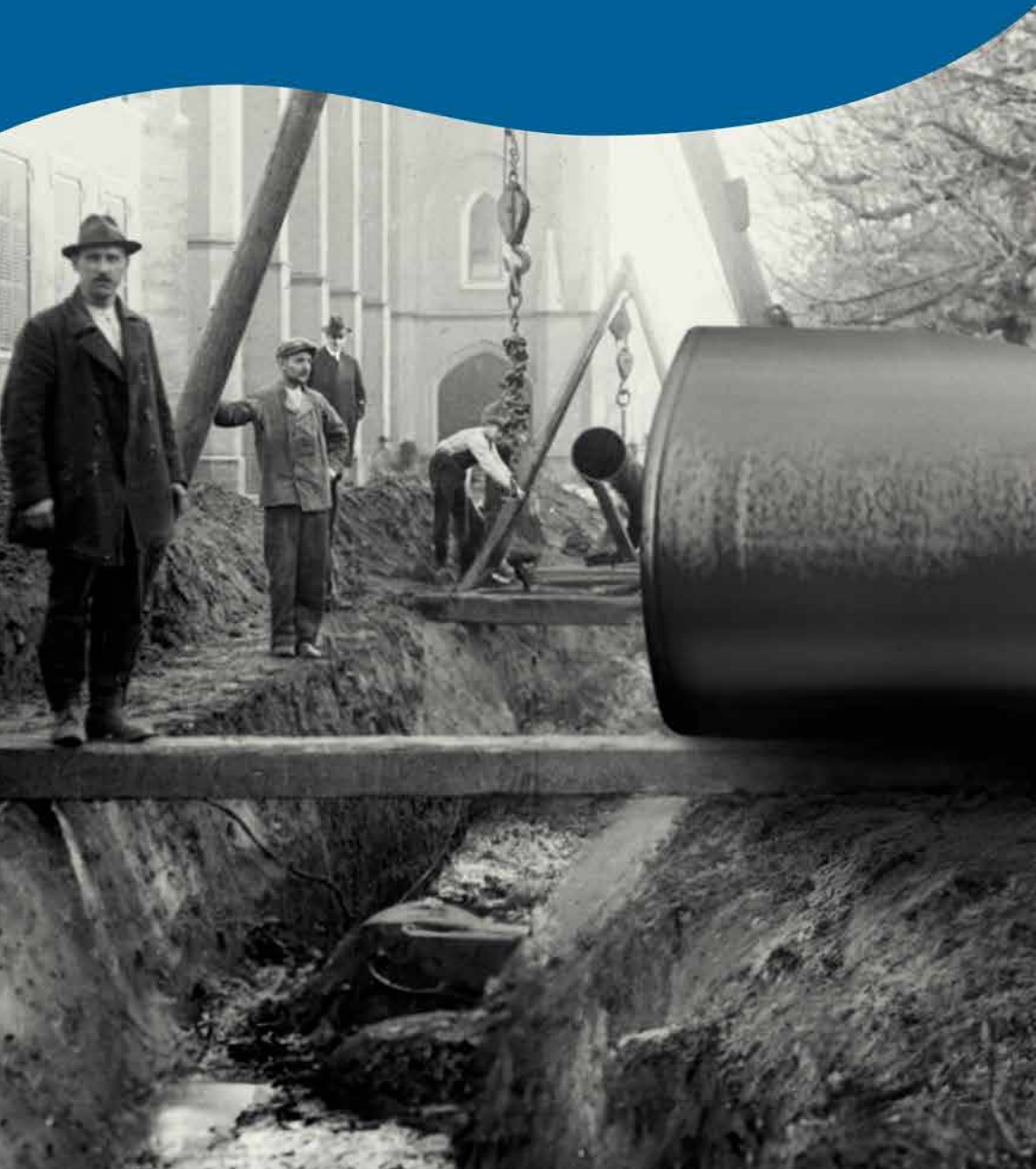


2023 Annual Report



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Managing Director

Wim Drossaert

“After 150 years, Dunea can look back with pride on what has been an incredible journey.”



We had our modest beginnings in 1874, prompted mainly by the need to provide clean and healthy drinking water to people in the local area. Today, 150 years later, Dunea can look back with pride on what has been an incredible journey. Our commitment to supplying high quality drinking water has remained unchanged. As we have shown and learned over the years this commitment goes hand in hand with technological progress, and with good stewardship of our most important natural resources: the rivers and dunes.

In the run-up to 2024, Dunea's 150th anniversary, we started a project to document our history, in the form of a retrospective in words and images. Not only was I personally inspired by the long and rich history of our drinking water company, I also welcomed the opportunity to reflect on why the company came into being in the first place.

The main motive was public health. Diphtheria and cholera outbreaks were common at the time and affected large numbers of people. Hence the idea came about to purify the water supply. Back then, only one treatment stage was needed: filtering the water through the dunes. These days, water passes through ten treatment stages before it is safe to drink. And, the growing complexity of our treatment processes is unlikely to end soon as the water we extract to produce drinking water is becoming dirtier and dirtier. On the one hand, we can measure more which means we know more. On the other, concerns are growing about the pollution of our drinking water sources that is increasing at such a pace we are struggling to keep up. These are concerning developments. One of the major culprits is PFAS. Fortunately, Dunea has been able to respond quickly in recent times and add an extra treatment stage, but there is more we will need to do in the future.

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The same goes for the volume of drinking water we produce. 150 years ago, Dunea had a small customer base, now the region we serve numbers nearly 1.4 million residents. The demand for water has grown significantly and is likely to continue growing. Our existing and new customers simply expect to turn on the tap and for water to flow, but this assumption is coming under pressure. Water resources are dwindling, demand is growing, our resources are more polluted and we are faced with longer dry periods.

"We can measure more which means we know more. But concerns about the pollution of our drinking water sources are growing"

This complex challenge was at the top of our agenda in 2023 once again. A challenge made all the harder by the fact that the urgency of an impending drinking water shortage is not fully on the radar those who need to know, while the time for action is now. They all understand what we are saying, but when it comes down to it, I still regularly get the response that: "I hear what you say, I read what you write, but it doesn't feel real."

To avoid an impending shortage in the short term, we can only expand water extraction in the dunes. But obtaining the permits we need is far from straightforward given the restrictions that apply in our protected nature reserve, and this is holding the process up significantly. As a result, we increasingly have to draw on our operating reserves, and there is even a risk of depleting these entirely.



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Good stewardship of the resources of the beautiful dune reserves that we manage is all part of our remit, and we know that we cannot expand within the dunes indefinitely. For this reason, we are looking to increase water extraction outside our dune reserves in the longer term.

We launched an EIA process in 2023 that is set to bring forward a preferred solution in the middle of 2024. This will mark a new era in the future of drinking water production.

Identifying and implementing these new sources of water production will demand large-scale investment. To give us sufficient financial elbow room, we need to ensure a healthy financial base, including by building in a buffer. Getting the message across that we need to invest now while keeping cash in reserve for future investment is far from an easy sell, by the way. Yet we need to do this, because we know we have to look way ahead into the future. What Dunea was doing 150 years ago, we are still doing today: looking ahead and planning for the future. And, even though the going might be tough at times, guided by our strategy, we will always find a way through.

We are seeing hopeful signs in our nature reserves. Meijendel continues to be one of the most beautiful and biodiverse areas in the Netherlands. Last year saw the heather in Solleveld blooming in its full glory for the first time in years, thanks in part to careful nature management and conservation efforts. In order to protect natural areas, only a small part of our dune reserve is accessible to the public; incidentally, we saw a big drop in visitor numbers in 2023 following a peak in the pandemic years. 'Our' dunes are part of the Hollandse Duinen National Park. As one of its founding members, Dunea fought hard for this special initiative. Awareness of the importance of the national park has grown over time, and more and more organisations are putting this message out there. It's encouraging to see that this message is increasingly winning over hearts and minds.

All the developments coming down the line demand a degree of flexibility from our employees. I never cease to be impressed by the way they handle these challenges. Especially when you consider that our organisation also underwent significant growth in 2023. Bringing new employees on board places extra demands on the existing teams. Hats off to everyone for their commitment and hard work on all fronts.

“We are looking to increase water extraction outside our dune reserves in the longer term.”

In the year that Dunea turns 150, we can stand tall in the knowledge that we are stronger than ever. In 2024, we will make a final decision on the drinking water system of the future. We will involve our shareholders and other stakeholders in the decision-making process and, in doing so, will persuade them of the urgency for action. We will come together with water boards and municipalities to get down to brass tacks and reach a consensus on how we will produce drinking water from 2030 onwards. We can all, and especially our employees, expect a period of upheaval, but also some interesting times ahead as we continue to build the future of Dunea together.

Wim Drossaert
Managing Director

“In 2024, we will make a final decision on the drinking water system of the future”

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Dunea reports on its financial and non-financial performance in the year under review in its annual report. When choosing the subjects to cover in the report, we take into account the aspects our stakeholders have indicated they consider to be important (material). To enable us to do this, we conduct a materiality analysis every two years, with the next one scheduled for 2024.

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.

Scope of the Annual Report

The annual report covers Dunea N.V.'s 2023 financial year, which runs from 1 January 2023 to 31 December 2023. It is made up of the management report, a section on governance, which includes the report from the Supervisory Board, and the financial statements. Dunea does not prepare consolidated financial statements subject to Article 2:407 para. 1 of the Dutch Civil Code.

Reporting guidelines

The financial statements 2023 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 2022, unless otherwise indicated. We have included figures for comparison where possible.

When reporting on non-financial performance, we have also followed the international integrated reporting framework of the International Integrated Reporting Council (IIRC) where relevant. This method of reporting brings together financial and non-financial facts and figures in a single report. It provides a more complete picture of our performance, in association with and in relation to our stakeholders.

Preparations for CSRD

Dunea is making preparations for the introduction of the Corporate Sustainability Reporting Directive (CSRD). The CSRD imposes an obligation to report on our human and environmental impact as well as governance from the 2025 reporting year. 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. The CSRD standards are being discussed in the sector with ongoing collaboration to share knowledge and establish common sector-specific principles. Over recent years, Dunea has been working to prepare the ground for the implementation of the CSRD in 2025. We consult regularly with the external auditor to ensure our preparations stay on the right lines. Accordingly, we are working towards an evaluation of the sustainability report by the external auditor as an element of the annual report, as this will also be a requirement under the CSRD from reporting year 2025.

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The internal CSRD project team started work on drafting a plan of action for implementation of the CSRD back in 2023. In 2024, we will be focusing on a number of aspects, such as documenting the dual materiality analysis process, while also updating our processes to comply with the guidelines as described in ESRS 1. This will include the following aspects:

- updating stakeholder identification;
- integrating the identification of opportunities into the risk management process;
- defining the threshold for evaluating whether an aspect is material, both financially and in terms of impact;
- defining the value chains that form the basis of our value creation model;
- defining KPIs and data points to measure progress on the material aspects;
- evaluating the data fed into KPIs for recording methods and reliability;
- internal reporting of information used to guide management;
- preparing external reports for the sustainability report as an element of the 2025 annual report.

Quality of data

In this integrated annual report, we have where possible expressed data in financial and non-financial figures. Our ambition is to increase and improve the quantity and reliability of reported data in coming years, including by optimising our internal processes and applying a model to assess data quality. Work to implement this model got underway in 2023. Where the reported non-financial data contains uncertainties or assumptions, we explain these.

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.

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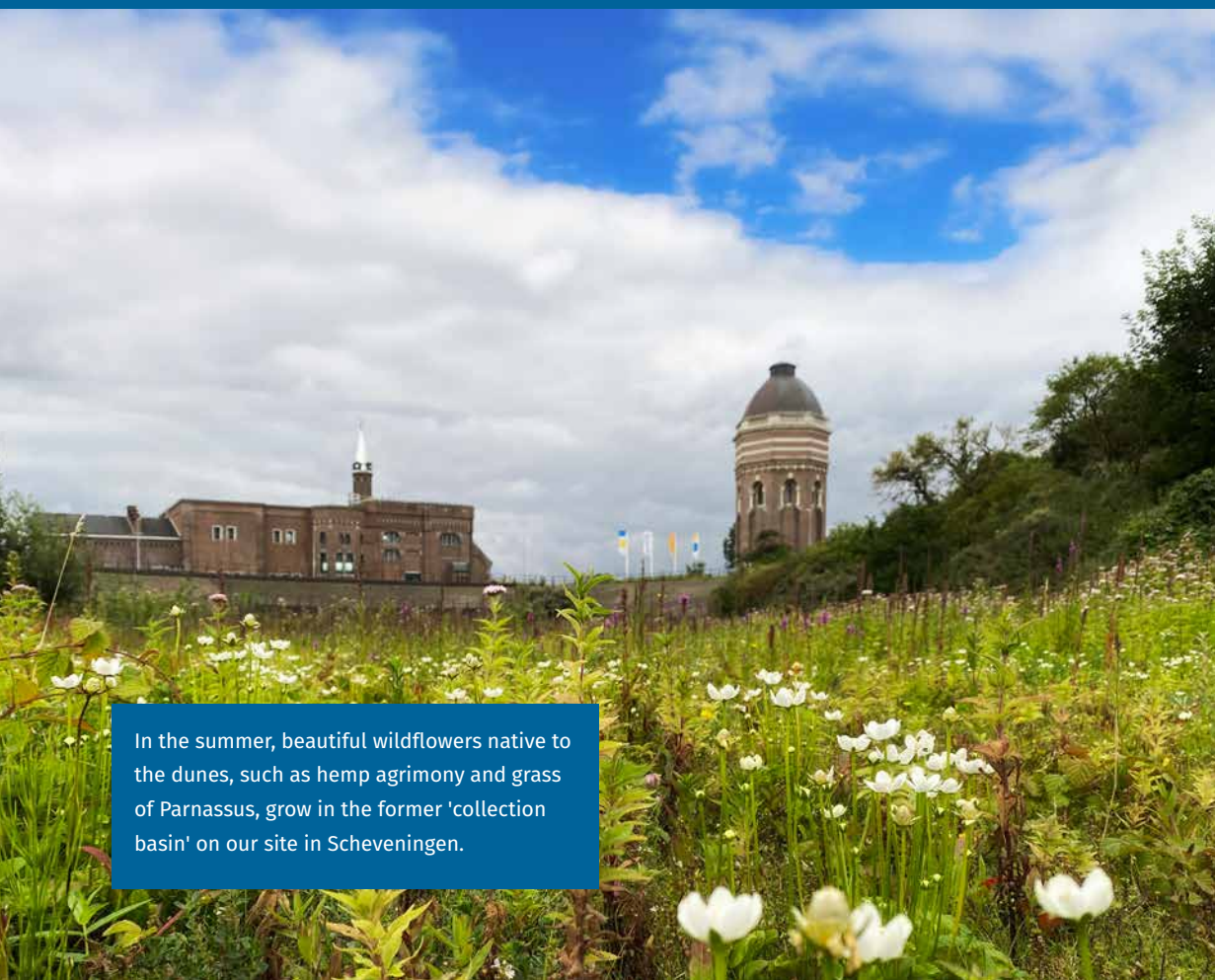
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Close to 1.4 million people in the western part of Zuid-Holland rely on Dunea 24 hours a day, seven days a week for one of life's most precious commodities: great-tasting, safe drinking water.

Dunea has been producing water with and in the natural environment for 150 years, as part of a unique relationship. With more than 560 skilled and committed Duneans, we put our all into creating a sustainable product that truly makes a difference. Not only do we supply high-quality, safe drinking water to our customers every day, we also act as stewards for our beautiful dune reserves at Solleveld, Meijendel and Berkheide. They form important areas for biodiversity in the Hollandse Duinen 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 right balance between water extraction, nature and recreation is one of the spearheads of our policy.



In the summer, beautiful wildflowers native to the dunes, such as hemp agrimony and grass of Parnassus, grow in the former 'collection basin' on our site in Scheveningen.

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Financial

Operating income

161,708
2022 143,889
(amounts x €1,000)

Result after tax

6,850
2022 6,307
(amounts x €1,000)

Investments

43,868
2022 33,841
(amounts x €1,000)



Customers

Number of residents

1,381
2022 1,360
(x 1,000)

Number of administrative connections

668,329
2022 660,402

Water tariff

1,96
2022 1,71
(€)



Dunes

Dune reserves under our management

2,420
2022 2,420
(ha)



Water production and distribution

Drinking water produced

77,908
2022 78,752
(x 1,000 m³)

CO₂ footprint

14,201
2022 13,108
(in tonnes of CO₂)

CO₂ footprint per m³ supplied:

0,18
2022: 0,17
(in kg)



Staff

Number of employees

563
2022 546

Absences due to sickness

5,3
2022 7.3%

Five-year overview

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Financial

	2023	2022	2021	2020	2019 ¹
Operating income (x €1,000)	161,708	143,889	147,262	147,432	144,396
Result after tax (x €1,000)	6,850	6,307	8,541	6,998	8,496
Current ratio	0,36	0,40	0,21	0,27	0,14
Interest coverage ratio	2,3	2,6	3,2	2,4	2,6
Solvency (%)	40,0	40,4	40,1	39,4	39,2
Debt ratio	5,9	5,8	5,7	6,1	6,3
Return on total assets (%)	1,9	1,8	2,1	2,0	2,3
Investments in tangible fixed assets (-/- third-party contributions received) (x €1,000)	43,868	33,841	39,442	40,723	33,145
Weighted Average Cost of Capital (WACC)	2,25 ²	2,01	2,27	2,12	2,34



Customers

Number of residents (x 1,000)	1,381	1,360	1,349	1,342	1,327
Number of administrative connections	668,329	660,402	653,694	643,976	639,756
Full drinking water tariff (€) excl. municipal surcharge tax and tap water tax	1,96	1,71	1,60	1,57	1,62



Staff

Number of employees	563	546	533	524	500
Absences due to sickness (%)	5,3	7,3	5,8	3,9	4,9



Water production and distribution

River water intake (x 1,000 m ³) ¹	75,782	80,164	79,018	81,836	80,598
Drinking water produced (x 1,000 m ³)	77,908	78,752	80,155	82,227	80,438
Drinking water sold in own supply area (x 1,000 m ³)	73,658	74,019	75,459	76,606	73,750
Drinking water sold in own supply area per administrative connection (m ³)	110	112	115	119	115
Length of mains pipeline network (in km)	4,565	4,545	4,521	4,494	4,470
Length of transport pipeline network (in km)	283	287	285	284	283
Number of installed water meters	590,663	584,350	577,411	571,829	564,934



Dunes

Dune reserves under our management (ha)	2,420	2,420	2,420	2,428	2,428
Number of visitors to Meijendel Visitor Centre	105,000	103,187	39,633	63,626	143,320

1. Some key financial figures from 2019 have been adjusted for an error. The details are explained in the 2020 annual financial statements.

2. WACC is based on a provisional calculation, subject to the outcomes of the 'company report on drinking water companies' audit carried out on behalf of the Human Environment and Transport Inspectorate (ILT).

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Tackling PFAS at source

A new analysis by KWR Water Research Institute commissioned by Vewin shows that, PFAS levels increase by a further 50 per cent after the Maas enters the Netherlands. Dunea is arguing for solutions that address the pollution at source and supports a Europe-wide ban on PFAS. We want to see a doubling up on efforts aimed at reducing PFAS discharges: if it doesn't enter the river water in the first place, Dunea will not have to take it out.

Impact of Voorschoten train crash on pipeline

The tragic train crash in Voorschoten in April also affected Dunea. One of the carriages came to rest above a large concrete river water transport pipeline (at a depth of 1.70 m): the BAL-2. By coincidence, the pipeline had been taken out of service that morning due to regular maintenance work. Dunea attended the site to carry out inspections as soon as it was possible to do so. Fortunately, there was no damage and the pipeline could be put back into service again.

Challenging summer for water companies

Over the summer months, the Council for the Environment and Infrastructure (RLI) brought out an alarming report on water quality in the Netherlands: the risk of a new crisis is real. With dry periods and less flow in the rivers, particularly over the summer, the concentration of pollutants in water courses increases. Dunea's Managing Director Wim Drossaert was one of those appearing on Nieuwsuur making the case that water from our taps can no longer be taken for granted, explaining that Dunea's water supply was only sufficient to cover six weeks' supply. Notable detail: in June, Dunea recorded the highest water demand for a single day in eight years.

Work at Berkheide continues

Work in the Berkheide water extraction area to allow increased drinking water production resumed in September 2023. Berkheide (situated next to Meijendel and Solleveld) needs to supply an extra 7 billion litres of drinking water per year in order to keep pace with the increase in population in our supply area. Of this, 1.5 billion litres of capacity had been realised by the end of 2023. We are working to optimise current extraction operations and invest in new extraction wells and installations. All work takes place outside the breeding season in order to protect wildlife in this beautiful Natura 2000 site.

Fixing our pipes

120,000 m³ of drinking water leaves our Scheveningen production site destined for customers' homes and businesses every day. One of these drinking water transport pipelines developed a leak off-site that we repaired using innovative technology (relining). We made a [video](#) of how we did it. Due to planned reconstruction work at Westergouwe, BAL-1 was off line for an extended period in the middle of October. Such a major shutdown is completely unprecedented. It meant that we switched over entirely to BAL-2 for the transport of pre-treated river water from Bergambacht.

Temporary halt to extraction in March

On Friday 10 March, Dunea switched over to 100% extraction from the River Lek for drinking water production as a temporary, precautionary measure. This was due to a pollution spike in the Maas, detected at the Limburg border with Belgium. The source turned out to be a herbicide. Following an inspection, we were able to switch back to 'normal' operation. There was no risk to our customers at any time during this incident.

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Trends and developments in 2023

Dunea operates in a critical sector that is changing and developing all the time. In this section, we outline the most notable trends and developments affecting our organisation, and show how Dunea itself has an influence on the organisational ecosystem we operate in.

Continuing unrest in the world

With the ongoing war in Ukraine, unrest in Israel, as well as elsewhere in the world, there was no let-up in the tense global geopolitical situation that characterised 2022. We were feeling the effects of this into 2023: for instance, the threat of cyber attack remains high. Dunea has put measures in place across the board, including in digital security and resilience, as well as the supply chain. Rising costs due to high inflation, including energy prices, have been passed on in the 2024 tariffs to the extent possible.

More on this in the [2023 results - Climate neutrality, Financial results and Risk management](#) sections.

Urgency of water transition

More dry spells

Summers in the Netherlands are becoming drier and warmer over time. This affects the drinking water supply, both in terms of quantity and quality. At the same time, there is a projected increase in water use for the long term.

The National Institute for Public Health and the Environment (RIVM) published a [study](#) in April 2023 showing that, without prompt action by the government and local authorities, Dutch drinking water companies

will not be able to meet the rising demand for drinking water by 2030. Without intervention, all drinking water companies in the Netherlands are expected to be in deficit by 2030.

Lower water use from September 2022 and a relatively wet year meant that Dunea did not suffer any acute drinking water supply problems in 2023. However, if the Maas cannot be used for water extraction, due to drought and/or pollution for example, we will have to tap our reserves in the dunes which represent only around six weeks' supply. The risk is growing year on year. Dunea is responding to this challenge with its strategic 'Drinking water for the future' programme.

Contamination of drinking water sources

The levels of known and unknown substances in the Maas and Rhine basins remain at unprecedented levels. An analysis by RIWA-Maas (Association of river water companies – Maas section) dating to early 2023 and a follow-up study by the Ministry of Infrastructure and Water Management show that concentrations of PFAS in the Maas are increasing. There are signs of a growing awareness in government of the urgent need to improve water quality, witness the creation by the Ministry of Infrastructure and Water Management of a consultative body in the region (Bestuurlijk Overleg KRW, WFD government consultation).

Dunea temporarily switched over to 100% extraction from the River Lek for drinking water production on Friday 10 March 2023. This was due to a pollution spike in the Maas traced to a herbicide. This incident underlines the importance of clean sources and collaboration in the chain, such as through RIWA-Maas and the Schone Maaswaterketen initiative (Maas clean water chain). Concrete outcomes of these cooperative arrangements in 2023 include the Atlas Schone Maas (Clean Maas Atlas) and the Maas river basin monitoring programme.

