

Integrated

Annual Report 2021

Working together
for the dunes and water



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**Clean water pumps at our
Scheveningen production location.**

This site supplies a large number
of our customers with delicious,
reliable drinking water.

Foreword

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Managing Director
Wim Drossaert



*“If we don’t
act now,
we’ll have
problems
by 2026”*

When we turn on the tap, we expect clean, good, delicious drinking water to come out. My personal driver this past year has been ensuring we can continue to meet that expectation in the future. Because when it comes to securing a water supply for our densely populated region, time is running out.

The population is growing more quickly than previously projected. By 2030, we will have to supply 10 billion litres more drinking water than in 2020. In 2040, we expect to need at least 100 billion litres of water. If we don’t act now to increase our production capacity, we’ll start having problems as early as 2026. By then, the Berkheide dune reserve and Katwijk production location will have to supply more than 7 million m³ extra every year than they did in 2020. Only 1.5 million m³ of that extra supply has been achieved so far. We can temporarily extract an additional two million cubic metres from sources deep below the dunes. After that, the extra water required will have to come from new sources and treatment technologies.

To some people, this might sound like a problem that is a long way away and nothing to do with them, or it might sound alarmist. But the capacity of our current sources is limited. We’re already pushing the limits of what is possible within our existing system. At the same time, we’re developing new sources, using new technologies and testing new methods to enable further scaling up after 2030.

But as if that wasn’t enough, we’re faced with a bigger challenge. We don’t just need to make more water, we also need to be able to store more water to survive disasters or long periods of drought. We are also facing increasingly frequent quality issues due to new emerging substances in our surface water and rivers that do not belong

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there. Moreover, as an essential business, we must ensure the physical and digital safety of our organisation. These are the urgent themes we focused on during the reporting year. We are now learning that the geopolitical situation can change rapidly. This will have an impact on our organisation and future choices.

Dunea has invested considerable effort in solving the water supply issue, while at the same time, naturally, taking equally good care of our dunes. We have done this with highly motivated staff, who are proud of what Dunea does and of the social role we play in relation to the dunes and water. Over the next few years, we will need more staff like that. The challenge we're facing and the way we will tackle that challenge presents an opportunity for people who like to innovate, use new technology, take part in groundbreaking pilot projects and deploy smart solutions to solve an extremely topical and relevant issue.

“Water supply is an urgent issue that we cannot solve alone”

Obviously, we won't be doing that alone. In fact, we *can't* do it alone. During the reporting year, we relied on our stakeholders. We need our shareholders, the municipal authorities, for necessary additional investments. We need municipal and provincial authorities for obtaining permits, and for comprehensive integration of water issues in municipal and provincial developments and the energy transition strategy. We also work together to coordinate activities that affect our transport pipelines and production locations. Because water is our lifeblood; our supply network cannot ever stop. We need the government and the water boards to make water sources available, and to prevent our rivers and other water sources from becoming polluted. Because if it doesn't get into our water source in the first place, we won't have to remove it. Everything we can do now will prevent big problems in the future.

In 2021, in addition to all of our ongoing processes, we worked on creating structural solutions. I want to take this opportunity to thank everyone for the contributions they have made and for the trust they have placed in Dunea. First, our staff: during the past year, which was again affected by Covid, and in which they were sometimes under considerable pressure, they made sure all of our processes continued – not only in relation to the production of drinking water, but also in our dunes. We're proud that more people have found their way to these unique areas, and that they value them. Our staff have worked hard to carefully maintain the delicate balance between nature, water extraction and recreation, including by engaging in on-the-spot dialogue and through extensive public awareness campaigns focused on 'sustainable visits'.

All things considered, I can conclude that once again our strategy over the past year has proven its worth and durability. Our clear course of action gave us a strong foundation for dealing with challenges, and our organisation is in good financial shape. We will continue with this strategy in 2022. In doing so, we will continue to reach out to our stakeholders. At the same time, we will not be afraid to occasionally flex our muscles, as we continue to emphasise the importance of drinking water and the uncertain future of its supply. We will speak out even more forcefully; we are motivated and determined to solve the water supply issue in a constructive way that is fair to all parties involved. First and foremost, we will work to solve this issue for our more than 1.3 million residential and corporate customers in South Holland. They must be able to continue to have confidence that we will supply them with good, delicious drinking water, 24 hours a day, 7 days a week.

Wim Drossaert
Managing Director

“Dunea will speak out even more forcefully”

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

Our dune wardens are both hosts and custodians. They're the first point of contact for recreational visitors and emergency services in the dune reserves.

Dunea also manages the dune reserves of Solleveld, Meijendel and Berkheide. These are areas with a high level of biodiversity, which form part of Nationaal Park Hollandse Duinen (Holland Dunes National Park). Our dunes are a crucial part of the drinking water supply system. For many people, they are also the perfect place to exercise, relax and spend time with friends. Maintaining the balance between water extraction, nature and recreation is one of the cornerstones of our policy.

Dunea takes care of the dunes and water, now and in the future. Our 533 employees work hard every day to maintain this balance. We place our customers at the centre of everything we do and strive to continually improve our service delivery, guided by our core values: involved, reliable, invigorating and resilient.

In 2021, we produced more than 80 million m³ of drinking water. We also continued to invest in nature, biodiversity, safety and security in the 2,400 or so hectares of our dune nature reserve.



Key figures

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Financial

Operating income
147,262
2020: 147,432
(x €1,000)

Result after tax
8,541
2020: 6,998
(x €1,000)

Investments
39,442
2020: 40,723
(x €1,000)



Customers

Number of residents
1,349
2020: 1,342
(x 1,000)

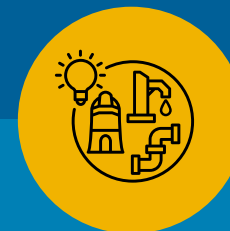
Number of administrative connections
653,694
2020: 643,976

Water tariff
1.00
2020: 0.98
(€)



Dunes

Dune reserves under our management
2,420
2020: 2,428
(ha)



Water production and distribution

Drinking water produced
80,155
2020: 82,227
(x 1,000 m³)

CO₂ footprint
11,855
2020: 11,329
(in tonnes of CO₂)

CO₂ footprint per m³ distributed:
0.14
2020: 0.13
(in kg)



Staff

Employees
533
2020: 524

Absences due to sickness
5.8%
2020: 3.9%

Operational metrics

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Financial

	2021	2020	2019 ³	2018	2017
Operating income (x €1,000)	147,262	147,432	144,396	144,111	148,256
Result after tax (x €1,000)	8,541	6,998	8,496	15,651	11,974
Current ratio	0.21	0.27	0.14	0.10	0.11
Interest coverage ratio	3.2	2.4	2.6	3.9	2.4
Solvency (%)	40.1	39.4	39.2	38.1	35.6
Debt ratio	5.7	6.1	6.3		
Return on total assets (%)	2.1	2.0	2.3	3.5	3.2
Investments in tangible non-current assets (-/- received third-party contributions) (x €1,000)	39,442	40,723	33,145	33,443	39,505
Weighted Average Cost of Capital (WACC)	2.20 ⁴	2.12	2.34	3.56	3.07



Customers

Number of residents (x 1,000)	1,349	1,342	1,327	1,315	1,301
Number of administrative connections	653,694	643,976	639,756	632,000	633,919
Sub-standard supply minutes ¹	13.3	13.2	8.7	12.6	8.4
Full drinking water tariff (€) excl. municipal surcharge tax and tap water tax	1.60	1.57	1.62	1.63	1.67



Staff

Number of employees	533	524	500	506	513
Absences due to sickness (%)	5.8	3.9	4.9	6.6	3.8



Water production and distribution

River water intake (x 1,000 m ³) ²	79,018	81,836	80,598	82,652	81,985
Drinking water produced (x 1,000 m ³)	80,155	82,227	80,438	81,474	79,862
Drinking water sold in own supply area (x 1,000 m ³)	75,459	76,606	73,750	74,374	73,190
Drinking water sold in own supply area per administrative connection (m ³)	115	119	115	118	115
Length of mains pipeline network (in km)	4,521	4,494	4,470	4,439	4,411
Length of transport pipeline network (in km)	285	284	283	283	283
Number of installed water meters	577,411	571,829	564,934	557,813	555,975



Dunes

Dune reserves under our management (ha)	2,420	2,428	2,428	2,250	2,250
Number of visitors to Meijendel Visitor Centre	39,633	63,626	143,320	141,199	128,279

1. There is insufficient information available for the period from June 2020 to December 2021 to determine the sub-standard supply minutes (SSSMs). The numbers reported for 2020 and 2021 are partly based on an extrapolation from data for the period from January to May 2020 (2020 SSSMs) and the period from January 2015 to December 2019 (2021 SSSMs).

2. Since 2018, the river water intake in cubic metres has referred to the total volume of water extracted from the Afgedamde Maas (Dammed-up Meuse) and the Lek. Before 2018, this figure only concerned water from the Meuse.

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

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

Highlights of 2021 for Dunea

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Covid

This was the second year in which our lives were largely dictated by Covid. The ongoing pandemic and the restrictions to contain the virus had an impact on our staff. In spite of this, the standard of our services remained high, and customers suffered only minor consequences. Based on insights from our survey of staff experiences during the recent period of working (mainly) from home, and their expectations for hybrid working in the future, we devised a new 'Post-Covid Working' concept for our office workers and began to implement it.

Greater appreciation for nature

Partly due to Covid, appreciation for nature has increased in recent years. We're committed to protecting our nature reserves. We also try to give our visitors an optimum experience, and make them aware of the value and vulnerability of nature.

Emerging substances

Emerging substances in surface water and rivers are a growing source of concern. Regular measurements of our sources revealed a high concentration of prosulfocarb. The substance was completely removed during our treatment process and did not pose a threat to drinking water production or safety. It shows the urgency of better protection for drinking water sources.

Major repairs

A leak in our biggest river water transport pipeline required complex repairs. Specialist divers had to enter the pipe to plug the leak. The repairs were completed successfully with no impact on our watersupply services or on nature in our dunes.

Increased focus on cyber security

The threat assessment changed in 2021, and vulnerabilities and complexity increased the challenge of cyber security. For a company like Dunea, operating in an essential sector, cyber security requires a constant and increasing focus at all layers of the organisation. We also work closely with other parties in the drinking water sector, the NCSC and other partners to maximise our resilience to digital threats.

Staff recruitment is becoming more difficult

The war for talent in technology and ICT became more pronounced in 2021, with the shortages spreading to almost every profession. In spite of this we filled 74 vacancies in 2021, including 17 with internal candidates.

Update on our strategy

Forecasts for population growth in our region were revised upwards last year. In response to this development, we accelerated the implementation of our strategy to scale up drinking water production and cope with the increase in impurities in our drinking water sources.

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Value creation and impact

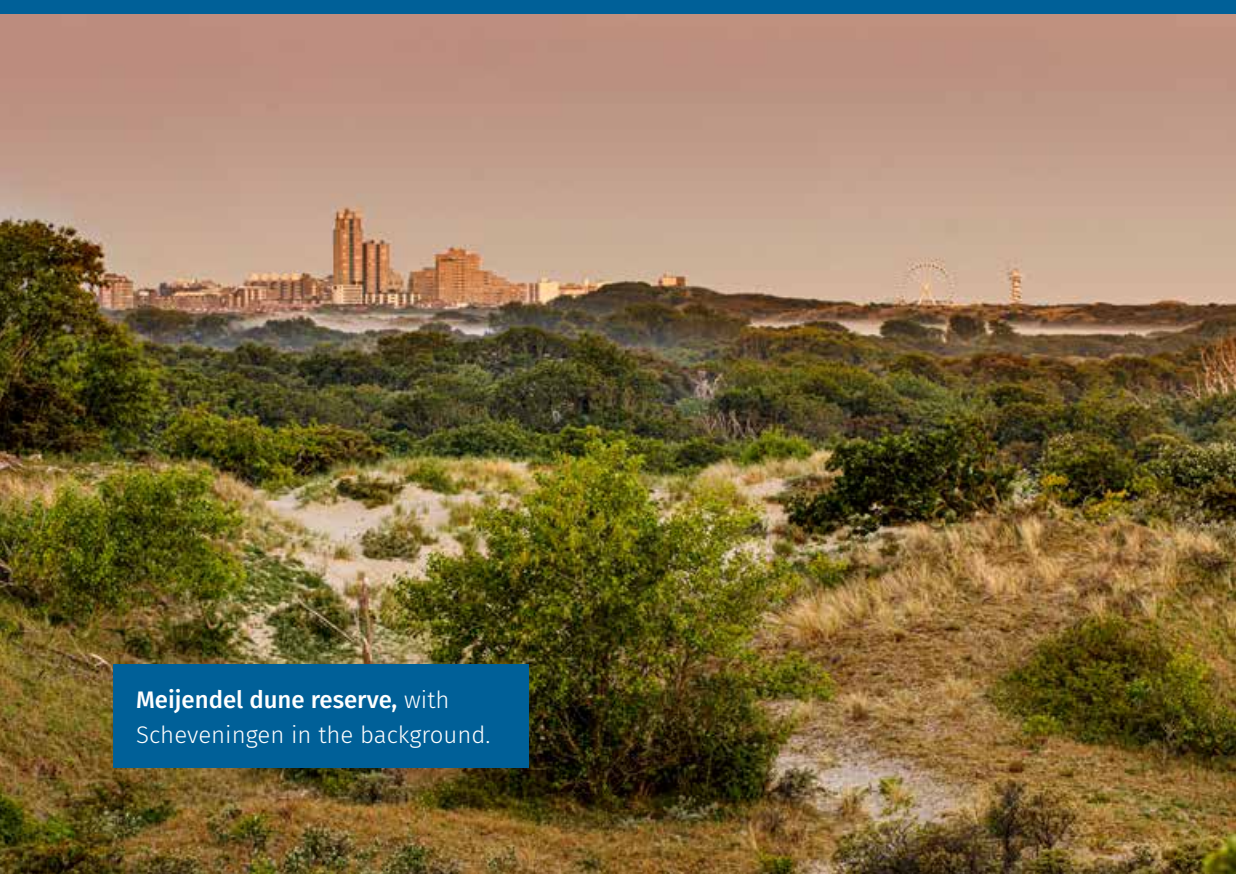
Dunea wants to improve the clarity of its reporting on long-term value creation; to this end, we are monitoring developments in the IIRC's framework for integrated reporting.

