, we hereby present to you the Annual Report of Dunea prepared by the Management Board and including the financial statements for 2022. The Financial Statements 2022 and the report of the policy conducted by the Management Board were presented to the Supervisory Board during its meeting on 17 May 2023.

The Financial Statements have been audited and given an unqualified opinion by our auditor KPMG. This opinion can be read on page 129. We have discussed the Financial Statements and the Annual Report in the presence of the Management Board and the auditor. The Management Board will present the Financial Statements 2022 to the General Meeting of Shareholders on 22 June 2023.

Word of thanks

The Board wishes to express its sincere gratitude and compliments to the Management Board and all staff who served Dunea in 2022 with professionalism and commitment, particularly during the period in which the measures imposed by the government in connection with the COVID-19 virus were still in effect.

In the opinion of the Board, Dunea remains extremely well equipped to successfully implement the strategic plan, meet the major social challenges ahead and implement the sustainability objectives Dunea has formulated.

Zoetermeer, 17 May 2023

Supervisory Board
Joris Backer, Chairman

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Balance sheet as at 31 December 2022

(After appropriation of the result)

Amounts x € 1,000	Notes	31 December 2022	31 December 2021	Amounts x € 1,000	Notes	31 December 2022	31 December 2021
Assets							
Non-current assets				Current assets			
<i>Intangible fixed assets</i> 1				<i>Inventories</i> 4			
Development costs		2,589	1,881	Materials		1,419	1,248
		2,589	1,881			1,419	1,248
<i>Tangible fixed assets</i> 2				<i>Receivables</i> 5			
Land and buildings		62,237	59,703	Accounts receivable		10,376	6,060
Plant and equipment		490,819	485,841	Taxes		1,002	1,651
Other fixed operating assets		2,346	3,295	Other receivables		44	40
Work in progress		38,616	41,456	Prepayments and accrued income		4,238	5,703
Tangible fixed assets not used in operations		1,821	1,893			15,660	13,454
		595,839	592,188				
<i>Financial fixed assets</i> 3				<i>Cash and cash equivalents</i> 6			
Participating interests		2,697	2,746			3,690	149
Receivables from participating interests		860	456				
Other receivables		43	74				
		3,600	3,276	Total		622,797	612,196

Balance sheet as at 31 December 2022

(After appropriation of the result)

Amounts x € 1,000	Notes	31 December 2022	31 December 2021	Amounts x € 1,000	Notes	31 December 2022	31 December 2021
Liabilities				Loan capital			
Shareholders' equity				Long-term liabilities			
Issued share capital	7	20,000	20,000	Debt to credit institutions	12	238,934	217,667
Share premium reserve	8	3,097	3,097	Equalisation account for third-party contributions		73,218	72,451
Legal reserve	9	3,244	2,254	Prepayments		1,171	1,304
Other reserves	10	225,260	219,943			313,323	291,422
		251,601	245,294	Current liabilities			
				Current portion of long-term liabilities	13	13,733	12,333
Provisions	11	5,950	5,154	Debt to credit institutions		2,679	23,851
				Debt to suppliers		8,374	6,385
				Taxes and social security contributions		4,297	3,640
				Pension obligations		545	507
				Deferred income in respect of water consumption		4,459	4,064
				Other liabilities		269	231
				Accrued liabilities		17,567	19,315
						51,923	70,326
				Total		622,797	612,196

Income statement for 2022

Amounts x € 1,000	Notes	2022	2021
Operating income	14		
Water income		134,199	138,673
Income from work for third parties		3,466	2,692
Net revenue		137,665	141,365
Capitalised production for own account		3,720	3,740
Other operating income		2,504	2,157
Total operating income		143,889	147,262
Operating expenses	15		
Costs of raw materials and consumables		4,913	3,972
Water purchases		2,881	2,448
Energy costs		8,447	5,893
Costs of subcontracted work and other external costs		11,501	10,839
Municipal sufferance tax		17	12,090
Wages and salaries		32,865	30,323
Social security contributions		9,052	8,392
Depreciation and amortisation of non-current assets		31,133	30,608
(Reversal of) impairment and divestment of non-current assets		25	228
Other operating expenses		31,955	29,486
Total operating expenses		132,789	134,279
Operating result		11,100	12,983

Amounts x € 1,000	Notes	2022	2021
Result from participating interests	3		
Result from participating interests		-458	-331
Financial income and expenses	16		
Interest income and similar income		2	3
Interest expenditure and similar expenditure		-4,337	-4,114
Financial result		-4,793	-4,442
Result before tax		6,307	8,541
Corporate income tax	17	0	0
Result after tax		6,307	8,541

Statement of comprehensive income 2022

Amounts x € 1,000	2022	2021
Profit after tax	6,307	8,541
Direct changes in shareholders' equity	0	0
Total comprehensive income of the entity	6,307	8,541

Statement of cash flows for 2022

(Prepared in accordance with the indirect method)

Amounts x € 1,000	Notes	2022	2021
<i>Cash flow from operating activities</i>			
Operating result		11,100	12,983
Adjusted for:			
Depreciation and amortisation	16 G	31,133	30,608
Impairment and divestment of tangible fixed assets	2	25	228
Movements in provision for doubtful debts	16 H	277	-71
Movements in provisions (excluding provision for negative participating interests)	11	387	114
Movements in prepayments	13	-133	-135
		31,689	30,744
Movements in working capital			
Movements in inventories	4	-171	105
Movements in current receivables	5	-2,482	248
Movements in operating liabilities	13	-2,074	1,593
Movements in working capital		-4,727	1,946
Cash flow from operating activities		38,062	45,673
Interest paid	16	-4,319	-4,555
Cash flow from operating activities		33,743	41,118

Amounts x € 1,000	Notes	2022	2021
<i>Cash flow from investment activities</i>			
Investments in intangible fixed assets	1	-1,000	-1,660
Investments in tangible fixed assets	2	-34,168	-41,419
Contributions received	12	3,847	3,951
Other movements in tangible fixed assets	2	-2	0
Investments in financial fixed assets	3	-404	-456
Repayment of financial fixed assets	3	30	56
Cash flow from investment activities		-31,697	-39,528
<i>Cash flow from financing activities</i>			
New long-term loans	12	35,000	0
Repayments	13	-12,333	-12,333
Movements in debt to credit institutions	13	-21,172	10,889
Cash flows from financing activities		1,495	-1,444
Cash and cash equivalents as at 1 January		149	3
Movements in cash and cash equivalents		3,541	146
Cash and cash equivalents at 31 December		3,690	149

General

Dunea N.V. has its registered office at and place of business at Klein van de Verenigde Naties 11, 2719 EG Zoetermeer, the Netherlands, and is registered with the Dutch Chamber of Commerce under number 27122974.

Activities

Dunea's primary activities comprise:

- meeting the needs for drinking water and industry water within its supply area, as well as meeting the needs for drinking water and bulk and industry water outside its supply area; all with due regard for the requirements of responsible nature conservation in relation to the dune reserves entrusted to the company's care;
- undertaking responsible nature conservation in relation to the dune reserves entrusted to the company's care, with due regard for the requirements of responsible water extraction;
- managing other components of the water chain, such as sewers and waste water treatment, both within and outside of its supply area;
- establishing, participating in any way in, cooperating with, managing and supervising companies and undertakings that perform activities that (having regard to the energy transition) are suited to and consistent with the activities of a drinking water company, or companies and undertakings that are conducive to these activities.

Estimates

When applying the accounting policies and rules for preparing the financial statements, Dunea's management makes various judgements and estimates that could be essential for the amounts recognised in the financial statements. If necessary in order to provide the information required to comply with Section 2:362, subsection 1 of the Dutch Civil Code, the nature of these judgements and estimates, including the related assumptions, are included in the Notes to the relevant items in the financial statements.

Consolidation

Dunea had the following participating interests during 2022:

	Measurement basis	Percentage in 2022	Percentage in 2021	Registered office
AquaMinerals B.V.	cost	4.19%	4.57%	Nieuwegein
Dunea Warmte & Koude B.V.	net asset value	100.00%	100.00%	Zoetermeer
Water Fund Holland B.V.	net asset value	26.95%	26.95%	Nieuwegein
KWH Water B.V.	cost	6.71%	6.71%	Nieuwegein
Stichting Nationaal Park Hollandse Duinen	net asset value	100.00%	100.00%	The Hague
Het Waterlaboratorium N.V.	net asset value	30.00%	30.00%	Haarlem

AquaMinerals B.V., Water Fund Holland B.V., KWH Water B.V. and Het Waterlaboratorium N.V. are not consolidated because Dunea N.V. does not have predominant control in these participating interests.

Stichting NPHD (National Park Hollandse Duinen Foundation) was established in 2018. Dunea N.V. is the company's sole director. As the Foundation's importance in material terms is negligible, it is excluded from the consolidation on the grounds of Section 2:407, subsection 1 of the Dutch Civil Code.

Dunea Warmte & Koude B.V. was incorporated in 2020. Dunea N.V. is the company's sole director. As the company's importance in material terms is negligible, it is excluded from the consolidation on the grounds of Section 2:407, subsection 1 of the Dutch Civil Code.

Accounting policies for the preparation of the financial statements

General

The financial statements have been prepared in accordance with the provisions in Part 9, Book 2 of the Dutch Civil Code and Dutch Accounting Standards (Richtlijnen voor de Jaarverslaggeving, RJ). The Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act (WNT) is applicable. The assets and liabilities have been measured using the going concern basis of accounting.

References are included in the balance sheet, the income statement and the statement of cash flows. These references refer to the Notes.

Nomenclature

The income statement uses nomenclature customary in the sector.