New Dutch legislation and regulations for drinking water have been in place since 2023. These changes to legislation were made in response to

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the revised European Drinking Water Directive. For example, the drinking water regulations (*Drinkwaterregeling*) include new obligations with respect to risk assessments for drinking water sources and transparency around water quality.

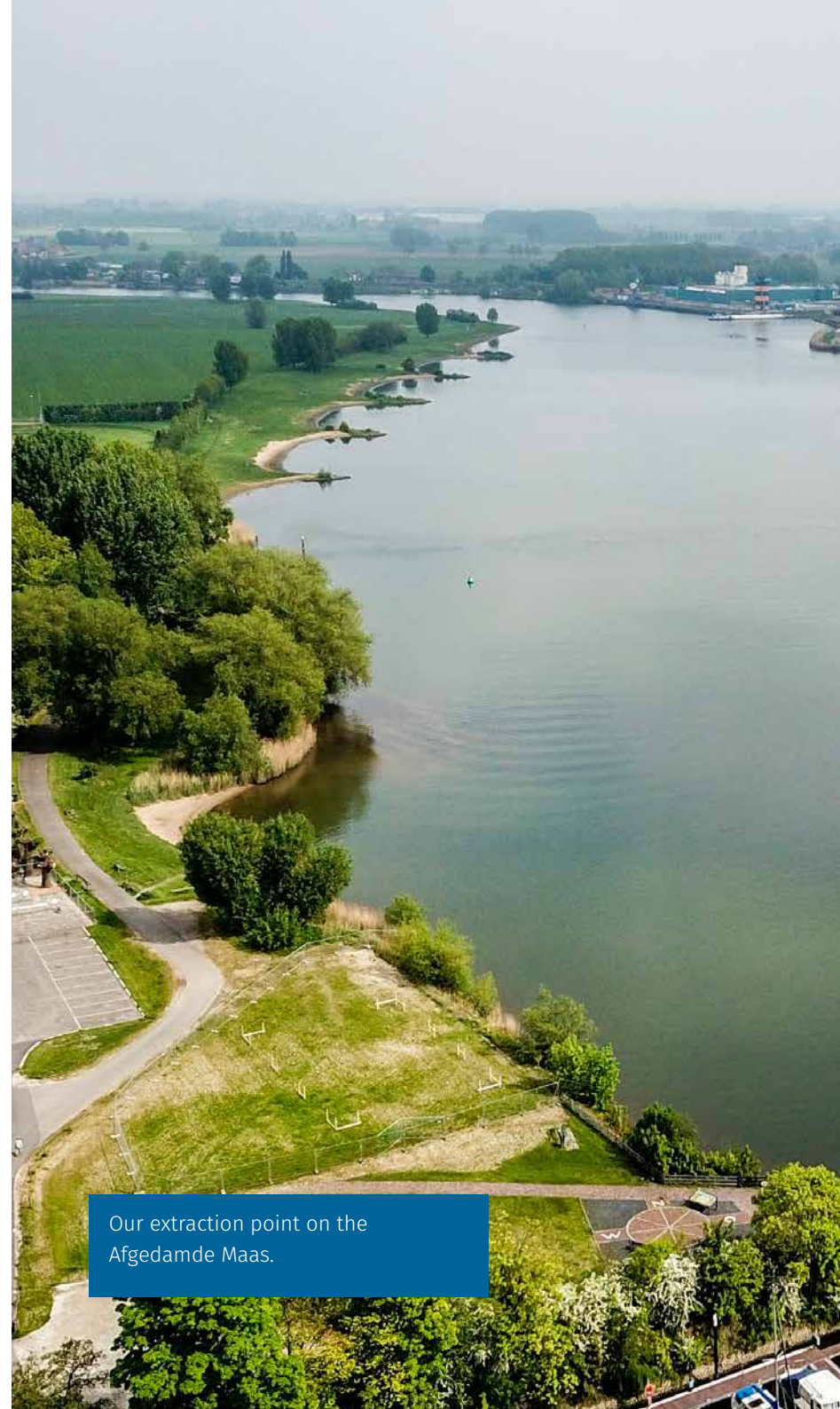
More on this in the **2023 results - Drinking water supply now and in the future** section.

National drinking water action plan

The Ministry of Infrastructure and Water Management worked on the Drinking Water Action Plan and the National Water Conservation Action Plan in 2023. Publication of both is expected in 2024. Dunea is monitoring developments here closely. We benefit from a government that works hard to ensure the quality and availability of water from the rivers Lek and Maas, and that acts on water conservation and the safety of drinking water. We have therefore raised substantive questions to highlight the following aspects:

- bolster and speed up the permits and exemptions process under the Dutch Nature Conservation Act (areas and species);
- address fragmentation among government agencies involved in drinking water matters;
- rethink the current supply of fresh water in the Netherlands and bring forward decisions on water provision to enable new sources to be brought on stream;
- issue permits for the discharge of concentrate/residual streams with the use of RO technology in treatment processes;
- consider drinking water needs when allocating scarce space.

We have continued undiminished our efforts to raise awareness in central and local government of the urgency of the water transition, and the importance of stricter discharge and enforcement policies to protect our Maas and Lek sources. Together with other interested parties, Dunea has made important strides in the search for new sources of drinking water for the future. We also highlighted these



Our extraction point on the Afgedamde Maas.

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issues at the time of the elections, including by organising a debate on water matters with strategic partner Stedin.

Mindful use of water

A key part of the water transition is encouraging the mindful use of water: any reduction in use equates to a direct gain for us.

Even though Dunea experienced the highest demand for drinking water on a single day on Sunday 11 June 2023 (263 million litres to over 660,000 connections) as a result of high temperatures and many people being at home, records show that water use in 2023 was lower than the projection for the year. This is in large part due to customers taking shorter showers, prompted by high gas prices. Dunea also ran a targeted campaign in 2023 to encourage people to take shorter showers. While for large consumers, we offer services including a water scan.

More on this in the **2023 results - Drinking water supply now and in the future** section.

Climate change, biodiversity and nitrogen

The response to our extraction of water in Natura 2000 areas and increasing difficulties in obtaining permits are evidence that our activities are under the microscope, and that environmental legislation can sometimes stand in opposition to drinking water interests. Dunea always seeks out opportunities for constructive discussion on common interests in order to find a way to move forward together. The permit process has become more complex over recent years. In the light of this, we are working internally and externally to improve the permit process and are in intensive discussions with the environment agency, the Province and organisations involved in the dunes, such as Stichting Duinbehoud (dunes conservation foundation), Staatsbosbeheer (forestry board) and municipalities.

More on this in the **2023 results - Climate neutrality and 2023 results - Valuable dunes sections**.



Dunea and Stedin organise election debate

In the run-up to the provincial elections, Dunea joined with Stedin to organise a debate to raise awareness of the choices that will have to be made in the years ahead for 235,000 new homes to be built. Approximately 130 attendees listened to the debate between candidates from the various parties.

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Population growth and scarce space in the Randstad region

The Province of Zuid-Holland wants to build 255,000 houses in the coming years, more than anywhere else in the Netherlands. The expectation is that 81,000 homes will have a connection to our drinking water system. To supply these households, Dunea needs to increase production from 85 billion to 92 billion litres a year, all while we are already nearing the limits of our production capacity. For this reason, we chose to withhold our official support for the regional Woondeal (housing deal) that contains house building plans in our region up to 2030. Dunea continues to engage in dialogue with all the relevant stakeholders to explore the options for a structural solution.

Following record visitor number in the pandemic years, 2023 saw the dunes return to normal. Visitors to our De Tapuit visitor centre numbered around 105,000. People appreciate the special nature of our dune reserves, and often make favourable compliments. The number of complaints from those using the area for recreation is very low for such a busy area.

Digitalisation

Cyber security

Cyber security is of increasing concern and importance for all organisations, but especially those with responsibility for critical infrastructure. A large-scale national cyber incident exercise was held in November 2023 (ISIDOOR IV). As in previous ISIDOOR exercises, Dunea also took part; we have taken the lessons and points of concern from the evaluation on board, and these will be shared in 2024. Further to this, we are also preparing for the implementation of the NIS2 Directive. The expectation is that this European directive will be transposed into national legislation in 2024.

Use of AI

New technologies like ChatGPT bring opportunities while also presenting risks. In 2023, an internal team was tasked with exploring ways Dunea can safely use ChatGPT and other artificial intelligence applications. The first pilots will start in 2024.

More on cyber security and the use of AI in the [Risk management](#) section.

Addressing the cost of living crisis

With rising costs for basic services, such as groceries and healthcare, and energy prices remaining high, it is clear that increasing numbers of people in the Netherlands are struggling to make ends meet. In our role supplying one of life's most important basic commodities, Dunea has a responsibility and its own part to play in this. We have continued our commitment to socially responsible debt collection in 2023, with a growing number of payment arrangements on the books.

More on this in the [2023 results - Working for every customer](#) section.

Gaps in the labour market

The problems of gaps in the labour market and the skills shortage eased somewhat in the year under review. It has nonetheless proved difficult for Dunea to fill vacancies. The number of employees has grown as a total, but is still below the level we planned for. Some 57 FTEs remained unfilled at the end of 2023. We have covered any gaps using agency staff. When approaching the labour market, in 2023 Dunea highlighted its distinctive position: working for us means tackling challenges that make a difference to society as part of a skilled team, with good working conditions and a culture of safety.

More on this in the [2023 results - Attractive work](#) section.

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Mission, vision and strategy

During the reporting year, Dunea followed its strategic plan. We updated our mission and vision, the strategy remained unchanged and we made some minor changes to our core values.

Mission

Our customers are able to count on us to supply great-tasting, safe drinking water every day, and to care for our natural resources with passion and dedication.

Vision

We work together with energy and boldness to ensure clean drinking water and nature is always there for future generations to enjoy.

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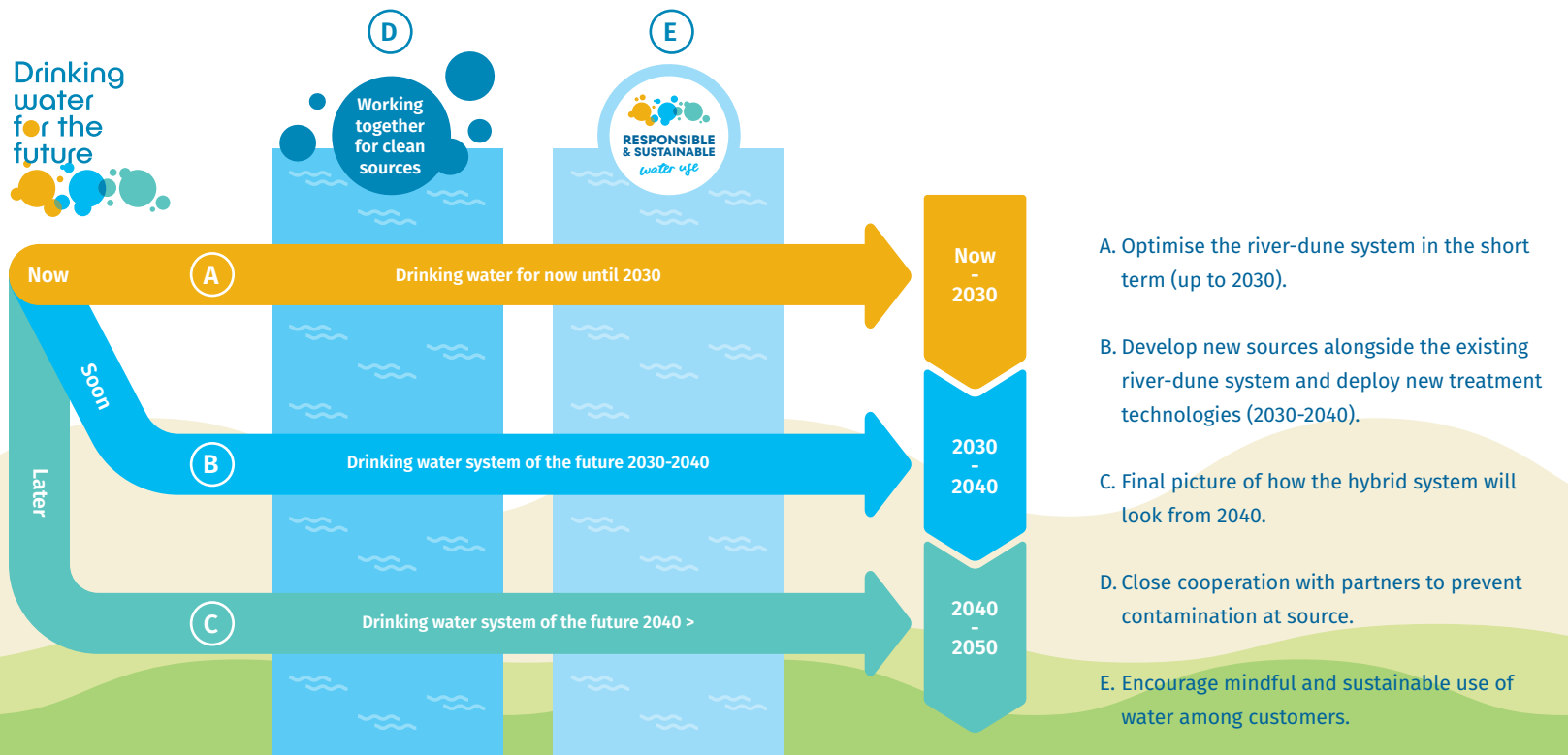
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Strategy

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. The Drinking Water for the Future programme launched in 2022 remained unchanged in 2023. Through this strategic programme, we are working towards a hybrid system to come on stream after 2040. 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.



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A. 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: 7 million m³ of additional water demand compared to 2020. 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 programme also has a focus on water quality, which is under pressure from PFAS and other pollutants.

B. Drinking water provision in the future 2030-2040

The current river-dune system will no longer be able to cope with the ongoing rising demand by 2030. 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. Other aspects of the programme include quality and continuity.

C. Final picture of how the hybrid system will look from 2040

As part of the programme, we are looking at how best to combine the river-dune system and the new sources system for the longer term, and what contribution each should make. In it, we are researching what would be the best solution from the point of view of water quality, security of supply, nature, groundwater as well as in operational terms.

D. Close cooperation with partners to prevent contamination at source

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 here are the other drinking water companies, Vewin, Schone Maaswaterketen and RIWA-Maas.

E. Encouraging responsible and sustainable water use

As part of the programme, Dunea is encouraging the mindful and sustainable use of water among its private and business customers, and within the organisation itself. Our aim here is to alleviate the ever-growing pressure on water supplies and the water system, and to play our part in creating a more sustainable future.

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Five core values

We have translated the strategy into five core values. We have grouped the strategy aims under each of the values. The core values form the link that connects our strategy and the impact that Dunea has.



Drinking water supply now and in the future



Valuable dunes



Climate neutrality



Working for every customer



Attractive work

Compared to 2022, the core values of smart asset management and stakeholder management have been dropped as a separate core value. Since they support several other core values, we have integrated them into these values.

We report on progress and achievements in 2023 and plans for 2024 based on these five core values from page 28 onwards.

Looking ahead to 2024

In 2024, we will take the decisions necessary to bring about the drinking water system of the future. We are developing five value chains – water, nature, customer and people, environment and natural resources – which will form the basis of our strategy and ambition.

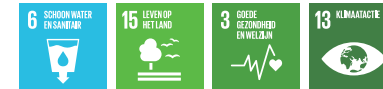
The **2023 results** section shows the expected agenda for 2024 beside each core value.

Value creation and impact

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

Connection with the Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) are a collection of 17 goals to achieve a better and more sustainable future for all. Dunea's activities touch in some way, either directly or indirectly, on all the SDGs. Dunea has chosen to focus on the four SDGs where it can make the most difference:

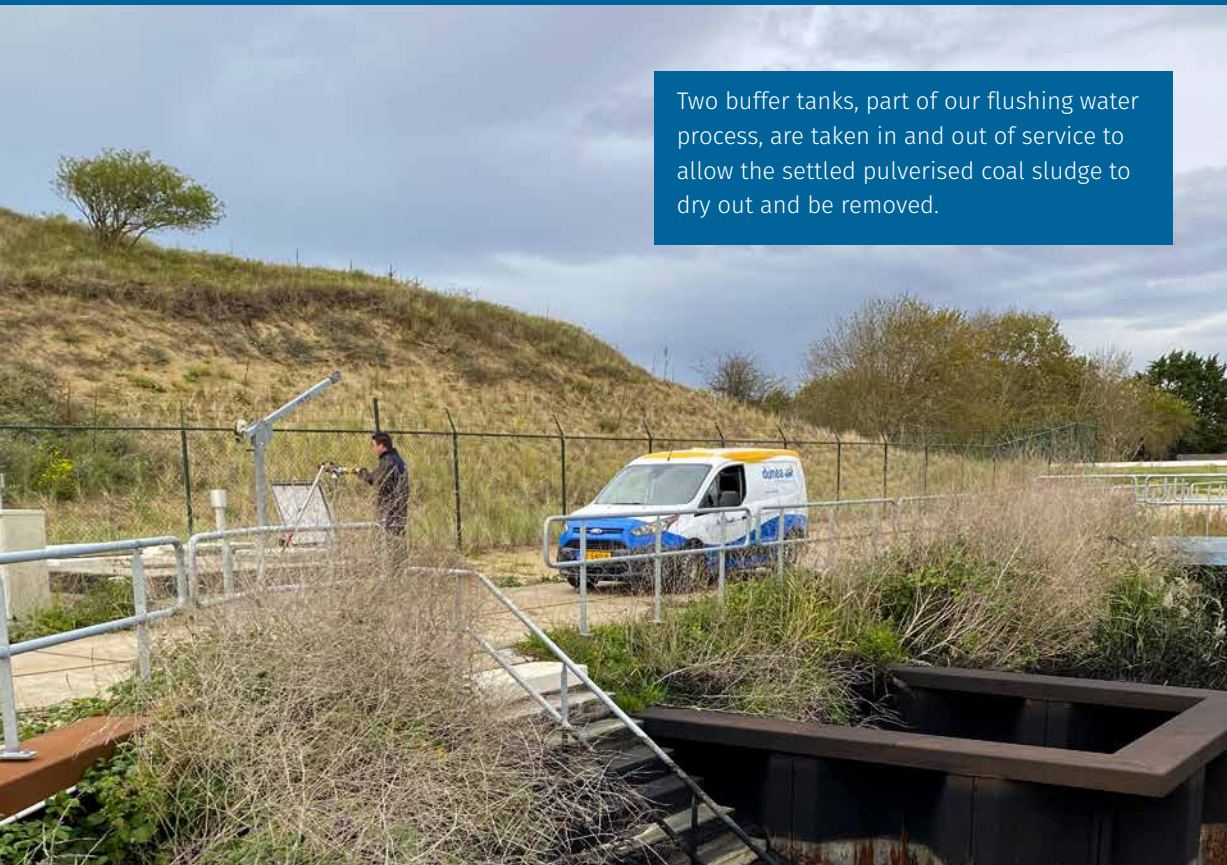


- 6 Clean water and sanitation: providing great-tasting, safe drinking water is one of our two core roles.
- 15 Life on land: in our core role as environmental stewards, we care for life on land.
- 3 Good health and well-being: Dunea provides great-tasting, safe drinking water and offers opportunities for recreation in nature. This has a positive impact on health and well-being.
- 13 Climate action: climate change has an impact on Dunea's activities and Dunea itself has an impact on climate change through its own activities.

Looking ahead to 2024

We started the process of updating Dunea's value creation model in 2023. As part of this, we are developing five value chains: water, nature, customer and people, environment and natural resources.

Two buffer tanks, part of our flushing water process, are taken in and out of service to allow the settled pulverised coal sludge to dry out and be removed.



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, plant and infrastructure for drinking water supply and recreation
- Energy

Financial

Income from water supply in designated supply area

Business model

Core values

Drinking water supply now and in the future



Mission

Our customers are able to count on us to supply great-tasting, safe drinking water every day, and to care for our natural resources with passion and dedication.



Dunea Climate neutral

Vision

We work together with energy and boldness to ensure clean drinking water and nature is always there for future generations to enjoy.



Working for every customer



Attractive work



Valuable dunes

Core activities

Intake, transport, treatment and distribution of drinking water for our customers. Protection and management of dunes for drinking water, nature and recreation.

Trends



Climate change



Urbanisation



Energy transition



Digitalisation

! Denotes negative effects/ value destruction

Output

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

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

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

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

- 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 !

- Assets
- Transparent, affordable drinking water tariff

- Healthy financial position for investments in increasingly sustainable managed assets

Contribution to SDGs



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Stakeholders and materiality

We believe our strategic choices should align with the issues that are of importance to our stakeholders and the expectations they have of Dunea. In doing so, we look at how our organisational ecosystem affects Dunea and how Dunea affects that ecosystem.

Dunea is proactive in its approach to management of the ecosystem in which we are placed. Everyone within Dunea who interacts with stakeholders has an ecosystem management role. Central to this is creating added value together with others and reducing the likelihood of conflicts of interest. We seek to engage and remain in dialogue with stakeholders as far as possible in order to understand the picture for them and to emphasise the importance of space for drinking water and nature, and to explain our vision and activities in practical terms.

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

- Customers
- Staff
- Shareholders
- Provincial authorities and water authorities
- partners and suppliers;
- Central government (regulator).

The [Additional information](#) section includes a table showing the nature, frequency and outcomes of our stakeholder contacts in 2023.

Materiality analysis

Every two years, Dunea surveys our stakeholders to find out what topics they think are material to the impact Dunea is able to make in the world and vice versa, in other words how Dunea itself is affected by those material aspects (dual materiality). The material aspects did not change in 2023, and are based on the materiality analysis we conducted in 2022. A new analysis is planned for 2024; the process for this was started in autumn 2023.

The definitions of material aspects are included in the [Additional information](#) section.

Connectivity

The connectivity matrix shows the links between the strategic core values, material aspects, risks and KPIs. In this way, the matrix provides an overview showing how we steer a course towards achieving the desired results. A number of changes have been introduced relative to 2022:

- the Smart asset management value aspect has been integrated into the Drinking water supply now and in the future aspect;
- the Stakeholder management value aspect no longer appears as a separate aspect. The [Additional information](#) section describes how we survey stakeholders for the dual materiality analysis.

The practical results of stakeholder management, including ecosystem management, form part of the results sections. Stakeholder management is also an aspect within risk management.