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

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

Dunea supplies products and services to its stakeholders, which means it also depends on those stakeholders. We are constantly improving our understanding of this relationship and how it can be enhanced. This will help us increase the value we create.

In 2021, we continued to strengthen the connection between the value creation model and the development of our strategy by analysing the link between the value we create and the goals we pursue. In 2022, we will take the next step by incorporating the results of this analysis into the evaluation of our strategy. We will also begin a new materiality analysis, to assess the extent to which our activities are still aligned with our stakeholders' expectations.



Meijendel dune reserve, with
Scheveningen in the background.

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Connection with the Sustainable Development Goals

Dunea’s work, products and services directly and indirectly touch on all of the Sustainable Development Goals (SDGs). However, Dunea has decided to focus on the four SDGs where the organisation can make the biggest difference:



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

The focus on these four SDGs helps the organisation translate its impact into practice, and vice versa. These SDGs have been given a place in the value creation model, in the impact column.

To create value, Dunea is increasing its positive impact, while at the same time identifying its negative impacts with the aim of reducing them. In this way, Dunea hopes to contribute to a more sustainable future.

The SDGs are a means of indicating the SDGs to which Dunea makes (or aims to make) the biggest contribution. This allows Dunea to express, in a universal language, how we will connect with our stakeholders and environment.

Value creation and sustainability embedded in our organisation

In view of Dunea’s core tasks – supplying good drinking water and managing the dune reserves – the focus on value creation does not require separate investment, but is instead integrated into all parts of the organisation. The focus is executed as part of Dunea’s strategic plan. Each strategic goal is coordinated by a secretary and implemented by a number of multifunctional working groups. Every quarter, the associated KPI reporting is a standard item on the agenda of the Management Board.

Central control of the programme for ongoing development of the focus on value is the responsibility of the Corporate Strategy Manager, who reports directly to the Management Board. On the Supervisory Board, the Sustainability portfolio is held by Annemarie van der Rest.

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 precipitation on the dunes !
- Raw materials !

Produced

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

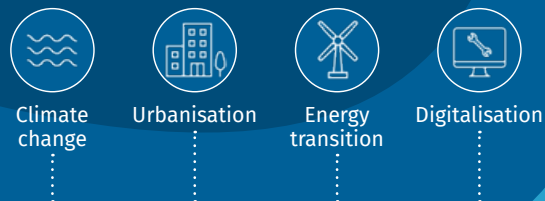
Financial

Income from water supply in designated supply area

Business model



Trends



! Denotes negative effects/ value destruction

Output

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

Outcome

- Confidence, health and convenience:
 - sufficient healthy, affordable water, 24/7;
 - Peace, space and relaxation in the Randstad
- Energetic, adaptable employees
- Knowledge sharing, innovation, information and education

Impact

- Long-term security of drinking water supply inside and outside the supply area, for all customers
- Contribution to wellbeing, pride and identity for customers, visitors and staff
- Preservation of a multi-functional usable and robust ecosystem with a net-positive contribution to biodiversity
- Contribution to pollution and climate change !

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

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

- Contribution to employment and prosperity in the region
- Contribution to essential infrastructure for a liveable region
- Occupation of scarce space in the Randstad !

- Assets
- Transparent, affordable drinking water tariff

- Healthy financial position for investments in increasingly sustainable managed assets

Contribution to SDGs



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Risk management



Infiltration pond
There are dozens of infiltration ponds in our dune reserves, where pre-treated river water is filtered naturally by dune sand.

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Challenges for our dunes and our drinking water

Looking back on 2021, it's clear that the surge in drinking water demand and emerging substances in the drinking water supply are the main developments that will have a big impact on Dunea's tasks in the years ahead.

In 2021, Dunea had to grapple with trends and developments that affected our social task and activities. This section outlines the key trends and developments.



Urbanisation and population growth



Climate change



Emerging substances in drinking water sources



Energy transition



Ability to obtain financing for future investments

- Covid
- Digitalisation and cyber security
- Labour market shortages
- Nitrogen
- Declining trust in the government



Urbanisation and population growth

2021 projection: the drinking water demand will grow to 100 million m³ per year

Urbanisation and population growth in our supply area are continuing. Population growth is increasing more quickly than previously predicted, with no reduction in drinking water use per person. In 2017, it was projected that by 2025 Dunea would have to be able to produce more than 90 million m³. That would have required an increase of 5 million m³. A projection by Statistics Netherlands (CBS) in 2021, based on municipal housing portfolios, suggests that by 2040 drinking water production will need to have been expanded by an additional 10 million m³: by 2040, demand in our sales area is forecast to reach 100 million m³. Dunea was already working to scale up drinking water production with our multi-source programme. The new projections released during the reporting year increased the pressure on that programme.

This development will give us momentum to accelerate our ongoing strategic projects. We can emphasise the urgency of the projects, and request support from stakeholders, for example in relation to capacity for new water extraction in the region, water-sustainable new construction and water-saving measures.

However, this momentum is overshadowed by the risks. The more rapid rise in the projected population means that the Berkheide programme will only supply enough drinking water until 2030, rather than 2040 as we had assumed. At the same time, the new sources we're developing will not be ready until 2030 at the earliest. That means that a new capacity issue has arisen for the medium term (2030), which will require significant additional investments. We are anticipating price increases due to the scarcity of water. If supply and demand cannot be balanced, a shortage of drinking water around 2030 is not inconceivable, particularly if we experience long and frequent periods of drought.

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Climate change

Flooding and drought preparations

Because of climate change, we are going to have to deal with extreme weather more often. Weather conditions can have a major impact on our activities and on our customers' water consumption. This was once again made clear by flooding in Limburg, the Ardennes and the Eifel in 2021, following the drought in 2020. The flooding resulted in large quantities of dirty water entering our sources. The Afgedamde Maas (Dammed-up Meuse) reached record levels, but its waters remained relatively clean, and no intake stoppage was necessary. We carried out extra monitoring to ensure that the water we extracted was safe. When spring came, we started preparing for the potentially dry summer months. For example, as a precautionary measure we didn't schedule any high-risk work on the river water infrastructure during the summer months. Groundwater levels and the quality of the extracted water are monitored continuously to ensure the water quality remains stable in both wet and dry seasons.

Our climate is changing, which means we must be more climate adaptive and better prepared for drought, flooding and hotter temperatures. Many of the opportunities we see here relate to structural adjustments and increasing the sustainability of the water system. We are working on this water transition in collaboration with partners in the water chain. Maintaining sufficient reserves while expanding and diversifying the number of drinking water sources is also of critical importance. These are key elements in our strategy (see the next section).

There is a risk that the climate could be changing too fast for us to keep up, triggering unforeseen incidents. For example, water pipelines under paving could heat up too much, causing the risk of legionella and damage to pipes. That's why we prefer to lay water pipelines in shady green areas. However, this is becoming more challenging due to competition for space in the subsoil and current construction issues.



The water transition

The water system, including the drinking water supply, is under pressure from drought, salinisation, and a growing economy and population. While there is adequate water availability (for now) across the year as a whole, in certain regions there may be insufficient water in dry periods, and too much water at other times. The quality of our drinking water sources is also deteriorating, due to contamination from agriculture, industry and households. Analogous to the energy transition, the drinking water sector, of which Dunea is part, has been advocating for a water transition from water discharge to water management, focusing on a climate-robust system that ensures the future availability and quality of water. Water availability must be the guiding principle in spatial planning visions and decision-making.

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Emerging substances in drinking water sources

Protecting water sources is more urgent than ever

It has become clear that increasing quantities of PMT substances are entering the environment. For example, a study by the EFSA (European Food Safety Authority) and the RIVM (National Institute for Public Health and the Environment) revealed that the total quantity of PFAS that people ingest through their food and drinking water is too high. The RIVM concluded that although drinking water is safe, the total quantity of PFAS people are ingesting must be reduced.

Dunea believes it is important for research to be done. PMT substances such as PFAS do not belong in the environment and certainly not in drinking water sources. Because these substances do not break down much, if at all, it's important to prevent them from being released in the first place. The Netherlands is working with Denmark, Germany, Norway and Sweden on a proposal for a European ban on PFAS.

As a drinking water sector, we've been pushing for such a ban for a long time. This development underlines the urgency of the need for the government and industry to take immediate steps to protect our water sources. RIWA, the Association of River Water Companies, has been advocating for greater international cooperation, while Vewin, the Association of Dutch Water Companies, has been actively lobbying for critical questions to be asked in the House of Representatives. We are extremely concerned that work to strengthen the protection of sources is progressing too slowly: pollutant discharges are still occurring, and in our view, environmental permit enforcement is neither timely nor sufficient. If the current trend continues, adjustments to and investment in our treatment processes and facilities will be required with increasing urgency; meanwhile, although we are an actor in the water chain, we have no influence over what happens at the source.



Additional research into PFAS

PFAS break down very little, which means they remain in the environment more or less forever. They enter our soils and surface water through the air and waste water, which means they can also be found in our drinking water sources. Dunea uses river water from the Meuse and the Lek to produce drinking water. Like all Dutch drinking water companies, Dunea complies with the European guideline value for PFAS in drinking water. That value was made stricter in December 2020, and the deadline for complying with the new value is 2026. Dunea checks the drinking water daily, from source to tap. This means we take thousands of samples every year. In response to the results of the RIVM report, we plan to expand these checks and our research.

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Energy transition

We must become more sustainable more quickly

The energy and heating transition were more topical than ever in 2021, in light of the disturbing signs that the planet is heating up more quickly than previously thought. We contribute through our subsidiary Dunea Warmte & Koude, by using heating/cooling in our water pipeline network, and we once again took steps in this regard in 2021.

However, even sustainable energy sources are not without risks.

Like ground heating due to climate change, the heating up of the ground due to the increasing use of electricity could have major consequences for drinking water quality in the near future. The use of geothermal energy also poses risks to water extraction. Dunea believes that existing and future water extraction areas and groundwater protection areas should be excluded at the outset as possible locations for geothermal energy, due to the risks that underground drilling poses to the drinking water supply. Only 5% of South Holland by area has fresh groundwater that is suitable for the production of drinking water, so there is more than enough land left over for geothermal energy. During the reporting year, the drinking water sector took steps towards CO₂ pricing. Dunea is committed to CO₂ pricing, since climate neutrality is one of our five strategic goals.

We see the rising energy prices during the reporting year as an extra reason to accelerate our actions towards greater sustainability, reduce our dependence and become increasingly self-sufficient.



Ability to obtain financing for future investments

Developments in the WACC

In 2020, it had already become clear that the drinking water sector would need to make significant investments. These investments are necessary if we are to continue to guarantee the quality and security of supply of drinking water in the years ahead. Although the need for investment is already a considerable challenge in itself, financing investments is becoming increasingly difficult. The maximum profit that drinking water companies are allowed to make is restricted by the WACC limit. Following a drop in the WACC limit to 2.75% in 2020 and 2021 (from 3.4% in 2019), Vewin, our industry association, began lobbying at the national level for the financial constraints imposed on drinking water companies to more fully take into account the practical realities and challenges facing the sector in relation to financing. As a result of this lobbying, the Minister of Infrastructure and Water Management commissioned the ILT to conduct a study into the WACC system in relation to the need for future investment by the drinking water sector. In its report to the Minister, the ILT made a number of recommendations for possible approaches to solutions, including a review of the WACC system. Vewin sent a response to the report. The Minister has indicated that a long-term solution will be sought through follow-up studies and consultation. This will be developed further in 2022. The short-term result is that the WACC for 2022–2024 has been set at 2.95%, on the advice of the Authority for Consumers and Markets (ACM), and that a further drop in the WACC has been prevented for now. For the next five years, Dunea has an investment level of around €50 million per year. We do not foresee any difficulties with obtaining financing for this level of investment. However, from 2027 Dunea expects its investment requirements to rise. We must make preparations well in advance, so that we are able to meet this rising need for investment.

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A brief overview of other trends and developments

- During the reporting year, the Covid pandemic continued to play a major role in our daily lives. Lockdowns resulted in large numbers of people visiting our dune reserves on fine weekends, but even without that factor we noticed that our dunes were increasingly well frequented. The balance between recreation, water extraction and nature/biodiversity was therefore a big focus in 2021. We performed our first impact measurement in our dunes, to help us make responsible decisions in this area.
- The challenge of cyber security increased due to vulnerabilities and complexity. That also had an impact on our organisation: with more threats we must also be constantly alert to our resilience, with targeted, increasing measures in the areas of prevention, monitoring, detection and response. This is critically important for the essential services sector, of which Dunea is part.
- The war for talent, particularly technical personnel, is still ongoing in the labour market. The industry has responded, but in our view the response has been too cautious. Dunea plans to do more work on training and progression; the majority of long-term staffing needs, particularly in technical positions, will have to be filled through internal progression.
- As the nature conservation body with responsibility for the dunes, Dunea is committed to finding a solution to the nitrogen issue. We have discussed our approach to water sources with the provincial authority, and we take seriously our responsibility for preventing the harm that nitrogen can cause in the natural environment. At the same time, our drinking water supply projects must continue. Thanks to collective efforts by the drinking water companies in Vewin, the new nitrogen legislation includes an exemption for the construction phase of these projects. After all, new houses cannot be built without drinking water connections. We continue to closely monitor the nitrogen effects of our projects and examine where we ourselves can contribute to reducing the nitrogen burden on the dunes.
- Declining trust in the government has made communicating with citizens, customers and interest groups more complicated. Dunea has noticed an increase in mistrust in interactions with Dunea staff. We are aware of the issue, and always seek to ensure dialogue is constructive. We mitigate the effects of this trend in our risk management.