Statement of amounts

Unless stated otherwise, the amounts included in the Notes are in thousands of euros.

Measurement

Assets and liabilities are stated at historical cost, unless otherwise indicated in the accounting policies.

An asset is included in the balance sheet if the future economic benefits are likely to flow to the company and its cost or value can be measured reliably. Assets that do not meet these criteria are not included in the balance sheet, but are classified as off-balance sheet assets.

A liability is included in the balance sheet if its settlement is likely to result in an outflow of funds embodying economic benefits and the size of the amount at which the settlement will take place can be reliably determined. Liabilities also include provisions. Liabilities that do not meet these criteria are not included in the balance sheet, but are recognised as off-balance sheet liabilities.

An asset or liability recognised in balance sheet continues to be recognised on the balance sheet if a transaction does not result in a significant change in economic substance in relation to the asset or liability. Such transactions equally do not give rise to recognition of results. The assessment of whether there is a significant change in economic substance is based on the economic benefits and risks that are likely to occur in practice, so not on benefits and risks that are not reasonably expected to occur.

An asset or liability is derecognised if a transaction results in the transfer to a third party of all or virtually all the rights to economic benefits and all or virtually all the risks relating to the asset or liability. The results of the transaction are in that case recognised directly in the income statement, taking into account any provisions that need to be made in connection with the transaction.

If the presentation of the economic substance results in the recognition of assets whose legal ownership is not held by the legal entity, this fact will be stated.

Income is recognised in the income statement if there has been an increase in the economic potential related to an increase in an asset or a decrease in a liability, the amount of which can be reliably determined. Expenditure is recognised in the income statement if there has been a decrease in the economic potential related to a decrease in an asset or an increase in a liability, the amount of which can be reliably determined.

Income and expenditure are attributed to the year to which they relate.

Leasing

The company may enter into finance and operating lease contracts. Lease contracts whereby the lessee assumes substantially all the risks and rewards of ownership of the leased item are classified as finance leases. All other lease contracts are classified as operating leases. Whether a lease is classified as a finance lease or an operating lease depends on the economic substance of the transaction rather than its legal form. Classification of the lease takes place at the time the relevant lease contract is entered into.

If the company acts as lessee in an operating lease, the leased item is not capitalised. Lease payments and fees relating to operating leases are recognised in the income statement on a straight-line basis over the lease term, unless a different allocation system is more representative of the pattern of the benefits obtainable from the leased item.

Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet at the time when contractual rights or liabilities arise with regard to that instrument. A financial instrument is derecognised if a transaction results in the transfer to a third party of all or virtually all the rights to economic benefits and all or virtually all the risks relating to the position.

A financial asset and a financial liability are netted if the company has a sound legal instrument to settle the financial asset and the financial liability on a net basis and the company has the firm intention to settle the net amount as such on a net basis or simultaneously. In the case of a transfer of a financial asset that does not qualify for derecognition, the transferred asset and the associated liability are not netted.

Financial instruments include primary financial instruments (such as receivables and payables) as well as derivative financial instruments (derivatives).

In the Notes to the individual items in the balance sheet, information is given on the fair value of the instrument concerned if it differs from the carrying amount. If the financial instrument is not recognised in the balance sheet, the information on the fair value is given in the Notes to the long-term liabilities.

Primary financial instruments

For the accounting policies related to primary financial instruments, please see the information on the accounting policies per balance sheet item under 'Accounting policies for the measurement of assets and liabilities'.

Derivative financial instruments

Dunea has no derivative financial instruments.

Related parties

The identification of related parties is as defined in the Dutch Accounting Standards (R). The related parties recognised by Dunea include: shareholders, participating interests, Management Board members and Supervisory Board members. Significant transactions with related parties that are not undertaken under normal market conditions are disclosed in the financial statements.

Events after the balance sheet date

Events that provide further information about the actual situation as at the balance sheet date and which have occurred and are evident up to the date on which the financial statements are prepared are recognised in the financial statements. Events that do not provide further information about the actual situation as at the balance sheet date are not recognised in the financial statements. If such events are of material importance for users of the financial statements in forming an opinion, their nature and expected financial implications are disclosed in the financial statements.

Accounting policies for the measurement of assets and liabilities

Intangible fixed assets

Intangible fixed assets are recognised in the balance sheet if it is probable that the future economic benefits from the asset concerned will flow to the company and the costs of the asset can be measured reliably.

Intangible fixed assets are measured at cost on initial recognition. The cost comprises the acquisition or manufacturing cost plus any additional costs required to bring the asset into the condition necessary for its intended use. After initial recognition, intangible fixed assets are measured at cost less accumulated amortisation and accumulated impairment losses. For the method for determining whether there is any impairment, refer to the section entitled 'Impairment of non-current assets'.

Expenditure for development projects is capitalised as part of the manufacturing cost if it is probable that the project will be commercially and technically successful (i.e.: if it is probable that economic benefits will be achieved) and the costs can be measured reliably. A legal reserve equal to the capitalised amount has been created as part of shareholders' equity for the capitalised development costs. Expenditure for development projects is capitalised when the pilot installation is delivered and put into service. Expenditures made after the pilot installation has been put into service are capitalised annually. The amortisation period is equal to the remaining term of the pilot.

Research costs are recognised in the income statement.

Tangible fixed assets

Tangible fixed assets are recognised in the balance sheet if it is probable that the future economic benefits from the asset concerned will flow to the company and the costs of the asset can be measured reliably. Upon initial recognition, tangible fixed assets are measured at cost.

The cost comprises the acquisition or manufacturing cost plus any additional costs required to bring the asset to the place and into the condition necessary for its intended use. After initial recognition, tangible fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. For the method for determining whether there is any impairment, see the section entitled 'Impairment of non-current assets'.

The acquisition price comprises the acquisition costs of the raw materials and consumables used and other costs that can be directly attributed to the acquisition, including onstruction period interest. The construction period interest is calculated on the average invested amount up to the moment of going into service.

The contributions that Dunea receives from third parties for the installation and/or relocation of connection and mains pipelines are recognised in long-term liabilities under 'Equalisation account for third-party contributions'. These contributions are released during the economic life of these assets. Contributions received from third parties for the installation and/or relocation of transport pipelines are deducted from the cost of the asset.

The annual depreciation of the tangible fixed assets equals a fixed percentage of their cost. This percentage is based on the estimated economic life of the assets. Investments are depreciated from the moment they are available for their intended use. A residual value is not taken into account. Land is not depreciated.

The costs of major maintenance are included in the carrying amount of the tangible fixed asset ('component method'). Maintenance expenditure is capitalised only if it extends the useful life of the asset and/or leads to future economic benefits in relation to the asset.

Gains and losses on the sale of tangible fixed assets are included under 'Other operating income'.

Decommissioned assets are measured at the lower of their carrying amount and net realisable value.

Financial fixed assets (participating interests)

Participating interests over whose operating and financial policies Dunea exerts significant influence are measured using the equity accounting method, based on the net asset value. The net asset value of the participating interest is determined on the basis of the accounting principles applied by Dunea in its own financial statements. Significant influence is presumed to exist when 20% or more of the voting rights can be cast. The totality of actual circumstances and contractual relationships (including any potential voting rights) are taken into account when determining whether there exists a participating interest over whose operating and financial policies the company exerts significant influence.

If the participating legal entity transfers an asset or liability to a participating interest that is measured in accordance with the equity accounting method, the profit or loss resulting from the transfer is recognised pro rata on the basis of the relative interest that third parties have in the participating interests (proportional determination of results). A loss resulting from the transfer of current assets or an impairment of non-current assets is fully recognised, however. Results on transactions involving a transfer of assets and liabilities between the company and its participating interests and between participating interests mutually are eliminated to the extent that they can be considered to be unrealised.

The unrealised profit is eliminated from the company's results. This adjustment is recognised by means of elimination in respect of the result from participating interest and by deducting this elimination from the value of the participating interest in the balance sheet.

When the valuation of a participating interest has become nil according to the equity accounting method, the method is no longer used and the participating interest – provided that circumstances remain unchanged – will continue to be valued at nil. Where Dunea

provides security for all or part of the debts of the participating interest, or has a constructive obligation (in proportion to its share) to enable the participating interest to pay its debts, a provision is recognised for Dunea's share of any further losses of the participating interest. This provision is recognised on the credit side of the balance sheet.

Dunea takes a legal reserve into account when valuing participating interests using the equity accounting method, if Dunea does not have predominant control in the participating interest. The amount of the legal reserve created equals Dunea's share of the profits and the direct capital increases of the participating interest since the participating interest's initial measurement at net asset value. The reserve is reduced by the dividend to which Dunea has acquired the rights, direct capital reductions, and distributions the receipt of which can be effected by Dunea without restrictions.

The participating interests over whose operating and financial policies Dunea does not exert significant influence are measured at the lower of acquisition price and market value.

The long-term receivables from participating interests and the other receivables are measured at fair value on initial recognition and subsequently at amortised cost. The fair value and amortised cost are equal to the nominal value. Provisions deemed necessary for possible losses as a result of uncollectible debts are deducted.

Impairment of non-current assets

On each balance sheet date, an assessment is made to determine whether there are any external or internal indications that an asset may be impaired. The recoverable amount of the asset is estimated when there is an indication that an asset may be impaired. The recoverable amount is the higher of the net realisable value and the value in use. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount. This reduction is an impairment loss, which is recognised directly as an expense in the income statement. An impairment loss is recognised under other changes in the value of non-current assets in the income statement.

The net realisable value is the maximum amount for which an asset can be sold, net of costs to be incurred. The net realisable value is determined on the basis of a sale agreement, or is determined on the basis of a market price on a liquid (active) market, adjusted for costs to be incurred.