Materiality matrix

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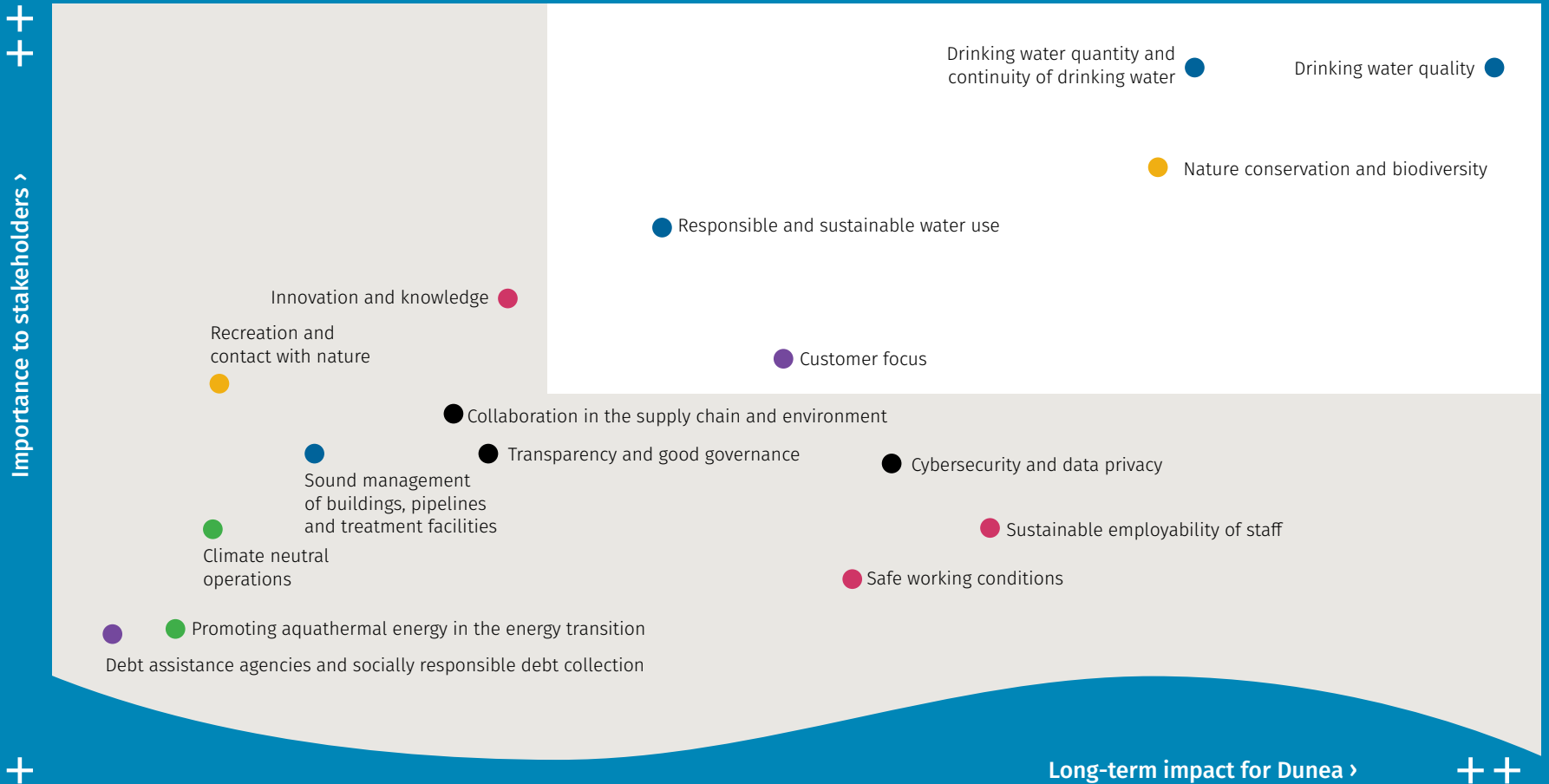
· Stakeholders and materiality

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Long-term impact for Dunea >

Connectivity matrix

Core values



Drinking water supply now and in the future

Assuring 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
- Sound management of buildings, pipelines and treatment facilities

Risks (see Risk matrix, page 65)

- 4 Security of supply under pressure due to failure of critical systems
- 5 Impact on quality due to contamination of sources with new, unknown and emerging substances
- 6 Security of supply put under pressure due to capacity problems for current sources and extraction points
- 8 Risk of negative pressure on the drinking water function due to new products & services (non-drinking-water activities)
- 9 Prolonged failure of critical components in drinking water infrastructure/assets
- 10 Bergambacht pumping station flood risk
- 12 Security of supply put under pressure due to forced relocation of transport infrastructure
- 14 Ability to obtain financing for future investment requirements
- 17 Consequences of limitation on water companies' duty to supply non-potable water

KPIs and targets³

- Operational drinking water reserve: >= 5%
- Number of increases over the norm: 0



Valuable dunes

Net positive impact on biodiversity and contribution to well-being among visitors (health, peace & quiet and open spaces) with concern for responsible water extraction

- Nature conservation and biodiversity
- Recreation and contact with nature

- 13 Increasing pressure from external nature conservation organisations with a negative impact on drinking water activities

KPIs for this core value are still under development



Climate neutrality

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

- Climate neutral operations
- Promoting aquathermal energy in the energy transition

- 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

(decrease in 2025 compared to 2019)
 - Scope 1 emissions: 70
 - Scope 2 emissions: 100
 - Scope 3 emissions: 25

3 ** For the results on the KPIs see the 2023 results section.

Connectivity matrix

Core values



Working for every customer

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

Material topics

- Customer focus
- Socially responsible debt collection

Risks (see Risk matrix, page 65)

- 7 Fraud/conflict of interest/corruption resulting from unduly wide powers/inadequate controls
- 11 Inadequate oversight of (digitised) processes + data quality
- 17 Consequences of limitation on water companies' duty to supply non-potable water

KPIs and targets³

- Overall customer satisfaction: > 7.8
- Customer effort score: <= 2.0
- Complaints handling time: >= 70% within 5 working days



Attractive work

Contributing to the prosperity and well-being (sense of pride, identity, health and employment) of employees and in the region

- Safe working conditions
- Sustainable employability of staff
- Innovation and knowledge

- 3 Insufficient qualified personnel and loss of knowledge from organisation
- 11 Inadequate oversight of (digitised) processes + data quality

- Time to fill vacancies: % vacancies filled within 70 days >=75%
- Incident frequency ratio: < 4.0
- Number of reports (hazardous situations, accidents): >=160
- Rate of sick leave: < 5.8%
- Frequency of reporting sick: < 1.1

The material aspects below also apply to all the core values referred to above⁴:

- Cooperation in the chain and organisational ecosystem
- Transparency and good governance
- Cybersecurity and data privacy

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

- 1 Competing interests between short-term and long-term visions of key stakeholders and Dunea
- 2 Non-compliance with new/changing laws and regulations
- 16 Loss of data essential for business processes as a result of cyber crime

⁴ These aspects are discussed in greater detail in the [Governance](#) and [Risk management](#) sections.

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



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Drinking water supply now and in the future

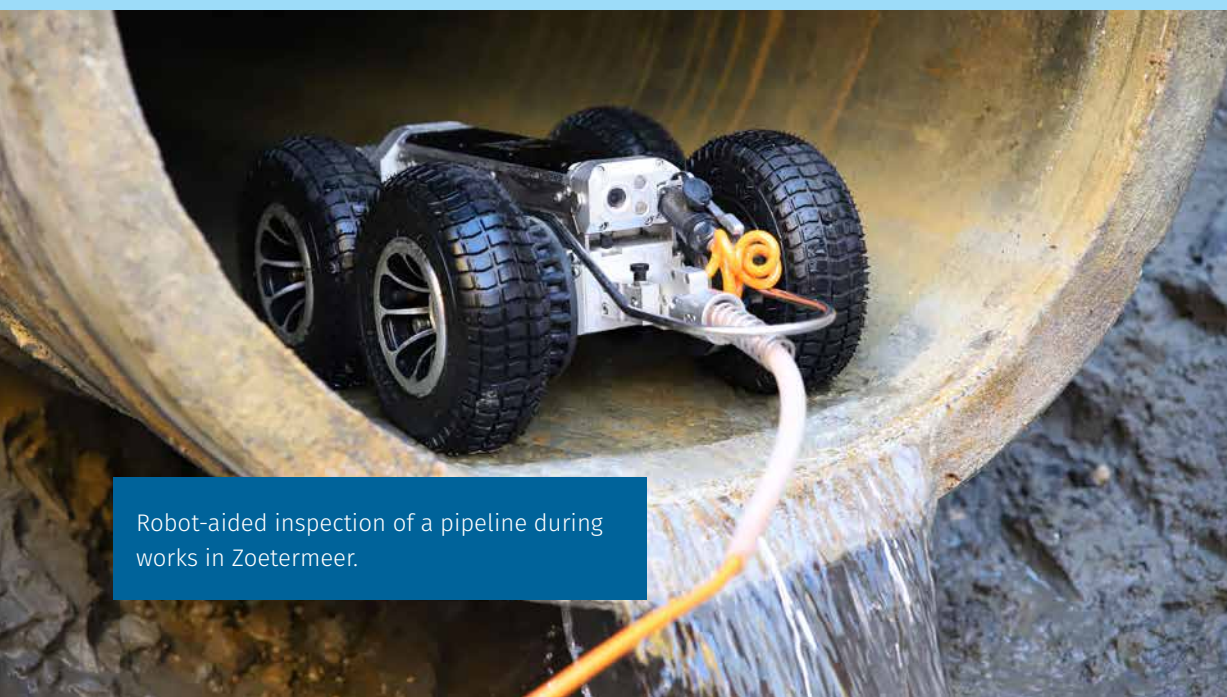
This value theme is about safeguarding the quality, quantity and continuity of the drinking water supply, now and in the future.

KPIs (with target)

	Target	2023	2022
Operational drinking water reserve: >= 5%		3,3%	4,5
Number of increases over the norm:	0	0	0

Material topics

- Drinking water quality
- Drinking water quantity and continuity
- Responsible and sustainable water use
- Sound management of buildings, pipelines and treatment facilities



Robot-aided inspection of a pipeline during works in Zoetermeer.

Policy

Dunea's Drinking Water for the Future policy aims to expand the existing river-dune system where possible up to the year 2030 in order to meet growing drinking water demand. It also aims to optimise our processes to meet ever more demanding quality requirements and to maximise the use of our resources up to at least 2040. We are developing new sources and treatment technologies for the period after 2030 that, together with the river-dune system, will ultimately be combined to form a hybrid 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 have a focus on the protection of our resources to ensure water availability, both in qualitative and quantitative terms. Finally, we are promoting responsible water use by both our customers and employees. These initiatives include a focus on water-conscious new build projects, water scans for large business customers, technology such as digital water meters to give visibility into water use and encouraging behavioural change through public campaigns.

Progress in 2023

Drinking Water For Now Until 2030.

Operating reserve target under pressure

Some progress has been made within the Drinking water now-2030 sub-programme, but obtaining permits for Berkheide has proven difficult. Since these projects have not yet been realised, the minimum 5% operating reserve target has also come under increasing pressure. This target was based on water consumption projections that show rising demand. However, consumption dropped in 2023, so no acute problems were experienced.

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We are seeking to minimise the short-term adverse effects on drinking water availability by means of temporary measures, such as additional deep extraction in Meijendel and new agreements to buy in extra supplies from other drinking water companies.

Progress on programmes

The definition phase of the Bergambacht Master Plan and the initiation phase of the River Water Transport programme were concluded in 2023. Based on these, we have started work and put measures in place to future-proof the supply of river water to infiltration ponds in the dunes. Major work was carried out on BAL-1 (one of our main river water transport pipelines) in late 2023 in connection with the construction of the Westergouwe housing estate. The work turned out to be more complex than expected, resulting in the pipeline being out of service for longer than planned. Fortunately, this coincided with a period of abundant rainfall, which helped to keep the reserves in the infiltration ponds topped up. This work has been postponed until 2024.

Furthermore, the inspection report into the state of BAL-1 has now been received. It shows that a follow-up inspection is needed, and this is now in progress. We have also carried out refurbishment and replacement work on other assets.

Permit and environmental processes have been improved, in part by expanding capacity within the organisation in the area of environmental legislation, treatment technology and project management. This means we are well-placed to tackle future challenges.

Halt to extraction

Dunea had to halt extraction from the Afgedamde Maas in 2023. This was due to a pollution spike in the Maas at the Limburg border with Belgium attributable to a herbicide.

Operations temporarily switched over to 100% extraction from the River Lek. The halt to extraction continued for one week.

We used the blending plant over the summer months in order to relieve pressure on the Brakel treatment plant and to save energy. At the blending plant, we supplement river water from the Afgedamde Maas in Bergambacht with river water from the Lek. The extraction pumping station in Brakel can then produce at a lower rate. Because less river water needed to be transported from Brakel to Bergambacht, energy consumption was lower.

More demanding quality standards

The new drinking water regulations came into force during the year under review: a number of standards are now more demanding, and there are greater requirements on what information is shared and the way it is shared with customers. Dunea complies with the new standards and information duties. Information on drinking water quality has been added on the Dunea website.

Our analysis of the microbiological safety of drinking water (AMVD IV) has been approved by ILT and RIVM. That means the treatment processes at Dunea meet the requirements for the removal of harmful bacteria and viruses as health parameters in drinking water.

Drinking water provision in the future 2030-2040

In 2023, Dunea published a summary report on work to explore new sources and treatment technologies and the alternatives that will be considered in the ongoing EIA process. This report marked the start of the planning phase. We expect to make a decision on a preferred alternative in October 2024 and the EIA report will be published in September 2025.

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A key stage in this process is the signing of the milestone document by the official representatives of the Province of Zuid-Holland, the Rijnland and Delfland Water Boards, Ministry of Infrastructure and Water Management, the municipalities of The Hague, Leidschendam-Voorburg, Leiden, Katwijk and Wassenaar, and Dunea. We have made a joint commitment to identify promising alternatives with good potential to provide new sources for the production of drinking water. The pilots for this programme yielded initial results in 2023, and also attracted a great deal of interest.

Brackish Groundwater pilot

The first phase of this pilot has been concluded. In it, brackish groundwater was continuously pumped in Scheveningen over an 18-month period. The pilot demonstrated that we can achieve stable operations using brackish groundwater as a source of drinking water and that the fresh water bubble has deepened due to extraction of the brackish water. We moved to phase 2 of the pilot in early November: exploring whether we can use brackish water extraction to sustain back-up supply in an emergency for longer.

Lake Valkenburg pilot

Initial results from the Lake Valkenburg pilot showed that current treatment processes are insufficient to treat water from the lake. An additional processing step is required to remove the high organic matter content. The new installation is now on site and will be commissioned in January 2024.



In our pilot at Lake Valkenburg in 2023, we experimented with more precise dosing of a lower iron concentration.

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Drinking water provision in the future > 2040

Studies aimed at the situation from 2040 onwards, where we will use a hybrid system for the production of drinking water, were ongoing in 2023. These included blending water from different sources. These research projects are being carried out in close cooperation with partners such as KWR and Het Waterlaboratorium. Once these studies are concluded, a decision-making process will ensue.

We have also drawn up scenarios with different concepts for the future balance of nature and drinking water in the dunes that we are discussing with parties involved in the dunes. In the long term, the development of new sources away from the dunes and the mindful and sustainable use of water are expected to create opportunities for nature and drinking water. The scenarios also considered the impact of long-term developments, such as a rise in sea levels. We have visualised the effects of the concepts using hydrological modelling. We expect the initial results of the scenario calculations to be available in summer 2024.

Working together for clean water sources

The decision was taken in 2023 to structure this sub-programme around individual substances in order to put greater focus on those substances that cause real problems in terms of extraction and treatment. This allows for priorities to be assigned more effectively and progress to be better monitored. The Ministry of Infrastructure and Water Management has been asked to report annually on PFAS and bisphenol A levels. This request was granted. Since then, lithium has also emerged as a potential problem substance in the Maas (already a known issue in the Rhine). Within the Schone Maaswaterketen, key information and knowledge was collated in 2023 on broad water quality in the Maas catchment area, hotspots for industrial chemicals and (in)direct discharge permits in the Maas. This has allowed for the source of discharges to be traced and more effective action on enforcement. We are already seeing improvements in this context. One concrete example is the reduced rate of discharge of AMPA from Chemelot, thanks to the use of phosphonates in cooling towers. Water quality at our extraction point at Brakel has improved as a result.

Dunea helped to survey chemical water quality in Rijn-West (Rijnland and Delfland) and advised on measures to improve water quality. The most urgent actions have now been taken, including an approach for indirect discharge incidents and raising the authorisation policy for pesticides with the College voor de toelating van gewasbeschermingsmiddelen en biociden (CTGb), the government agency with oversight of pesticides and biocides.

Alerts for discharge events affecting common horticultural drainage systems have now been integrated in our process automation system. This helped to alert us to the fact that horticultural drainage systems were not working as effectively as they could. We have set an improvement initiative in motion in conjunction with the Rivierenland Water Board, the municipality of Zaltbommel and Land- en Tuinbouworganisatie Nederland. launched an improvement drive.

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Responsible and sustainable water use

Also in 2023, Dunea took steps to encourage the mindful and sustainable use of water. Dunea has partnered with the municipality of Zuidplas, Schieland Krimpenerwaard Water Board and Oasen to facilitate water-conscious construction in the future Zuidplas – Vijfde Dorp development (8,000 homes).

The water scan for business customers is being used more frequently. The scan consists of an analysis of the current situation to give customers an insight into drinking water consumption in their business, and advice on optimisation and the efficient use of water as well as the potential for reuse. In this way, we are seeking to encourage the careful use of water among this group of customers too.

Similarly, we installed sensors and loggers at the sites of several large consumers to allow consumption to be tracked remotely. There are now 74 customers using our meter reading portal that was introduced for wholesale customers.

Internally, we have implemented measures to optimise our own water consumption and raise awareness of water use among employees. We used a game scenario to encourage employees to make small behavioural changes in order to save water, and to come up with their own ideas for how they can contribute to the programme goals within their own role.

Programme management and governance improved

A governance structure has been put in place for the Drinking Water for the Future programme in order to optimise the processes within the programme, and to be able to work as effectively and efficiently as possible. The governance structure means that all programme components and mutual interfaces can be kept in better view.



#Douche1liedje

Our #Douche1liedje public campaign, encouraged people to shower for the time it takes to sing or listen to one song. It was widely promoted in the first months of 2023, including on billboards in our supply area.

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Agenda for 2024

In 2024, we will continue to take forward our programmes and projects focused on quality and security of supply for our drinking water.

The steps we envisage in the Drinking Water for the Future strategic programme are:

Drinking Water For Now Until 2030 programme

- Start preparations and take initial steps towards implementation of the Brakel and Bergambacht Master Plan and the River Water Transport System programme.
- Start work on the reconstruction of slow sand filters in Katwijk aimed at improving security of supply (part of Katwijk Master Plan).
- Decision-making regarding reconstruction of the pulverised coal dosing facility in Katwijk, following which implementation can be started.
- Continue taking the Berkheide programme forward, including the refurbishment and expansion of existing extraction facilities and the creation of new infiltration ponds.

Drinking Water System of the Future 2030-2040 Programme

- Continue taking forward, and evaluate pilots.
- Add further detail to draft designs.
- Take forward participation process with partners in the ecosystem.
- Share initial results of EIA study and social cost-benefit analysis to enable a well-reasoned and well-considered choice from among promising alternatives.
- Define, further develop and analyse/test the preferred alternative.

DWF programme > 2040 (final picture)


- Share initial draft of the Dunes Vision that gives long-term perspectives on the future-proof development of drinking water and nature in the dunes.
- Draw up Brede Zuivering (Broad Treatment) vision for emerging substances now and developments beyond 2040.
- Continue research project into water blending as part of a hybrid system.

Source protection

- Monitor signals in policy and implementation that could affect the availability of the sources at Brakel and Bergambacht and, where required, take action on this basis.

Responsible and sustainable water use

- Explore alternative water use options for large business users.
- Draw up and start work on implementation of a national plan for drinking water conservation.
- Engage with municipalities, including on new build projects and management activities to encourage water-conscious construction.
- Collaborate and share knowledge with (large) housing associations, developers and others to promote water-conscious construction.



"As many as
25 studies are
ongoing within
our programme"

Willemijn Bouland-Oosterwijk
is programme manager for Drinking
Water for the Future
Works with a large team on innovation
within the drinking water system

150 years of Dunea

From the familiar to something completely new

Dunea is putting huge resources into finding solutions for the challenges facing the drinking water sector. 'If we are to continue to supply sufficient good quality, safe drinking water in the future we need to look differently at our water sources, locations and treatment systems', believes Willemijn Bouland.

'Notwithstanding the success of our current river-dune system, on its own it will not be enough to solve the problem of meeting future water needs. For this reason, Dunea has undertaken to establish a whole new drinking water system alongside the system we have now that will utilise completely new production methods. A big change then? That depends on how you look at it. If you consider the number of cubic metres we will supply to begin with, the scope is still fairly small. But, we have been working with our river-dune system and natural treatment methods for 150 years now, so it does mean a change in thinking, in culture. Seen in that light, yes, it's definitely big.'

Two blood groups

'There are different "blood groups" when it comes to water supply and availability. The argument from the seawater group is: "It's right there in front of you and we've got the technology, so why wouldn't you?". While the fresh water group sees it like this: "If we are not able to sort this situation out here in the Netherlands that gets so much rainfall and has so many bodies of fresh water... Surely, we are the last country that should be turning to seawater for a solution?" You encounter these blood groups in all sorts of contexts!

'There are as many as 25 research studies ongoing within our programme looking at cost, sustainability, reliability, availability, geohydrology, the environment and more. Based on the outcomes of these, an internal and an external decision-making process will then take place. Dunea can't do it on its own: for us to put the final preferred option into effect we need municipalities, water boards, the province and the Ministry of Infrastructure and Water Management on board. We will have to start making choices from a position of uncertainty. This is because there is no single alternative that stands out head and shoulders above all the rest. We can also be sure that we are going to run into issues, and we will make mistakes. But, doing nothing is not an option. This message is coming home to more and more of those with a stake in the future of our water supply.'



Valuable dunes

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Material topics

- Nature conservation and biodiversity
- Recreation and contact with nature

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

KPIs were put forward in the 2023 Nature Memorandum. These will be further detailed and formalised in 2024 in line with Dunea's ambitions.

Key performance indicators:

- Dune reserves under our management
2,420 hectares (2022: 2,420 hectares)
- Number of visitors to Meijendel Visitor Centre
105,000 (2022: 103,187)

Policy

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.

This policy was translated into the following objectives in the year under review:

- by 2030, Dunea-managed nature reserves will contribute to restoring biodiversity nationally;
- by 2030, Dunea will have a net positive impact on biodiversity through investment to bring about responsible water extraction;
- by 2030, the balance in these nature reserves between protection for fragile natural habitats and space to enjoy nature close to urban areas will be assured.

Progress in 2023

Enabling recolonisation by native flora and fauna

In 2023, Dunea continued its efforts to enable native flora and fauna to expand its range in the dunes. Work started in Meijendel in late 2023 to create more open areas in the dunes. Species native to the dunes are left undisturbed, while non-native species, such as black cherry, pine, holly and maple are removed to open up spaces for native flora and fauna. Dunea works in accordance with its Natura 2000 management plan and code of conduct. This means that ecological work protocols are drawn up depending on the nature values present.



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This places requirements on how work is carried out to ensure it does not lead to disturbance. For example, we work outside the breeding season and do not use any big machinery. We mark the sites of special and protected plants, as well as habitats where key insect species, reptiles, amphibians and mammals are present, so that we can avoid them when carrying out activities like mowing and dredging.

Action on nitrogen

Areas in the dunes are still subject to high levels of nitrogen deposition. Dunea has put management measures in place to counteract negative effects from this. One example is the use of a sheep flock to open up areas that have become overgrown with tall grass. In 2023 we also worked to halt the further encroachment of invasive scrub. The success of our management efforts depends in its turn on further reducing the level of nitrogen deposition. Dunea is playing its part in this through measures to reduce CO₂ emissions (which also reduces nitrogen emissions). We explain this further in the [2023 results - Climate neutrality](#) section.

Excessive nitrogen deposition is a factor when we are applying for permits for projects in relation to security of supply for drinking water (see [2023 results – Drinking water supply now and in the future](#)). With this in mind, Dunea actively participates in consultations with stakeholders to identify solutions.

Progress on the establishment of buffer zones

Groot Solleveld - NPHD

Firm steps have been taken in the Groot Solleveld project by the Hollandse Duinen National Park: the first Ockenburg and Madestein - Kleine plas subprojects have entered the draft design phase. This project aims to improve the connections between separate areas in this zone in order to create a more cohesive whole with respect to nature, landscape and recreation. Once the draft designs are finalised,

discussions with the relevant stakeholders will resume, with the intention of moving to the implementation phase in 2024.

De Mientkant

The project to establish a buffer zone at de Mientkant between the new Valkenhorst housing estate and the Natura 2000 site in the dunes has been put on hold. Council of State proceedings were initiated in January 2023 with respect to the environmental permit granted. There is no prospect yet of a date for the appeal to be heard.