More information about these developments and how Dunea is dealing with them can be found in the Results, Staff and organisation and Risk management sections.

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Mission, vision and strategy

Towards a robust and sustainable drinking water system

During the reporting year, Dunea followed its strategic plan.

Developments in the world around us, as outlined in the previous section, prompted us to focus our attention and activities more closely on the key points of our strategy.

Mission

Our mission is to ensure that 24 hours a day, 7 days a week customers and nature lovers can depend on good, natural drinking water and peace and space in the Randstad. In doing so, we constantly strive for a sustainable balance between water extraction, nature conservation and recreation.

Vision

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

Future-proofing Dunea

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Strategy

The focus of our strategy is creating a sustainable and robust drinking water system with multiple sources, which over the long term will provide good, safe drinking water and security of supply for our customers.

Short term – Up to 2030

- Supplying more drinking water from existing sources and protecting the system as best we can. This objective in particular was a major priority in 2021, given the updated growth projections (see the Trends and developments section). New sources are not expected to start providing extra capacity until 2030.
- Expanding bridging capacity to three months (we are starting with bridging capacity at Berkheide, with work at Meijendel and Solleveld to follow).

Long term – From 2030 onwards

- From 2030 onwards, we must build a sustainable system that provides resilience and security of supply. During the reporting year, we adopted a hybrid system as our blueprint. This will be a system in which we combine our current natural dune system with innovative systems of direct treatment from new, nearby sources. It will allow us to harness the benefits of the current system in combination with new treatment technologies such as membrane filtration. We will continue to use the dunes to maintain a reserve, for temperature smoothing and for stable treatment, while new treatment technologies will help us find an appropriate response to new emerging substances.

To successfully tackle these challenges, our strategy is focused on the following components:

- A. Optimising the current system to enable us to supply more drinking water and expanding the strategic freshwater reserve in the dunes.
- B. Strengthening our multi-source approach.
- C. Intensifying collaboration with partners for clean water sources and robust systems.
- D. Influencing demand and preventing wastage.

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Focus and progress in 2021

In light of external developments during the reporting year, we increased the focus on our core task: supplying high-quality drinking water to everyone, all the time. In the long term, business-as-usual drinking water production will cease to be viable. In 2021, that 'long term' became closer than initially forecast. The demand for drinking water is growing more quickly than earlier studies had suggested. In addition, we are having to deal with new standards for emerging substances.

Accordingly, in 2021 we primarily focused on the question of how we could produce more water of better quality in the short term.

Accelerating the creation of a sustainable future drinking water supply is urgent. Our main focus in 2021 was on components A and B (see page 20). In addition to the decision to adopt a hybrid system as our blueprint, the following progress results were important:

- We redefined the scope of the Berkheide project. Extraction in this area has already been scaled up in recent years. This has enabled Dunea to supply an extra 1.5 million m³ of water per year. Over the next few years our extraction facilities will be refurbished, and an additional 5.6 million m³ of drinking water will need to be extracted.
- Additional projects for further optimisation of the current system were started or completed. We submitted a permit application to temporarily extract an additional 2 million m³ of drinking water at Meijendel in 2022. We took another step towards the creation of greater bridging capacity at Berkheide (see page 37) as well as advancing the blending plant project, by adapting the current Bergambacht pre-treatment location so that we once again have a fully-fledged intake point on the Lek. The blueprint of a hybrid system, which we expect to have in place by 2040, also means continuing to invest in and maintain our current system (the dunes, river water pipelines and intake locations). For instance, in 2021 an

inspection of one of our key river water pipelines was carried out. In 2022, we will look at whether this inspection should give rise to further actions.

- We continued to implement our multi-source strategy. The Scheveningen brackish water pilot was completed, while the Lake Valkenburg pilot will continue into the spring of 2022. We were also fully engaged in active environmental management to properly embed our new sources in the spatial planning of this crowded environment.

Components C and D (see page 20) continued to receive attention during the reporting year.

Things that unexpectedly diverged from our annual plans were mainly related to the condition of our river water pipelines, but there are also other places where we are faced with assets that are coming to the end of their service life.

Our progress, results and challenges are explained in greater detail in the 2021 results section.

A fit organisation

We have set five strategic goals for our organisation, which should enable Dunea to successfully tackle the strategic challenges it faces and achieve its objectives. Our strategic plan was adopted in 2020 and was not changed in 2021.

Strategic goals

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Climate neutral

We have set up our production process in such a way as to avoid any negative impact on the climate.
We're also committed to sustainability through the supply chain, from source to customer.

Working for every customer

Customers experience Dunea as a forward-thinking service provider that is interested in their opinions.

Smart asset management

We have a strong foundation but the changing environment requires us to be smarter in the way we manage our dunes, pipelines and facilities. That means sometimes choosing between robustness and flexibility, thinking in terms of scenarios and optimising our use of data.

Investing in safeguarding the supply security of drinking water

Valuable dunes

The dunes are important for water extraction, nature and recreation. Together with our partners, we ensure that these functions remain in balance. Recreational users know where their water comes from.

Attractive work

Dunea is a great employer. Our staff are given opportunities to develop and feel challenged in their work. In the labour market, Dunea is a strong employer brand.

Three essential preconditions

Physical and digital security – Innovation for and from our core task – Smart use of data



Strategic partnerships

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

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

In Nationaal Park Hollandse Duinen, Dunea is working in a core group with the National Forest Service, the Province of South Holland, The Hague City Council, the Delfland and Rijnland District Water Control Boards and 53 other local partners to establish a sustainable, resilient and accessible national park that will strengthen and increase the value of the area for people, plants and animals. The official status of 'New Style' National Park was applied for in 2021. As of May 2022, the application is still being considered.

- **Multi-utility partnerships**

We actively seek to collaborate with other parties, such as water boards and grid operators. Multi-utility partnerships enable us to work more efficiently on more projects in more locations, with less disruption. For example, in 2021 we managed pressure sewer systems for Rijnland District Water Control Board; in conjunction with Stedin, we put out a call for tenders for a joint contractor for underground work; in partnership with Structin, we collaborated on the installation of utilities for new buildings. In Leiden, we signed an agreement with the city council and grid operator Liander for better underground coordination and cooperation. More details on this agreement can be found on page 52.

- **Dunea Warmte en Koude**

With Dunea Warmte en Koude, we use the water in our pipeline network as a sustainable source of heating or cooling for new suburbs and buildings. This is one way in which we contribute to the energy transition and create value for our stakeholders. We took further steps on this project during the reporting year, as explained in the 'Results – Making Dunea's overall operations circular' section.



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Looking ahead to 2022

In 2022, we will continue to build the drinking water system of the future. As we do so, we will focus on accelerated expansion of our short-term capacity and on improving our assets. We expect we will need to invest around €50 million, with around €41 financed from external sources. In addition, we will strengthen our team with suitable new staff – which is challenging in the current market. We will also make our offices more attractive and ready for hybrid working.

In 2022, we will have to apply for the necessary permits to expand our current system. We will also start a comprehensive environmental impact assessment and participation analysis for the expansion. We expect to gain a greater insight into the condition of our river water pipes, and will be working on a number of different pilot projects.

We will also evaluate our strategic plan in 2022, and make adjustments if necessary. We will conduct a new materiality analysis to assess whether our strategy is still properly aligned with the interests of our stakeholders and whether there are any areas that could be tightened up.



Working together to raise awareness

Water as the healthy choice

Healthy youth, healthy future. That's the motto of JOGG, an organisation promoting healthy lifestyles for children. And drinking water is a key part of a healthy lifestyle. That's why JOGG director Cora Zijlstra is so pleased to be collaborating with Dunea. In Lisse, which is one of the municipalities she works with, a number of vocational secondary schools took part in National Tap Water Day. She was also involved in the development of Dunea's lessons about water for primary schools.

'JOGG's working methods focus on connection: we can achieve more by working with partners. The JOGG team in Haarlem, which I'm part of, had good experiences with the

water company PWN. That's why I got in touch with Dunea. I was in luck, because Dunea was in the middle of developing lessons about water for primary schools, and I was able to give feedback.' 'During Tap Water Day in September I got to visit the participating secondary schools in Lisse with Druppie, our Haarlem-born mascot. The theme this year was tap water as a healthy thirst quencher during exercise. That fits in perfectly with JOGG's philosophy. Fortunately, many children are already accustomed to drinking water, but after puberty it's often no longer seen as 'cool'. Dunea developed guest lessons and a challenge specifically aimed at Group 3 to 8 students. These were designed to make it clear, in an interactive way, that our "ordinary" tap water is actually really special. Students also find it interesting to start working with water and doing experiments.' 'One thing that's wonderful to see is that strong local collaboration has led to a regional partnership, and the ability to link up at the national level. We're stronger together, and can accomplish more.'

JOGG is building and facilitating a network of municipal authorities, social organisations and companies. We are working together to implement JOGG's integrated approach to create a healthier physical and social living environment for children, young people and their parents/caregivers. In the JOGG municipalities, the approach focuses on making connections between schools, sport, neighbourhoods, wellbeing, the business community and work, for healthy environments and healthy young people.



Cora Zijlstra

Sports & Movement Coordinator
@ SportSupport Kennemerland |
JOGG Director for Haarlem and Lisse

Stakeholders and materiality

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In this section we explain who our stakeholders are, and what subjects are important (material) for them and for Dunea.

Our stakeholders

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

- Customers
- Staff
- Shareholders
- Provinces and water boards
- Partners and suppliers
- The central government (supervisory authority)

The table below shows how, how often and with what outcomes we had contact with our stakeholders in 2021.

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, BOC cycle, surveys, social media / Intranet / Arda platform, staff magazine, staff meetings, team discussions, informal activities	Safety culture, motivated and committed staff, pride and identity

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Stakeholder	Form of dialogue	Effect of dialogue on Dunea
Shareholders	Regular and ad hoc coordination meetings, shareholders' meeting, account management, tours/visits, strategic environmental management, 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 BV projects, municipal sufferance tax and compensation for loss
Provinces and water boards	Regular and ad hoc coordination meetings, account management, tours/visits, strategic environmental management, 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, etc.
Partners and suppliers (e.g. grid operators, contractors, engineering firms, interest groups, other land managers, volunteers, etc.)	Coordination meetings at an operational, tactical and strategic level Account management Tours/visits Suppliers Day Blue Networks coalition IPW (procurement managers consultation meeting)	Critical look at our own performance / work processes, working according to the Dunea Code of Conduct, 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 (supervisory authority)	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

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Materiality analysis approach

We performed our first comprehensive materiality analysis in 2019. The results of the materiality analysis were an important input for our new strategic plan, which we developed in 2020. In 2021, they also served as a key guide for the implementation of our strategy. Circumstances in the reporting year were very similar to those in 2020, so we saw no reason to update the materiality analysis yet. Accordingly, the materiality matrix for the reporting year was the same as for 2020 (a detailed explanation of how the matrix was developed can be found in our 2020 annual report).

The vertical axis shows the subjects that our stakeholders think are the most relevant for Dunea. The higher they appear in the matrix, the more important they are. The horizontal axis shows the subjects that our internal stakeholders believe have the greatest impact for Dunea. If a subject appears in the top right corner of the matrix, it means this subject was considered extremely important. The most material subjects appear in the top-right quadrant:

- 1) Investing in safeguarding drinking water quality.
- 2) Investing in the security of 24/7 drinking water supply.
- 3) Encouraging responsible water use by customers.
- 4) Playing an active role in environmental management on subjects such as underground infrastructure congestion and water quality.
- 5) Reducing Dunea's direct and indirect CO₂ emissions.
- 6) Making Dunea's overall operations circular.
- 7) Managing and protecting nature reserves.
- 8) Ensuring the sustainable employability of our staff.

These material subjects also serve as a guide for our reporting. We decided to add the material subject of 'biodiversity' to this list. Biodiversity is essential for strengthening the ecosystem in our dunes and is thus directly linked to the security of supply and quality of drinking water. In addition to these material subjects, we also shed light on other subjects in this annual report. This may be because we have a legal obligation to do so, or because it relates to something we are proud of and want to share with our stakeholders through this report.

Next steps

In 2022, we will reassess our material subjects through in-depth discussions with our stakeholders. For Dunea, involving stakeholders, listening to them and incorporating their perspectives is essential: we want to set relevant sustainable goals and hear our stakeholders' views on the subjects and fields in which Dunea has had – or could have – a genuine impact (whether positive or negative). We will also explicitly include financial materiality in this project: we want to obtain a clear picture of the impact of our stakeholders on Dunea's operations and performance. This will strengthen the connection between value creation and risks, which in turn will help us to develop a more targeted focus.