Value in use is the present value of the estimated future cash flows that can be generated from an asset or group of assets as part of the operating activities.

An impairment loss is only reversed if a change has taken place in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited to the maximum amount necessary to value the asset at amortised cost at the time of the reversal, had there been no reversal. The reversal of an impairment loss is recognised directly in the income statement as income.

Inventories

The inventories of materials are almost entirely intended for the installation, maintenance and replacement of tangible fixed assets. Inventories are measured at the lower of cost and net realisable value. Cost of inventories is the acquisition or manufacturing cost plus any other directly attributable costs incurred to bring the inventories to their present location and condition. Inventories are measured using the FIFO method ('first in, first out'). The lower net realisable value is the maximum amount for which an asset can be sold, net of costs to be incurred. Assessment of whether the net realisable value is lower than cost takes place on an individual basis. A provision is created for the difference between cost and lower net realisable value. The write-down is recognised through the income statement.

Receivables

Receivables are recognised at fair value on initial recognition and are subsequently measured at amortised cost. The fair value and amortised cost are equal to the nominal value. Provisions deemed necessary for possible losses as a result of uncollectible debts are deducted. These provisions are determined on the basis of individual assessment of the receivables. In addition, a minimum provision is made for receivables that remain unpaid for more than two years.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value and, unless stated otherwise, are at the company's disposal. Cash and cash equivalents that are expected to not be available to the company for more than twelve months are classified as financial fixed assets.

Shareholders' equity

Financial instruments classified as equity instruments based on their legal substance are stated under shareholders' equity. Distributions to holders of these instruments are deducted from shareholders' equity net of any income tax benefit.

Share premium reserve

Amounts contributed by shareholders in excess of the nominal share capital are recognised as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or the issue of rights to subscribe to or acquire shares of the company. Costs and share capital tax related to the placement of shares that are not capitalised are charged to the share premium, net of tax effects. If and to the extent that the share premium is not sufficient, the amounts are charged to the other reserves.

Provisions

Provisions are created for legal or constructive obligations that exist at the balance sheet date, when it is probable that an outflow of resources will be required and a reliable estimate can be made of their size.

Provisions are stated at the present value of the amounts necessary to settle the obligation as at the balance sheet date, unless the time value of money is not material. If the time value of money is not material, the provision is carried at nominal value. Item 11. Provisions in the notes to the balance sheet provides information explaining the manner in which each provision is measured.

For a description of the nature and the key assumptions and uncertainties of the provisions, refer to [11. Provisions](#).

Liabilities

Liabilities are stated at fair value on initial recognition and subsequently at amortised cost.

Dunea includes the liabilities and prepayments with a remaining term of more than one year under long-term liabilities.

The equalisation account for third-party contributions is included under long-term liabilities. This item is measured at the amounts received from third parties for the installation and/or relocation of connection and mains pipelines, less accumulated amortisation.

The amortisation period for the equalisation account is equal to the depreciation period of the investments in connection and mains pipelines. The relevant amortisation is recognised under depreciation and amortisation.

Liabilities with a term to maturity of less than one year are stated under current liabilities. This includes, among other things, repayments on long-term loans that fall due within one year. The effective interest is recognised directly in the income statement.

Accounting policies for determining the result

General

Income is recognised when it has been realised.

Income from the supply of goods is recognised when all the major risks relating to the goods have been transferred to the buyer. Income from the rendering of services is recognised in the income statement when the amount of the income can be reliably determined, the collection of the payment owed is likely, the extent to which the services have been rendered on the balance sheet date can be reliably determined and the costs already incurred as well as the costs (potentially) to be incurred to complete the rendering of services can be reliably determined.

Costs are determined on the basis of historical cost and recognised in the reporting year to which they pertain. Foreseeable liabilities and possible losses originating before the end of the financial year are recognised if they became known before the preparation of the financial statements.

Operating result

Dunea defines the operating result as the difference between the total operating income and the total operating expenses.

Operating income

Operating income comprises:

- Water income;
- Income from work for third parties;
- Capitalised production (for own account);
- Other operating income.

Water income comprises the income from water consumption, the standing charge, the contribution in respect of municipal sufferance tax, bulk sales (supply to other water companies) and other water income. Water income is exclusive of turnover tax and tap water tax. An estimate is made of the water income yet to be invoiced

for the reporting year on the balance sheet date. This estimated income is recognised in the reporting year. The difference between the estimated income and the invoiced income is recognised in the following reporting year.

The income from work for third parties comprises activities carried out on behalf of third parties, including maintenance of fire hydrants and sewer management.

Capitalised production (for own account) relates to the capitalised hours of employees working on investment projects that, after completion, are capitalised on the balance sheet and depreciated.

Other income includes rental income and lease income, subsidy/grant income (grants related to income) and income from the sale of non-current assets. Rental income is recognised in the income statement on a straight-line basis, based on the term of the lease. Lease incentives received are recognised as an integral part of total rental income.

Grants related to income are credited to the income statement in the year in which the expenditure to which the grant relates is recognised, in which the lost income appears or in which the operating deficit has occurred. Investment grants are deducted from the invested amount.

Operating expenses

Operating expenses comprise:

- Cost of sales;
- Wages, salaries and social security contributions;
- Depreciation and amortisation of non-current assets;
- Impairment and divestment of non-current assets;
- Other operating expenses.

Cost of sales comprises the costs of raw materials and consumables, bulk purchase (supply by other water companies), energy costs, costs of subcontracted work and municipal surcharge tax. These are costs that are directly related to:

- The production and distribution of the water;
- The maintenance of the tangible fixed assets involved in the water process;
- The maintenance of the nature reserves.

Wages, salaries and social security contributions are recognised in the income statement on the basis of the employment terms and conditions in accordance with the collective labour agreement for drinking water companies (CAO-WWB) and Dunea's company policies.

Employee benefits are recognised as an expense in the income statement in the period in which the work is performed and, to the extent that they have not been paid yet, in the balance sheet as a liability. If the amounts already paid exceed the employee benefits due for payment, the excess amounts are recognised as prepayments and accrued income to the extent that they will be repaid by the employees or set off against future payments by the company.

The projected expenses for employee benefits with the accrual of rights, sabbatical leave and bonuses, for example, are recognised during the period of employment. An expected payment is recognised if the liability for that payment arose on or before the balance sheet date and a reliable estimate of the respective liabilities can be made. The liability recognised is the best estimate of the amounts that are necessary to settle the liability concerned on the balance sheet date. The best estimate is based on contractual agreements with members of staff (collective labour agreement and individual employment contracts). Additions to and releases of liabilities are taken to the income statement.

The pension plan is financed through contributions to the ABP pension fund. Pension liabilities are stated according to the 'obligation to the pension provider approach'. In this approach, the contribution to be paid to the pension provider is recognised as an expense in the income statement.

The pension administration agreement is used as a basis for assessing whether and, if so, which liabilities exist on the balance sheet date, in addition to the payment of the annual contribution payable to the pension provider. These additional liabilities, including any liabilities related to the pension provider's recovery plans, lead to expenses for Dunea and are recognised as a provision in the balance sheet. At the end of 2022, there were no pension-related claims and liabilities other than the annual payment of pension contributions to the pension provider.

Financial income and expenses

Interest income and expenses are recognised on a prorated basis, taking into account the effective interest rate of the assets and liabilities concerned.

Dunea charges construction period interest on the average invested amount up to the moment the tangible fixed asset is taken into service. The capitalised construction period interest is deducted from the financial expenses recognised in the balance sheet.

Result from participating interests

The result from participating interests is the income from participating interests over whose operating and financial policies Dunea has significant influence and dividends from participating interests over whose operating and financial policies Dunea does not exert significant influence.

Taxes

Tax on the result is calculated on the taxable result. A deferred tax asset is created for offsettable losses, to the extent that it is likely that the losses concerned can be offset against future taxable profits.

Accounting policies for the preparation of the statement of cash flows

The statement of cash flows has been prepared in accordance with the indirect method.

Cash in the statement of cash flows comprises cash and cash equivalents.

Interest receipts and expenditure, dividends received and taxes on profits are included under the cash flows from operating activities.

Notes to the balance sheet as at 31 December 2022

amounts x € 1,000 unless stated otherwise

Non-current assets

1. Intangible fixed assets

The composition of the intangible fixed assets and the breakdown of movements in 2022 were as follows:

	Development costs
Acquisition value	1,894
Accumulated amortisation, impairments and similar	-13
Carrying amount as at 31 December 2021	1,881
Investments	1,137
Amortisation in 2022	-514
Other movements	85
Carrying amount as at 31 December 2022	2,589
Acquisition value	3,116
Accumulated amortisation, impairments and similar	-527
Carrying amount as at 31 December 2022	2,589

The development costs pertain to costs incurred in connection with the 'Drinking water for the future' programme. The acquisition value comprises €1.3 million for development costs for the Brackish Groundwater pilot (running until 2025) and €1.8 million for the Lake Valkenburg pilot (also running until 2025).