More data means more insight

Data is key to achieving the objectives under the core value Our precious dunes. By tracking recreational visitor numbers and flows and monitoring representative species and plantlife, we can get a good picture of trends in the dune reserve and how effective our measures are being. Collecting this data helps us to monitor impacts on biodiversity and to define our ambitions.

Steps taken in 2023:

- a new habitat survey was conducted in Meijendel and Berkheide. This shows that the large-scale interventions we have undertaken (break-throughs, dispersal, restoration of wet dune slacks) are enabling the establishment of special plantlife in the grey dunes and wet dune slacks;
- special roses and trees in our dune reserve included in the National Cultural Heritage Agency's amber list of endangered wild trees and shrubs in 2023. Our staff have received training to be able to identify these unique species;
- the first rabbits were captured at the Maasvlakte in October 2023 and relocated to our dune reserve. Rabbits have traditionally formed an important part of the ecosystem in the dunes, but population numbers have been severely impacted by disease. We are tracking population numbers through regular counts by our team of dune watchers.

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Balancing nature conservation and recreation

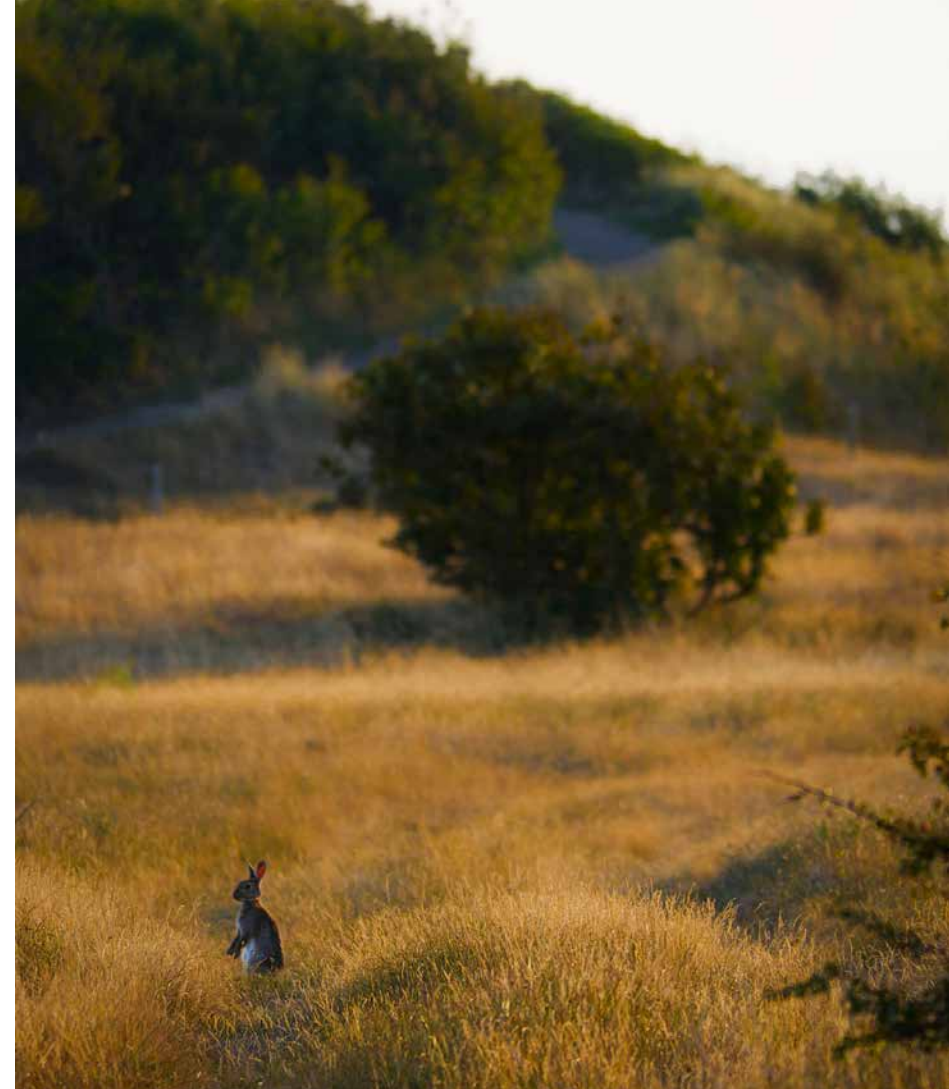
'Stick to the path' campaign

By treating our natural areas with care and using its resources sparingly, we can conserve nature and protect our water extraction sources. It is against this background that Dunea has drawn up access conditions for visitors to the dunes. One of the most important of these is that visitors should stay on the paths and keep their dogs on a lead. We drew extra attention to this issue in 2023 in a campaign aiming to change behaviour. The campaign run in partnership with The Hague City Council included the use of banners around the reserve. The initial outcomes of the campaign appear to be positive. During a pilot in July and August 2023 there was a notable decrease in the number of tickets issued for violations. Another pleasing knock-on effect was that the signs have prompted people to speak to others about their behaviour.

The success of the campaign has prompted a follow-up. The banners and signs will be put up again from spring 2024 in Meijendel and other areas of the Hollandse Duinen National Park, such as the Westduin Park (The Hague City Council) and The Hague Forest (Staatsbosbeheer).

Recreation monitoring improved

Monitoring of recreational use of the dunes continued in 2023. A great deal of data has been collected that will help us further improve visitor management and keep ahead of growing recreational pressures within the Hollandse Duinen National Park. The license plate survey in Meijendel was concluded in 2023. The survey showed that the number of visitors in 2023 was down from the levels in 2022, and that most visitors come from within the region. These insights are helping us to target our efforts towards facilitating visitors to come by bicycle and public transport. Cycle traffic in Meijendel, which we also monitor, has remained fairly stable.



Dune wildlife top ten

Dunea put out an appeal in 2023 to fans of the dunes asking them to share photographs of their favourite dune wildlife with us. Three nature experts judged the entries, resulting in a top ten led by this photograph of a rabbit entitled: 'Carefree and a bit naive'. Go to [Duinverhalen](#) on our [website](#) to see the full top ten.

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Measuring customer satisfaction among recreational users

In 2023, we did work in preparation for a survey of satisfaction levels among visitors to our dunes. Two surveys were carried out among those using our nature reserves for recreational purposes. We expect to report on the outcomes of these surveys and follow-up actions during 2024.

Refurbishment of Hart van Meijndel

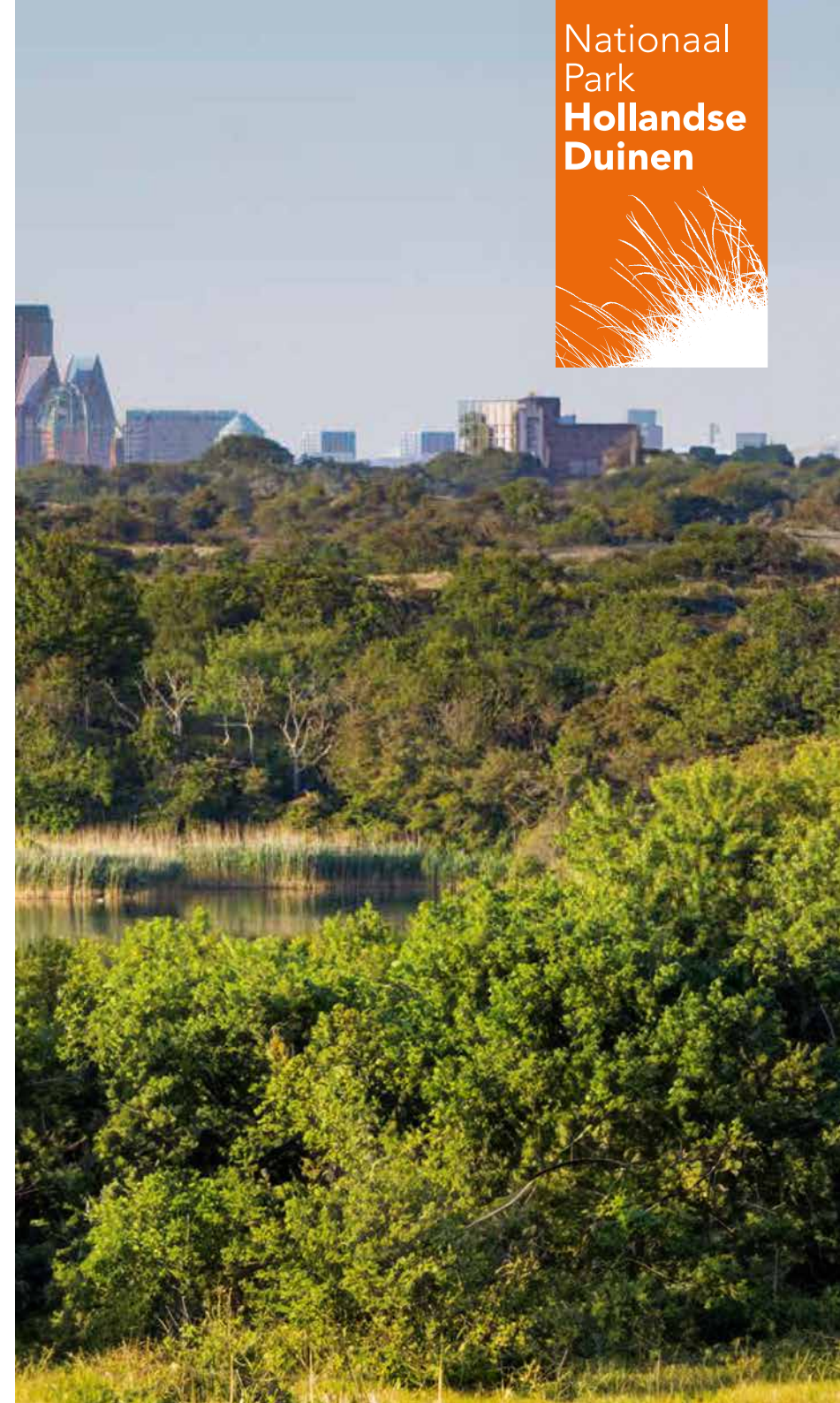
Due to an objection and appeal procedure, it was not possible to start refurbishment work on the Hart van Meijndel, where Dunea's visitor centre is housed. The outdoor space was adapted to help visitors find their way round better and more safely. The objections raised in the appeal procedure were brought before the competent authority and a decision issued. The decision did not lead to any adjustment to the plans. Dunea expects to complete the project as planned in 2024.

Strategic partnerships

Nationaal Park Hollandse Duinen (Holland Dunes National Park)

In November, Dunea, the Province of Zuid-Holland, The Hague City Council and Staatsbosbeheer signed a further multi-year cooperation agreement with Hollandse Duinen National Park. The cooperation agreement now numbers more than 60 partners. The Hollandse Duinen National Park includes the broad coastal strip from the Hook of Holland to Hillegom, where nature, urban areas and the sea come together. The aim of the partnership is to create green connection zones and transition areas, with resilient nature and attractive cycling & walking routes and the further facilitation of recreation opportunities as a key focus.

Nationaal
Park
**Hollandse
Duinen**



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[Governance](#)[Financial statements](#)[Other information](#)[Additional information](#)***Dunea joins Agenda Natuurinclusief 2.0***

In early November, the Ministry of Agriculture, Nature and Food Quality approved the updated Agenda Natuurinclusief 2.0 (Nature-inclusive Agenda 2.0). The aim of this agenda is to boost biodiversity, both within and outside nature reserves. Wim Drossaert, the Managing Director of Dunea, is the domain leader for Water, together with Els Otterman, Head of the Stichtse Rijnlanden Water Board. The drinking water sector manages some 23,000 hectares of protected natural areas, making it the fourth largest environmental steward in the Netherlands. As domain leader for Water, Drossaert's personal mission is to show that water extraction and nature can work to one another's benefit.

Internal improvements

The Nature Steering Group was set up in 2023 to streamline the decision-making process within Dunea. Concrete outcomes included new targets for our nature role set in the year under review (see 'Policy' at the beginning of this section). The updated volunteer policy was also approved, in which roles and responsibilities are clarified and actions for 2024 and 2025 to implement the new policy detailed.

Agenda for 2024

The following plans for the Our precious dunes core value are on the agenda for 2024:

- continue nature conservation activities aimed at restoring native flora and fauna within the dune ecosystem, including the use of local materials to protect special species of trees and shrubs;
- develop KPIs and approaches for achieving a net positive impact on biodiversity;
- develop the Berkheide/Meijendel Natura 2000 management plan;
- establish vision for the dune reserves post-2040;
- continue activities aimed at creating and enhancing buffer zones;
- monitor the balance between nature and recreational use in the dunes, including by renewing route markings.



“It was a great feeling replacing a stop tap myself.”

Astrid van den Berg-Noorlander started at Dunea 39 years ago. She started as the first and only woman in Technical Services at the time

150 years of Dunea

Out and about with the fitters

After joining DWL (a predecessor to Dunea) and working in Consumer Administration in 1985, Astrid van den Berg made the switch to Technical Services in 1987. 'It was a men's club, you could always count on a direct response to any question. But it was a great working atmosphere.'

'In Technical Services, my job was to manage the fitters', explains Astrid. 'Because I needed to know what they were doing, I would go out on jobs with them. It was a great feeling replacing a stop tap myself. Back then, we still used radio telephone to control operations, almost antique by today's standards. The atmosphere was very relaxed; we were a close-knit team. If you got something wrong, you would be told in no uncertain terms. But, that would be the end of it!'

After five years in Technical Services, I held several other positions. 'In 2009, I did an engineering course. Back then, I was the first (and I think still the only) woman in Dunea to obtain the "Inspection of tap water installations" certificate. At one point, I worked as an inspector for one day a week: checking whether and how safety devices for indoor installations had been connected, whether there was any risk of bacterial contamination and that business customers' legionella records were in order.'

Preserving our heritage

Astrid is now involved in management and project support, as well as a long-running 'special project'. 'Together with three of my colleagues, I'm collecting special pieces connected to the history of Dunea for a "museum" that is going to be established. We want to preserve our heritage for the future. The other day, someone gave us an A3 poster. It was drawn in pencil by her grandfather who used to work for DWL. It is really beautiful! After it had been scanned, I put the original up in my office.'

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Material topics

- Climate neutral operations
- Promoting aquathermy in the energy transition



Climate neutrality

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

Key performance indicators:

Carbon footprint in tonnes of CO₂ equivalent: **14,201**
(2022: 13,108)

KPIs (in tonnes of CO₂ equivalent)

Scope 1 emissions: **238** (2022: 193)

Scope 2 emissions: **0** (2022: 0)

Scope 3 emissions: **13,963** (2022: 12,915)

Offset scope 1 and scope 3 emissions that can be influenced: **738** (2022: 653)



Transport pipelines were replaced in the Panbos. Information boards explained the work involved in the project.

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. Under this protocol, indirect emissions (upstream and downstream activities) are also included in the calculation. This is why we look at the chain as a whole. 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. is involved in projects where aquathermy adds value for customers and 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.

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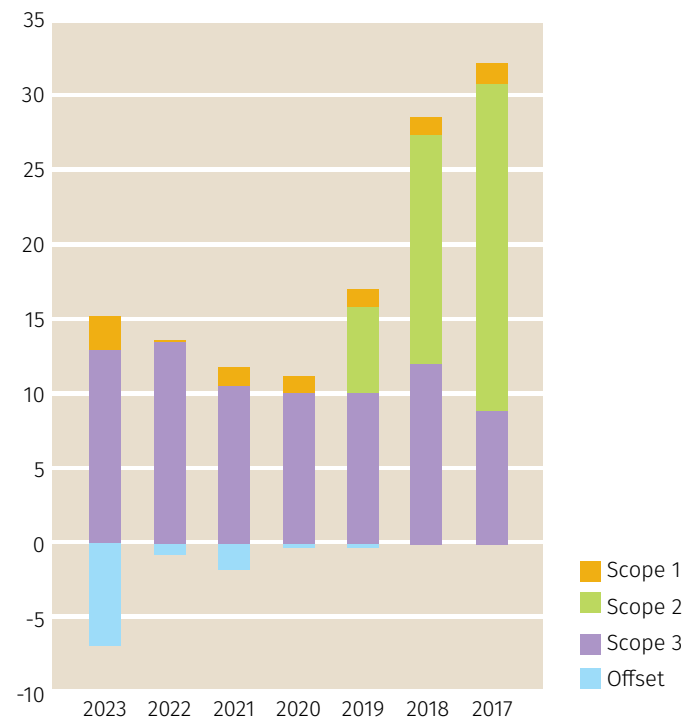
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Progress in 2023

Our CO₂ footprint in 2023

Dunea's carbon footprint at the end of 2023 was 14,201 tonnes of CO₂ equivalent without offsetting and 13,463 tonnes of CO₂ equivalent with offsetting. This brought the emission factor of water supplied by Dunea to 0.18 kg CO₂ equivalent per m³ of drinking water produced without offsetting and 0.17 kg CO₂ equivalent per m³ with offsetting. As in 2022, scope 2 CO₂ emissions were fully offset with guarantees of origin.

Dunea's CO₂ footprint (kt CO₂eq)



Steps to reduce energy consumption (scope 1 and 2)

Energy consumption at Dunea is a constant focus for us. Challenges include the additional energy required for extra treatment (RO) processes for PFAS. An internal Energy Steering Group was set up in 2023 to develop initiatives to save electricity, cut down on our natural gas use, as well as green energy generation and smart energy procurement. Three working groups have started drafting new targets and measures in this context. These targets and measures will be further detailed and formalised in 2024, following which we will move to implementation. We expect to be able to report on initial progress in the 2024 annual report.

New commuting policy (scope 1)

A new policy on sustainable commuting was adopted at the end of 2023. The main changes from the old policy are that employees who always come to work by public transport will have their costs fully reimbursed, the preferred form of transport for trips abroad will be the train, and facilities for cyclists are to be improved. Implementation of these changes got underway in late 2023. We are expecting to see firm results in 2024. Dunea's fleet was 53% electric by the end of 2023 (end 2022: 295). We have a rolling replacement programme.

Ferric chloride substitute pilot (scope 1)

A pilot got underway at Bergambacht pumping station in the third quarter to investigate whether electrocoagulation could be used to replace ferric chloride (this substance is used to clean dirt particles from water). Previous research by KWR in collaboration with Dunea and others showed that electrocoagulation as a substitute for ferric chloride produces a lower carbon footprint. KWR will collate and analyse the results in 2024, following which we will take a decision on whether to scale up the pilot.

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Pulverised coal sludge used at RWZI Gouda (scope 3)

New, more stringent PFAS standards not only mean our energy consumption is higher due to the application of RO, but we have also had to increase the amount of pulverised coal used in our processes. A pilot project was launched in 2023 to give the growing residual streams of PFAS-containing pulverised coal sludge a second life as an absorbent in treatment processes at the Gouda RWZI (waste water treatment plant) operated by the Rijnland Water Board. The first delivery was originally scheduled for the fourth quarter of 2023. However, due to delays, this has been moved to 2024.

Achieving more together

We collaborated with stakeholders in a variety of ways in 2023, both regionally and nationally. Dunea joined the Stichting Circulair West (Circular West Foundation) in the middle of 2023. This partnership champions a competitive economy in which material flows are used efficiently and production takes place sustainably within the limits of the earth's natural resources. Dunea contributes know-how in areas such as water and technology; the network in its turn helps us home in on areas where we could make positive changes. Dunea is also participating in the practical phase of De Ultieme Waterfabriek (The Ultimate Water Factory), an initiative in which water companies, water boards, STOWA and KWR have come together to research what would be needed to directly reuse treated wastewater following additional treatment in applications such as for cooling water, process water for industry, water for the horticulture industry and drinking water.

Agenda for 2024

The focus in 2024 will be on implementing the plans from the Energy Steering Group, specifically for:

- saving electricity;
- cutting down on natural gas use;
- buying in renewable energy.



Initial steps towards a gas-free future

A feasibility study into making our buildings gas-free was launched in 2023. The feasibility study identified a number of potential measures for achieving this. Further work on the details will take place in 2024, followed by a decision-making process. The initial emphasis will be on making structural improvements to buildings.



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	2023	2022
General customer satisfaction:	> 7.8	8.2	8,1
Customer effort score ⁴	<= 2.0	1,5	1,5
Complaints handling time (within 5 working days)	>= 70%	75%	74%

Material topics

- Customer focus
- Socially responsible debt collection

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⁴ The customer effort score reveals how easy customers find it to resolve a problem or arrange something when contacting Dunea. The scores range from 1: not difficult at all through to 5: extremely difficult.

Policy

Dunea's policies are aimed at continuously improving the customer experience and making life easy for customers through processes that fit in with their wishes and needs. To help us do this, we use the results of satisfaction surveys and customer contact data. Wherever possible, we support customers who are struggling to pay their water bill. We ensure that their data is protected in line with applicable legislation and regulations.

Progress in 2023

We were successful in meeting the targets set for the KPIs in the year under review. This shows that the policies we have in place are bringing about the desired results. We certainly do not want to rest on our laurels, however, which is why Dunea remains focused on improving its services. This is where we directed our attention in 2023.

The progress reported in this section mainly concerns household customers. For business customers, progress is shown in relation to Mindful and sustainable use of water. See [2023 results – Drinking water now and in the future for more.](#)



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Improving service and the customer experience

Digital first

Contact in person if the customer wants it, digital where possible. That's the maxim we apply to our customer support activities. In the year under review, we took further steps towards digitalisation. For example, the information in the e-mail accompanying a statement has been simplified so that customers can see at a glance their usage during the period, the balance to be paid or any credits, and any changes to the amount of their direct debit. More self-service options have been added in MijnDunea. For example, customers can set up a payment schedule without the involvement of an employee. We can see that customers are making greater use of the facility to adjust their direct debit payments or the time at which payment is taken. The knock-on benefit in terms of sustainability is that we are generating less paper mail streams and there is less traffic in the system. Not only that, the use of digital services helps to continuously enrich our customer data. This allows us to tailor our services to the customer's situation and needs even better.

Other results include:

- focus on non-native speakers, with more information available in English;
- awareness of poor literacy: we employ a simple writing style on the website and in our communications so that our services can be understood as widely as possible;
- tips for being more mindful and sustainable in using drinking water, and the development of the online water-saving check, which went live at the end of 2023.

Investing in a good customer experience

Investment was made in 2023 in the experience for customers when they contact us. Both the competences and skills of our customer service team are important. We addressed this through a coaching programme: all customer service staff received one or more coaching sessions.

In these 1-1 sessions, the employee works with a coach: they listen to and read back their own responses to customers, and then work on areas for improvement. Internal meetings were also organised for customer service employees and our fitters who go out to customers' homes, to share knowledge and experience.

Accessibility

We employ a mix of channels in order to optimise our accessibility, including telephone contact, e-mail, chat and online contact forms. Customers indicated that they like to have a telephone helpline with a human at the end of the line. We seek customers' opinions about their experience of contacting us using customer satisfaction surveys. We also track how many customer contacts we receive through the various channels and, more importantly, what customers contact us about. We use this information to further improve our processes and services. One example is the addition of a decision tree on the website to make it clearer for customers how to carry out their own transactions. We have also made some changes to the frequently asked questions, with information about billing periods and an additional explanation of the meter reading notification number.

Progress on socially responsible debt collection

In 2023, the internal and external sales departments adopted a forbearance policy towards customers with payment problems. This allowed the debt collection team to offer a payment plan with lower instalments. The debt collection process was improved further and a new, considerate collection partner was selected. In 2023, the steps were mapped out to implement the new debt collection process in 2024.

We started pro-actively approaching customers who were at risk of going into arrears before a second payment reminder was about to be sent out. We contacted customers by phone to advise them to start paying on a monthly instead of quarterly basis, or to set up a payment schedule.