Materiality matrix

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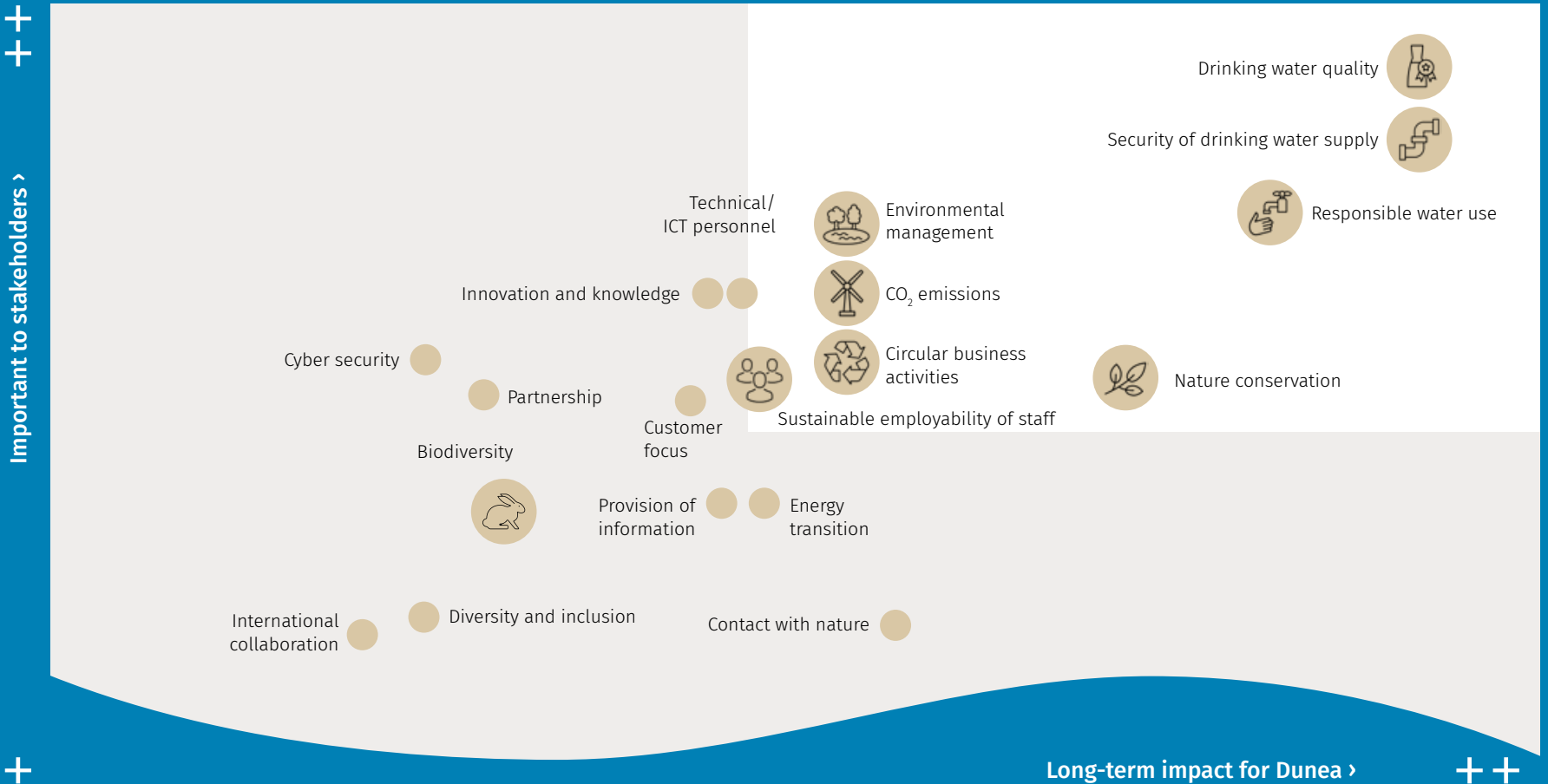
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Definitions of material subjects

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Investing in safeguarding drinking water quality

The growing number of pollutants requires additional investment in our treatment systems if we are to continue to guarantee drinking water quality as mandated by the Drinking Water Act and the Drinking Water Decree.



Investing in the security of 24/7 drinking water supply

To ensure that drinking water will continue to flow on demand in the future, we respond to changes by investing in our infrastructure from source to tap.



Encouraging responsible water use by customers

Drinking water is a scarce resource. We inspire our stakeholders in various ways to be conscious of how they use it.



Playing an active role in environmental management on subjects such as underground infrastructure congestion and water quality

To ensure that our customers can continue to depend on good, natural drinking water and peace and space in the Randstad, Dunea ensures better connections with our environment in a structured way.



Reducing Dunea's direct and indirect CO₂ emissions

By 2025, Dunea will be climate neutral as a company: in other words, the process of producing drinking water and managing the dunes will not contribute to climate change.



Making Dunea's overall operations circular

Dunea is aiming for circularity of all the materials we use.



Managing and protecting nature reserves

Dunea manages and protects the valuable dune reserves of Solleveld, Meijendel and Berkheide so they can continue to be available for water extraction, biodiversity, peaceful enjoyment and space/recreation in the crowded Randstad.



Sustainable employability of staff

Dunea is an attractive employer and has a working environment in which attention is given to individual career paths, producing energetic and adaptable employees.



Biodiversity

By 2025, Dunea will have a net positive impact on the variety of life forms within the ecosystem of our valuable dune reserves.

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In this part of the annual report, we explain the key results and developments related to the most material subjects.



For many Randstad residents, our dunes are the perfect place to exercise, play and spend time with friends.

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Investing in safeguarding drinking water quality

Our customers must be able to rely on safe and delicious drinking water. Together with the security of the drinking water supply, this is Dunea's top priority. In 2021, we again took steps to guarantee the quality of our drinking water supply, now and in the future.



De Tapuit, our visitor centre in Meijendel, was refurbished in 2021.

Our policy

Our policy for safeguarding drinking water quality is based on three pillars: measurement, treatment and prevention. Dunea has a risk-based monitoring network. The water extracted from the Meuse and Lek surface water sources is monitored during pre-treatment at Brakel and Bergambacht, before and after it passes through the dunes, and during final treatment. The water is sampled at every point where risks might arise, and analysed using advanced equipment. This enables us to continuously monitor water quality against statutory and in-house guidelines and health parameters. We also invest in ongoing improvement and renovation of treatment technologies and facilities. Prevention plays a crucial role in this process: if a substance doesn't enter the surface water, it doesn't have to be removed.

KPIs

- Exceeding drinking water standards for produced water. In 2021, the drinking water at all pumping stations complied at all times with the Drinking Water Decree and the Drinking Water Regulations. The microbiological and chemical monitoring parameters set out in Tables 1 and 2 of the Drinking Water Decree were not exceeded.
- For a number of the anthropogenic substances in Table 3 of the Drinking Water Decree, the alert threshold of 1 µg/L was systemically exceeded. The RIVM has set an individual drinking water guideline value for these substances. For all of these substances, Dunea's drinking water contains concentrations that are a hundred times lower than the guideline values permitted by the RIVM.

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2021 progress and results

Our drinking water is less hard

During the reporting year, we made a slight reduction to the hardness of our drinking water. This means customers can use smaller amounts of detergents and cleaning products. Not only is that more convenient for them, it also saves money and is better for the environment. Consumer behaviour shows that they like having softer water. The hardness of Dunea’s drinking water now puts it in the category of ‘soft water’; previously, it was ‘medium-hard’.

Safe drinking water: measurement and treatment

Taking samples during the pandemic

During the periods when the Covid measures were in place, we had to change the way we took drinking water samples. We adopted a new process for taking samples from customers’ homes. We wrote to customers in advance to inform them that a Dunea staff member would be coming to collect a sample. Naturally, we took all necessary safety measures.

In addition, the Water Lab gave customers the opportunity to bring in water samples from their homes to be analysed for the presence of lead. These samples were used to measure lead concentrations in the drinking water. In 2021, 636 residential customers in our supply area took 813 samples and had them analysed in this way.

PFAS

PFAS was a topical issue in our sector in 2021. Our drinking water complies with the RIVM’s new, stricter PFAS standards. Dunea believes that these substances have no place in drinking water, particularly since treating water to remove these kinds of chemical compounds is extremely difficult in practice. There are no future-proof solutions – at least, not yet.



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Accordingly, in 2021 we adopted a stronger source-based approach to preventing PFAS from entering drinking water sources. We have incorporated PFAS into our normal monitoring processes so that we can continue to ensure the safety of drinking water.

Innovative treatment solutions

In 2021, we launched a pilot for innovative ultra-filtration (a form of membrane filtration treatment) as an integral part of our multi-source programme. More information about this pilot can be found in the Security of supply section, under 'Progress on the multi-source programme'.

The horticulture drainage system in the Bommelerwaard started operating in early 2021. Waste water from the greenhouse horticulture sector in the Bommelerwaard is drained and treated in a separate wastewater system with a dedicated treatment facility, thanks to a unique partnership between Dunea, the growers, the Rivierenland Water Board and the Zaltbommel City Council. In 2021, this system resulted in 206,559 m³ of water being treated to remove fertilisers and crop protection products. It's a win-win situation, because growers don't have to worry about their waste water, and Dunea has noticed an immediate impact on water quality. Waste water from this location is no longer discharged into the Afgedamde Maas, close to our intake point.

The GOBAM (Bergambacht Advanced Oxidation) treatment method uses ozone and UV reactors. An evaluation of this treatment technology in 2021 found that GOBAM thoroughly removes organic micropollutants and drug residues. Because of the recent emergence of other substances, which GOBAM does not remove, a decision on further investment has been postponed.

During the reporting year, we tested the prototype of the 'schmutz cleaner': a robot developed in house to clean the slow sand filters



Part of the system for membrane filtration of brackish groundwater at our Scheveningen production location.

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(a crucial step in the treatment process). In 2022, we expect to obtain greater clarity about the feasibility of this technology and whether it can be successfully applied.

Finally, we developed a mobile chlorine unit, as an alternative to our fixed setups. In the event of a faecal contamination incident, this mobile unit can perform targeted disinfection at a central location on the water discharged from a production location. The mobile chlorine unit is expected to be up and running by mid-2022.

Prevention

In 2021, we had a major focus on information and prevention. For example, we launched a campaign about fire hydrant vandalism in collaboration with the police and community workers. Turning on fire hydrants without authorisation can have a negative impact on drinking water quality. We also contributed to the creation of a proper water permit for Chemelot, the chemical and industrial park in Geleen, to improve water quality in the Meuse. We continued to be actively engaged with the urgent PFAS issue; see also the Trends and developments section.

Incidents and follow-up

Flooding in the Meuse water catchment area caused extremely high water levels in the Afgedamde Maas. We put our water quality monitoring system on high alert. However, there was no risk to the quality of the extracted water, and no additional measures had to be taken. During regular measurements at our sources, we detected a high concentration of prosulfocarb. Detective work and action by the Belgian government uncovered the culprit, and the discharges were stopped. This chemical substance was completely removed during our treatment process, so there was no threat to our customers.

During cleaning work on the softening reactor in Katwijk in May 2021, an unwanted fluid was observed in the rapid filters. Appropriate action was immediately taken to isolate the substance. There was no risk to drinking water production. An extensive evaluation of the emergency was carried out and discussed with management. The evaluation identified points for improvement, which will be implemented over the short, medium and long term.

Looking ahead

In 2022, we will continue our activities in the areas of measurement, treatment and prevention, and scale them up if necessary. The key areas of emphasis are:

- Preventing contamination of our sources;
 - Continuing to develop our understanding of membrane filtration.
- Dunea will increase its focus on these areas in the years ahead (see also the section on our strategy).

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Investing in the security of 24/7 drinking water supply

Our customers must be able to rely on drinking water being available at any time of day, seven days a week. To continue to guarantee this security of supply, we are investing in our existing sources, in new sources, and in expanding and maintaining our pipelines and production locations.

Our policy

Our policy for security of supply starts with maintaining the current drinking water system over the short and medium term. To do so, we are focusing on quality and quantity to preserve the security and continuity of supply. The other key facet of our policy is developing new sources for use in the long term.

KPIs

- Number of administrative connections: 653,694.
- Number of litres of drinking water used (sold): 75.459 billion m³.
- Sub-standard supply minutes: 13.3 minutes.*

2021 progress and results

Expansion of existing extraction

Berkheide

The Berkheide programme is focused on optimising existing extraction operations and nature restoration in the Berkheide dune reserve. There is still scope within the provincial permit to extract more water from this dune reserve. This is important, given the rising demand for drinking water. The first projects were completed in 2021. Since May, they have been delivering additional structural capacity of around 1.5 million m³. The remaining projects should be completed by 2026, and will help us to meet future demand.

* There is insufficient information available for the period from June to December 2021 to determine the sub-standard supply minutes (SSSMs). The numbers reported for 2020 and 2021 are partly based on an extrapolation from data for the period from January to May 2020 (2020 SSSMs) and the period from January 2015 to December 2019 (2021 SSSMs).



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Temporary additional extraction

Since expansion via the Berkheide programme will not be sufficient to accommodate the adjusted population growth projection, in 2021 we prepared an application to the provincial authority for permission to extract around 2 million m³ of additional drinking water from deep sources in Meijendel, starting in 2022. This represents a temporary expansion on top of the capacity in our current permit for this dune reserve.

Completion of rinse water treatment projects

Reducing production and distribution losses will contribute to security of supply. In this context, two major multidisciplinary projects are underway for renovation of the rinse water treatment facilities in Scheveningen and Katwijk. The technical aspects of the Scheveningen rinse water treatment facility upgrade were completed in 2021 and are now operational. Not only has this work reduced our residual streams (see also the 'Making Dunea's overall operations circular' section), we have also remediated the soil where the sand depot used to be. The old rinse water ponds have been redesigned and landscaped as nature-friendly infiltration ponds, enabling the development of greater biodiversity in the dune landscape.