2. Tangible fixed assets

The composition of the tangible fixed assets and the breakdown of movements in 2022 were as follows:

	Total	Land and buildings	Plant and equipment	Other fixed operating assets	Work in progress	Tangible fixed assets not used in operations
Acquisition value	1,446,537	110,025	1,282,591	8,697	41,456	3,768
Accumulated depreciation, impairments and similar	-854,349	-50,322	-796,750	-5,402	0	-1,875
Carrying amount as at 31 December 2021	592,188	59,703	485,841	3,295	41,456	1,893
Investments	37,688	0	0	0	37,688	0
Capitalisation	0	4,900	35,227	171	-40,298	0
Depreciation	-33,699	-2,341	-30,164	-1,136	0	-58
Divestment - Acquisition value	-95	-25	0	-70	0	0
Divestment - Accumulated depreciation	70	0	0	70	0	0
Other movements – Acquisition value	-315	0	-85	0	-230	0
Other movements – Accumulated depreciation	2	0	0	16	0	-14
Carrying amount as at 31 December 2022	595,839	62,237	490,819	2,346	38,616	1,821
Acquisition value	1,483,814	114,900	1,317,733	8,798	38,616	3,767
Accumulated depreciation, impairments and similar	-887,975	-52,663	-826,914	-6,452	0	-1,946
Carrying amount as at 31 December 2022	595,839	62,237	490,819	2,346	38,616	1,821
Depreciation rates		3%-20%	2%-20%	5%-33%	n/a	3%-5%

Land is not depreciated.

'Land and buildings' includes a carrying amount of €22.6 million (2021: €22.6 million) for land in respect of which Dunea has beneficial ownership but not legal ownership. The composition of the carrying amount of work in progress as at 31 December 2022 totalling €38.6 million was as follows:

Work in progress

Plant and equipment	36,441
Land and buildings	450
Other fixed operating assets	1,725
	38,616

Broken down by investment project:

Work in progress (by investment project)

Pipeline network	14,781
Recycling rinse water processing Katwijk	9,771
Berkheide programme	5,047
Drinking water for the Future	1,108
Miscellaneous	7,909
	38,616

'Capitalisation' includes approximately €0.5 million in construction period interest related to completed and already capitalised investments. 'Investments' includes a total of €0.3 million in construction period interest at a rate of 1.88% relating to work in progress.

The commitments entered into in relation to work in progress are recognised under the off-balance sheet commitments.

3. Financial fixed assets

The composition of the financial fixed assets and the breakdown of movements in 2022 are as follows:

	Participating interests	Receivables from participating interests	Other receivables	Total
Carrying amount as at 31 December 2021	2,746	456	74	3,276
Movements:				
Repayment on loans provided	0	0	-19	-19
Change in result from participating interest	-49	0	0	-49
Mortgage repayments	0	0	-12	-12
New loans provided	0	404	0	404
Carrying amount as at 31 December 2022	2,697	860	43	3,600

Participating interests

	31 December 2021	Payment of share capital	Change in result from participating interest	31 December 2022
AquaMinerals B.V.	24	0	0	24
Dunea Warmte & Koude B.V.	0	0	0	0
Water Fund Holland B.V.	0	0	0	0
KWH Water B.V.	566	0	0	566
Stichting Nationaal Park Hollandse Duinen	0	0	0	0
Het Waterlaboratorium N.V.	2,156	0	-49	2,107
	2,746	0	-49	2,697

The participating interest in Dunea Warmte & Koude B.V. has a negative value of €0.8 million (2021: €0.4 million). As Dunea provides security for the debts of the participating interest, a provision has been created for this purpose. Water Fund Holland B.V. will be liquidated in 2023, in accordance with a previous decision by the shareholders.

Receivables from participating interests

This relates to a debt owed by Dunea Warmte & Koude B.V., which arose because Dunea N.V. supplied services to the participating interest. No interest is payable on the debt.

Other receivables

The composition of other receivables is as follows:

	31 December 2022	31 December 2021
Loans provided to employees on the security of a mortgage	39	51
Other loans provided	4	23
Total other receivables	43	74

The portion of the mortgage loans that is repayable in 2023 amounts to €12k (2022: €11k) and is stated under 'Other current receivables'.

The portion of the other loans provided that is repayable in 2023 amounts to €18k (2022: €17k) and is stated under 'Other current receivables'.

At the end of 2022, all loans had a term of more than one year and less than ten years.

The average interest rate for loans provided on the security of a mortgage is 0.90% (2021: 0.87%). The mortgage loans have a fixed-rate period of five years. The interest rate is reviewed for each mortgage loan issued every five years if the market rate is lower than the interest payable.

'Other loans provided' comprises one loan with a fixed interest rate of 4.5%. This loan is secured by means of a pledge.

Current assets

4. Inventories

	31 December 2022	31 December 2021
Materials	1,419	1,248
Total inventories	1,419	1,248

No provision for obsolescence has been recognised for the inventories.

5. Receivables

The receivables comprise:

	31 December 2022	31 December 2021
Accounts receivable	10,376	6,060
Taxes	1,002	1,651
Other receivables	44	40
Prepayments and accrued income	4,238	5,703
Total receivables	15,660	13,454

A provision has been recognised for accounts receivable amounting to €1.3 million (2021: €1.1 million). In 2022, an addition to the provision was recognised in the amount of €0.4 million (2021: €0.2 million). Costs amounting to €0.2 million were charged to the provision (2021: €0.2 million).

The accounts receivables balance was higher at the end of 2022 than at the end of 2021. This is mainly because of the timing of direct debits, since 31 December 2022 fell in a weekend. There are no indications of a higher level of payment difficulties among customers.

The accounts receivables balance includes €0.7 million (2021: €0.1 million) in transactions with related parties. This relates to fully outstanding balances with Dunea shareholders. These transactions with related parties were entered into under normal market conditions and come under Dunea's normal business operations. No non-market transactions were undertaken with related parties.

The prepayments and accrued income mainly comprise amounts not yet invoiced of €2.3 million (2021: €3.8 million) and prepaid expenses of €1.9 million (2021: €1.7 million).

All the current receivables have a remaining term of less than one year.

6. Cash and cash equivalents

This item is composed as follows:

	31 December 2022	31 December 2021
Cash and bank balances	3,690	149
Total cash and cash equivalents	3,690	149

The sum total of cash and cash equivalents mainly comprises various bank account balances; a small portion consists of cash. The cash and cash equivalents are at the Company's disposal.

Shareholders' equity

7. Issued share capital

The issued and paid-up portion of the authorised capital comprises four million ordinary shares, which at year-end 2022 were held by 17 municipalities. These municipalities constitute Dunea's supply area. See page 139 of this Annual Report for the distribution of the ordinary shares among the municipalities.

The nominal value of an ordinary share is €5.00.

Issued and paid-up share capital	2022	2021
As at 1 January	20,000	20,000
Movements of issued and paid-up share capital	0	0
As at 31 December	20,000	20,000

8. Share premium reserve

Movements in the share premium reserve were as follows:

Share premium reserve	2022	2021
As at 1 January	3,097	3,097
Movements in share premium reserve	0	0
As at 31 December	3,097	3,097

The share premium reserve was created in 1990 upon the formation of Duinwaterbedrijf Zuid-Holland (the name was changed to Dunea in 2009). Following the acquisition in 1995 of EWR (Energie en Watervoorziening Rijnland) and the revaluation of the shares from from NLG 10.00 per share to EUR 5.00 per share in 2000, the share premium reserve was changed into the current amount.

9. Legal reserves

The legal reserves comprise a legal reserve for participating interests and a legal reserve for capitalised development costs.

Movements in the legal reserves were as follows:

Legal reserves	Participating interests	Development costs	2022	2021
As at 1 January	373	1,881	2,254	754
Addition	331	708	1,039	1,831
Release	-49	0	-49	-331
Other movements	0	0	0	0
As at 31 December	655	2,589	3,244	2,254

The legal reserve for participating interests is recognised for the company's share of the profits of Het Waterlaboratorium N.V. The addition to the legal reserve for participating interests of an amount of €0.3 million is a correction of a release for the same amount that was incorrectly recognised in 2021.

10. Other reserves

Other reserves comprise the general reserve and other reserves created by the Management Board with the approval of the General Meeting of Shareholders and the Supervisory Board.

Movements in the other reserves were as follows:

Other reserves	General reserve	Heat activities reserve	2022	2021
As at 1 January	211,951	7,992	219,943	212,902
Result appropriation	6,716	-409	6,307	8,541
Addition to legal reserves	-1,039	0	-1,039	-1,831
Release of legal reserves	49	0	49	331
As at 31 December	217,677	7,583	225,260	219,943

The heat activities reserve was created in 2019 to fund the start-up capital for Dunea Warmte & Koude B.V. The movement in 2022 comprises the negative result for the participating interest for the financial year.

Article 17 of the Articles of Association of the Company provides that no dividends charged to the profit or the reserves may be distributed among the shareholders.

Proposal to the General Meeting for the appropriation of the result for the 2022 financial year

The Management Board, with the approval of the Supervisory Board, proposes that the 2022 result of €6.3 million be added to the General Reserve, insofar as it does not relate to the heat activities. Under this proposal, the portion of the result related to the activities of Dunea Warmte & Koude B.V. (a loss of €0.4 million) will be charged to the heat activities reserve.

The proposal has been incorporated in the shareholders' equity in the balance sheet.

11. Provisions

This relates to provisions for:

Provisions	As at 31 December 2021	Withdrawal	Release	Addition	As at 31 December 2022
Decontamination costs	3,350	-65	-6	783	4,062
Participating interests with a negative net asset value	390	0	0	409	799
Provision for management, nature reserve and drinking water area	574	0	0	0	574
Employee benefits	437	-203	-65	0	169
Restructuring	214	-148	-47	221	240
Sludge disposal	0	0	0	106	106
Other provisions	189	-189	0	0	0
Total provisions	5,154	-605	-118	1,519	5,950

The current portion of the provisions amounts to €2.1 million.