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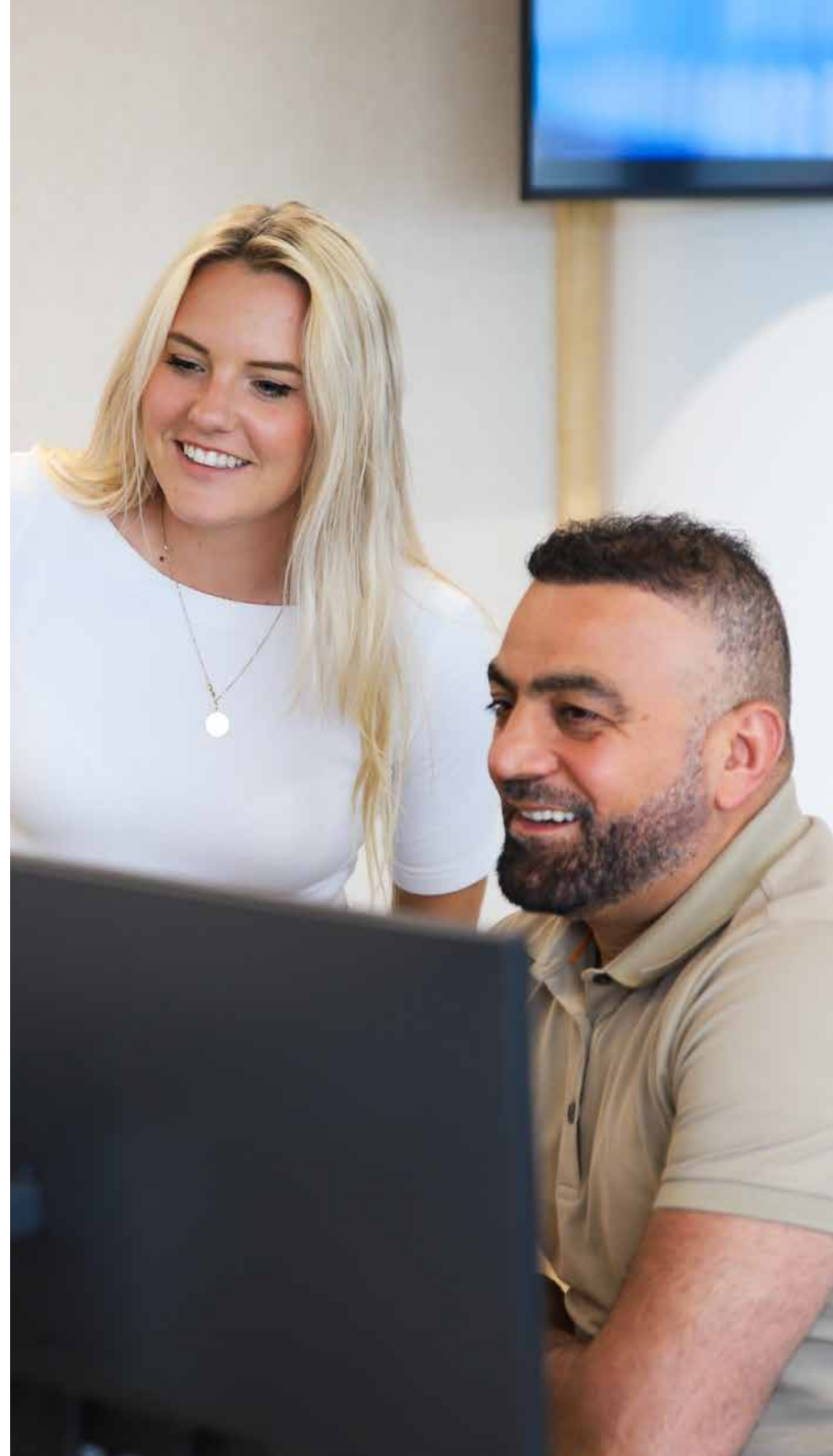
Improvements to administration

A major recovery drive was launched in 2023 to get meter readings that have been estimated over long periods up to date. The risk with meter readings that have been estimated over a number of years is that potential leaks are not detected and fixed promptly, or that customers are overpaying or underpaying. For this reason, it is important that we get up-to-date meter readings and log them in our system.

Agenda for 2024

In 2024, we will continue the course set within the Working for every customer core value, with a focus on:

- monitoring and potentially adjusting the new steps to implement socially responsible debt collection;
- further increasing the level of service, including the customer focus of our customer contact team;
- improving the quality of data in order to be proactive in approaching customers when the situation demands it;
- ongoing development of digital channels;
- ensuring seamless connectivity and a uniform customer experience in online, written and face-to-face customer communications.



150 years of Dunea

Marc Janssen, director of Stichting Duinbehoud

Peter Spiereburg, strategic advisor on Nature within Dunea

In conversation on the past, present and future of dune conservation

Dunea engages with its stakeholders, and the same is true for dunes conservation and management. Even though our interests may not always be aligned, we hugely value these partnerships.

'In the mid-1970s, students and lecturers at Leiden University campaigned against water extraction in the dunes', Marc starts by saying. He was personally involved in the protests that became the inspiration for the establishment of the Stichting Duinbehoud. 'This drove new provincial and national policies to better embed environmental protection in water extraction operations. DWL, a predecessor of Dunea, hired an ecologist and there was a major drive to invest in pre-treatment facilities to ensure that raw river water no longer entered the dunes and it would only do so once it was near drinking water quality. The focus on restoring nature grew from there. For example, there was a successful project to restore the Kikkervallei and Berkheide Zuid. Space for nature was also expanded, with new areas like De Klip, De Hertenkamp and Lentevreugd. Seen from our side, progress on dune restoration was better up to 2010; from that point your ambition seemed to wane somewhat. Fortunately, since the establishment of the Hollandse Duinen National Park, we are seeing a renewed outward focus from Dunea.'



'The campaigning actions of Stichting Duinbehoud were a wake-up call'

Peter: 'For Dunea, the campaigning actions of the Stichting Duinbehoud around 1990 came as a wake-up call: our dunes are of critical importance in ecological terms. From that point onwards, we started giving equal weight to the environment in our activities. Today, more than one in 10 employees at Dunea has a role that is directly concerned with the environment. Applicants indicate that it ranks high among their reasons for choosing to apply to Dunea. The wake-up call you put out has changed us as a company. These days being good stewards of nature and the understanding that we depend on it have become an internal driver of our actions. Take Meijendel and Berkheide as examples: in all these projects, we work from the principle that we want to leave nature in a better condition than when we found it.'

Joint field trip

Marc: 'In 1994, we joined Dunea on a field trip to Denmark to learn about how the natural dune system works there. That was a great initiative.'

Peter: 'It certainly was. Our goals overlap to some extent: the understanding that the dunes represent an important natural habitat. We can never say we're done, there is always room for improvement. Our understanding of what nature conservation means is also evolving. So, in the 1950s, it seemed like a good idea to plant marram grass and conifers. Now, that approach is considered outdated and we are primarily focused on allowing the dunes to become mobile again.'

Marc: 'The dividing lines have really shifted since those early years. The grassroots supporters of Stichting Duinbehoud tend to hold strong opinions, driven by care and concern for nature. That combined with Dunea's dual objectives (water extraction and nature) makes it critical that we continue to invest time and effort into cooperation between our two organisations.'

Peter: 'This is incredibly important, especially given the increasing polarisation we are seeing in society. We are keen to find and work from our common interests. It's not just that: you help to keep on our toes, even challenging us beyond our remit.'

"It's great that we've found common ground, even though we are coming at things from a different perspective"

Marc: "It's great that we've found common ground, even though we are coming at things from a different perspective" We see the dunes first and foremost as habitat for plants and wildlife. If the habitat is good for plants and wildlife, we can then look at possible co-uses. For example, we think it would be good if Dunea considered reconfiguring the path layout in the dunes. Fewer paths means more roosting and nesting areas for birds.'

Caring for the dunes

Peter: 'While working on the Berkheide project, we stumbled on an old farm with a well. It shows that the dunes have always been used by humans. Our human presence on the dunes also gives us a responsibility to take good care of them. We now have a better understanding of the value of nature in the dunes. That understanding helps us to maintain the balance with drinking water extraction needs. In each and every project in the dunes, whether for nature, drinking water or recreation, Dunea strives to ensure that nature in the dunes benefits. We appreciate the constructive input to this process from Duinbehoud, and the way they hold us to account.'

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Attractive work

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

KPIs	Target	2023	2022
Time to fill vacancies (% vacancies filled within 70 days)	>75%	63	75
Incident frequency ratio: Number of reports (hazardous situations, accidents)	< 4	4	5
Rate of sick leave (in %)	160	213	220
Sickness reporting frequency	5,8	5,3	7,3
	< 1,1	1,1	1,3

Material topics

- Safe working conditions
- Sustainable employability of staff
- Innovation and knowledge

Policy

Our employees are critical to achieving our strategic and operational 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.

Progress in 2023

Labour market challenges

The challenging conditions on the labour market were still in evidence in 2023. There were particular difficulties filling vacancies for engineering and technical roles, such as fitters, project managers and ICT professionals. We did not meet the time-to-fill target. Extra effort was directed at labour market communication, recruitment plans and campaigns and the size of the recruitment team was increased.

Growth in number of employees

Dunea saw the total number of employees grow in the year under review, from 546 employees at the end of 2022 to 563 at the end of 2023. 57 FTEs remained unfilled with permanent staff at the end of 2023. Where necessary, positions were filled using agency workers and efforts were directed at finding ways to ensure the most urgent work could still be undertaken.

There has been greater churn over a number of years, with increased employee intake, promotions and outflow. This trend continued in 2023. The number of unfilled job vacancies rose sharply in 2023. This was due to a large number of new positions being created, approaching retirement, higher voluntary outflow and increased internal mobility



One of Dunea's running teams during the CPC run in The Hague.

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and promotions. We see increased internal mobility as a positive development. We are keeping a close eye on whether additional measures are needed to ensure continuity.

Strategic personnel planning

During the year under review, a new methodology for strategic personnel planning was put into effect to further improve this aspect of HR policy. We will have a particular focus on employee development, building loyalty and engagement among employees, and boosting our position on the labour market. Training programmes aimed at developing competences are being developed for specific internal target groups. A labour market communication concept has also been developed. Both of these will be finalised and implemented in 2024.

Safety and well-being

The risk assessment and evaluation (RI&E) carried out in 2022 to draw up an inventory of risks to employee health and safety was finalised in 2023. Initial actions have been taken and governance around health and safety has been further improved. Toolboxes have been developed and their use is widening. A further new development involves conducting workplace inspections. The RI&E also evaluated psychosocial work stress (PSA) among employees. Compared to the benchmark, the conditions at Dunea are good, but we remain alert to the issue of stress at work for our employees.

At 213, the target for the number of reports of hazardous situations received was met (target = more than 200 reports). These reports are very valuable. On the one hand, they enable us to prevent future accidents; and on the other, they are a gauge of safety awareness in the organisation.



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The IF ratio came out at 4 over 2023; accordingly, the target of a maximum of 4 was met. The figures relate to four accidents with an injury and the need to take sick leave. We analyse every report, including reports of near-misses and, where possible, adjust policies and procedures to prevent repeat incidents.

We have not received any concerning signals from employees in relation to well-being. For example, the offer of budget coaching was not taken up in 2023 again.

No complaints (2022: 1) were made to the internal complaints committee. Internal confidential counsellors received 18 reports (2022: 16) reports, 16 of which were signed off as resolved. Further action on the unresolved reports and discussions will be taken in 2024. No (2022: same) complaints were made to the external complaints committee with regards to inappropriate behaviour.

Diversity and inclusion

A vision, policies and a plan of action on diversity and inclusion were drawn up in the year under review. The aim is to appoint more women to engineering roles, and to attract and retain employees from ethnically diverse (non-Western) backgrounds.

Screening of employees

Dunea is considered to be a critical sector; it is important that drinking water supply is not disrupted. New employees were already being screened, including a qualifications check and criminal records check. There was no screening while in employment. A new rule was adopted in 2023 that further improves screening of new employees, and also provides for screening during employment. Different screening methods are employed depending on the level of screening associated with the role. All employees at the high and medium risk levels were screened in 2023.

Absences due to sickness

Thanks in part to new policies and a different approach by our new occupational health and safety service, sick leave came out at 5.3% in 2023. The target of no more than 5.8% was therefore met. The frequency of sick leave, at 1.1, was equivalent to the norm.

Long-term employability among employees improved significantly thanks to a proactive approach to (impending) incapacity for work. Offering employees regular medical appointments and workshops on dealing with work stress and measures to pick up on the early signs of workplace stress have also contributed to better long-term employability and lower rates of sick leave.

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Agenda for 2024

We will continue this course in 2024, with targeted actions such as:

- launching a new image and recruitment campaign aimed at the labour market in order to better present Dunea to potential employees as an employer with a difference;
- ongoing development of the training offer focused on competences and knowledge;
- introducing an updated evaluation and performance review cycle, with more room for dialogue and personal ownership;
- implementing the diversity and inclusion action plan, focused on developing awareness and understanding, the approach to the labour market and analysis of key figures;
- promoting sustainable travel (commuting and business trips);
- detailing and implementing the safety measures from the RI&E.



Staff and organisation

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Number of employees



563
↑ (2022 546)

Average age



47,4
↕ (2022 47,4)

Absences due to sickness



5,3%
↓ (2022 7,3%)

Full-time and part-time contracts by gender



Full time
30.0%
↓ (2022 31.5%)

Part time
70.0%
↑ (2022 68.5%)



83.1%
↕ (2022 83.1%)

16.9%
↕ (2022 16.9%)

Ratio of men to women



26.6%
↓ (2022 27.3%)



73.4%
↑ (2022 72.7%)

Women and men in management roles



7
↓ (2022 9)



19
↑ (2022 16)

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Dunea achieved a result of €6.8 million in 2023, an increase of €0.5 million on 2022. In this section, we explain our financial results in more detail.

2023 result

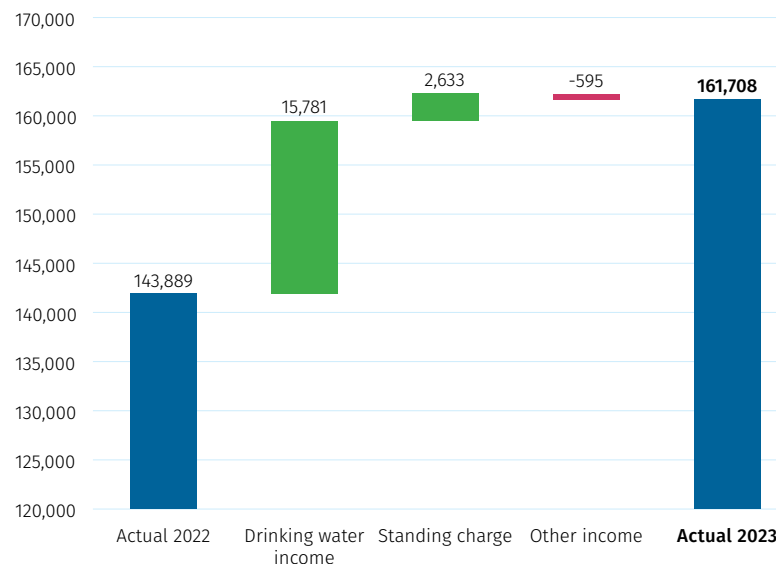
(amounts x €1,000)	2023	2022	in EUR	%
Total operating income	161,708	143,889	17,819	12,4
Total operating expenses	-149,167	-132,789	-16,378	-12,3
Financial result	-5,691	-4,793	-898	-18,7
Result after tax	6,850	6,307	543	8,6

The result after tax for 2023 came out at €6.8 million (2022: €6.3 million). Operating income increased by €17.8 million, mainly due to the m³ drinking water tariff increase and higher standing charges. Operating expenses increased by €16.4 million due to higher energy prices, inflation, higher wage costs and the hiring of expertise.

Operating income

94.5% of the operating income consisted of water income (2022: 93,3%).

Operating income Actual 2023 vs Actual 2022 (x €1,000)



Water sales (including bulk sales) fell by 0.2 million m³ compared to 2022. Despite the decrease in m³, sales income increased by €15.8 million due to the increase in the variable rate of €0.22 per m³. In addition, income from the standing charge increased by €2.6 million due to an increase in the number of service addresses and the €2.46 tariff increase for the most frequently used supply capacity. The €0.6 million reduction in other income was mainly due a 9% reduction in new drinking water connections.

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2023 drinking water tariff

The tariff structure remained unchanged in 2023. Customers pay a standing charge for their drinking water supply. The amount of the standing charge is based on the supply capacity at the customer's service address. Customers also pay a fixed tariff per m³ for drinking water consumption. Dunea applies the 'break even' principle to all tariffs, where the drinking water tariff and the standing charge tariffs are structured according to the cost-plus method: cost price + a (profit) 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. The guiding principles Dunea operates by in this regard can be found in the financial policy. This policy is designed to ensure Dunea remains in a financially healthy position and therefore that its finances are adequate to meet its future investment needs. When determining margins, Dunea may not exceed the maximum capital costs based on the WACC 2023 2.95%).

In 2023, the lowest standing charge, which applies to more than 95% of our customers, rose to €66.88 (2022: €64.42). The variable tariff increased to €1.29 (2022: €1.07). Tariffs will rise further in 2024, to €78.21 for the lowest standing charge and €1.33 for the variable tariff. This increase is being put in place due to an expected fall in sales of 4% relative to 2023 and an anticipated increase in costs, particularly in relation to wages and digital transformation – albeit this will be partially offset by a reduction in energy costs. The tariffs stated are exclusive of VAT and tap water tax.

Every year, the Netherlands Authority for Consumers and Markets (*Autoriteit Consument en Markt*, ACM), commissioned by the Human Environment and Transport Inspectorate (*Inspectie Leefomgeving en Transport*, ILT) reviews how drinking water tariffs have been set. Based on the recommendations from the ACM, the ILT concluded that the 2022 drinking water tariffs are in compliance with the regulatory framework in all aspects tested. On the basis of the positive outcome of the evaluation of how the 2022 drinking water tariffs were set as well as previous reviews, Dunea will be evaluated every two years instead of every year from 2023 onwards. The next review will take place in 2024; this review will look at how the 2024 drinking water tariffs were set. Accordingly, the ILT did not carry out a review in 2023.

In 2023, the ILT opted to define the supply of drinking water not used for consumption as a non-statutory activity in the context of tariff regulation. It has imposed a best efforts obligation on water companies to disclose this to customers with consumption of more than 100,000 m³. Dunea has made clear its objection to this, in common with the entire drinking water industry, but has incorporated it into the 2024 tariffs as set out. Discussions will continue with the ILT on any further implications of this change in interpretation, particularly for the scope of the duty to supply in 2024.

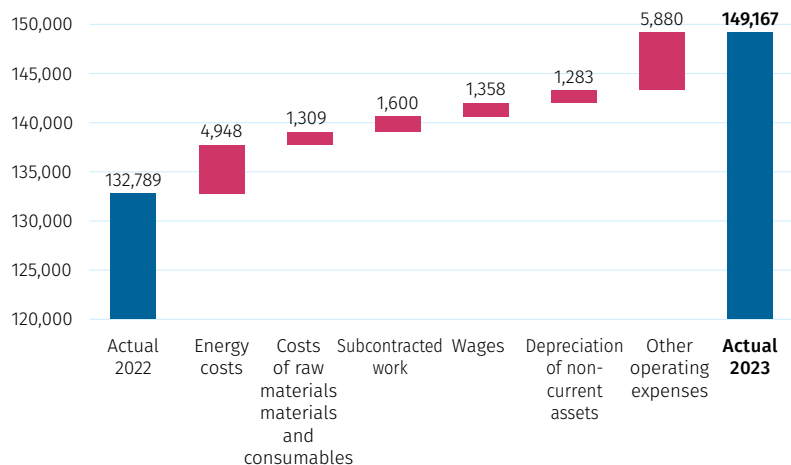
More information about the tariff schedule can be found on [our website](#).

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Operating expenses

Operating costs Actual in 2023 versus Actual in 2022



Total operating expenses increased by €16.4 million compared to 2022.

- Energy costs increased by €4.9 million due to a €9.1 million increase in electricity costs mainly due to a higher purchase price, partly offset by a multi-year refund for energy tax already paid equating to -€4.1 million.
- The costs for raw materials and consumables rose by €1.3 million, mainly due to the use of higher levels of pulverised coal to remove PFAS from drinking water as far as possible.
- Outsourcing costs increased by €1.6 million due to higher maintenance costs for pipelines, installations and nature. Of these:
 - €1.3 million was for pipelines resulting from failures in transport and river water transport pipelines;
 - €0.4 million was in respect of operating costs for the Zonnepanelen 2.0 project;

- €0.9 million was in respect of installations and nature, including €0.4 million inflation.

This was offset by the release of €1.0 million from the provision for the Scheveningen slow sand filters and the provision for the Katwijk office.

- The wage bill increased by €1.4 million due to an increase in the average number of employees (€1.1 million), price effects on wages (collective labour agreement, pension premiums and a one-off payout in 2023) of €0.8 million and a lower contribution to the provision for holiday entitlement (-€0.5 million).
- Depreciation and amortisation costs grew by €1.3 million, of which €0.4 million was attributable to investment in the Brak Grondwater and Valkenburgse Meer pilots, which have a relatively short amortisation period, and €0.9 million due to the completion of various projects.
- Other operating expenses increased by €5.9 million.

There were several reasons for this increase:

- the costs of engaging external experts increased by €2.4 million of which €1.4 million relates to digital transformation (transition to UMAX365) and €0.8 million relates to Drinking Water Supply for the Future;
- agency staff costs for permanent positions increased by €1.1 million due to the large number of vacancies that are difficult to fill in the current labour market and are covered using agency staff;
- accommodation expenses increased by €0.8 million due to inflation and high gas prices;
- other personnel costs increased by €0.5 million, mainly due to higher training costs;
- ICT and communication costs increased by €0.4 million, mainly attributable to inflation;
- office and laboratory expenses increased by €0.4 million, also due to inflation.

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Financial result

The financial result is down €0.9 million compared to 2022. On the one hand, there was an increase in interest expenditure of €1.2 million as a result of new borrowing with a higher interest rate; on the other hand, there was a plus due to an improvement in the negative result from participating interests of €0.3 million.

Investments

In 2023, €48.6 million (2022: €37.7 million) was invested in tangible fixed assets. These represent net investments; gross investments amounted to €55.9 million. The difference between net and gross investments is constituted by contributions received from third parties for reconstruction projects in relation to (river water) transport pipelines.

Investments in 2023 mainly concerned the following major projects:

- €26.0 million in improving the pipeline network;
- €9.6 million in the Berkheide programme.
- €2.5 million in the Trekvlief construction project;
- Workplace of the Future programme: €2.0 million;
- reconstruction of Westergouwe river water transport pipeline: €0.3 million (of which €7.1 million expenditure and €6.8 million contributions).

Investments were also made in 2023 in the 'Drinking water for the future beyond 2030' programme, in particular for the Brak Grondwater and Valkenburgse Meer pilots. These investments are included in the intangible fixed assets in the amount of €1.2 million (2022: €1.1 million).

The increase relative to 2022 is largely due to increased investment in the Berkheide Programme. In addition, projects worth €36.5 million (2022: €40.3 million) were concluded and capitalised in 2023. The work in progress item was €50.5 million at the end of 2023 (2022: €38.6 million). The drinking water sector needs to make significant investments. Projected investment by Dunea for the period 2024-2028 is estimated at

€348 million. Most of this investment relates to the distribution and transport network (€134 million) and the Drinking Water for the Future programme (€177 million), including investment in new sources and the Berkheide programme. This investment is necessary to ensure the quality and security of supply of drinking water into the future. While the size of the investment is a considerable challenge in itself, it is important that the risks around the financing of these investments is minimised as far as possible. A study looking at long-term funding for the required investment was carried out in 2023. The expectation is that Dunea will have sufficient potential to raise the capital investment required externally. The support of shareholders is crucial in enabling us to take advantage of these opportunities and to minimise our risks.