New steps in the multi-source programme

Berkheide bridging capacity

The bridging capacity project is part of our multi-source programme. This programme will help increase the security of water supply in the event of setbacks. The dunes contain a reserve of fresh water, which is continually supplemented with pre-treated river water. When the supply of river water is disrupted, this reserve is used to produce drinking water. The reserve is limited, but is often needed. With the bridging capacity project, Dunea is aiming to increase the deep strategic reserve of fresh

groundwater so that we can cope for longer without a river water supply. During the reporting year, the final scope for the Berkheide bridging capacity was established. This enabled preparations to begin. Towards the end of 2021, the first steps were taken in the design process.

Blending plant taking shape

In 2020, Dunea began preparations for the blending plant by turning our emergency intake point on the Lek into a full-fledged intake point. In 2021, we explored the technical condition of a number of assets. We ran a tendering procedure to contract an adviser, after which we started on the design.

EU LIFE Freshman pilot project with brackish groundwater

In Scheveningen, Dunea is researching the use of brackish groundwater. We made great progress in 2021. The project preparations were completed, the required permits were obtained, two extraction wells and eight observation wells were built, the treatment facility was installed inside the required enclosure, and cables and pipes were laid. This work was supported by communication, including via a website, video and information boards at the site. The first trial extractions for the permit took place in October. Since January 2022, we have been using membrane technology to treat a small amount of brackish water and turn it into drinking water.

On page 64, Teun van Dooren from KWR describes the milestones achieved in this pilot project.

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Lake Valkenburg pilot project

Lake Valkenburg is a promising new source of drinking water for Dunea: the surface water is of good quality and available in sufficient quantities. Moreover, the transport distance to the Katwijk production location and the dunes is only five kilometres. That will save on energy consumption and limit the risk of supply disruption.

A location close to Lake Valkenburg was found for this pilot project, and the environmental permit was granted in 2021. Monitoring of the quality of the surface water has begun. Together with the Rijnland District Water Control Board, we have launched a study into the availability of water at this location. Dunea has also made submissions on various spatial plans. The process as a whole is moving more slowly than we had anticipated. As a result, the pilot building won't be completed until 2022. To avoid losing valuable time, the ultrafiltration unit that is to be installed in the pilot building has temporarily been installed at Bergambacht. This has allowed us to use river water to test and properly calibrate the unit. Another benefit is that ultrafiltration is also one of the possible options to eventually replace pre-treatment at Bergambacht.

The basics: our pipelines and facilities

Inspection and maintenance

We devote a great deal of attention to identifying risks in our drinking water system and planning measures based on our findings. For predictive maintenance, we are increasingly using smart technology. For example, we use sensors in the high-pressure pumps in Bergambacht to monitor their condition, inline camera inspections of the raw water transport pipelines, and temperature sensors in the distribution network. In 2021, for our raw water transport pipelines, which carry pre-treated river water from Bergambacht to the infiltration areas, we created a specific inspection programme for the next few years and performed an initial inline inspection.



Our Katwijk site on Lake Valkenburg.
Dunea has built a test facility here to investigate what kind of treatment would be required if the lake were used as a source of drinking water in the future.

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Leak in the Bergambacht pipeline

In early 2021, there was a leak in the pipeline that carries pre-treated river water from Bergambacht to our dune reserves in Katwijk. We worked with the relevant stakeholders, including Krimpenerwaard Municipal Council, Schieland Krimpenerwaard District Water Control Board, Midden-Holland Environmental Protection Agency and Oasen, to set up an emergency response organisation. In these types of situations, collaboration with local stakeholders is critical to achieving swift and appropriate action. To enable the investigation and repairs to take place, the Bergambacht pipeline, which has a diameter of 1.6 metres, had to be taken out of service temporarily. At Dunea, we immediately went into emergency response mode. Repairing the leak required careful preparation and a methodical approach: not only because of the complex repairs at a depth of 5 metres, but also because the security of supply could not be jeopardised and there could be no harmful consequences for nature in the dunes. A wet spring meant we were able to clear the backlog fairly quickly, ensuring that the water level in the dune infiltration ponds and the groundwater level remained appropriate. In the end, the impact of the leak was limited: the pipeline was repaired relatively quickly, the infiltration ponds were filled before the start of the nesting season, and there was no imminent threat of a drinking water shortage. We have evaluated the incident and incorporated improvements in our processes and preparedness plans.

New drinking water pipeline in Noordwijk

In August 2021, we started phase two of laying a new drinking water transport pipeline in Noordwijk. The construction of new houses and the increase in businesses in the region mean that the existing pipeline network must be expanded. The work is expected to take until May 2022. Preparation for phases three and four is underway.

Performing all maintenance at the same time

In Weeks 46 and 47 of 2021, we used the scheduled stoppage to have technicians from several different professions carry out maintenance on our drinking water facilities, pipelines and dune reserves. This approach ensured there was no risk to security of supply.

Katwijk automation milestones

During the reporting year, we completed the final phase of our modernisation of the treatment process automation system at our Katwijk site. These improvements, which were part of a large-scale operation we had been working on since 2018, involved modernising the communication networks, with a focus on redundancy in case of possible disruptions to improve security of supply.

Improvements to the slow sand filter process

We also launched a project to improve the processes involving slow sand filters in Katwijk. The goal of the project was to ensure the right filtration speeds are maintained and to set up protective measures to prevent drying out. In addition, actions that had previously been performed manually were automated, and a supply loop pipeline was installed around all filter buildings. The loop pipeline will be operational in 2023.

Looking ahead

In 2022, we will continue our projects and measures to ensure security of drinking water, supply now and in the future. An increase in the quantity of water that must be transported to the dunes translates into an increase in pressure on the river water system; meanwhile, the river water assets are ageing. In 2022, we will make concrete plans based on the results of inspections to ensure that our river water system will remain robust until 2040.

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What do our customers think?

Drinking water quality and security of supply are Dunea's highest priorities, both because of our statutory duty as a drinking water supplier and due to our focus on our customers. How did our customers rate us during the reporting year?

In 2021, Dunea's drinking water scored an 8.4, with customers citing taste and availability as the most important factors. Customers think our reliability is Dunea's most important and relevant asset.

In 2021, overall customer satisfaction was 8.0. This is the same score as for 2020. Faults were resolved appropriately, with technicians scoring an average of 9.3 for customer friendliness. The Customer Service team, which receives fault notifications, scored a 9.1.

In 2021, we implemented improvements to our service delivery, including monthly invoicing and an easier process for logging in to Mijndunea, the customer portal on our website. Customers found it easy to interact with Dunea, as shown by the CES* of 1.6. Our target is a CES of 2.0 or below. We also noticed an increase in the number of customers carrying out transactions and interacting with Dunea via Mijndunea.

We adjusted our complaints process after noticing that we were unable to meet the stricter resolution time target (80% of complaints resolved within 5 working days). The adjustments related to how complaints were registered, reported and forwarded to different departments. By reducing the number of links in the chain, we were able to resolve complaints more quickly.

* CES stands for Customer Effort Score. It allows customers to indicate how much effort they had to make to interact with Dunea (on a scale from 1: Very little effort to 5: A great deal of effort).



We have set the following goals for 2022:

- General customer satisfaction: 7.8 or above.
- Customer satisfaction with customer processes: 8.0 or above.
- CES: 2.0 or below.
- Complaint resolution time: 80% resolved within 5 working days.

We aim to achieve these targets by implementing the following improvements:

- A tariff calculator on the website;
- A business customer portal for customers with multiple connections;
- Implementation of new CCS and CRM functionalities;
- Meter reading with image recognition;
- Socially-responsible debt collection;
- Improving the customer journey for faults and maintenance.

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Encouraging responsible water use by customers

To achieve our strategic objectives, we have to look not only at water production, but also at water use. If everyone uses water responsibly, it will make it easier for us to maintain the balance between supply and demand. We did a lot of work in this area during the reporting year.

Our policy

Dunea pursues an active policy of making residential and corporate customers aware of their water use. We encourage healthy behaviour in terms of drinking sufficient water, we help customers save water where possible, and we provide information about measures that customers can take by themselves to safeguard water quality. This policy is implemented in a variety of ways, from digital water meters to communicating tips and advice. We also play an active role in spatial development, including in the creation and redevelopment of residential suburbs. This allows us to contribute ideas about responsible water use right from the planning stage. Integrating these ideas at the construction stage translates into ease and comfort for consumers and more sustainable water use.

KPIs

In 2021, the responsible water use policy was primarily qualitative. The Responsible and Sustainable Water Use programme (see under 2021 progress and results) will result in appropriate KPIs, which we can also use to report against.

2021 progress and results

Responsible and Sustainable Water Use programme

The Responsible and Sustainable Water Use programme was launched towards the end of the reporting year. This programme will encourage responsible and sustainable drinking water use by residential and corporate customers, to alleviate the rapidly increasing pressure on the water supply and the water system and to contribute to several of Dunea's sustainability goals. We will start reporting on the progress of this programme in 2022.



Passers-by can fill their bottles with tap water free of charge at more than **200 public drinking water taps** in our supply area.

Collaborating on water-saving innovations: the 50-litre house

To encourage water-saving innovations, in 2021, Dunea, Arcadis and VPDelta launched challenges focusing on the '50-litre house'. School and university students, entrepreneurs and startups were asked to work out what would be needed to achieve a household in which every occupant uses a maximum of fifty litres of drinking water per day. At the same time, the challenges contributed to raising awareness around water consumption. The best ideas were tested in practice in the Green Village field lab in Delft, where Dunea is a research partner. The Green Village contains test houses and test setups where innovations related to the energy and water transition and climate adaptation can be displayed and tested.

The first challenge for entrepreneurs took place during the reporting year. It was won by



Pim Wijnakker from The Hague. He came up with the rainwater toilet, which he will now test for a year in one of the occupied houses in the Green Village. Second place went to Dick Breederveld with the 'Weeing and Washing Combination', while John van de Wetering took out third place with his Rain Mate. The top three were included in the portfolio of VPDelta. For twelve months, the inventors will receive two hours of expert advice per month from the partners involved.

Wim Drossaert represented Dunea on the jury. 'The winning system had potential tap water savings of 30%, will be easy to scale up, and can be applied in both new and existing buildings. It can help ensure our region continues to have sufficient water in the future, even with strong population growth.'

Initiatives aimed at our residential and corporate customers

In 2021, we communicated regularly with our residential and corporate customers to encourage responsible drinking water use.

Initiatives aimed at residential customers included:

- The Smart Water Use Challenge, in which Group 7 and 8 primary school students were given the challenge of brainstorming smart solutions for re-using and saving water. The aim of the challenge was to increase awareness.
- National Tap Water Day; this year's theme was 'water as a healthy thirst quencher'. Sixty-one primary schools and 14 vocational secondary schools in our sales area took part, which is a record. Around 210,000 children between the ages of 4 and 12 participated in digital lessons about where their drinking water comes from and why it's a healthy alternative to sugary drinks.
- During the thirtieth Leiden Marathon, Dunea handed out invigorating dune water to all participants at several water stops along the route.
- At the start of the summer holidays, we targeted our customers with a communication campaign on the importance of flushing taps after a holiday to prevent legionella infections.

Initiatives aimed at the corporate market included:

- Water scans, which give major consumers in our supply area insights into their water consumption. Based on their scan, we can talk to them about areas where they could re-use or save water.
- Preparations for the further rollout of digital water meters for corporate customers were completed behind the scenes.
- A partnership with Duinrell, focusing on saving water and energy and on the development of eco-lodges in the holiday park.

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Responsible water use in spatial development

The water-saving plate: a new innovation

In collaboration with Katwijk Municipal Council, Rijnland District Water Control Board, Bouwfonds Property Development, Hydraloop and Mijn Waterfabriek, Dunea identified the potential for a newly built house that is 'water-saving ready'. One of the basic principles is that the occupants can decide for themselves whether and how much to use the water-saving system. The concept we came up with is called the 'water-saving plate'. The plate contributes to water-saving solutions, and can result in drinking water savings in homes of as much as fifty litres per person, per day. The design is similar to the base plate in the meter cabinet, with all water pipes coming together in one place. From there, the pipes run to places where water is used, such as the toilet, the washing machine and the outside tap. This means, for example, that water from the shower can be directed to the toilet (via a treatment device) or the washing machine. These applications do not necessarily require water of drinkable quality. Re-using heated water can also save energy. The trade journal *De Installateur* published a long article about the water-saving plate in 2021.

Municipal councils convinced of the importance of water awareness

We have noticed that an increasing number of municipal councils are making water-saving measures a condition of the development of new residential suburbs. This applies to both new builds and renovations of existing buildings. It requires a much broader approach than just climate-adaptive construction: a connection with water awareness is increasingly required.

In November 2021, twelve municipal councils in the Delfland region, Dunea, Evides and the Delfland District Water Control Board signed a partnership agreement on climate adaptation which included water awareness.

Dunea is also a partner in the Climate-Adaptive Construction Covenant of the Province of South Holland. Water saving was included in the covenant this year following a review.

Looking ahead

In 2022, we will continue to implement the Responsible and Sustainable Water Use programme to develop new solutions in the areas of technology and communication. Specific plans include:

- Ongoing lobbying for water awareness to be included in building standards;
- Continuing to roll out water scans for our corporate customers;
- Creation of the 50-litre house in The Green Village;
- Launching a toolbox with solutions for responsible and sustainable drinking water use, the required investments, the impact on drinking water consumption, etc. We want to use the toolbox to present the possibilities in a comprehensible way, initially to municipal councils and project developers;
- Designing the suburb of the future with water as the guiding design principle, in collaboration with Netwerk Afvalwaterketen Delfland and the Clean and Healthy Water Network;
- Harnessing water-saving opportunities in our own offices.

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Reducing Dunea's direct and indirect CO₂ emissions

As part of our strategic goal of climate neutrality, we are aiming to reduce direct and indirect CO₂ emissions. Reducing these emissions is critical for working in harmony with nature and future-proofing our organisation.



Charging stations for electric cars were installed at all of our sites in 2021. They can be used for company cars and for staff members' private vehicles.