The provisions are carried at nominal value, as the time value of money is not material. The provision for decontamination costs has been created for the cost of demolition of buildings and production facilities that are no longer used and for the remediation of soil contamination. Remediation of the oil contamination at the Katwijk production location was completed in 2022 (withdrawal of €0.1 million). The addition comprises €0.6 million for asbestos removal at Bergambacht (total provision as at 31 December 2022: €1.3 million), since an investigation found that all of the roofs contained asbestos. In addition, the provision was increased by €0.2 million due to inflation.

The participating interest in Dunea Warmte & Koude B.V. has a negative value of €0.8 million (2021: €0.4 million). As Dunea provides security for the debts of the participating interest, a provision has been created for this purpose.

The provision for management, nature reserve and drinking water area relates to the Zandmotor nature conservation pilot project. The provision has been created for an onerous contract and is defined as the difference between the net present value and the nominal value of the original estimate of the costs for settlement of the contract. The buy-out sum received was determined on the basis of the estimated costs of managing and maintaining Zandmotor and is carried as a prepayment in the balance sheet under 'long-term liabilities'.

The provision for employee benefits is to cover future payments pursuant to the transitional arrangements included in the collective labour agreement for long-service awards from 1 January 2016.

The provision for restructuring comprises the estimated costs resulting from employees' individual severance payment claims related to the redundancy plan. The provision also includes the estimated costs for own-risk bearer status in relation to unemployment benefit.

A provision for sludge disposal amounting to €0.1 million was recognised in 2022. The pulverised coal sludge in Scheveningen is still being held by Dunea, due to the limited transport options. Since the pulverised coal sludge arose in 2022 and there is a constructive obligation to dispose of it in accordance with Dunea's policies, a provision has been created. Disposal of the pulverised coal sludge is expected to be able to resume in 2023.

12. Long-term liabilities

	Debt to credit institutions	Equalisation account for third-party contributions	Prepayments received	Total
Long-term liabilities				
As at 1 January 2022	217,667	72,451	1,304	291,422
Less: Transferred to current liabilities	-13,733	0	0	-13,733
Plus: Third-party contributions received	0	3,847	0	3,847
Less: Release to result	0	-3,080	-133	-3,213
Plus: New long-term loans	35,000	0	0	35,000
As at 31 December 2022	238,934	73,218	1,171	313,323

The fair value of the loans at year-end 2022, including the current portion, is €297.9 million (nominal value: €252.7 million).

Conditions in respect of the level of solvency (ratio of shareholders' equity / total equity) and the debt ratio (ratio of net debt position to operating cash flow) apply to several long-term loans. Dunea meets these conditions, with solvency of 40.4% (2021: 40.1%) compared to a minimum requirement of 30% and a debt ratio of 5.8 (2021: 5.7) compared to a maximum requirement of 8.0.

An overview as at the end of 2022 of the loans provided with a term of one year or more, grouped by remaining term and current percentage:

Percentages for current loans	1-5 years	6-10 years	>10 years	Total
<1.0%	25,000	0	111,000	136,000
1.0% < 4.0%	0	21,667	35,000	56,667
4.0% < 4.5%	0	0	60,000	60,000
Total	25,000	21,667	206,000	252,667

Prepayments received include a buy-out sum related to the Zandmotor nature conservation pilot project covenant. The buy-out sum is a prepayment that will be made available in twenty years. As a result, the buy-out sum will be released in its entirety at the end of 2036. This item will be released over the term in the income statement under 'Wages and salaries' and 'Costs of subcontracted work'. The difference between the net present value and the nominal value of the original estimate of the costs is recognised as a provision for an onerous contract.

Financial instruments

Interest rate risk

Interest rate agreements are frequently used as a way of managing the interest rate risk. The financial policy is aimed in the short term at limiting the effects of interest rate fluctuations on the result and in the long term at following market interest rates. Dunea does not use financial derivatives such as interest rate swaps to manage the financial risks associated with operating activities.

Liquidity risk

One of the bases for Dunea's management is the covenants demanded by its financiers. This gives Dunea continued access to the capital market. In addition, Dunea continuously adheres to liquidity planning twelve months ahead, ensuring that any risks are immediately addressed. Furthermore, an internal buffer is maintained in its resources, which ensures that Dunea is able to meet its payment commitments at any time.

Credit risk

Water is sold on the basis of a payment period of 3 weeks. If customers do not pay within this period, the procedure laid down in Dunea's tariff regulations is set in motion. The tariff regulations are published on Dunea's website.

An analysis of creditworthiness is carried out for new suppliers, so as to ensure that the suppliers concerned can meet their obligations. This is mainly a risk in the case of payment by instalment in relation to projects.

13. Current liabilities

Current liabilities comprise:

	31 December 2022	31 December 2021
Current portion of long-term liabilities	13,733	12,333
Debt to credit institutions	2,679	23,851
Debt to suppliers	8,374	6,385
Taxes and social security contributions	4,297	3,640
Pension obligations	545	507
Deferred income in respect of water consumption	4,459	4,064
Other liabilities	269	231
Accrued liabilities	17,567	19,315
Total current liabilities	51,923	70,326

Overdraft facilities amounting to €90 million have been agreed with the banks. The interest rate for bank overdrafts is one-month Euribor, with a fixed surcharge. This percentage rate may vary on a daily basis. A condition in respect of the level of the Interest coverage ratio applies to the overdraft facilities. Dunea meets this condition, with an Interest coverage ratio of 2.6 (2021: 3.2) compared to a minimum requirement of 1.3.

The net debt to suppliers includes €0.9 million (2021: €0.6 million) in transactions with related parties. The net sum is comprised for 78% (2021: 88%) of transactions with Dunea's participating interests. No non-market transactions were undertaken with related parties.

Taxes and social security contributions comprise groundwater tax and tap water tax payable in the amount of €2.0 million (2021: €2.0 million) and wage tax payable in the amount of €2.3 million (2021: €1.6 million).

Deferred income comprises €71.9 million (2021: €75.2 million) by way of advance payments received and €67.4 million (2021: €71.1 million) from the estimate of water consumption,

standing charge and municipal surcharge tax not yet settled.

Accrued liabilities comprise the reservation for Dunea employees' holiday entitlement in the amount of €10.5 million (2021: €9.7 million), purchase invoices yet to be received in the amount of €4.3 million (2021: €4.2 million), municipal surcharge tax still to be paid in the amount of €0.1 million (2021: €3.8 million), interest on loans still to be paid in the amount of €1.0 million (2021: €1.0 million) and prepayments received for construction contracts in the amount of €1.4 million (2021: €0.8 million).

All the current liabilities have a remaining term of less than one year.

Off-balance sheet rights and liabilities

The off-balance sheet rights amounted to €0.1 million (2021: €0.3 million) and relate to the lease income from the pancake house and kiosk.

That amount can be broken down as follows:

- For 2023 €0.1 million
- For 2024–2027 nil
- From 2028 nil

The lease agreements have different terms.

The off-balance sheet liabilities in respect of rental contracts (operational lease) and the current long-term maintenance contracts and licensing agreements amounted to €18.2 million (2021: €17.8 million).

This amount can be broken down as follows:

- For 2023 €3.2 million
- For 2024–2027 €7.9 million
- From 2028 €7.1 million

As at the end of 2022, the rental liabilities amounted to €12.8 million, of which €1.2 million related to 2023. Bank guarantees totalling €0.4 million have been provided for the rental of the office building.

In addition, at year-end 2022, current liabilities in connection with maintenance contracts and licensing agreements amounting to €5.4 million were recorded, of which €2.0 million related to 2023.

As at 31 December 2022, the commitments entered into relating to work in progress amounted to €17.9 million (2021: €16.2 million).

In 2021, Dunea and the joint shareholders of Het Waterlaboratorium N.V. issued a capital maintenance declaration to ING Bank N.V. In this declaration, the shareholders gave a commitment to make up the deficit in shareholders' equity in the event that the shareholders' equity is less than €4.0 million or if solvency falls below 50%. Based on the most recent financial data concerning Het Waterlaboratorium N.V. available to Dunea, neither criterion applies at the present time.

Notes to the income statement for 2022

amounts x € 1,000 unless stated otherwise

14. Operating income

The operating income was generated in the Netherlands.

A. Water income

	2022	2021
Sales of water in own supply area	78980	74,717
Standing charge	49623	45,664
Contribution in respect of municipal sufferance tax	84	13,016
Other water companies (bulk sales)	4,767	4,250
Other water income	745	1,026
Total water income	134,199	138,673

Sales of water in own supply area includes the adjustment of the estimated consumption yet to be invoiced recognised in the preceding financial year and not-billed consumption in the amount of €0.2 million negative (2021: €0.7 million negative).

Sales volume in own supply area (x 1,000 m³)

	2022	2021
Sales volume	77,751	79,097
Not-billed consumption (NIRG)	-3,732	-3,638
Total sales volume in own supply area	74,019	75,459

Bulk sales

	2022	2021
Bulk sales (Euro)	4,767	4,250

Sold to (x 1,000 m³)

	2022	2021
Evides	1,077	909
Oasen	3,341	3,241
Other	111	65
Total bulk sales volume	4,529	4,215

B. Income from work for third parties

	2022	2021
Income from work for third parties	3,466	2,692
Total income from work for third parties	3,466	2,692

Dunea performs work for third parties on request. In 2022, this related in particular to:

- Installation of connecting pipes for €1.3 million (2021: €1.3 million)
- Maintenance and installation of fire hydrants for €0.6 million (2021: €0.5 million)
- Implementation of measures relating to the Integrated Approach to Nitrogen, €0.5 million (2021: nil)
- Sewer management, €0.4 million (2021: €0.5 million)
- Secondment of staff to Dunea Warmte & Koude B.V. for €0.3 million (2021: €0.4 million)

C. Other operating income

	2022	2021
Other operating income	2,504	2,157
Total other operating income	2,504	2,157

Other operating income includes:

- Subsidy/grant income, €1.5 million (2021: €1.0 million)
- Income from secondment, €0.3 million (2021: €0.3 million)
- Rental income and lease income, €0.4 million (2021: €0.2 million)
- Income from the sale of non-current assets, €0.1 million (2021: €0.3 million)

Subsidy/grant income relates in particular to allowances for foreign activities for €0.7 million (2021: €0.5 million), nature projects for €0.4 million (2021: €0.5 million) and research and development for €0.4 million (2021: nil).