Financing and ratios

The total loan portfolio (including bank overdrafts) amounted to €263.2 million at the end of 2023 (2022: €255.3 million). A new loan of €23.0 million was raised in early 2024.

	Target	2023	2022
Solvency (in %)	>= 30,0	40,0	40,4
Debt ratio	8,0	5,9	5,8
Interest coverage ratio	1,3	2,3	2,6

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Dunea monitors changes in the ratios so we can make timely adjustments to keep the ratios at the desired level. A WACC working group was established in late 2023 (with the Ministry of Infrastructure and Water Management, ACM, ILT and Vewin) that is working on solutions to funding problems in the drinking water sector. In doing so, they will take forward the potential solutions outlined in Rebel's feasibility study from May 2023. Currently, the focus of the working group is on short-term solutions, i.e. those that can be implemented in 2024 for the WACC on 1 January 2025. We are monitoring these developments closely with a view to assessing the funding potential for our investment needs.

Interest rates first rose sharply in 2023 and then started to decline towards the end of 2023. Banks expect interest rates to stabilise in the first part of 2024 and potentially to fall further 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 2023. This had an impact in particular on energy costs, the cost of chemicals, as well as wage and outsourcing costs. Other than wage inflation as a result of collective bargaining, we are seeing inflation stabilising.

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 its regular business operations. Dunea does not use derivative financial instruments.



Special 'toad barriers' were installed to protect toads in our dune reserve during the work at Berkheide.

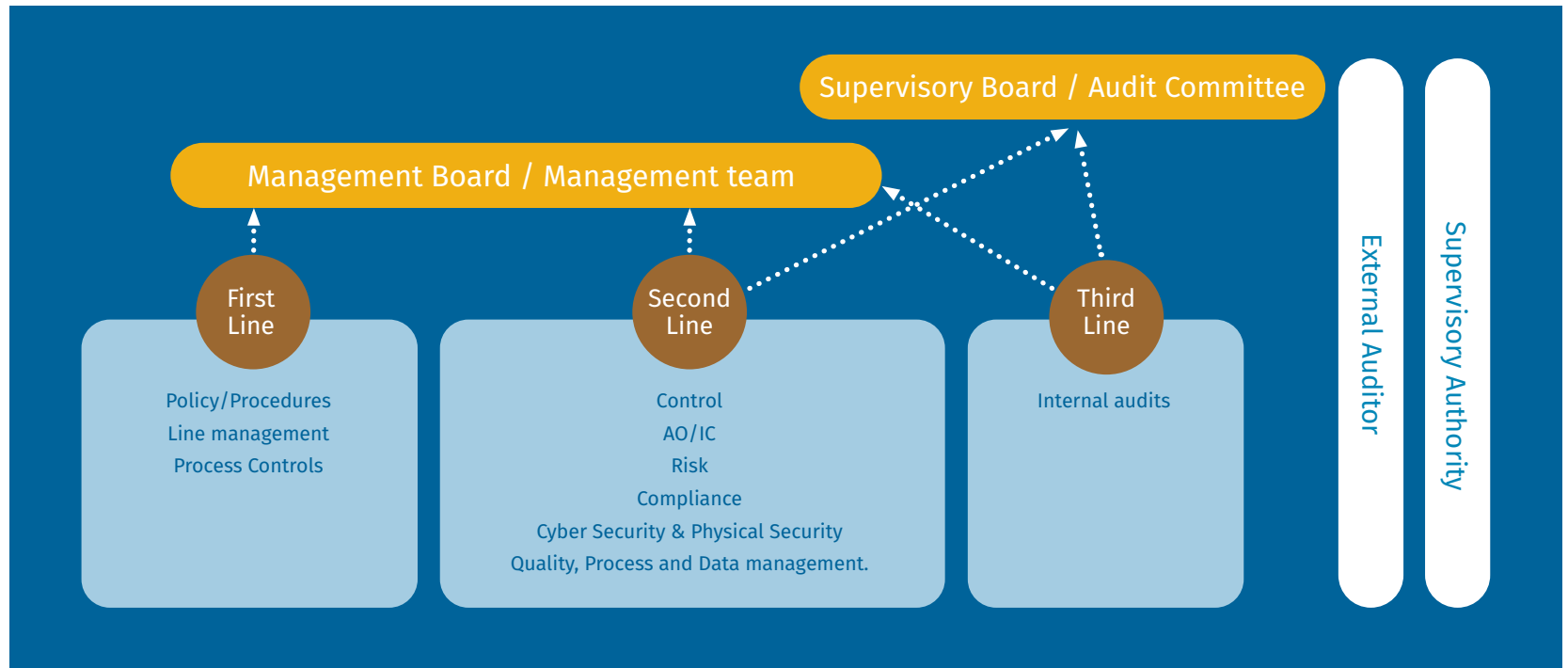
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Risk management

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 (MT) are ultimately responsible for the risk management process, together with the line managers.

The second-line risk management role is responsible for establishing, supporting, advising and assuring a sound risk management process, at all times in support of the business. This role has been assigned to several Dunea staff members, who coordinate their activities with each other.

Even though Dunea does not have an independent internal audit function, it does carry out audits under the responsibility of the quality, process and data management manager. These are mainly operational audits on critical and high-risk processes (third line of defence). The risk management and audit processes are closely linked within Dunea. Risks identified by the second line help determine the audit plan for the year and where the emphasis will be in audits. The findings from audits are shared with the second line and may lead to the level of risk being adjusted (up or down).

Risk management process

The risk management process, based on the COSO Enterprise Risk Management Integrated Framework (COSO-ERM), takes place in a number of steps. It has not changed in the year under review; it is sufficient to describe it in outline here.

Relevant risks associated with Dunea's strategy, objectives and activities are identified in two internal surveys that happen at different times. 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, Do we accept the risk, do we want to avoid or reduce it, or do we opt to mitigate the risk by transferring 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. This process takes place twice a year; the risk register was last updated in February 2024. These changes are reflected in this annual report.

The strategy and risks are also discussed twice a year with the Supervisory Board, The Chief Executive explains the main risks at the General Meeting of Shareholders each year. 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 line with the COSO model, Dunea's risks are grouped under four categories: strategic risks, operational risks, financial risks and compliance risks. The company-wide risk analysis carried out in 2023 resulted in a number of changes relative to 2022. These changes are indicated by an arrow in the matrix. The main changes are briefly outlined below.

The main finding in relation to strategic risks is that the two main risks have remained high and, if anything, are higher despite efforts on Dunea's part to control them. Firstly, this concerns the risk of contamination of drinking water by unknown, emerging or persistent substances, such as PFAS, drug residues, chemicals and pesticides. This risk remains high since known or unknown persistent substances still regularly enter drinking water supplies and subsequently accumulate in our drinking water system. This is exemplified by the fact that Dunea had to halt extraction from the Maaswater as a precautionary measure in 2023 due to a pesticide pollution incident. The detection system set up for this purpose with the Ministry of Infrastructure and Water Management, other drinking water companies and the Waterlaboratorium is working effectively. However, what these pollution incidents do show is that the spotlight needs to remain firmly on permit-issuing authorities and polluters when we are talking about the protection of sources. Dunea is also continuing to closely follow developments around a possible tightening of PFAS standards to create a new standard. This is important since, even with extra treatment steps, Dunea does not always meet the expected new standard.

Secondly, the risk to security of supply due to capacity problems in production remains undiminished and, if anything, has increased slightly.

A person wearing a green long-sleeved shirt, tan waders, and black rubber boots is standing on a grassy bank next to a pond. They are holding a large, dark-colored crayfish in their hands. The pond has several large green lily pads floating on the surface. A wooden log is partially submerged in the water. In the foreground, there is a black bucket filled with water and more crayfish. A blue text box is overlaid on the bottom right of the image.

There are non-native crayfish at Dunea's site in Bergambacht, but fortunately we are able to control population numbers by catching them.

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On the one hand, the capacity of our current resources is under pressure due to reduced supply as a result of climate change, reduced quality of sources and projected increases in demand. On the other, the extraction capacity in the dunes is under pressure because the planned expansion to extraction is behind schedule. This is caused by the excessively long time it takes to process permit applications with hold-ups due to objections or the process foundering entirely because other interests prevail. We seek to manage this risk partly through additional measures, specifically those aimed at reducing water demand, such as promoting mindful and sustainable use of water among consumers, offering a water scan to business customers to increase understanding of how to use water carefully and properly and, where appropriate, we would explore the options for supplying them with untreated river water instead of drinking water. At the same time, we have taken action internally to improve knowledge and data quality, with the aim of speeding up the permit process so that projects can be turned around more quickly. In the longer term, Dunea is working through the Drinking Water Company of the Future programme towards changing its treatment system and moving to a hybrid system. Such a hybrid system will make use of multiple sources and will mean Dunea is less dependent on the quality of one specific resource and on extraction capacity in the dunes. However, it will only be possible to realise and put these measures into effect in the longer term.

Both water quality and security of supply could also be negatively impacted by the energy transition. Quality could be impacted by hotter pipelines due to overcrowding and heating of the underground landscape as gas pipes have to give way to heat pipes. There is also the risk for Dunea of the quality of our sources being put in jeopardy by permission being granted for geothermal drilling around (potential) drinking water sources. Capacity is under pressure due to the risk of insufficient energy availability to expand our extraction and treatment processes as a result of grid congestion, but also because of space

constraints for our infrastructure due to the increasingly crowded underground landscape. It is important for Dunea to safeguard its role and position as a drinking water company in development projects, zoning plans and local neighbourhood plans, and to be at the table when these come under discussion. Close cooperation and liaison with other grid operators (at all levels) allows for work to be coordinated, strengthens relationships and raises awareness of drinking water interests among those who play a key role in the construction of underground infrastructure for the energy transition.

The risk of flooding at the Bergambacht Pumping Station and the consequent loss of drinking water supply in Dunea's supply area also continues to be high. Inventories carried out in recent years show that the flood risk at the relevant dike sections is many times higher than the permitted standard. Dunea has been in close consultation with the water boards concerned, the director of the *hoogwaterbeschermings-programma* (high water protection programme, HWBP), the Province and the government to look into whether remedial work on the relevant dike sections can be brought forward. Unfortunately, the work for all the relevant dike sections has not been expedited to date, because it is not high enough up on the list of priorities. Since the full reinforcement programme is not expected to be complete until 2050, Dunea has informed the regulator of the risk. Dunea has sent a letter to the Ministry of Infrastructure and Water Management asking it to make work to the dike section in question a priority. In his response, the minister stated that he will seek to open up channels of negotiation with the HWBP and the water board concerned. Dunea is also formulating agreements with the water boards and the safety region concerned on the response should an incident occur, and is investigating the effectiveness and feasibility of potential measures to reduce the impact in the event of a dike breach. These measures are expected to have only limited effectiveness: they would only be effective at low water levels in the case of a dike breach.

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A new risk in the register relative to 2022 is that of a possible limitation to drinking water companies' duty to supply. This is the risk that the new classification of the supply of 'other', non-potable water (water not intended for domestic purposes) as a non-statutory role of drinking water companies will lead to competition in the market, putting pressure on the supply of drinking water. In 2023, the regulator ruled in its tariff regulatory role that the supply of water to business customers who do not use this water for domestic purposes does not fall under drinking water companies' duty to supply and should therefore be classified as a non-statutory role. Although drinking water companies are legally permitted to supply non-potable water, this could bring with it a number of risks if the consequence is that water companies then have to compete with commercial operators for scarce drinking water resources, for space in the ground and to supply water to (large) business customers. Ultimately, these customers still need drinking water too, after all. This could lead to problems with continuity of supply, problems with water quality and price rises for other customers. The drinking water industry is in discussions with the ministry to press for the required quality of the water to be leading when classifying drinking water and deciding the scope of the duty to supply. Dunea is already actively engaged in discussions with our (large) business customers to explore solutions for their non-potable water needs, to allow us to adjust for this and to prevent risks to drinking water supply and public health.

The financial risks of funding for future investment needs fell relative to 2022. Dunea has a good equity base, has sufficient funding options on the market and can stay within its agreed ratios for borrowing and covenants for the foreseeable future. External developments, such as rising interest rates, create greater uncertainty around the potential for exploiting any elbow room within the WACC. Dunea's long-term financial strategy is therefore aimed at maximising the elbow room in the WACC in order to further strengthen its equity base and, in so doing, minimise

financial risk as far as possible, all of which is put before and agreed with Dunea's shareholders.

Finally, we can see that our action on ecosystem management is also paying off. Our stakeholders increasingly involve us at an early stage in plans and proposed projects that could impact our sources or subsurface infrastructure. We are also working more closely with parties who partner with Dunea in the underground landscape. By involving Dunea in plans at an early stage, Dunea can better safeguard its drinking water interests and contribute ideas on how to effectively manage specific risks to drinking water supply. This could include risks associated with the potential relocation of our critical infrastructure. We welcome these developments.

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 from new products & services on drinking water role (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
- 17 Consequences of limitation on water companies' duty to supply non-potable water

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

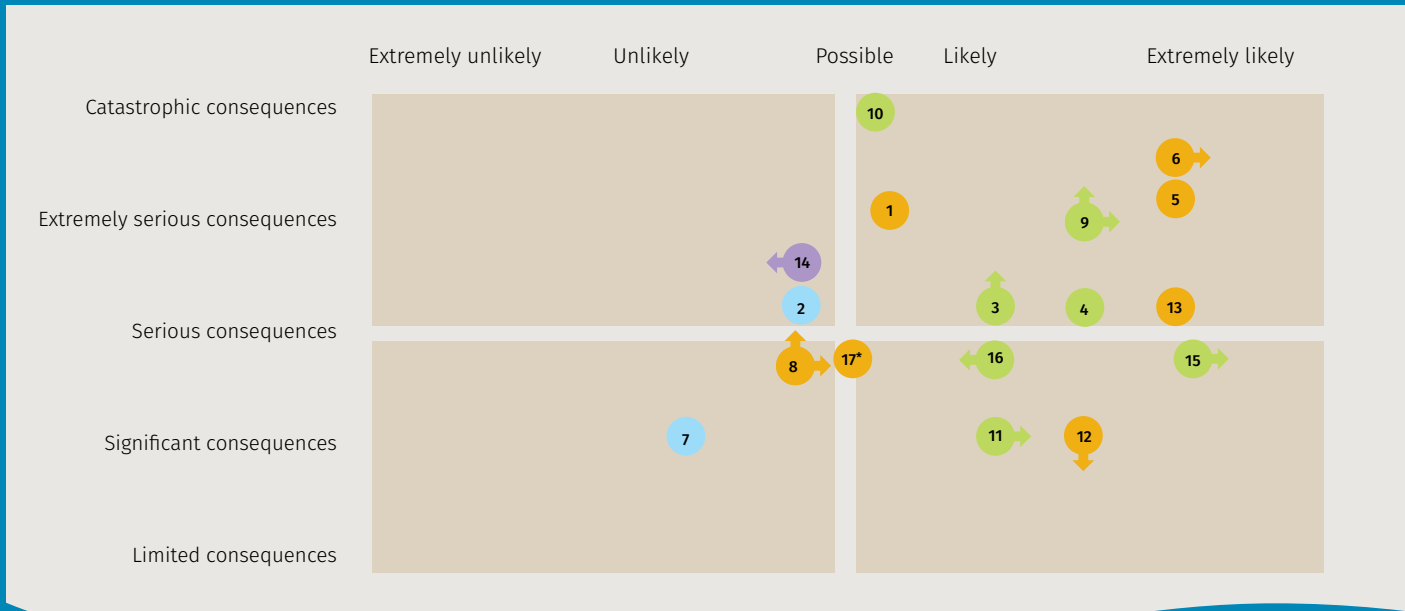
- 2 Non-compliance with new/changing laws and regulations
- 7 Fraud/conflict of interest/corruption resulting from unduly wide powers/inadequate controls

Financial risks

- 14 Ability to obtain financing for future investment requirements

Potential likelihood of occurrence

Impact/damage with respect to Dunea's objectives



- Strategic
- Operational
- Financial
- Compliance
- ↗ Risk has increased
- Risk has stayed the same
- ↖ Risk has fallen

*New risk in 2023

³ The risks listed here are all net risks.

Strategic risks

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Risk	Measures	Risk tolerance ⁴
Impact on drinking water quality due to contamination of sources with new, unknown or emerging substances (5)	Monitoring; prevent contamination: create awareness of the need to protect sources among permits issuers and other stakeholders; Drinking Water for the Future programme: hybrid system. Use of membrane technology	Nil/Low
Pressure on security of supply due to source capacity problems (6)	Acceleration of Berkheide programme: talks with permit issuers; accelerate/ broaden Drinking water for the Future programme/ hybrid system where possible; use the Lek as fully fledged extraction source; More active promotion of mindful and sustainable water use; Water scan for business 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)	Subsurface and infrastructure ecosystem management strategy, safeguard business rights including in plans, Drinking Water for the Future programme; focus/collaboration with grid operators	Low
Competing interests between short-term and long-term visions of key stakeholders and Dunea (1)	Create awareness among stakeholders of the public interest in the drinking water supply and challenges facing Dunea through a variety of channels	Low
Risk of negative pressure on the drinking water function due to new products and services (8)	Strict separation of statutory and non-potable water activities while retaining synergy benefits; evaluate governance and innovation funnel processes; product management process; skilled employees; collaboration E/G partners	Low
Consequences of limitation on water companies' duty to supply non-potable water (17)	Vewin consulting with regulator on duty to supply; discussions with business customers on use and solutions for non-potable water needs	Low

⁴ 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)	Hybrid system; address HWBP (high water protection programme) priorities, intensify consultation and cooperation with relevant stakeholders (BA master plan); inform regulators; research effectiveness/feasibility of second-level and third-level measures	Low
Pressure on security of supply due to failure of critical IT systems (4)	Manage/monitor assets using multi-year plan; security and crisis management process automation; redundant systems, incident response plans, physical security policy	Nil/Low
Prolonged failure of critical components in drinking water infrastructure/assets (9)	Risk analysis, regular inspection and maintenance, prioritise required replacements in multi-year asset plan; River Water System programme and Bergambacht Master Plan	Low
Risks of energy transition for drinking water capacity and quality (15)	Organisational ecosystem vision; cooperation/coordination with grid operators and E/G partners; role and positioning of Dunea Warmte & Koude; ban on geothermal drilling in drinking water areas under Mijnbouwwet (Mining Act); WGIW consultation	Low
Too few qualified staff and loss of expertise in the organisation (3)	Recruit staff earlier/support for recruitment; invest in/broaden personnel skills; strategic personnel planning; outsourcing strategy and outsourcing specialist knowledge; capture, digitisation and transfer of knowledge.	Low
Loss of essential data for business processes as a result of cyber crime (16)	Security and crisis management; Wbni audit; data sharing process; enhance data steward role; implementation of SIEM/SOC; participation in ISIDOOR; set up offline backups + network segmentation	Nil/Low
Inadequate oversight of (digitised) processes and data quality (11)	Embed processes and controls within framework; focus of audits; data management; timely transfer of knowledge/files; investigate introducing digital twins	Low

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Financial risks

Risk	Measures	Risk tolerance
Ability to source funding for future investment needs (14)	Monitor loan/covenant ratios; consultation with banks; raise awareness of funding needs among stakeholders; make optimum use of elbow room provided by profitability; focus and support for long-term projections/scenario analyses	Low

Compliance risks

Risk	Measures	Risk tolerance
Non-compliance with new/changing laws and regulations (2)	Monitoring; influence/coordination in the context of Vewin, regular consultation with regulator, analysis and coordination of impact and KPIs for first-line project groups	Low
Fraud/conflicts of interest/corruption resulting from unduly wide powers/inadequate controls (7)	Adequate separation of roles; internal control system; regular fraud risk analysis; workshops to raise awareness of the recalibrated 'Dunea Deal' and as well as the code of conduct and company policies; screening of employees	Nil/Low

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Other key themes

Dunea works continuously to update and optimise its risk management system. Key within this is ensuring the organisation is and remains alert and is able to respond decisively, with a specific focus on crisis management and digital security.

Update on fraud risk analysis

A new analysis of the risk of fraud and conflicts of interest was initiated in 2023. The aim here is to build an up-to-date picture in relation to this risk and to adapt and better target existing mitigating measures. This analysis is expected to be concluded in the first half of 2024.

Crisis management

The management of crises and minimising the consequences of a crisis are top priorities 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 organisation (consisting of an operations team, policy team, communications team and technical team) is able to bring the situation under control as quickly as possible, and to minimise the consequences;
- in the event of a crisis, clear working agreements are in place on escalation, roles, tasks, information sharing, decision-making and communication; we operate from a central base in the grid, which means that information is mutually shared centrally so that everyone involved has the same picture of the crisis, and use the BOB method (picture-evaluate-decide).

- 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;
- crisis communication is open and transparent.

There was an escalation to the crisis organisation five times in 2023. In none of these emergencies was the supply and quality of drinking water compromised.

Dunea participated in the national ISIDOOR IV crisis exercise during the year under review. The lessons and points of concern from the evaluation, which are due to be shared in 2024, will be used as an input to our crisis management system.

Audits and continuous improvement

Internal audits are carried out to reveal areas for improvement and risks in the internal organisation and processes, and to monitor compliance with legislation and regulations. Five internal audits were initiated and concluded in 2023. The audits looked at the water meter replacement process, safety processes as well as other processes. A number of areas for improvement were identified by the audits and these have been pursued internally. The outcomes did not lead to any changes in the risk matrix. In addition, two internal audits were initiated in 2023 that are ongoing in 2024.

We take a pro-active approach to bringing forward improvements. To achieve these improvements, process improvement officers were deployed throughout the organisation. Staff took on this role in addition to their normal workload. Our efforts in the area of process management led to the renewal of our ISO 9001, ISO 14001 and VCA** certifications in 2023. We were also certified for the first time for the CO₂ reduction management module.

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Digital security and cyber security

The purpose of information security is to monitor the availability, integrity and confidentiality of our information. We do this by continuously monitoring risks and changes to risks, and adjusting the measures (including organisational, technical and awareness-raising measures) we take to address these risks. Dunea has an information security policy and an organisation that prioritises information security. We work with a security architecture framework in which we classify our information (data assets) at the dataset level. We have also created a culture where staff have a constant focus on information security, which has increased information security awareness.

There were no security incidents or data leaks in 2023. Dunea did have to deal with a hack at a supplier, but this had no consequences for Dunea. For added security, additional control measures have been implemented and stricter contractual arrangements have been made with this supplier.

An ILT inspection was carried out in March 2023. The ILT concluded that, in general, Dunea has thought carefully about its priorities and working methods in the day-to-day running of its business. The important basic elements are in place, leading the ILT to conclude that, within the scope of the inspection, the cyber risks to the drinking water supply are sufficiently covered. No deficiencies were observed; Dunea will work on the opportunities for improvement.

Dunea continues to prepare for the introduction of NIS2, the new European cybersecurity directive that also imposes requirements with regard to supply chain responsibility. The steps Dunea has taken include preparing for certification under the ISO 27001 Information Security standard, and coordinating with the industry on the implementation of NIS2.

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 functioning, 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 2023.

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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As part of the vital infrastructure and as guardian of safety 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 Code. In 2023, the revised version of the Code from December 2022 was used for this purpose. Dunea already complied with the obligations in this new version in the areas of diversity, inclusiveness and stakeholder management.



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In 2023, Dunea deviated from the revised Code in respect of one component:

- **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 auditor’s report. This ensures that the Management Board and Supervisory Board (including the Audit Committee) are kept informed with regard to internal processes. This enables them to exercise effective supervision of these processes.

Our governance structure

The participating interest in Water Fund Holland B.V. and the associated foundation, which had been inactive for some time, were terminated and dissolved with effect from 18 April 2023. The remaining funds in the participating interest were distributed to the shareholders in early 2024 in proportion to the outstanding debts.