Our policy

Every year since 2017, Dunea has calculated its CO₂-equivalent footprint according to the GHG protocol. This is one of the most widely used methods in the world for determining the CO₂ footprint of an organisation. According to this protocol, indirect emissions (from upstream and downstream activities) must also be included in the calculations. Accordingly, Dunea looks at the entire supply chain, including the electricity and chemicals it purchases, and how its staff members commute. Quantifying our footprint helps us take targeted measures to reduce CO₂. We also use the annual calculation to measure the actual progress of our ongoing CO₂-reduction measures.

When calculating their CO₂ footprints, Dutch drinking water companies also use the practice code PCD11:2020 issued by the KWR. The drinking water sector hopes to use this practice code to formalise these calculations, which should lead to greater uniformity and consistency in calculation methods.

KPIs

Our targets for 2025 are:

- 70% reduction in Scope 1 emissions by 2025 compared to 2019;
- 100% reduction in Scope 2 emissions from 2020 onwards (by purchasing green energy);
- 25% reduction in Scope 3 emissions by 2025 compared to 2019;
- 100% offset of remaining Scope 1 and Scope 3 emissions that can be influenced.

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At the end of 2021, our CO₂ footprint worked out at 11,855 tonnes CO₂eq without offsets, and 10,339 tonnes CO₂eq with offsets. Of this total, 1,272 tonnes CO₂eq were direct Scope 1 emissions (primarily natural gas consumption and business-related transport in company vehicles), 0 tonnes CO₂eq were indirect Scope 2 emissions (due to the purchase of green energy via 'Guarantee of Origin' certificates) and 10,583 were indirect Scope 3 emissions (mainly from the use of water treatment chemicals). With this footprint, the emission factor of water supplied by Dunea works out at 0.14 kg/m³ without offsets and 0.12 kg/m³ with offsets.

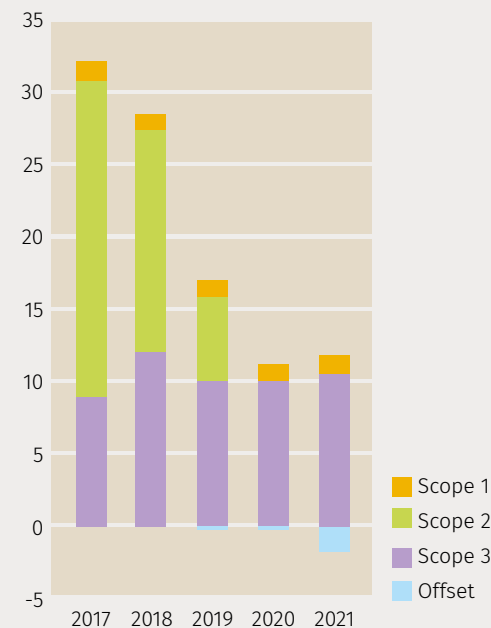
Figure 1 shows Dunea's CO₂ footprint from 2017 to 2021, with the footprint shown for each year being based on reporting for that year (in other words, the climate footprint for previous years has not been corrected based on new insights). As can be seen in Figure 1, Scope 2 emissions in particular have been lowered over the years through the purchase of green electricity. Scope 3 emissions increased in 2021 due to pulverised coal dosing, as part of research into the removal of new emerging substances.

CO₂ pricing

To ensure a tighter focus on climate impact, the Blue Networks coalition recommends that CO₂ pricing be introduced to the drinking water sector. This means CO₂ emissions would be included in calculations as a cost item and lower-emission alternatives would become comparatively cheaper. Dunea made a commitment during the reporting year to apply CO₂ pricing, which will have the following consequences:

- A jointly supported proposal for the introduction of a sector-wide CO₂ price of €100/tonne CO₂;
- A transition model under which, from 2023, the then-applicable CO₂ price will be applied (at a minimum);

Dunea's CO₂ footprint (kt CO₂eq)



- Participation in the CO₂ pricing Community of Practice (CoP) under the leadership of MVO Nederland, to develop knowledge and strengthen the learning capacity of the sector.

By 2023 at the latest, Dunea will have fully transitioned to company-wide CO₂ pricing, using the CO₂ price that applies at the time. Until 2023, we will run pilot projects and evaluate the impact on decision-making and budgeting. A working group was formed for this purpose in late 2021, and we have already launched the first pilot projects to implement CO₂ pricing in practice and gain experience from it.

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1,551 tonnes of CO₂ offset

2021 was the first year in which we offset our Scope 1 (direct) and Scope 3 (indirect upstream and downstream) emissions (but only those we can influence) by investing in emission-reduction projects. We favoured initiatives that had common ground with dunes and water. In 2021, we offset 1,551 tonnes of CO₂ through Gold Standard credits from a water project in Sierra Leone.

Use of HVO fuel expanded

In 2020, Dunea was the first drinking water company in the Netherlands to carry out a pilot project using HVO100, a sustainable alternative fuel to diesel. By the end of 2021, half of the emergency generators at our Monster and Scheveningen sites were running on HVO100.

Electric vehicle fleet rollout

In terms of the transition to a fully electric vehicle fleet, by the end of 2021 our progress was sitting at 28%, and Dunea staff were driving 42 electric vehicles (end of 2020: 16% – 24 vehicles). This means we have not yet reached our target of 40%. Because of the Covid measures, Dunea vehicles travelled fewer kilometres. The management team therefore asked the vehicle fleet manager to temporarily hold off on replacing fossil fuel-powered vehicles with electric versions. We will start replacing vehicles again in 2022, and the target of a fully-electric vehicle fleet by 2025 is still achievable. We will keep the interim target (40% electric) in place for 2022. A total of 98 charging stations are now operational across all Dunea sites.

In 2021, we also started a pilot project that involved using HVO100 biofuel to power three service vans, as an interim solution. The provisional results were positive. We will evaluate this pilot project in 2022; if the outcome is positive, the other 23 service vans will also switch to HVO.

In-house generation of green energy lagging behind

Since 2020, Dunea has completely switched to purchasing green energy via Guarantee of Origin certificates. Dunea also aims to generate 14% of that green energy from its own solar panels by the end of 2025. Following an evaluation, it seems that after completing the current solar panel project in 2021, we will be able to generate a maximum of 8%.

It is difficult to find suitable new locations (due to roof quality and the need to match energy supply and demand). To achieve the target by 2025, in 2022 we will perform a new feasibility study to find suitable locations for in-house generation.

Looking ahead

We have concrete plans to further reduce our CO₂ emissions (Scope 1, 2 and 3) for 2022 and beyond. We will do that by continuing the improvements implemented in 2021, with a particular focus on reducing our energy consumption and making it more sustainable. For example, we will implement energy-saving measures from the 2020 EED audit report, which aim to save 8% of the total energy consumption from 2019. When we signed the new lease for the Zoetermeer office, we agreed that approximately 168 solar panels would be installed on the roof in 2022, and that the tube lights in the office would be replaced with LED lights.

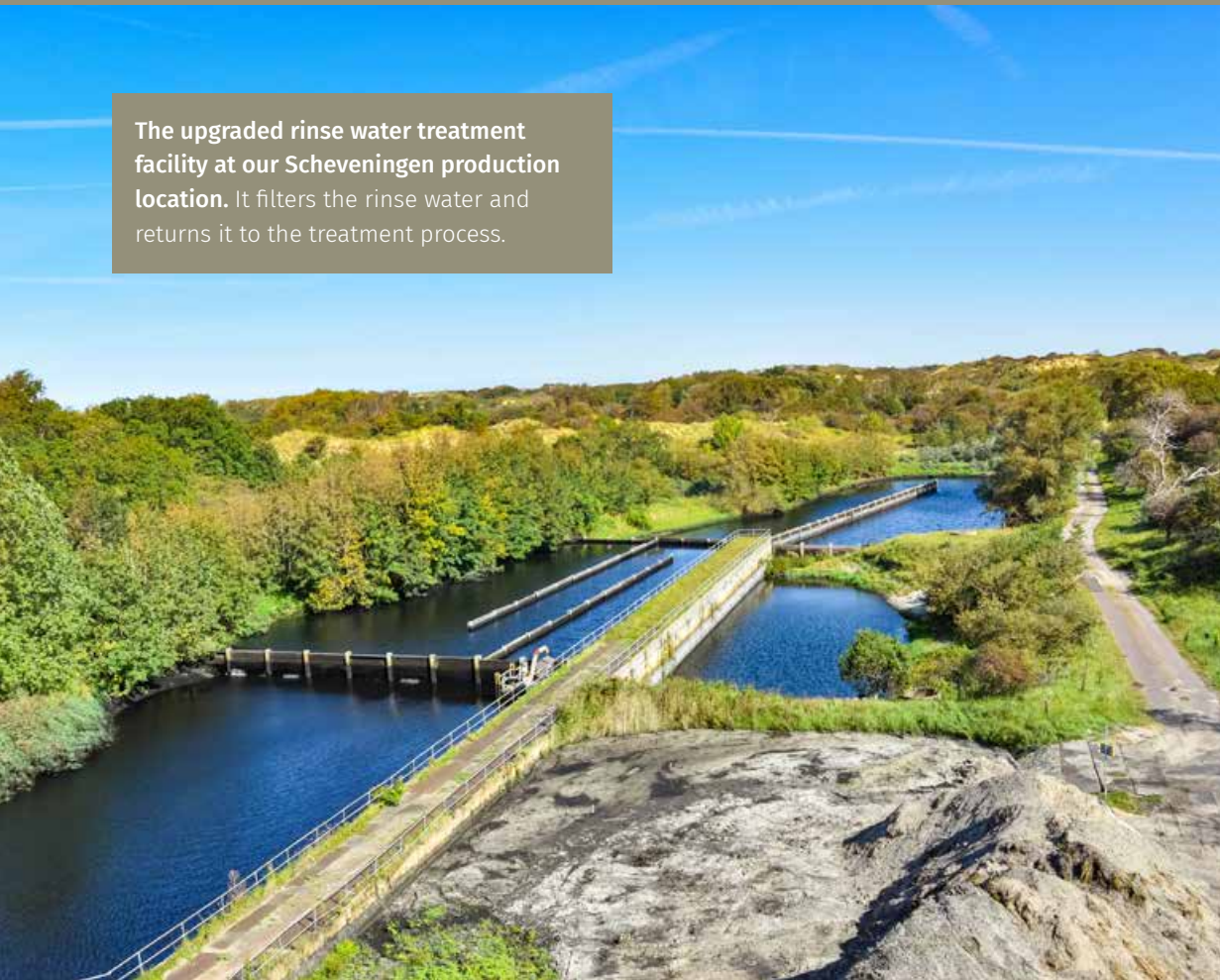
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Making Dunea's overall operations circular

To improve our sustainability performance and achieve our strategic goal of climate neutrality, in 2021 we took further steps towards making our operations circular. This section outlines the key steps.

The upgraded rinse water treatment facility at our Scheveningen production location. It filters the rinse water and returns it to the treatment process.



Our policy

The focus of our circularity policy is on re-using the residual and waste streams from drinking water production. As well as looking at our production processes, we're aiming to make processes and facilities within our organisation circular. Circularity is also a standard item in our procurement contracts. Where possible, we close the loop to create sustainability value; in addition, in Aquaminerals and Dunea Warmte & Koude we have a stake and a subsidiary that are fully committed to this goal.

KPIs

We intend to translate our policy into more detailed targets and KPIs in 2022.

2021 progress and results

Completion of Scheveningen rinse water treatment project

We want to optimise the transfer of our residues from Dunea to Aquaminerals to maximise their economic and ecological value. With this aim in mind, in 2021 we put the finishing touches on improvements to the rinse water treatment facility at our Scheveningen production location, marking the end of a project that began in 2020. The upgraded facility started operating in 2021.

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In the old facility, the rinse water (residual water from the rinsing of our sand filters) was discharged into the rinse water ponds on the south side of the Scheveningen production location. Knowing what we know now, it's clear that this process can and should be done differently. The nature reserve around these old rinse water ponds is now part of the Natura 2000 area. In the new facility, the rinse water runs over the sand filters, allowing it to be re-used. This method of re-using rinse water is not only efficient, it also prevents our dunes from being burdened with waste water. The clean rinse water is incorporated back into our main process.

The improved method of rinse water treatment has also resulted in a net increase in production capacity within the limits of our permit. More information on this topic can be found in the 'Investing in the security of 24/7 drinking water supply' section.

Blue Networks: sustainable alternatives to chemicals

Through the Blue Networks collaboration platform, Dunea participated in a working group considering sustainable alternatives to using chemicals. We identified more sustainable alternatives for two chemicals (caustic soda and ferric chloride). Evides has launched a tendering procedure for the more sustainable alternative to caustic soda, targeting a 40% CO₂ reduction. Dunea plans to follow this example in 2022. Outside of this working group, Dunea has also been involved in two investigations into electrocoagulation, as a sustainable alternative to ferric chloride. We collaborated on these investigations with KWR, Brabant Water, a Belgian drinking water company and TU Delft.

Gold for circular lime pellets

The lime pellets created during our water-softening process achieved a 'Gold' Cradle-to-Cradle (CDC) certificate in 2021. This involved an assessment of the composition of the lime pellets, how recyclable they are, and a number of social sustainability aspects. The C2C certificate was issued on 28 September during the 25-year jubilee of Aquaminerals, which managed the certification process on behalf of the drinking water companies. All drinking water production locations with lime pellets were certified (more than fifty in total), belonging to Brabant Water, De Watergroep, Evides, Oasen, PWN, Vitens, Waternet, Waterbedrijf Groningen, WMD, WML and Dunea. Aquaminerals finds a useful purpose for the lime pellets created during the production process, as a 'new' raw material for a range of applications.