15. Operating expenses**A. Costs of raw materials and consumables**

	2022	2021
Chemicals and filtration material	3,877	3,125
Groundwater tax	269	282
Disposal of sludge and other waste	767	565
Total raw materials and consumables	4,913	3,972

B. Water purchases

	2022	2021
Bulk purchases	2,881	2,448

Purchased from (x 1,000 m³)

	2022	2021
Evides	1,138	964
Waternet	2,277	2,129
Total bulk purchases	3,415	3,093

C. Energy costs

	2022	2021
Electricity costs	8,185	5,728
Gas consumption costs	197	145
Other energy costs	65	20
Total energy costs	8,447	5,893

D. Costs of subcontracted work

	2022	2021
Costs of subcontracted work and material use in relation to water process	9,954	10,011
Costs of subcontracted work and material use in relation to nature process	1,547	828
Total cost of outsourced work and materials	11,501	10,839

The costs relate to work carried out and materials supplied by third parties to the extent that they are directly related to Dunea's primary processes. The primary processes are:

- The water process, being the extraction, transport, infiltration, treatment, distribution and sale of water;
- The nature conservation process.

E. Municipal sufferance tax

	2022	2021
Municipal sufferance taxes	17	12,090
Total municipal sufferance taxes	17	12,090

'Municipal sufferance tax' relates to fees that the municipalities in Dunea's supply area charge Dunea for the right to use municipal land for the pipeline network. From 1 January 2022, municipalities may no longer levy municipal sufferance tax on networks operated by utility companies in, on or above municipal land. The expenses arose in 2022 due to the settlement of estimated municipal sufferance tax costs at the actual costs as at 31 December 2021.

F. Wages, salaries and social security contributions

	2022	2021
Wages and salaries	32,865	30,323
Pension costs	4,740	4,456
Other social security contributions	4,312	3,936
Total wages, salaries and social security contributions	41,917	38,715

Pension costs

Under the Dutch pension system, the pension plan is financed through contributions to the ABP Pension Fund. Participation in the ABP Pension Fund is compulsory under the provisions of the Collective Labour Agreement for Water Companies, which also covers Dunea N.V. The accrual of pension entitlements is financed each year by means of contributions that, as a minimum, cover the costs of the entitlements in that calendar year. The pension plan is an average earnings scheme with conditional granting of supplements for active as well as inactive members (deferred members and retired members). The grant of supplements depends on the investment return.

In 2022, the annual accrual of pension entitlements amounted to 25.9% of the pensionable salary, which is based on the gross wage less a deductible (in the amount of €14,850). In 2022, the maximum pensionable salary was capped at €114,866. The annual contribution payable by the employer was 17.97% of the pensionable salary. The employer is also liable to pay contributions for the purchase of conditional pension. The contribution for this conditional pension is 3.0% and is payable in its entirety by the employer. The level of contribution is determined annually by the Board of the sectoral pension fund based on the funding ratio and anticipated returns.

The Fund declared that, as at 31 December 2022, ABP's policy funding ratio was 110.9% (2021: 110.2%). On the basis of the administration regulations, in the event that the Fund is underfunded, Dunea has no obligation to pay additional amounts other than through higher future contributions.

Staff

Average number of employees in FTEs:

	2022	2021
Management, Corporate Marketing & Communication and Corporate Strategy	22	23
Dune & Water Division	297	281
Customer & Operational Support Division	191	191
Total average number of employees in FTEs	510	495

None of the employees listed above were working abroad (2021: nil).

WNT accounting information 2022 for Dunea N.V.

The Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration Act (WNT) entered into force on 1 January 2013. This accounting information has been prepared on the basis of the following regulations that apply to Dunea N.V.

In 2022, the maximum remuneration for Dunea N.V. amounted to €216,000. This applies on a pro rata basis according to the length and/or scope of the employment contract.

Specification of the remuneration of the Management Board members:

Name	Mr W.M.E. Drossaert
(amounts x € 1)	
Position details	Managing Director
Start and end dates of position in 2022	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employment contract	yes
Individual WNT maximum	€216,000
Remuneration in 2022	
Remuneration plus taxable allowances	€191,340
Remuneration payable in future	€24,649
Total remuneration	€215,989
Applicable WNT maximum	€216,000
Reason for exceeding maximum	n/a
Remuneration in 2021	
Start and end dates of position in 2021	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employment contract	yes
Remuneration plus taxable allowances	€184,680
Remuneration payable in future	€24,315
Total remuneration	€208,995
Applicable WNT maximum	€209,000
Reason for exceeding maximum	n/a

Other than the senior executive named here, there are no other executives working as employees whose remuneration in 2022 exceeded the threshold amount for the position holder.

The individual WNT maximum for the members of the Supervisory Board amounts to 15% of the maximum remuneration for the Chair and 10% for the other members of the Supervisory Board, calculated on a pro rata basis according to the length of service.

Specification of the remuneration of the Supervisory Board members:

(amounts x €1)	Mr J.P. Backer	Ms A. van der Rest	Mr G.J. Doornbos	Ms W. van Dijk	Mr P.G. Pijper	Mr L.A.S. van der Ploeg
Position details	Chair	Member	Member	Member	Member	Member
Start and end dates of position in 2022	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/7 - 31/12	1/1 - 30/6
Total remuneration	15,900	13,300	13,300	13,300	6,650	6,650
Maximum remuneration for position holder	32,400	21,600	21,600	21,600	10,800	10,800
-/- Undue payment made and not yet refunded	n/a	n/a	n/a	n/a	n/a	n/a
Reason why maximum may or may not be exceeded	n/a	n/a	n/a	n/a	n/a	n/a
Information on receivable due to undue payment	n/a	n/a	n/a	n/a	n/a	n/a
Information for 2021						
Position details	Chair	Member	Member	Member	n/a	Member
Start and end dates of position in 2021	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/12 - 31/12	n/a	1/1 - 31/12
Total remuneration	15,428	12,900	12,900	12,900	n/a	12,900
Maximum remuneration for position holder	31,350	20,900	20,900	20,900	n/a	20,900

G. Depreciation and amortisation of non-current assets, (reversal of) impairment and divestment of non-current assets

	2022	2021
Land and buildings	2,341	2,229
Plant and equipment	30,164	30,143
Other fixed operating assets	1,136	1,309
Tangible fixed assets not used in operations	58	72
Development costs	514	13
Total depreciation and amortisation costs on non-current assets	34,213	33,766
Amortisation of equalisation account for third-party contributions	-3,080	-3,158
Total depreciation and amortisation costs	31,133	30,608
Divestment of non-current assets	25	228
Total divestment and (reversal of) impairment of tangible fixed assets	25	228

H. Other operating expenses

	2022	2021
Other personnel costs	5,698	5,127
Mobility costs	846	725
Ground leases and real rights	42	29
Accommodation expenses	2,793	3,008
Taxes, insurance and bank charges	1,345	1,070
Communication costs and postage charges	7,680	7,007
Contributions, donations and subscriptions	1,529	1,613
Office and laboratory expenses	3,755	3,759
Hiring of expertise and IT expenses	6,382	5,824
Bad debt losses	592	190
Miscellaneous operating expenses	1,293	1,134
Total other operating expenses	31,955	29,486

The miscellaneous operating expenses relate in particular to activities outside the Netherlands, for €1.1 million (2021: €1.1 million).

In accordance with Section 2:382a of the Dutch Civil Code, the following overview shows the auditor's fees charged to Dunea (amounts x €1):

	2022	2021
Audit of the financial statements	187,270	153,215
Other audit procedures	36,983	59,730
Tax advisory services	0	0
Other non-audit services	55,914	0
Components belonging to audit firm network	0	0
Total auditor's fees	280,167	212,945

The stated fees are based on the total fees for the auditing of the financial statements for the financial year to which they apply, whether or not the activities and procedures by the external auditor and the audit firm were already performed during the financial year.

The 2022 and 2021 financial statements were audited by KPMG Accountants N.V.

16. Financial income and expenses

Interest income and similar income

In 2022, the interest income and similar income amounted to €2k (2021: €3k).

Interest income relates to interest received on granted loans, including mortgage loans.

Interest expenditure and similar expenditure

	2022	2021
Interest on other long-term borrowings	4,481	4,537
Other interest expenditure, including current borrowings	154	1
Capitalised construction period interest on investment projects	-298	-424
Total interest expenditure	4,337	4,114

The average interest rate of the loan portfolio was 1.95% (2021: 1.90%). The interest rate of the capitalised construction period interest on investment projects was 1.88% (2021: 1.89%).

17. Corporate income tax

Dunea has been liable for corporate income tax since 2016.

	2022
Result before taxes	6,307
Difference between carrying amounts and tax bases of tangible fixed assets	31
Difference between carrying amounts and tax bases of financial fixed assets and long-term liabilities	1,314
Calculation of taxable profits	7,652
Exempt benefits for public-sector enterprises	-7,952
Participation exemption	458
Taxable amount	158
Effective tax rate	0.0%
Applicable tax rate	25.8%

There are offsettable losses amounting to €0.8 million (2021: €1.0 million) that have not been recognised as a deferred tax asset, as it is not probable that future taxable profit will be available against which these losses can be utilised. The following overview as at 31 December 2022 shows the year in which the losses were incurred (amounts x €1).