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

Legal structure as at 31 December 2023



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Management Board

The Management Board, which comprises one managing director named in the Articles of Association (“the Management Board”), is responsible for the day-to-day management of Dunea and for shaping the strategic direction 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 Dunea Management Board reports to the shareholders at least twice a year on the policies pursued, the annual and long-term budgets, the tariff regulations and the annual report during the half-yearly General Meetings 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 powers 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:

1. Audit Committee

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

2. 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 annual task of 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 competencies is a key selection criterion for appointments and reappointments of new members of the management team and Supervisory Board. These criteria are laid down in the Supervisory Board Charter and profile, among other documents.

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In 2023, the diversity targets were revised for the five-member Supervisory Board (a 60:40 ratio, either M:F or F:M), the Management Board (not applicable, as there is only one member) and the three-member management team (a 66:33 ratio, either M:F or F:M). The targets have not changed. Based on the composition of these bodies at the end of 2023, Dunea meets the requirements in the Diversity Quota and Targets Act. The Diversity and Inclusion Policy was adopted in 2023.

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 General Meetings of Shareholders includes the adoption of the annual report, the long-term 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 redistribution of shares took place in 2023. This occurs once every five years based on population numbers. A detailed breakdown of the number of shares held by each municipality can be found on page 133.

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 of the Drinking Water Act. 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. In reviewing our drinking water tariffs, the ILT is advised by the Netherlands Authority for Consumers and Markets (ACM).

After the end of each financial year, the ILT assesses Dunea's corporate governance statement, which shows actual revenue and expenses broken down by statutory and non-statutory activities. This is used to definitively establish the realised 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 2023, consultations took place through Vewin with the ILT about the scope of the definition of 'drinking water', the associated duty to supply that applies to drinking water companies and the resulting implications. This mainly related to the ILT's decision, as part of its tariff supervision, to define the supply of drinking water that is not used for consumption as a non-statutory activity, and to impose a best-efforts obligation on drinking water companies to monitor such use among customers with a consumption of more than 100,000 m³. In 2024, the drinking water sector will continue discussions with the ILT about any further implications of this change in interpretation, particularly for the scope of the duty to supply.

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We appreciate the open dialogue with the ILT. The current form of supervision leads to greater understanding on the part of the regulator about the long-term challenges Dunea faces as well as to discussions on how the regulator can support Dunea to achieve its objectives.

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. Dunea's Compliance Officer ensures that the organisation, its employees and third parties acting on behalf of Dunea are informed of and undertake their activities in line with legislation and regulations, codes of conduct and policy. 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 '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.

In 2023, a new version of The Deal of Dunea and a new Code of Conduct were adopted for behaviour within Dunea, dealing with conflicts of interest and securing company assets and information. Staff members were 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 Deal of Dunea or the Code of Conduct are recorded in the compliance register by the Compliance Officer and reported to the Management Board. Appropriate management action is then taken in consultation with the Management Board and management team.

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 ancillary positions

Director of Stichting Nationaal Park Hollandse Duinen, Chair of the Water Companies Employers' Association (until 1 July 2023), Board Member of VNO-NCW (until 1 September 2023), Chair 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 the Supervisory Board of Maag Lever Darm Stichting (Gastroenterology Foundation – until 1 November 2023), Member of the Supervisory Board of Stichting Voortgezet Onderwijs Haaglanden (until 1 January 2024), Board Member of Stichting Fundatie Notelaers, Member of the Dutch Senate until 13 June 2023



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
Expert in water chain management
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 Rhooen, 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 in innovation/digitalisation, compliance/
risk management, cyber security and works councils

First appointed

2020

Current term ends

end of November 2024

Profession

CEO of Rotterdam The Hague Airport

Relevant ancillary positions

Board member of Airports Council International Europe



P.G. Pijper
(1966)

Nationality

Dutch

Position

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,
Director and CFO of Elestor B.V.

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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 2023 reporting year.

Supervision

Topics discussed in 2023

During the meetings of the Board in 2023, many topics were discussed that are important for the supervision exercised by the Board. The Board briefly touches on a number of these topics below.

The General Meeting of Shareholders

The Board was pleased to see consensus among all parties on the usefulness and necessity of the long-term investments, and was also pleased that the shareholders approved the proposed 2024 Tariff Regulations and the Long-Term Budget. The Board appreciates the shareholders' involvement in preparing these decisions. As part of the decision, it was agreed to continue the dialogue on these issues and conclude it in the first half of 2024. The Management Board and Supervisory Board believe it is important for there to be broad support for the long-term investments.

The Board would like to note the importance of those involved continuing to act on the basis of their own tasks and responsibilities. There is a shared responsibility to secure the drinking water supply. At the same time, the Management Board and Supervisory Board have a statutory responsibility to make the trade-offs that are in the best interests of the continuity of the company if it is to be in a business position to fulfil that statutory duty.

Climate-neutral business operations and the CSRD

Dunea has embraced the ambition of achieving climate-neutral business operations and keeps shareholders abreast of the developments and trade-offs it makes in this regard. For example, driving electric vehicles is encouraged and Dunea participates in carbon pricing. More information on this topic can be found in the **Results 2023 – Climate neutrality** section.

From 1 January 2025, the Corporate Sustainability Reporting Directive (CSRD) will be mandatory for Dunea. Dunea has already started working on compliance with this directive. The CSRD states that businesses must report on the impact of their activities. This will promote greater transparency about sustainability and higher-quality sustainability information. Reporting must be based on the double materiality principle, i.e. reporting on both material sustainability developments that create potential financial risks for the organisation and the organisation's ecological and social impact on people and the environment. Reporting must also include long-term objectives.

The CSRD was a key focus for the Audit Committee in 2023. This was coordinated at an early stage with the auditor, who is required to provide assurance on this matter from 2025. This process will be intensively pursued in 2024.

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Environmental developments

There are several factors complicating efforts to ensure the availability and production of an adequate supply of clean drinking water.

The Supervisory Board has been regularly kept informed about these issues, which were also part of the exchange of views with the Management Board. Discussion on PFAS are the most obvious example. The most desirable scenario, of course, is that Dunea would not have to carry out any activities to remove PFAS from drinking water. The Supervisory Board is aware that, for now, this is wishful thinking. As well as optimising treatment technologies (including the use of pulverised coal technology), the Supervisory Board supports efforts by the Management Board to get the central government to more actively intervene. If fewer harmful substances enter Dunea's sources in the first place, less treatment will be needed (and the cost involved will be reduced). The Supervisory Board is aware that this issue crosses national borders and needs to be addressed in a broader, European perspective. The Supervisory Board is closely monitoring these developments.

The Supervisory Board also noted the difficulties in managing projects relating to drinking water quantity. Obtaining permits for drinking water extraction projects in a timely manner has long since ceased to be a matter of course. Not only are permit-issuing authorities increasingly busy and under pressure, practical experience shows that a variety of organisations, each with their own motives and driving forces, will raise objections to proposed permits. The Supervisory Board is aware that Dunea can only carry out projects in the dunes in certain months of the year because of the breeding season. In this context, Dunea has taken the messages from the permit-issuing authorities on board and made improvements to its permit applications. The Supervisory Board will continue to monitor these developments closely.

The Supervisory Board is also keeping abreast of other important developments, including a major project related to keeping up with state-of-the-art developments in office automation as well as the current situation with regard to the human resources policy.

Dunea Warmte & Koude B.V.

2023 was the third full calendar year of operations for Dunea Warmte & Koude B.V. The Board continued to be closely involved in developments at this subsidiary in 2023, with Supervisory Board member Ms Van der Rest attending the twice-yearly general meetings of shareholders. The Supervisory Board also receives the minutes of these meetings. Separately, the Dunea Management Board informs the Supervisory Board of situations in which new developments have arisen.

After a number of years, it has become clear that while the subsidiary can count on some sympathy given its objectives, the number of projects achieved to date is below the expectations formed when it was established. The Supervisory Board also raised this issue in the 2022 annual report. The Management Board will conduct a review in the first quarter of 2024 and will factor this into the strategy to be pursued.

Compliance

In 2023, the Board received reports from the Compliance Officer, which were discussed in Audit Committee meetings. 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.

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Among other things, the Compliance Officer examined the risk matrix, which was prepared in consultation with Dunea's stakeholders. As the Supervisory Board has already pointed out, risks have emerged relating to quality (pollutants) and capacity challenges (permits). The Compliance Officer also explained the new, stricter screening policy, which also applies to members of the Supervisory Board.

Stichting Nationaal Park Hollandse Duinen

The Board is pleased to have been informed that the collaboration with the governing partners in Stichting Nationaal Park Hollandse Duinen (Stichting NPHD) has been extended for a period of five years (from 2024 to 2028) after the expiry of the initial term of the partnership agreement at the end of 2023. By extending their collaboration, the governing partners are joining forces for a new five-year term to achieve the goals and ambitions of Stichting NPHD.

In the previous annual report, the Board mentioned that Stichting NPHD was also in discussions with other parties, the strategic partners, to see how the broad objectives of Stichting NPHD could be achieved, thus implementing its core values and statutory goals. The Board is pleased to note that a partnership agreement has also been signed with the strategic partners. The municipalities of Noordwijk, Katwijk, Wassenaar, Westland, Rotterdam/Hoek van Holland and the Rijnland and Delfland Water Boards endorse the goals of Stichting NPHD, and the partnership agreement records their commitment.

The Supervisory Board is pleased to see so many parties joining hands and wanting to contribute to the activities and objectives of Stichting NPHD.

Consultation with the Works Council

Board member Ms Van Dijk meets the Works Council twice a year, in the presence of the Management Board. In addition, various informal meetings take place. Through these meetings, the Supervisory Board is kept informed of current organisational and personnel developments and remains in touch with the organisation. The Board notes that there is a climate of positive cooperation with the Works Council and that discussions are both open and constructive.

The Supervisory Board is pleased to note that once again a number of staff members have expressed their willingness to serve on the Works Council, and wishes the new chair and other members of the Works Council every success.

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Meetings and attendance

The Supervisory Board met eight times in 2023. Six of these meetings were convened for the purpose of making decisions, with the Management Board present. One of these six meetings was held online; five of the six meetings were attended by the full Board. For the meeting that was not attended by the full Board, coordination was carried out in advance with the member who was unable to attend.

The seventh meeting (at which four of the five Board members were present) involved a working visit to the test facility at Lake Valkenburg. This meeting was informative in nature.

The final Board meeting of the 2023 calendar year focused on the self-assessment of the Board (see below), which was facilitated by a specialist agency.

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.

The composition of the committees in 2023 was as follows:

Audit Committee

Throughout the 2023 calendar year, the members of the Audit Committee were Mr Pijper (Chair) and Ms Van der Rest.

Report of the Audit Committee

The full Audit Committee met five times in 2023. All meetings were in-person meetings at Dunea's head office. The Finance & Control Team Manager, the Compliance Officer (absent on one occasion) and the company secretary participated in the Audit Committee meetings.

The external auditors also attended four of the five meetings to explain a number of agenda items relating to the financial statements and the associated audit, and to discuss them with the Audit Committee. The Audit Committee expresses its appreciation for the professional manner in which cooperation with the auditors takes place and the proactive manner in which the auditors act as discussion partners on current issues.

The 2022 annual report, the 2023 audit plan and the 2023 management letter were discussed in the presence of the auditors, among other matters. The 2024 Budget, the 2024–2028 Long-Term Budget (including the associated financing needs) and the 2024 Tariff Regulations were also discussed. Reports from the meetings were discussed in Board meetings and, where necessary, additional clarification was provided.

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 design and operation of the internal control system are adequate. 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.

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The Audit Committee is also involved in the non-financial audits that are carried out five or six times a year. Cyber security is a focus of these audits.

Remuneration Committee

Throughout the 2023 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 2023. The first two meetings of the year were regular meetings. Given the established schedule of departures of Supervisory Board members, there were no nominations for appointments or reappointments in 2023.

The third meeting, in the last calendar month of the year, focused on the performance of the Management Board. The Management Board participated in this meeting. The Remuneration Committee is satisfied with the performance of the Management Board and expresses its appreciation and gratitude for the way the Management Board carries out the day-to-day management of the company. Furthermore, the Remuneration Committee appreciates the way in which the Management Board liaises with the Supervisory Board and enables it to exercise its oversight function through the timely sharing of relevant information.

Quality assurance

Composition, diversity and independence

Throughout the 2023 calendar year, the Supervisory Board consisted of the following members:

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

The composition of the Board is in conformity with the profile and the objectives of the diversity policy, which can be found on [Dunea's website](#). As two of the five members are women (40%), the gender diversity goals are met.

In the view of the Board, throughout 2023 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 Board is provided beginning on page 78.

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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 cyber security, innovation/digitalisation, compliance/risk management and works councils	Female
P.G. Pijper	1966	Expert in financial and economic affairs	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 2023 using an external module (without process guidance), the same strengths once again emerged: a transparent and engaged way of collaborating, in which trust in each other's qualities is considered extremely important. Board members feel that they are given space to exchange views outside of the agenda items.

Board members are familiar with Dunea's strategic goals. The Board is pleased to note the willingness of all stakeholders, especially shareholders, to contribute based on their own roles and responsibilities.

The Board has indicated that it will continue to monitor diversity within its membership. All Board members endorse the importance of continuing education to enable them to keep up to date with and respond appropriately to current events and the resulting strategic challenges.

2023 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 2023. The 2023 financial statements and the report on the policies pursued by the Management Board were presented to the Supervisory Board at its meeting on 16 May 2024.

The financial statements have been audited by our auditor, KPMG, which gave an unqualified statement of approval. This opinion can be read on page 125. 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 2023 to the General Meeting of Shareholders on 20 June 2024.

Word of thanks

The Board wishes to express its sincere gratitude and compliments to the Management Board and all staff who served Dunea in 2023 with professionalism and commitment. 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, 16 May 2024

Supervisory Board
Joris Backer, Chairman

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Large-scale work on a major transport pipeline near Westergouwe.

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Balance sheet as at 31 December 2023

(After appropriation of the result)

Amounts x € 1,000	Notes	31 December 2023	31 December 2022	Amounts x € 1,000	Notes	31 December 2023	31 December 2022
Assets							
Non-current assets				Current assets			
<i>Intangible fixed assets</i> 1				<i>Inventories</i> 4			
Development costs		2,876	2,589	Materials		1,474	1,419
		2,876	2,589			1,474	1,419
<i>Tangible fixed assets</i> 2				<i>Receivables</i> 5			
Land and buildings		65,956	62,237	Accounts receivable		15,867	10,376
Plant and equipment		487,234	490,819	Taxes		845	1,002
Other fixed operating assets		3,968	2,346	Other receivables		44	44
Work in progress		50,458	38,616	Prepayments and accrued income		10,310	4,238
Tangible fixed assets not used in operations		1,750	1,821			27,066	15,660
		609,366	595,839	<i>Cash and cash equivalents</i> 6			
<i>Financial fixed assets</i> 3						638	3,690
Participating interests		2,657	2,697	Total			
Receivables from participating interests		1,275	860			645,379	622,797
Other receivables		27	43				
		3,959	3,600				

Balance sheet as at 31 December 2023

(After appropriation of the result)

Amounts x € 1,000	Notes	31 December 2023	31 December 2022	Amounts x € 1,000	Notes	31 December 2023	31 December 2022
Liabilities							
Shareholders' equity				Current liabilities 13			
Issued share capital	7	20,000	20,000	Current portion of long-term liabilities		13,734	13,733
Share premium reserve	8	3,097	3,097	Debt to credit institutions		24,237	2,679
Legal reserves	9	3,642	3,244	Debt to suppliers		12,964	8,374
Other reserves	10	231,712	225,260	Taxes and social security contributions		3,969	4,297
		258,451	251,601	Pension obligations		548	545
Provisions 11				Deferred income in respect of water consumption		3,649	4,459
		5,098	5,950	Other liabilities		548	269
Loan capital				Accrued liabilities		21,323	17,567
Long-term liabilities 12						80,972	51,923
Debt to credit institutions		225,200	238,934	Total			
Equalisation account for third-party contributions		74,622	73,218			645,379	622,797
Prepayments		1,036	1,171				
		300,858	313,323				

Income statement for 2023

Amounts x € 1,000	Notes	2023	2022	Amounts x € 1,000	Notes	2023	2022
Operating income	14			Result from participating interests	3		
Water income		152,829	134,199	Result from participating interests		-206	-458
Income from work for third parties		2,628	3,466				
Net revenue		155,457	137,665	Financial income and expenses	16		
Capitalised production for own account		3,580	3,720	Interest income and similar income		43	2
Other operating income		2,671	2,504	Interest expenditure and similar expenditure		-5,528	-4,337
Total operating income		161,708	143,889	Financial result		-5,691	-4,793
Operating expenses	15			Result before tax		6,850	6,307
Costs of raw materials and consumables		6,222	4,913	Corporate income tax	17	0	0
Water purchases		3,196	2,881				
Energy costs		13,395	8,447	Result after tax		6,850	6,307
Costs of subcontracted work and other external costs		13,104	11,501				
Wages and salaries		34,025	32,865				
Social security contributions		9,250	9,052				
Depreciation and amortisation of non-current assets		32,416	31,133				
(Reversal of) impairment and divestment of non-current assets		223	25				
Other operating expenses		37,336	31,972				
Total operating expenses		149,167	132,789				
Operating result		12,541	11,100				

Statement for cash flows for 2023

(Prepared in accordance with the indirect method)

Amounts x € 1,000	2023	2022
<i>Cash flow from operating activities</i>		
Operating result	12,541	11,100
Adjusted for:		
Depreciation	32,416	31,133
Impairment and divestment of tangible fixed assets	223	25
Movements in provision for doubtful debts	434	277
Movements in provisions (excluding provision for negative participating interests)	-1,168	387
Movements in prepayments	-135	-133
	31,770	31,689
<i>Movements in working capital</i>		
Movements in inventories	-55	-171
Movements in current receivables	-11,854	-2,482
Movements in operating liabilities	4,422	-2,074
Movements in working capital	-7,487	-4,727
Cash flow from operating activities	36,824	38,062
Interest paid	-5,566	-4,319
Cash flows from operating activities	31,258	33,743

Amounts x € 1,000	2023	2022
<i>Cash flow from investment activities</i>		
Investments in intangible fixed assets	-785	-1,000
Investments in tangible fixed assets	-45,801	-34,168
Contributions received	4,686	3,847
Other movements in tangible fixed assets	0	-2
Investments in financial fixed assets	-415	-404
Repayment of financial fixed assets	30	30
Dividends received	150	0
Cash flow from investment activities	-42,135	-31,697
<i>Cash flow from financing activities</i>		
New long-term loans	0	35,000
Repayments	-13,733	-12,333
New current borrowings	21,558	-21,172
Cash flows from financing activities	7,825	1,495
Cash and cash equivalents as at 1 January	3,690	149
Movements in cash and cash equivalents	-3,052	3,541
Cash and cash equivalents as at 31 December	638	3,690

General

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

Consolidation

Dunea had the following participating interests during 2023:

Participating interests	Measurement basis	Percentage in 2023	Percentage in 2022	Registered office
AquaMinerals B.V.	cost	3,69	4,19	Nieuwegein
Dunea Warmte & Koude B.V.	net asset value	100,00	100,00	Zoetermeer
KWH Water B.V.	cost	6,71	6,71	Nieuwegein
Stichting Nationaal Park Hollandse Duinen	net asset value	100,00	100,00	The Hague
Water Fund Holland B.V.	net asset value	26,95	26,95	Nieuwegein
Het Waterlaboratorium N.V.	net asset value	30,00	30,00	Haarlem

In 2023, a decision was made to liquidate Water Fund Holland B.V. The liquidation process was completed in early 2024.

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

Standards applied

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.

References are included in the balance sheet and the income statement. 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.

Reporting period

These financial statements are for the 2023 financial year, which ended on the balance sheet date of 31 December 2023.

Continuity

These financial statements have been prepared on a going-concern basis.

Related parties

The identification of related parties is as defined in the Dutch Accounting Standards (RJ). 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.

Valuation of assets and liabilities and determination of results

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.

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.

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.

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 of 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. Expenditure 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 of determining whether there is any impairment, refer to 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 construction 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. Depreciation ends as soon as they are taken out of use or sold. A residual value is not taken into account. Land is not depreciated.

Dunea applies the component method for tangible fixed assets if significant individual components of an item of a tangible fixed asset can be distinguished from each other. This takes into account differences in useful life or expected patterns of use.

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 the 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 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 unrecoverable 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 unrecoverable 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 non-current assets.

Shareholders' equity

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.

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

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.

Income from work for third parties

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

Capitalised production (for own account)

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 operating income

Other operating 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;

Cost of sales comprises the costs of raw materials and consumables, bulk purchase (supply by other water companies), energy costs and costs of subcontracted work.

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;

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.

If remuneration is paid but no rights are accrued (e.g. when a salary continues to be paid in the case of sickness), the projected expenses are recognised in the period for which this remuneration is payable. A provision is recognised for obligations existing on the balance sheet date to continue to pay remuneration (including severance payments) in the future to

staff members who, on the balance sheet date, are expected to be permanently unable to work, either wholly or partially, due to sickness or disability.

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 2023, 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 2023

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 2023 were as follows:

	Development costs
Acquisition value	3,116
Accumulated amortisation, impairments and similar	-527
Carrying amount as at 31 December 2022	2,589
Investments	1,181
Depreciation	-894
Carrying amount as at 31 December 2023	2,876
Acquisition value	4,297
Accumulated amortisation, impairments and similar	-1,421
Carrying amount as at 31 December 2023	2,876

The development costs pertain to costs incurred in connection with the 'Drinking water for the future' programme. The acquisition value comprises €1.9 million for development costs for the Brackish Groundwater pilot (running until 31 December 2025) and €2.4 million for the Lake Valkenburg pilot (also running until 31 December 2025).

2. Tangible fixed assets

The composition of the tangible fixed assets and the breakdown of movements in 2023 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	1,483,814	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
Investments	48,554	0	0	0	48,554	0
Capitalisation	0	6,248	27,502	2,741	-36,491	0
Depreciation	-34,805	-2,525	-31,091	-1,117	0	-72
Divestment - Acquisition value	-170	0	0	-170	0	0
Divestment - Accumulated depreciation	168	0	0	168	0	0
(Reversal of) impairments of non-current assets	-221	0	0	0	-221	0
Other movements – Acquisition value	1	0	0	0	0	1
Other movements – Accumulated depreciation	0	-4	4	0	0	0
Carrying amount as at 31 December 2023	609,366	65,956	487,234	3,968	50,458	1,750
Acquisition value	1,531,978	121,148	1,345,235	11,369	50,458	3,768
Accumulated depreciation, impairments and similar	-922,612	-55,192	-858,001	-7,401	0	-2,018
Carrying amount as at 31 December 2023	609,366	65,956	487,234	3,968	50,458	1,750
Depreciation rates		+31 (0)88 20 50 00	+31 (0)88 20 50 00	+31 (0)88 33 50 00	n/a	+31 (0)88 5 50 00

Land is not depreciated.

'Land and buildings' includes a carrying amount of €22.6 million (2022: €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 2023 totalling €50.5 million was as follows:

Work in progress

Plant and equipment	47,831
Land and buildings	107
Other fixed operating assets	2,520
	50,458

Broken down by investment project:

Work in progress (by investment project)

Pipeline network	23,602
Berkheide programme	14,525
Drinking water for the Future	2,071
Recycling rinse water processing Katwijk	293
Miscellaneous	9,967
	50,458

'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 2.18% 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 2023 are as follows:

	Participating interests	Receivables from participating interests	Other receivables	Total
Carrying amount as at 31 December 2022	2,697	860	43	3,600
Repayment on loans provided	0	0	-5	-5
Change in result from participating interest	110	0	0	110
Mortgage repayments	0	0	-11	-11
New loans provided	0	415	0	415
Dividends received	-150	0	0	-150
Carrying amount as at 31 December 2023	2,657	1,275	27	3,959

Participating interests

	31 December 2022	Payment of share capital	Dividends received	Change in result from participating interest	31 December 2023
AquaMinerals B.V.	24	0	0	0	24
Dunea Warmte & Koude B.V.	0	0	0	0	0
KWH Water B.V.	566	0	0	0	566
Stichting Nationaal Park Hollandse Duinen	0	0	0	0	0
Het Waterlaboratorium N.V.	2,107	0	-150	110	2,067
Water Fund Holland B.V.	0	0	0	0	0
	2,697	0	-150	110	2,657

The participating interest in Dunea Warmte & Koude B.V. has a negative value of €1.1 million (2022: €0.8 million). As Dunea provides security for the debts of the participating interest, a provision has been created for this purpose.