Re-use of pulverised coal sludge pilot project

During the reporting year, Dunea started setting up a pilot project to re-use our pulverised coal sludge in a sewage treatment plant, in collaboration with Aquaminerals and a water board. The pulverised coal sludge is a residual product left over when we treat our drinking water to remove PFAS. We're currently spending quite a lot of money on burning this residual stream, but sewage treatment plants can re-use this residual product as a raw material. This is an important pilot project for us: the stricter PFAS guidelines are expected to result in an increase in this residual stream. Because of a lack of capacity among our partners, we did not make any concrete progress on this pilot project during the reporting year.

Results for Dunea Warmte & Koude

Expanded use of aquathermal energy

Dunea Warmte & Koude's first project started running in early 2021: supplying cooling to the Mall of the Netherlands in Leidschendam. In addition, a declaration of intent was signed with The Hague City Council for the Binckhorst project, which is being designed as a sustainable, green urban neighbourhood. Together, we're investigating how the new buildings in Binckhorst can be sustainably heated and cooled, by using the temperature from Dunea's drinking water storage as an energy source. During the exploratory period, we're investigating the various options and the requirements they will have to meet.

A similar declaration of intent was signed with Zuidplas Municipal Council for the 'Fifth Village' project. Dunea's river water pipeline, which transports pre-treated river water to the dunes, runs right through the middle of this development area. Using this pipeline for aquathermal energy is a promising, sustainable option.

Aquathermal Energy Viewer: feasibility insights

Dunea Warmte & Koude participated in the update of the Aquathermal Energy Viewer. This is part of the WarmingUP programme and the Water in the Circular Economy (WiCE) programme, both run by the drinking water companies and KWR. The updated Aquathermal Energy Viewer provides a quick scan of the potential for thermal energy from surface water, waste water and drinking water (TED). As a new feature, it now also provides an insight into the feasibility of aquathermal energy in an area.

Looking ahead

In 2022, we will adopt a new policy plan for circularity. As an extension of this plan, we will implement new measures that will contribute to making our operations circular.

Other circularity-related items on the agenda include:

- Implementing raw materials passports in collaboration with Blue Networks;
- Launching an internal working group on chemicals;
- Expanding the use of the sustainable seed material Dutch Calcite. This is already being used in Monster, and in 2022 we want to start using it in Katwijk and Scheveningen;
- Continuing the pulverised coal sludge pilot project, and working with Aquaminerals to identify the market opportunities and the costs;
- Expanding the use of aquathermal energy in new building projects via Dunea Warmte & Koude.

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Playing an active role in environmental management on subjects such as underground infrastructure congestion and water quality

To ensure that our customers can continue to depend on good, natural drinking water and peace and space in the Randstad, Dunea ensures better connections with our environment in a structured way. Together, we can work in a more focused and efficient way.

Around 85 billion litres of river water flow through Zoetermeer each year, along huge pipelines leading to the dunes.



Our policy

In all of our activities, we seek collaboration with relevant stakeholders wherever possible. We continuously monitor what is happening in our area and make adjustments accordingly. Our management team devotes a great deal of its attention to environmental management, making connections between strategic principles and implementation. This process is enshrined in the way we operate, and environmental management is also developed as a competency within the organisation. In weekly kick-start meetings we track issues and the state of affairs, such as what we need to talk about and the results we have achieved.

KPIs

We have not yet set any KPIs for this material subject. We are currently working to identify and define a set of KPIs.

2021 progress and results

Environmental management of existing sources (Brakel and Bergambacht)

During the reporting year, Dunea signed declarations of intent with water boards, Rijkswaterstaat, and provincial and municipal authorities for realisation of the implementation programmes associated with the river and area dossiers for Dunea's drinking water intake points at Brakel (Meuse) and Bergambacht (Lek), for the period 2022–2027. Implementation programmes were also drafted for the water extraction areas in the dunes. These dossiers ensure protection of the water quality at our intake points and sources. The implementation programmes contain specific agreements on improvement measures.

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The Water Framework Directive also contains agreements about water quality and protection of the Brakel and Bergambacht intake points. The goal of the Directive is to create good conditions for groundwater and surface water. The Ex-Ante Evaluation of Water Quality performed by the Netherlands Environmental Assessment Agency shows that these goals will not be achieved in a timely manner (by 2027) with current measures. Dunea has made a strong commitment at both the regional and sector level (through Vewin) to achieving the Directive's goals by 2027: continuing to be able to use our existing sources is important, particularly in light of the growing challenges we're facing.

Environmental management of multiple sources/new sources

To ensure that we can continue to meet the rising drinking water demand, we are implementing a multi-source programme (see also pages 37 and 38). For this programme, we are expressly seeking to collaborate with the relevant stakeholders. For instance, in 2021 we initiated a process in collaboration with Haaglanden Environmental Protection Agency to update all partial permits issued under the Water Act. In Berkheide, we are involving our stakeholders so that the process of obtaining permits proceeds as smoothly as possible.

Environmental management in relation to the energy transition

We aim to use strategic environmental management to create the right preconditions to make the energy transition a success and to maintain a reliable drinking water supply. During the reporting year, we made sure the interests of drinking water were safeguarded in the heating transition visions of the majority of Dunea's key municipalities. We did this via the Regional Energy Structures (RES). Dunea emphasised the importance of public authorities linking their duty of care for drinking water to their work on the energy and heating transition. We're happy to work with public authorities to help make integrated and sustainable spatial planning decisions, in which our knowledge of the subsoil and of the potential for aquathermal energy may be useful.



Care required with geothermal energy

Special attention was given to geothermal energy in 2021. We began active lobbying aimed at securing the future drinking water supply. When decisions around geothermal energy are made, future drinking water sources are often not taken into account, for example because they are still at the pilot phase.

In the Rijnland region, for instance, exploration permits for geothermal heat have been issued in our protected areas. Obviously we have lodged objections against these permits, in conjunction with the South Holland provincial authority. We expect to learn the outcome of our objections in 2022. To our relief, and partly thanks to our lobbying, The Hague City Council did take drinking water supplies into account when deciding on sites for geothermal energy.

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For example, in 2021 we collaborated on the StraaDkrant to achieve a future-proof subsoil. This is an initiative of De StraaD, which seeks out and publishes sustainable solutions for the urban environment.

Environmental management of recreation in the dunes

We also engage in collaboration in the area of sustainable and responsible recreation. More information on this topic can be found in the 'Managing and protecting nature reserves and biodiversity' section, which starts on page 54.

Environmental management around our assets

Within the Rijnland partnership, we engaged in consultation to find a new location for the support centre in Leiden, because its current location is no longer a good fit for the neighbourhood. A contract has been signed for a new location in Leiden.

We signed an agreement with the Leiden City Council for cooperation in the subsoil. The intended purpose is for us to hold a meeting at the earliest possible stage of the planning process so we can collectively address issues, coordinate any work we each need to perform in public areas, and jointly schedule, prepare for and carry out work. Jos van Wersch from the Leiden City Council discusses this agreement in more detail on page 98.

Increasing awareness of the value of water

During the reporting year, we engaged in a number of activities to increase awareness of the value of water among our stakeholders.

- In the run-up to the general election, Dunea, other drinking water companies and several water boards organised the Water Debate, with the aim of making politicians more aware of the fact that urgent adjustments are needed to make the availability of drinking water robust and future-proof.
- We developed a groundwater protection campaign on behalf of the South Holland provincial authority, to make stakeholders aware of what Dunea does under the ground and what they need to take into account if they live or work in a water extraction area.
- Looking ahead to the council elections in 2022, we have started bringing the value of water to the attention of local parties. We have had a number of conversations with parties on this topic.

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Looking ahead

In 2022, we will continue our ongoing activities in the area of strategic environmental management. The emphasis will be on our multi-source programme, geothermal energy and the energy transition. In 2021, we fine-tuned our proposition and compiled data sets that we can use to identify promising projects. In the year ahead, we can use this information to proactively offer our services to property owners and heating suppliers. We expect that this will reduce project lead times. We will also continue with our existing partnerships. In addition, we will finish updating the Water Act permits required for our multi-source programme, a task we began in 2021.



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Managing and protecting nature reserves and biodiversity

At Dunea, we're careful with our nature reserves: these valuable ecological systems provide water for us to extract, as well as green areas, peace and space for visitors. In this section, we explain what we did to protect our nature reserves in 2021.

Our policy

The dunes have a variety of functions, for drinking water, biodiversity and recreation. All functions use space, and with growing demand for drinking water, natural spaces and opportunities for recreation, tension is beginning to arise between these functions. Dunea is committed to reducing that tension and creating a sustainable balance. We integrate care and attention for our natural spaces into all of our projects: where possible, management measures must contribute to the quality of nature in the dunes, and thus to biodiversity. In implementing our policies, we seek to engage in collaboration and dialogue as much as possible, both with partners and with visitors to our dunes. This includes informing them about Dunea's role as a nature conservation body. We hope this will strengthen our reputation as a nature conservation body and public support for our policies and activities. We also provide information to customers and recreational visitors to explain how they can enjoy our dune reserves responsibly.

KPIs

- Dune reserves under our management: 2,420 ha.
- Number of visitors to Tapuit Meijndel Visitor Centre: 39,633.

The rare lizard orchid has been discovered in Meijndel.

In Dutch it is known as the 'goat orchid', a name it owes to its unpleasant, goat-like scent. The lizard orchid has never been seen in Meijndel before.



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Developments in our dunes

Monitoring biodiversity

Many species of amphibians live in the dunes, partly because of the infiltration ponds for water extraction. During the reporting year, Naturalis, in collaboration with Dunea, began a study into the genetic origin of amphibians in Meijendel and Berkheide: did they come from within the region, or from further afield? The study is focusing on three species: the northern crested newt, the common midwife toad and the European tree frog. This study will help us to better protect certain species if necessary. The results of the study will initially be published internationally, and then in *Hollands Duinen*, among other journals.

The rare lizard orchid has been discovered in Meijendel. In Dutch it is known as the 'goat orchid', a name it owes to its unpleasant, goat-like scent. Its most noticeable feature is the long, twisted underlip of the flowers. Pollination is carried out by mining bees and bumblebees. The lizard orchid has never been seen in Meijendel before. It is mainly found in southern Europe, and is legally protected in the Netherlands and Belgium. The lizard orchid is being seen more and more often in the Netherlands as our climate grows warmer.



The Meijendel landscape is extremely varied, due to differences in altitude, the impact of the sea and wind, and the use of the landscape by people.

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We follow an ongoing, active communication policy to make customers and visitors to our dunes aware of the value and vulnerability of nature. For example, we systematically give attention to nature conservation and biodiversity topics in a range of publications. In our communications in the dunes and online, we explain to visitors why it's important to stay on the paths, keep dogs on a leash and discard rubbish in a tidy way.

Measures to deal with nitrogen and monitoring of the effects

Dunea is a participant in the provincial authority's area-specific approach to nitrogen, which includes both management measures in Natura 2000 areas and source-based measures. In 2021, Dunea set up a long-term programme with measures to deal with nitrogen that is expected to run until 2030. In the period 2021–2023 we will implement measures for the open dunes (woodland vision), funded by the RVO. A key factor in these measures is nitrogen precipitation, which is causing the dunes to become covered in increasingly dense vegetation; as a result, small-scale vegetation is disappearing. On average, around 15 kilos of nitrogen per hectare per year is deposited on the dunes; the desirable maximum is 8 kilos per hectare. Our motto is that as long as something doesn't come into the dunes, we don't have to take it out again. That's where our stakeholders come in. At the same time, we're implementing measures and monitoring developments in nature. Volunteers help with that: in addition to its own dune managers, Dunea has around 300 volunteers who gather information about plants and animals in the Solleveld, Meijendel and Berkheide dune reserves. This is done according to a nationally agreed method, so that data from the various reserves can be compared.

'Value of the Dunes' pilot study completed

In 2021, Dunea carried out a pilot study in collaboration with Arcadis to gauge the value of our three dune reserves to the residents of our region. The study showed that the value of health effects from the green spaces in our reserves affects several million people in the region each year.



De Tapuit visitor centre in Meijendel is the perfect place to experience water and the dunes, be inspired by nature and find out more about all the beautiful things Nationaal Park Hollandse Duinen has to offer.

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This isn't about revenue, it's about the extent to which additional healthcare costs are prevented, compared to if we lived in an entirely urban environment. We can see that, in addition to being a reliable source of drinking water, the dunes generate a great deal of additional value for our stakeholders and customers. This is important information when we're considering sustainable future planning for the region. Through the joint National Forest Service/Dunea Green Fund, Dunea is committed to creating new green spaces in the region.

Heart of Meijendel

The goals of the 'Future-proofing the Heart of Meijendel' project are to optimise the experience of recreational visitors in Meijendel, strengthen public support for the dunes and water, and inspire more sustainable choices and behaviour in our visitors. A major milestone in this project was the opening of our new visitor centre De Tapuit in 2021. For Dunea, the new visitor centre is an important place where we can inform stakeholders about what we're doing and the importance of the dune reserve. Visitor numbers at the visitor centre were significantly lower than in other years, due to the combination of the Covid-enforced closure and the renovations.

Peak visitor numbers during lockdowns

Visitor numbers in our dune reserves were high, particularly in the spring and particularly in Meijendel. Car parks and the access road from Wassenaar had to be closed on a number of occasions. The lockdowns inspired more people to head out into nature. We're proud that in this sometimes difficult time, we were able to share our beautiful dune reserves as a place for people to enjoy, or just relax. The high numbers did have detrimental effects, such as littering by picnickers, the creation of 'desire paths' and dogs being let off the leash: this is a hazard for our animals, particularly nesting birds, as well as our water extraction operations.