Financial year	Offsettable loss
2017	459,880
2019	196,923
2020	173,663
Total offsettable losses	830,466

Zoetermeer, 17 May 2023

Supervisory Board

Mr J.P. Backer (Chair)
Ms A. van der Rest
Mr G.J. Doornbos
Ms W. van Dijk
Mr P.G. Pijper

Management Board

Mr W.M.E. Drossaert

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Provisions in the Articles of Association regarding profit appropriation

Article 17 of the Articles of Association provides as follows with regard to profit appropriation:

1. Insofar as the equity capital of the Company is less than the paid-up and called-up part of its capital, plus the reserves that must be maintained by law, the profit will be appropriated for the purposes of offsetting deficits and for creating the statutory reserves.
2. Insofar as the equity capital of the Company is greater than the paid-up and called-up part of its capital, plus the reserves that must be maintained by law, the profit will be added to the general reserve, unless the Supervisory Board approves a proposal by the Management Board to otherwise reserve part or all of this profit.
3. No dividends charged to the profit or the reserves of the Company may distributed amongst the shareholders.

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About this report

With the publication of the Annual Report, Dunea has taken a further step towards the adoption of integrated reporting. In our Annual Report, we report on both financial and non-financial performance. In the years ahead, we intend to improve our performance in both areas. When selecting the subjects on which to report in this Annual Report, we took into account the subjects that our stakeholders have indicated they consider to be of material significance.

Scope of the Annual Report

This Annual Report covers the 2022 financial year of Dunea N.V., which runs from 1 January 2022 until 31 December 2022, inclusive. It comprises the management report, the report of the Supervisory Board and the financial statements. The financial statements 2022 have been prepared in accordance with the provisions concerning financial statements contained in Part 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines. The accounting principles are unchanged from 2021, unless otherwise indicated. Where possible, we compare all of the presented figures with the figures for the previous year.

This Annual Report was originally written in Dutch and translated into English. In the event of any discrepancies between the English translation and the original Dutch version, the latter will prevail.

Dunea publishes its Annual Report exclusively online.

Reporting guidelines

In this Annual Report, Dunea also reports on material and socially relevant topics. In addition to statutory guidelines such as the Dutch Corporate Governance Code, Dunea also follows, where relevant, the widely used international framework for integrated reporting of the International Integrated Reporting Council (IIRC).

CSRD

Dunea is making preparations for the introduction of the Corporate Sustainability Reporting Directive (CSRD). Starting with the 2025 reporting year, the CSRD will require us to report on our impact on people and the environment and on our governance. Dunea is not only aiming to comply with the new statutory obligations by the deadline; we also see this as an opportunity to expand our ambitions around value creation and social impact and accelerate our achievement of those ambitions. We are working with the sector to develop general standards. More information sharing will take place, which we will benefit from.

Stakeholders, materiality and connectivity

The materiality analysis was updated in 2022. We asked our stakeholders how they see the impact of Dunea on the material subjects, as well as vice versa: how the material subjects affect Dunea (double materiality). A longlist of material subjects was drawn up on the basis of desk research. This longlist was translated into a shortlist through interviews with the Management Team and Supervisory Board. Interviews and a survey were used to gather input from stakeholders. The survey was sent out to the various groups of stakeholders, including both internal and external stakeholders. The survey results were translated into a provisional materiality analysis and matrix. These provisional results were validated by the Management Board, the Management Team and a broad consultative group. The input from these sessions was processed into the definitive materiality matrix presented in this Annual Report.

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Quality of data

In this integrated report, we have expressed data in financial and non-financial data wherever possible. It is our ambition to expand and improve the quantity and reliability of reported data over the next few years, including by refining internal processes and control systems and developing a model to assess data quality. We will involve the external auditor in this work. In this Annual Report, material subjects are still largely reported on in qualitative terms. It is our ambition to move towards verification of non-financial information by the external auditor in the years ahead; indeed, this will be required under the CSRD from the 2025 reporting year onwards.

Reactions to the Annual Report

If you have any questions or comments about our Annual Report, we would love to hear from you. Please email us at communicatie@dunea.nl.

Stakeholder dialogue

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Stakeholder	Form of dialogue	Effect of dialogue on Dunea
Customers	Surveys, customer panels, customer contact centre, social media, media, tours/visits, invoices, volunteer days, participation meetings	Input to improve customer processes, reputation management/ reliability: high scores, volunteers working on dunes and water, conscious water use by customers
Staff	Works Council, appraisal cycle, surveys, social media, Intranet, Digital Security Learning Environment, staff magazine, staff meetings, team discussions, informal activities	Safety culture, motivated and committed staff, pride and identity
Shareholders	Regular and ad hoc coordination meetings, shareholders' meetings, account management, tours/visits, strategic environmental management, environmental impact assessment procedure, networking events and stakeholder events	Approval of annual report, budget and tariffs, cost reduction and less disruption due to smart collaboration, fulfilment of the duty of care for drinking water (e.g. with space claim for pipeline or source), collaboration on nature conservation and recreation, obtaining permits, inclusion of drinking water and nature in land use plans, Dunea Warmte & Koude projects and compensation for loss
Provincial authorities and water authorities	Regular and ad hoc coordination meetings, account management, tours/visits, strategic environmental management, environmental impact assessment procedure, networking events and stakeholder events	Cost reduction and less disruption due to smart collaboration, fulfilment of the duty of care for drinking water (e.g. with space claim), obtaining permits, inclusion of drinking water and nature interests in land use plans and area dossiers, provincial environmental regulations
Partners and suppliers (e.g. grid operators, contractors, engineering firms, interest groups, other land managers and volunteers)	Coordination meetings at an operational, tactical and strategic level, account management, tours/visits, suppliers day, Blue Networks coalition, procurement managers consultation meeting	Critical look at our own performance/work processes, working according to the Dunea Code of Conduct and standards and values, multi-utility collaboration (via declarations/letters of intent), increasing the sustainability of the supply chain, supplying the requested products and services, organisational development, procurement maturity
Central government (regulator)	Regular and ad hoc coordination meetings, account management, tours/visits, strategic environmental management, representation through Vewin, media	Input into national policy in the areas of drinking water and nature (drinking water policy memorandum, drought policy document, delta approach to water quality, delta programme, N2000, nitrogen, etc.), approval of tariffs, financial opportunities for investment (WACC policy), tap water tax, fulfilment of the duty of care for drinking water (e.g. with space claim), drinking water standard setting, obtaining permits / enforcement of discharge permits, inclusion of drinking water and nature in land use plans

Definitions of material subjects

- **Drinking water quality** Dunea supplies clean drinking water. The required quality of drinking water is laid down in the Drinking Water Act and the Drinking Water Decree. We closely monitor and continuously invest in clean sources and water treatment so we can continue to guarantee drinking water quality in the future.
- **Drinking water quantity and continuity** Changes such as climate change and the energy transition have an impact on the quantity and continuity of drinking water supply. To ensure that drinking water will continue to flow on demand in the future, we are investing in water availability and our vital infrastructure.
- **Responsible and sustainable water use** Because drinking water can no longer be taken for granted and is part of a sustainable lifestyle, we inspire customers and stakeholders to make the right choices around tap water use.
- **Nature conservation and biodiversity** Dunea manages and protects the valuable dune reserves of Solleveld, Meijndel and Berkheide. The dune reserves have a special ecosystem. The quality of the ecosystem is a prerequisite for reliable water extraction, which is why we manage and protect the ecosystem's biodiversity and health.
- **Recreation and contact with nature** The dunes are valuable for the Netherlands and Europe. For people in the crowded Randstad, nature provides relaxation, tranquillity and a place to learn about nature. Dunea wants to prevent population growth in the region and increasing demand for recreation from having a negative impact on nature and biodiversity. For that reason, Dunea works within National Park Hollandse Duinen to spread visitors around the region and make it possible to experience green spaces around the valuable dunes.
- **Climate-neutral business operations** To supply drinking water, Dunea uses materials for structures such as pipelines and buildings. To keep our footprint (raw material input-output) as small as possible, we are committed to circular business operations, in which every raw material is given a new life. To remain within the Paris target of 1.5 degrees of warming, by 2025 we will be a climate neutral company, with all greenhouse gases emitted by Dunea being minimised and offset.
- **Encouraging aquathermal energy in the energy transition** Dunea is committed to using aquathermal energy in its pipeline network; using water as one of the solutions in the energy transition. Aquathermal energy can be used to heat and cool buildings. This low-temperature solution results in minimal heating of the surrounding area, which is important for preserving drinking water quality.
- **Customer focus** Dunea provides customers with reliable and delicious drinking water and gives them as much information possible. Through conversations with our customers, we continuously improve our services.
- **Debt assistance and socially-responsible debt collection** Drinking water is for everyone. We therefore work with debt assistance programmes for early detection of customers with possible financial problems. We also work on the ongoing implementation of socially-responsible debt collection.
- **Safe working conditions** Dunea wants its staff to be able to work safely. We therefore minimise risks during implementation, and design our buildings, pipelines and treatment facilities to be as safe as possible.
- **Sustainable employability of staff** Dunea is an attractive employer. To remain an attractive employer, Dunea pays attention to the vitality and growth of individual employees.
- **Innovation and knowledge** Dunea invests in innovation and knowledge development for its drinking water activities, nature conservation and service delivery.
- **Sound management of buildings, pipelines and treatment facilities**
To transport water from dune to tap, Dunea uses assets: property and equipment. This includes buildings, pipelines, water treatment facilities, etc. To keep our operations sustainable, we manage and maintain these assets (buildings, pipelines and treatment facilities) in a way that ensures optimum performance and minimises risks and costs.
- **Collaboration in the water chain and with local residents and users** Drinking water extraction affects local residents and users, as well as society in general. Accordingly, Dunea makes sure that stakeholders, such as neighbouring residents and nature organisations, are always involved at a structural level in the decisions we make. We also collaborate with active partners in the water chain on important themes such as fair work, diversity and inclusion. Working together in this way ensures Dunea is better connected to our environment.
- **Transparency and good governance**
Because of the public interest in Dunea's activities, a good governance structure is important. Dunea is therefore transparent about the decisions it makes and the performance it achieves, including with regard to sustainability. In service delivery and communication, Dunea aims to provide timely and accurate information about our activities while putting our customers' interests first.
- **Cyber security and data privacy** The digitalisation of society offers opportunities (such as smart meters for process optimisation) and risks. Accordingly, we protect our data and business operations.