In 2023, a decision was made to liquidate Water Fund Holland B.V. The liquidation process will be completed in early 2024.

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. From 1 January 2023, interest was charged on the average outstanding balance. The interest rate is based on the 1-month Euribor plus a 0.6% mark-up, and averaged 3.8% in 2023.

Other receivables

The composition of other receivables is as follows

	31 December 2023	31 December 2022
Loans provided to employees on the security of a mortgage	27	39
Other loans provided	0	4
Total other receivables	27	43

The portion of the mortgage loans that is repayable in 2024 amounts to €12k (2023: €12k) and is stated under 'Other current receivables'. All of these loans have terms of more than one year and less than ten years. The average interest rate is 0.93% (2022: 0,90%). 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.

The portion of the other loans provided that is repayable in 2024 amounts to €5k (2023: €18k) and is stated under 'Other current receivables'. These loans have a term of less than one year. They are subject to interest at a fixed rate of 4.5%. This loan is secured by means of a pledge.

Current assets

4 Inventories

	31 December 2023	31 December 2022
Materials	1,474	1,419
Total inventories	1,474	1,419

No provision for obsolescence has been recognised for the inventories.

5 Receivables

The receivables comprise:

	31 December 2023	31 December 2022
Accounts receivable	15,867	10,376
Taxes	845	1,002
Other receivables	44	44
Prepayments and accrued income	10,310	4,238
Total receivables	27,066	15,660

A provision has been recognised for accounts receivable amounting to €1.8 million (2022: €1.3 million). In 2023, an addition to the provision was recognised in the amount of €0.6 million (2022: €0.4 million). Costs amounting to €0.2 million were charged to the provision (2022: €0.2 million).

The accounts receivables balance was higher at the end of 2023 than at the end of 2022. This is mainly because of price rises in 2023, which increased the average invoice amount. We try to prevent payment difficulties among customers through measures such as timely payment arrangements. This approach is currently working, and we have no reason to change the methodology for determining the provision.

The accounts receivable balance includes €0.1 million (2022: €0.7 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 €4.7 million (2022: €2.3 million), energy tax refunds not yet received for the period from 2020 to May 2023 of €3.4 million (2022: nil) and prepaid expenses of €1.9 million (2022: €1.9 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 2023	31 December 2022
Cash and bank balances	638	3,690
Total cash and cash equivalents	638	3,690

The sum total of cash and cash equivalents mainly comprises various bank account balances; 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 2023 were held by 17 municipalities. These municipalities constitute Dunea's supply area. See page 133 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

	2023	2022
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	2023	2022
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 10.00 per share to €5.00 per share in 2000, the share premium reserve was changed to 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	2023	2022
As at 1 January	655	2,589	3,244	2,254
Addition	114	287	401	1,039
Release	-4	0	-4	-49
Other movements	1	0	1	0
As at 31 December	766	2,876	3,642	3,244

The legal reserve for participating interests is recognised for the company's share of the profits of Het Waterlaboratorium N.V.

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	2023	2022
As at 1 January	217,677	7,583	225,260	219,943
Result appropriation	7,166	-316	6,850	6,307
Correction to result appropriation	235	-235	0	0
Addition to legal reserves	-401	0	-401	-1,039
Release of legal reserves	4	0	4	49
Other movements	0	-1	-1	0
As at 31 December	224,681	7,031	231,712	225,260

The heat activities reserve was created in 2019 to finance the start-up capital for Dunea Warmte & Koude B.V. The movement in 2023 comprises the negative result for the participating interest for the financial year. The correction to result appropriation item concerns an adjustment of formation expenses that had not yet been charged to the reserve.

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 2023 financial year

The Management Board, with the approval of the Supervisory Board, proposes that the 2023 result of €6.9 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 €0.3 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 2022	Withdrawal	Release	Addition	As at 31 December 2023
Sludge disposal	106	-84	-22	0	0
Decontamination costs	4,062	-228	-1,198	295	2,931
Provision for management, nature reserve and drinking water area	574	0	0	0	574
Employee benefits	169	-51	-16	200	302
Restructuring	240	-85	-160	181	176
Participating interests with a negative net asset value	799	0	0	316	1,115
Total provisions	5,950	-448	-1,396	992	5,098

The current portion of the provisions amounts to €0.5 million.

The provisions are carried at nominal value, as the time value of money is not material.

A provision for sludge disposal amounting to €0.1 million was recognised in 2022. The pulverised coal sludge in Scheveningen was still being held by Dunea, due to the limited transport options. Disposal of the sludge held in storage since 2022 has now taken place. A liability for the sludge created in 2023 and not yet disposed of is stated under the 'Accrued liabilities' item.

The provision for decontamination costs was created for the cost of demolition of buildings and production facilities that are no longer used and for the remediation of soil contamination. The provision is created when a decision is made to carry out demolition or remediation. In 2023, €0.5 million was released from the provision for demolition of the Katwijk office, because it was ultimately decided to use the office as

a work site rather than demolishing it. A further €0.6 million was released in relation to the demolition of two slow sand filters in Scheveningen.

Since the components will be incorporated into the new slow sand filter that is going to be built, the demolition costs will become part of the investment costs for that project. The provision was also increased by €0.1 million due to inflation and by €0.2 million due to costs being higher than originally estimated.

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 comprises a provision to cover future payments pursuant to the transitional arrangements included in the collective labour agreement for long-service awards from 1 January 2016, and a provision for severance payments. The provision for long-service awards was created for employees covered by the transitional arrangements. No adjustment has been applied for employees who leave Dunea before becoming eligible for a long-service award. The provision for severance payments was created for employees with whom discussions regarding settlement agreements have been initiated and where a reliable estimate of the outflow of funds can be made. The liability for severance payments where the settlement agreement is signed on 31 December 2023 is included in current liabilities.

The provision for restructuring comprises a provision for individual severance payments related to the redundancy plan and a provision for the excess to be paid in relation to the unemployment benefit. Both provisions were created on the basis of the estimated costs resulting from employees' severance claims. The participating interest in Dunea Warmte & Koude B.V. has a negative value of €1.1 million (2022: €0.8 million). As Dunea provides security for the debts of the participating interest, a provision has been created for this purpose.

12 Long-term liabilities

Long-term liabilities	Debt to credit institutions	Equalisation account for third-party contributions	Prepayments received	Total
As at 1 January 2023	238,934	73,218	1,171	313,323
Less: Transferred to current liabilities	-13,734	0	0	-13,734
Plus: Third-party contributions received	0	4,686	0	4,686
Less: Release to result	0	-3,282	-135	-3,417
As at 31 December 2023	225,200	74,622	1,036	300,858

The fair value of the loans at year-end 2023, including the current portion, is €281.6 million (nominal value: €238.9 million).

Conditions in respect of the level of solvency (ratio of shareholders' equity / total equity), the debt ratio (ratio of net debt position to operating cash flow) and the ICR (operating result/interest expenditure) apply to several long-term loans. Dunea meets these conditions, with solvency of 40.0% (2022: 40.4%) compared with a minimum requirement of 30%, a debt ratio of 5.9 (2022: 5.8) compared with a maximum requirement of 8.0, and an ICR of 2.27 compared with a minimum requirement of 1.

An overview as at the end of 2023 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	20,000	0	106,334	126,334
+31 (0)88 0 4 0	0	16,333	33,600	49,933
+31 (0)88 0 5 0	0	2,667	60,000	62,667
Total	20,000	19,000	199,934	238,934

An agreement for a new €23 million interest-only loan was signed in December 2023. The amount was received in January 2024 and is therefore not recognised in the balance sheet as at 31 December 2023. The loan has a nine-year term. The interest rate is fixed for the entire term at 2.899%.

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 2023	31 December 2022
Current portion of long-term liabilities	13,734	13,733
Debt to credit institutions	24,237	2,679
Debt to suppliers	12,964	8,374
Taxes and social security contributions	3,969	4,297
Pension obligations	548	545
Deferred income in respect of water consumption	3,649	4,459
Other liabilities	548	269
Accrued liabilities	21,323	17,567
Total current liabilities	80,972	51,923

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 2.3 (2022: 2.6) compared to a minimum requirement of 1.3.

The net debt to suppliers includes €1.7 million (2022: €0.9 million) in transactions with related parties. The net sum is comprised for 91% (2022: 78%) 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 €2.2 million (2022: €2.0 million) and wage tax payable in the amount of €1.8 million (2022: €2.3 million).

Deferred income in respect of water consumption comprises €80.2 million (2022: €71.9 million) by way of advance payments received and €76.5 million (2022: €67.4 million) from the estimate of water consumption, standing charges and municipal sufferance tax not yet settled.

Accrued liabilities comprise the reservation for Dunea employees' holiday entitlements in the amount of €10.8 million (2022: €10.5 million), purchase invoices yet to be received in the amount of €6.6 million (2022: €4.3 million), prepayments received in the amount of €2.6 million (2022: €1.4 million) and interest on loans still to be paid in the amount of €0.9 million (2022: €1.0 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 €0.38 million (2022: €0.1 million) and relate to the lease income from the pancake house and kiosk.

This amount can be broken down as follows:

- For 2024 €0.38 million
- For 2025–2028 nil
- From 2029 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 €22.5 million (2022: €18.2 million).

This amount can be broken down as follows:

- For 2024 €3.9 million),
- For 2025–2028 €11.7 million),
- From 2029 €6.9 million),

As at the end of 2023, the rental liabilities amounted to €13.7 million, of which €1.4 million related to 2024. Bank guarantees totalling €0.4 million have been provided for the rental of the office building.

In addition, at year-end 2023, current liabilities in connection with maintenance contracts and licensing agreements amounting to €8.8 million were recorded, of which €2.5 million related to 2024.

As at 31 December 2023, the commitments entered into relating to work in progress amounted to €17.5 million (2022: €17.9 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 2023

amounts x € 1,000 unless stated otherwise

14. Operating income

The operating income was generated in the Netherlands.

A. Water income

	2023	2022
Sales of water in own supply area	94,761	78,980
Standing charge	52,256	49,623
Contribution in respect of municipal sufferance tax	9	84
Other water companies (bulk sales)	4,888	4,767
Other water income	915	745
Total water income	152,829	134,199

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 (on balance) €0.3 million negative (2022: €0.2 million negative).

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

	2023	2022
Sales volume	77,534	77,751
Not-billed consumption (NIRG)	-3,876	-3,732
Total sales volume in own supply area	73,658	74,019

Bulk sales

	2023	2022
Bulk sales (Euro)	4,888	4,767

Sold to (x 1,000 m³)

	2023	2022
Evides	1,010	1,077
Oasen	2,924	3,341
Other	74	111
Total bulk sales volume	4,008	4,529

B. Income from work for third parties

	2023	2022
Income from work for third parties	2,628	3,466
Total income from work for third parties	2,628	3,466

Dunea performs work for third parties on request. In 2023, this related in particular to:

- Installation of connecting pipes for €1.3 million (2022: €1.3 million)
- Maintenance and installation of fire hydrants for €0.7 million (2022: €0.6 million)
- Secondment of staff to Dunea Warmte & Koude B.V. for €0.3 million (2022: €0.3 million)

C. Other operating income

	2023	2022
Other operating income	2,671	2,504
Total other operating income	2,671	2,504

Other operating income includes:

- Subsidy/grant income, €1.0 million (2022: €1.5 million)
- Sale of land, €0.6 million (2022: nil)
- Income from secondment, €0.3 million (2022: €0.3 million)
- Rental income and lease income, €0.3 million (2022: €0.4 million)
- Income from the sale of non-current assets, €0.1 million (2022: €0.1 million)

Subsidy/grant income relates in particular to allowances for foreign activities for €0.3 million (2022: €0.7 million), nature projects for €0.3 million (2022: €0.4 million) and research and development for €0.4 million (2022: €0.4 million).

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

	2023	2022
Chemicals and filtration material	5,248	3,877
Groundwater tax	273	269
Disposal of sludge and other waste	701	767
Total raw materials and consumables	6,222	4,913

B. Water purchases

	2023	2022
Bulk purchases	3,196	2,881

Purchased from (x 1,000 m³)

	2023	2022
Evides	1,071	1,138
Waternet	2,504	2,277
Total bulk purchases	3,575	3,415

C. Energy costs

	2023	2022
Electricity costs	13,168	8,185
Gas consumption costs	180	197
Other energy costs	47	65
Total energy costs	13,395	8,447

D. Costs of subcontracted work

	2023	2022
Costs of subcontracted work and material use in relation to water process	11,285	9,954
Costs of subcontracted work and material use in relation to nature process	1,819	1,547
Total cost of outsourced work and materials	13,104	11,501

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. Wages, salaries and social security contributions;

	2023	2022
Wages and salaries	34,025	32,865
Pension costs	4,640	4,740
Other social security contributions	4,610	4,312
Total wages, salaries and social security contributions	43,275	41,917

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 2023, the annual accrual of pension entitlements amounted to 27.9% of the pensionable salary, which is based on the gross wage less a deductible (in the amount of €16,350). In 2023, the maximum pensionable salary was capped at €128,810. The annual contribution payable by the employer was 19.53% of the pensionable salary. 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 December 2023, ABP's funding ratio was 110.5% (2022: 110,9). 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:

	2023	2022
Management, Corporate Marketing & Communication and Corporate Strategy	23	22
Dune & Water Division	306	297
Customer & Operational Support Division	196	191
Total average number of employees in FTEs	525	510

None of the employees listed above were working abroad (2022: nil).

WNT accounting information 2023 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 2023, the maximum remuneration for Dunea N.V. amounted to €223,000. 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 member:

Name	W.M.E. Drossaert
(amounts x € 1)	
Position details	Managing Director
Start and end dates of position in 2023	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employment contract	yes
Individual WNT maximum	€223,000
Remuneration in 2023	
Remuneration plus taxable allowances	€199,980
Remuneration payable in future	€22,943
Total remuneration	€222,923
Applicable WNT maximum	€223,000
Reason for exceeding maximum	n/a
Remuneration in 2022	
Start and end dates of position in 2022	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employment contract	yes
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

Other than the senior executive named here, there are no other executives working as employees whose remuneration in 2023 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 2023	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	1/1 - 31/12	n/a
Total remuneration	16,410	13,730	13,730	13,730	13,730	n/a
Maximum remuneration for position holder	33,450	22,300	22,300	22,300	22,300	n/a
-/- 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 2022						
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

F. Depreciation and amortisation of non-current assets, (reversal of) impairments and divestment of non-current assets

	2023	2022
Land and buildings	2,525	2,341
Plant and equipment	31,091	30,164
Other fixed operating assets	1,117	1,136
Tangible fixed assets not used in operations	72	58
Development costs	893	514
Total depreciation and amortisation costs on non-current assets	35,698	34,213
Amortisation of equalisation account for third-party contributions	-3,282	-3,080
Total depreciation and amortisation costs	32,416	31,133
Divestment of non-current assets	2	25
(Reversal of) impairments of non-current assets	221	0
Total divestment and (reversal of) impairment of tangible fixed assets	223	25

G. Other operating expenses

	2023	2022
Other personnel costs	7,336	5,698
Mobility costs	883	846
Ground leases and real rights	39	42
Accommodation expenses	3,598	2,793
Taxes, insurance and bank charges	1,671	1,345
Communication costs and postage charges	8,269	7,680
Contributions, donations and subscriptions	1,605	1,529
Office and laboratory expenses	4,153	3,755
Hiring of expertise and IT expenses	8,615	6,382
Bad debt losses	616	592
Miscellaneous operating expenses	551	1,310
Total other operating expenses	37,336	31,972

The miscellaneous operating expenses relate in particular to activities outside the Netherlands, for €0.4 million (2022: €1.1 million).

In accordance with Article 2:382a of the Dutch Civil Code, the following overview shows the auditor's fees charged to Dunea:

	2023	2022
Audit of the financial statements	168	187
Other audit procedures	7	37
Tax advisory services	0	0
Other non-audit services	15	56
Components belonging to audit firm network	0	0
Total auditor's fees	190	280

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 2023 and 2022 financial statements were audited by KPMG Accountants N.V.

16. Financial income and expenses

Interest income and similar income

	2023	2022
Interest on granted loans, including mortgage loans	1	2
Interest on loan granted to participating interest	42	0
Total interest income	43	2

From 2023 onwards, we receive interest on the average balance of the current account provided for the participating interest in Dunea Warmte & Koude B.V.

Interest expenditure and similar expenditure

	2023	2022
Interest on other long-term borrowings	5,428	4,481
Other interest expenditure, including current borrowings	385	154
Capitalised construction period interest on investment projects	-285	-298
Total interest expenditure	5,528	4,337

The average interest rate of the loan portfolio was 2.17% (2022: 1,95 The interest rate of the capitalised construction period interest on investment projects was 2.18% (2022: 1,88%)

17. Corporate income tax

Dunea has been liable for corporate income tax since 2016.

	2023
Result before taxes	6,850
Difference between carrying amounts and tax bases of tangible fixed assets	22
Difference between carrying amounts and tax bases of financial non-current assets and long-term liabilities	1,279
Calculation of taxable profits	8,151
Exempt benefits for public-sector enterprises	-8,108
Participation exemption	206
Taxable amount	249
Effective tax rate	0,0
Applicable tax rate	25,8

There are offsettable losses amounting to €0.6 million (2022: €0.8 million) that have not been recognised as a deferred tax asset.

The following overview as at 31 December 2023 shows the year in which the remaining available offsettable losses were incurred (amounts x €1).

Financial year	Offsettable loss
2017	211
2019	197
2020	174
Total offsettable losses	582

Zoetermeer, 16 May 2024

Supervisory Board

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

Management Board

Mr W.M.E. Drossaert

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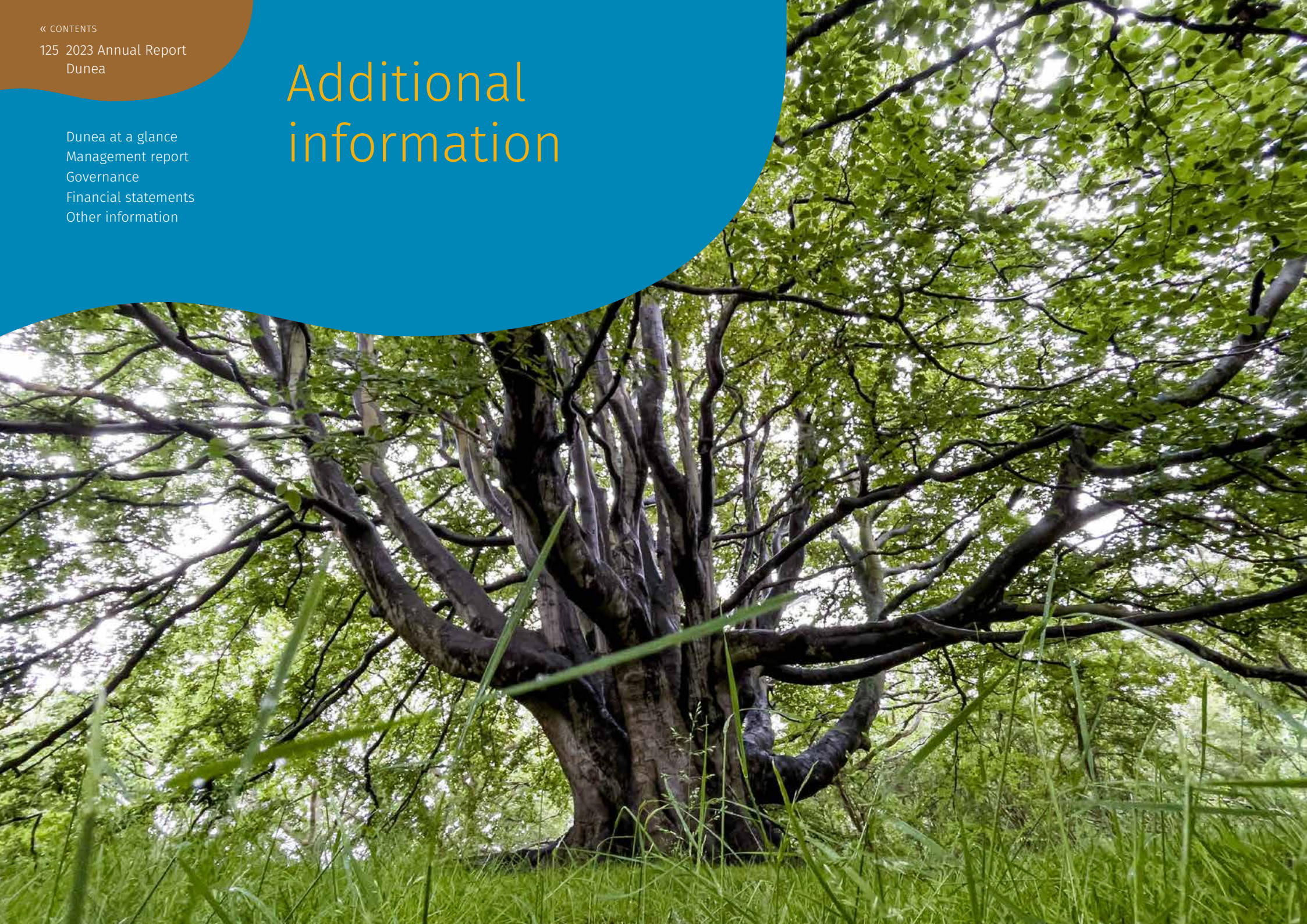
Provisions in the Articles of Association regarding profit appropriation

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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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.
- **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.
- **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.
- **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.
- **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 2023 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	10,671
The Hague	1,573,584
Hillegom	66,228
Katwijk	196,000
Lansingerland	190,295
Leiden	371,252
Leidschendam-Voorburg	227,544
Lisse	68,314
Noordwijk	131,687
Oegstgeest	75,688
Pijnacker-Nootdorp	167,920
Rijswijk	169,016
Teylingen	112,622
Voorschoten	76,068
Wassenaar	80,484
Zoetermeer	373,309
Zuidplas	109,318
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 of the 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 CO₂ 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 CO₂ footprint is a synonym for carbon footprint and is a measure, expressed in tonnes of CO₂, for the emission of greenhouse gases caused by the various operating activities.

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.

Compensation measure (CO₂)

A measure that is taken to compensate for carbon emissions by emitting less CO₂ elsewhere or by removing CO₂ from the atmosphere. For example, the purchase of accredited CO₂ certificates linked to CO₂ reduction projects.

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.
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 among Dunea staff 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.
Not-billed consumption	The difference between the total volume in m ³ pumped into the pipeline network and supplied in Dunea's own supply area and the total volume in m ³ 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 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.

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Number of visitors to Meijendel Visitor Centre	The recorded number of visitors to the Meijendel Visitor Centre (de Tapuit).
Number of reports (dangerous situations, accidents)	The total number of reports of learning moments, dangerous situations, near misses, injuries without absence and injuries with absence, as recorded in Topdesk.
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.
Operational water quantity reserve	The operational reserve indicates how much room there is in production capacity to meet water demand. The reserve is calculated by comparing the difference between the required production capacity (incl. a 5% surcharge for the minimum reserve required) and the available production capacity with the minimum reserve of 5%.
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.
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.
Sickness reporting frequency	The sickness reporting frequency refers to the average number of times an employee reported sick, per employee per year. This is measured by dividing the total number of sick days by the average number of FTEs.

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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 m³ of drinking water pumped into the pipeline network and supplied within Dunea's own supply area.

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.



Dunea

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