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Overview of shares in issue

In accordance with the provisions in Article 6(1) of the Articles of Association of Dunea N.V., the shareholding municipalities and the number of shares held by each municipality as at 31 December 2022 are listed below. Each share has a nominal value of €5 and, pursuant to the provisions in Article 14(8) of the Articles of Association of the company, entitles the holder to cast one vote per share.

Municipalities	Number of shares
Alphen aan den Rijn	11,027
The Hague	1,562,309
Hillegom	66,171
Katwijk	200,327
Lansingerland	186,584
Leiden	383,881
Leidschendam-Voorburg	231,593
Lisse	70,521
Noordwijk	130,955
Oegstgeest	73,286
Pijnacker-Nootdorp	163,460
Rijswijk	158,403
Teylingen	112,044
Voorschoten	78,585
Wassenaar	80,883
Zoetermeer	387,302
Zuidplas	102,669
Total	4,000,000

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Absences due to sickness (%)	The sickness absence percentage is calculated by dividing the total number of days of absence (excluding pre-natal maternity leave) by the total number of available days, taking into account a part-time factor. This calculation excludes employees with a work experience contract but includes employees with a training contract (BBL).
Average interest rate (long-term loans) (%)	The interest on long-term loans relative to the average long-term loan portfolio.
Average number of employees (FTEs)	The average number of employees (FTEs) is calculated by dividing by 13 the sum of the number of FTEs, corresponding to employees with a fixed-term or permanent employment contract, as at the last day of the month and including the position as at the last day of the preceding year. This calculation excludes employees with a work experience contract but includes employees with a training contract (BBL).
Avoided emissions	Reduction of greenhouse gas emissions elsewhere as a result of processes or products, such as residues from drinking water operations (e.g. softening). The avoided emissions may not be allocated to the CO ₂ footprint of drinking water operations, but may be disclosed in reporting.
Climate neutrality	This refers to the idea of achieving net zero greenhouse emissions, within the defined system boundaries of a business activity, on an annual basis. The organisation can determine itself whether this is achieved for scope 1 and 2 emissions, or whether this also relates to scope 3 emissions.
CO₂ equivalents	A metric that allows comparisons of the global warming impacts of different greenhouse gases. It is based on the 'Global Warming Potential' (GWP): a measure of how much a gas contributes to the greenhouse effect.
CO₂ footprint	The CO ₂ footprint is a synonym for carbon footprint and is a measure, expressed in tonnes of CO ₂ , for the emission of greenhouse gases caused by the various operating activities.
Compensation measure (CO₂)	A measure that is taken to compensate for carbon emissions by emitting less CO ₂ elsewhere or by removing CO ₂ from the atmosphere. For example, the purchase of accredited CO ₂ certificates linked to CO ₂ reduction projects.
Construction period interest (%)	The expected interest on long-term loans relative to the expected average long-term loan portfolio, which are attributed to projects in 'Work in progress' before they are capitalised.
Current ratio	The extent to which short-term obligations can be met. It is calculated by comparing the sum of the current assets versus the current liabilities.
Debt ratio	The ratio between the cash flow from operating activities and the outstanding debt position. It is calculated by dividing the sum of all loans and debts to credit institutions by the operating cash flow.

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Direct emissions	Direct emissions - or 'scope 1' emissions - are emissions from resources owned or controlled by the reporting entity, such as emissions from drinking water production, emissions from own gas consumption or emissions from own vehicles.
Drinking water produced	The volume m ³ of drinking water produced.
Drinking water tariff per 1,000 litres (€)	The tariff charged for drinking water per m ³ .
Full drinking water tariff per m³	The full tariff payable by an average customer (in terms of size and consumption) for one m ³ of drinking water, without any surcharge for municipal sufferance tax and tap water tax, and excluding VAT.
High-priority installations	In the Netherlands, certain locations must comply with special regulations for the prevention of legionella. These high-priority installations include the drinking water installations of healthcare institutions, hotels, swimming pools and saunas, for instance.
Indirect emissions	These are emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company. These emissions fall under scope 2 or 3.
Incident Frequency Ratio (IF ratio)	The number of incidents involving sickness absence and injury x 1,000,000 / staffing hours
Interest coverage ratio	The extent to which the operating result is sufficient to cover the interest expenses. It is calculated by comparing interest expenses versus operating result.
Length of mains pipeline network (in km)	The length of the mains pipeline network (in km) as at the balance sheet date, excluding pipelines that are not in service.
Length of transport pipeline network (in km)	The length of the transport pipeline network (in km) as at the balance sheet date, excluding pipelines that are not in service.
NCSC	National Cyber Security Centre (www.ncsc.nl).
'New Style' National Park	A 'new style' national park is a national park consisting of a coherent landscape with a core of valuable nature reserves surrounded by areas with other zoning designations, such as agriculture or residential. The aim is to protect and develop nature, recreation, water management and extraction as well as heritage in the entire area to provide a healthy and attractive location for people, fauna and flora.

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Not-billed consumption	The difference between the total volume m ³ pumped into the pipeline network and supplied in Dunea's own supply area and the total volume m ³ that is charged to customers. It concerns not-billed consumption, such as leakages and spray water losses, fire extinguishing water, own use for cleaning pipelines, temporary non-metered connections and meter differences.
Number of administrative connections	The total number of service addresses at the end of the year to which Dunea, directly or via a third party, supplies drinking water and to which Dunea can bill a standing charge.
Number of employees	The number of employees at the end of the year with a fixed-term or permanent employment contract. This calculation excludes employees with a work experience contract but includes employees with a training contract (BBL).
Number of installed water meters	The total number of water meters installed (present) at the end of the year in properties in Dunea's supply area.
Number of instances of non-compliance	The number of times measurements show that the drinking water produced does not comply with the quality requirements in the Drinking Water Decree.
Number of residents	The most up-to-date total number of residents that, according to CBS Statline, were living within Dunea's supply area at the end of the year.
Number of technical connections	The total number of connections for drinking water supply from the transport and mains pipeline network to an address in Dunea's supply area.
Number of visitors to Meijendel Visitor Centre	The recorded number of visitors to the Meijendel Visitor Centre (de Tapuit).
Operational reserve (%)	The difference between the available and required production capacity, expressed as a percentage.
PFAS	PFAS are man-made substances that are used in various applications, including textiles, water-repellent sprays for clothing or shoes, food packaging, lubricants, fire-fighting foams and non-stick coatings on pans. It is known that many PFAS are harmful to health. PFAS enter the environment through products which we use and through factory emissions and discharges. Well-known examples of PFAS include PFOA, PFOS and GenX.
PMT	Persistent, Mobile and Toxic substances

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Return on total assets (%)	The return on total assets compares the operating result achieved with the organisation's total assets that enable it to carry out its activities. It is calculated as the ratio of operating result to the balance sheet total.
River water intake	The total volume m ³ river water intake.
Sales of drinking water in own supply area	The total volume in m ³ of supplied drinking water billed to customers in Dunea's supply area for household consumption, the small business market and the large business market.
Sales of drinking water in own supply area per administrative connection	The average volume of m ³ of drinking water in Dunea's own supply area that is billed to customers per administrative connection.
Scope 1 emissions	Direct CO ₂ emissions from company-owned or controlled sources, such as emissions that a company makes from its own buildings or own transport and production-related activities.
Scope 2 emissions	Indirect CO ₂ emissions from the generation of purchased and consumed energy, in the form of electricity or heat.
Scope 3 emissions	Indirect CO ₂ emissions from business activities of another organisation. These emissions are from sources not owned by the company itself and over which it has no direct control.
Solvency (%)	The extent to which long-term obligations can be met. It is calculated by dividing the shareholders' equity by the total assets, both inclusive of the result after tax achieved in the year that is added to the other reserves.
Supply	The total m ³ of drinking water pumped into the pipeline network and supplied within Dunea's own supply area.
Time to Fill	The average time that elapses between the publication of a vacancy and a candidate's acceptance of the job offer.
Upstream and downstream activities	Indirect emissions from scope 3 of the GHG protocol can be divided into 'upstream emissions' and 'downstream emissions'. Upstream activities include activities that have occurred before our drinking water comes out of the customer's tap. Downstream activities occur after our drinking water has been supplied.
WACC (Weighted Average Cost of Capital)	The weighted average cost of capital related to drinking water activities. The calculation is the sum of the result after taxes related to drinking water activities and the interest expenses related to drinking water activities compared to the average balance sheet total related to drinking water activities.

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