Now that more and more people are finding their way to our dunes, we're also working hard to find more structural ways to spread out their visits. The development of Nationaal Park Hollandse Duinen (Holland Dunes National Park) is key to this work (see further on in this section). During the reporting year, students from The Hague University of Applied Sciences began researching the possibility of using technology to direct visitors to quieter areas and to give managers a better understanding of the flows of recreational visitors. The results of this research are expected to be released in 2022.

In December 2021, Dunea and the South Holland provincial authority organised a themed workshop on the high numbers of recreational visitors in Meijendel and Berkheide, with twenty participants from ten parties who are involved with the dunes in various roles. The shared realisation that the population is growing, and that Dunea, as the dune manager, cannot handle the high numbers of recreational visitors alone, was an important result. Dunea will include the outcomes in its new Nature Memorandum, to be published in 2022, and the parties will continue to engage in dialogue.

Working together to grow Nationaal Park Hollandse Duinen

Nationaal Park Hollandse Duinen (NPHD) spans the South Holland coastal region from Hoek van Holland to Hillegom. It is unique due to its proximity to the sea, towns and cities, the valuable flora and fauna in and around the dunes, and the rich culture and history.

NPHD is under active development. In late 2020, the partners submitted a joint application to the government for official National Park status. During the reporting year, the Ministry of Agriculture, Nature and Food Quality indicated that there would be a transition period: although the provisions of the Nature Conservation Act would formally take effect, informally work would continue towards the ambitions described in

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the National Parks standard. The Ministry is expected to have its new assessment framework in place by the middle of 2022, allowing our application to be assessed.

In the meantime, Dunea is working hard on the NPHD implementation programme, together with over 55 partners, including municipal authorities, provincial authorities, water boards, entrepreneurs, nature managers and social organisations.

We made progress in 2021, achieving the following milestones:

- Signing a partnership agreement with The Hague City Council to set up buffer zones in and around Solleveld and Meijendel. This is also a starting point for exploring the potential of the northern part of the 'Regional Park from Zweth to the Sea', one of the strategic projects in the implementation programme. Setting up the buffer zone will make it easier for us to control recreation and protect our vulnerable nature reserves and drinking water areas;
- Aligning the work of the seven-member National Park Ranger Team, a collaboration between Dunea and the National Forest Service, with the goals of the NPHD.

More collaboration with partners

Integrated approach in Berkheide

As the manager of a Natura 2000 area, Dunea has drawn up an integrated plan for its activities in Berkheide. The basic principle behind this plan is that every aspect of this area should be enhanced and allowed to realise its full potential: for water extraction, nature, recreation and heritage. In 2021, we launched the first partnership projects with the National Forest Service to achieve synergy between nature and drinking water: adjustments to water extraction operations

mean more drinking water can be extracted, while at the same time creating optimal conditions for the development of valuable moisture-dependent species.

New partnerships in 2021

During the reporting year, we committed to new covenants and partnership agreements to better protect our nature reserves and promote biodiversity. Dunea is a participant in:

- Prachtlint: a growing movement comprising people from the Alblasserwaard, Krimpenerwaard, Drechtsteden and Vijfheerenlanden who want to create bee and butterfly-friendly natural spaces all over the region. Prachtlint encourages nature-friendly, sustainable management in the vicinity of our water source. Improving the natural value of these areas and aligning with Prachtlint's ecological connection will increase biodiversity. In addition, signing up to Prachtlint will increase our visibility in the region and among our stakeholders;
- Landschapstafel Duin Horst en Weide: this initiative is committed to preserving the quality of the landscape between The Hague, Zoetermeer and Leiden. The emphasis is on nature and recreation, with investments being made to improve recreational and ecological connections. Given the issues facing our region – further urbanisation, the agriculture transition, the energy transition and climate change – the scope of its mission has been expanded;
- Groene Cirkel Bijenlandschap (Green Circle Bee Landscape): a network of organisations and ecological corridors for insects, especially bees, from Wassenaar to the dune and bulb region, and from the coast to Nieuwkoop;
- Bee Deals: a group of parties aiming to improve the living environment for bees in and around Brakel.

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In 2022, protecting our nature reserves and promoting biodiversity will remain high on our agenda. Key activities will include:

- Starting preparations for creating a buffer zone for nature and recreation just outside our dune reserves, including redesigning the Mientkant in Katwijk;
- Implementing two major partnership projects with the National Forest Service in Berkheide/Lentevreugd to benefit both drinking water and nature;
- Contributing to the nature restoration work by the South Holland provincial authority to combat the effects of nitrogen;
- Continuing to invest in communication about our role as a nature conservation body and biodiversity in our dune reserves;
- Launching a public campaign about nature and biodiversity.



Our public drinking water taps are turned off in winter to prevent freezing. They are turned on again in April.

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Sustainable employability of staff

Labour market shortages, especially in technical positions, and the extra challenges for our staff caused by the Covid pandemic, meant that sustainable employability was a key focus during the reporting year.

An overview of relevant facts and figures about our staff and organisation can be found on page 70.

Our policy

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

KPIs

- Recruitment: 10.0%.
- Progression: 4.5%.
- Departures: 8.3% (combination of resignations and retirements).
- Time to fill vacancy: 59 days.
- The Incident Frequency Rate (IFR) was 10 at the end of 2021. This means we did not reach our target of < 6.
- Absences due to sickness: 5.8% (2021 standard: 3.6%).



In 2021, **our head office in Zoetermeer** was once again very quiet for large parts of the year, because of the recommendation to work from home.

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Recruitment, progression and departures

In spite of the impact of Covid and labour market shortages we filled 77 vacancies in 2021, of which 24 were filled with internal candidates. The war for talent in technology and ICT became more pronounced in 2021, with the shortages spreading to almost every profession. In this competitive environment, we have to present Dunea in a clear and attractive way. Dunea staff work in a socially critical sector, which also includes a big focus on sustainability and nature conservation. We work on a wide variety of technical projects with a strongly innovative character.

With 22 staff members progressing to a different position within Dunea, our progression rate in 2021 was 4.5%. That is excellent proof that the development and growth of our staff is successful.

A total of 44 staff members left Dunea, making the departure rate 8.3%. Of these, 36.4% left due to retirement. We are very sad to report that one of our staff members died while on active duty.

Remuneration

In 2021, a remuneration survey was conducted by the Water Companies Employers' Association (WWb), in collaboration with the General Employers' Association (AWVN). This survey showed that our salaries are in line with the market, and sometimes slightly higher. Our new collective labour agreement took effect on 1 January 2021. From that date, wages increased by €75 (gross, per month). An increase of 1.5% will be applied to the salary scale in 2022.

Staff development

Because of the lockdowns and the recommendation to work from home in 2021, many training courses were cancelled, postponed or moved online. Dunea offers a range of online training courses run by GoodHabitz that focus on developing general skills, and encourages its staff to take them.

In the periods when it was possible we offered in-company training courses, such as training in Business English for customer contact staff, and training in areas such as collaboration and ICT. The training of our Data Stewards was a particular focus because Dunea is starting to pay greater attention to the value of data, and its predictive value in particular. We ran training courses aimed at achieving greater uniformity in working methods and helping us improve the way we analyse data using our data platform. We also organised a range of training courses on safety. For example, more than 90 staff members took part in annual in-company VCA training (Basic and VOL), we ran various risk-specific training sessions such as safe lifting, and we held safety meetings on topical subjects.

In October, the Dunea learning environment went live. This is an online platform that staff can use to find and book training courses from a catalogue. The entire process flow is automated, including keeping track of the validity of legally required certificates.

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For our staff, 2021 was another year of challenges caused by Covid measures. Working from home for long stretches had an impact on their work-life balance. Our vitality service provider ran a series of online workshops on this topic. Work-life balance was regularly raised by managers in conversations with their staff.

The vitality adviser was also available to staff members looking for a sounding board on vitality and employability. Because of the ongoing Covid measures, the twice-weekly sports training sessions in connection with our 'Fit and Energetic' policy were mainly held online.

As part of our 'Office of Tomorrow' project, questionnaires were sent out to all Dunea staff and interviews were conducted to gain insight into staff experiences during the recent period of working (mainly) from home, and their expectations for hybrid working in the future. We translated these insights into a new office concept. In 2022, we will launch a range of pilot projects to gain experience with the new office concept, and the concept will be implemented further.

During the reporting year, we continued to devote attention to increasing safety awareness among our staff, including by emphasising that unsafe situations must be reported. We are aiming to improve safety in a targeted way. In addition, we continue to draw attention to the correct use of personal protective equipment, and we ask staff to hold each other to account in this regard. In 2021, our Safety Adviser had an ongoing focus on working safely with protective equipment. The Dunes & Water Division in particular is devoting increasing attention to this matter: it is a regular topic of discussion in work progress meetings and among the management team. In 2021, we started the VCA** certification process to better embed safety in our organisation. Also in 2021, an additional vacancy arose for a Mid-Level Safety Specialist. This vacancy was filled as of

1 December 2021. This new staff member will mainly work within Dunes and Water on operational tasks relating to safety.

Besides physical safety, mental health was also on the agenda. Managers made this an area of focus in conversations with staff members, with support from HR where necessary. Dunea has two confidential advisers who staff can consult if they need to.

Absences due to sickness

In 2021, the rate of absences due to sickness rose significantly, from 3.9% to 5.8%. This sharp increase, which is in line with the national average, has a range of causes, including absences due to Covid, deferred healthcare that means staff members are away for longer, and a rise in mental and physical complaints. However, it is interesting to note the relatively low reporting frequency. On average, staff members called in sick 0.84 times in 2021, which is lower than expected. Because the rate of absences due to sickness was high, this is a sign that staff were not falling sick more often in 2021, but were staying sick for longer. Particularly in terms of mental health issues, returning to the office after working from home was not ideal. We tried to find individual solutions wherever possible, in consultation with the company doctor.

Score of 7.8 for staff engagement

In 2021, we conducted our annual staff survey. Ninety percent of staff members who participated indicated that they are proud of what Dunea does for its customers. The results also show a high level of engagement: our high score of 7.8 is unchanged (2020: 7.8). Twenty-five percent of staff thought collaboration and connections had improved in 2021, a remarkable result given that we mostly collaborated remotely during the pandemic.

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Looking ahead

Our new HR system became operational in early 2022. The new system supports supervisors and HR to manage staff better and more easily. It gives supervisors up-to-date data on staffing levels, training, absences and sickness; staff members themselves can also enter and access more data.

The Dunea learning environment will continue to be expanded, including with an onboarding module. We will also offer the 'Mijn Kracht' (My Strengths) programme online, to give staff insight into their employability. This will be supported by our vitality coach, who in 2022 will start implementing Regular Medical Examinations, as well as updating the Risk Identification and Evaluation.

We expect that labour market shortages will continue, not only in technical positions but more broadly. We will therefore strengthen our recruitment team and continue to take care with how we position Dunea in the labour market. One of our goals is to make optimal use of the network comprising our own staff members. We also want to have more contact with educational institutions, because that is an important recruitment channel. We can do this through business days, for example, and by hosting students on work placements and apprenticeships.

When we recruit new staff, diversity and inclusion are important. This has been an area of focus for us for many years, and we intend to give this focus a more concrete shape in 2022.

In 2021, the lease for our Zoetermeer office was extended to 2033. We will continue to develop our hybrid working policy in 2022, which will lead to the physical office environment and the ICT system being adapted where necessary. There will also be company rules setting out the framework for hybrid working. In 2022, Dunea will apply for VCA** safety certification. This will be the basis of our safe and healthy work, every day.



Brackish water pilot project yields initial measurement results

From the drawing board to the field

Geohydrologist Teun van Dooren of KWR is working on Dunea's brackish water pilot project in Scheveningen. With support from the European Union, the project is examining whether extracting brackish groundwater could help increase the freshwater reserves in the dunes. It is also looking at whether the brackish groundwater could be used for drinking water production. The scale of this geohydrology research project is among the best in the world. The knowledge we acquire will be valuable for coastal areas all over the planet.

'In 2021, we started creating the wellfield, with two extraction wells surrounded by eight observation wells.

I was also involved in the preliminary study and the design. After the preparatory phase, it was pretty cool to watch the drilling company getting to work digging the wells.' 'Through the extraction wells, we extracted brackish groundwater at a depth of 90 to 110 metres, below the fresh groundwater reserve. What we had imagined on the drawing board, we saw play out with the first measurements: when we pumped up the deep brackish groundwater, the fresh groundwater moved down. That's exactly what we want to see, so we can expand the freshwater reserves. The brackish water was then sent to another building, for desalination and drinking water production. Thanks to this double effect, this appears to be a promising technique for the major water supply issue we're facing: growing demand for drinking water and more erratic availability of fresh water. Because fresh water is not an inexhaustible source, we have to approach this issue in the context of the entire water system and nature. We're part of that system, and at Dunea they understand that well with their integrated focus on the dunes and water.'

KWR is an independent research institute with a focus on drinking water, waste water and water reuse. The company emerged from Kiwa, an inspection authority founded in 1948. Since 2006, KWR has been an independent organisation with the Dutch drinking water companies and the Flemish De Watergroep as its shareholders. Under the motto 'Bridging Science to Practice', KWR translates scientific knowledge into solutions that can be applied in practice by the Dutch and international water sector.



Teun van Dooren
Geohydrology Researcher @ KWR

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Financial results

In 2021, Dunea achieved a result of €8.5 million, which represents an increase of €1.5 million compared to 2020. In this section, we explain our financial results in more detail.

2021 result

The 2021 result after tax was €8.5 million (2020: €7.0 million). The increase of €1.5 million compared to 2020 was mainly caused by a decrease in operating costs (see the explanation below). Water income increased slightly (€0.6 million) compared to the previous year.

(amounts x €1,000)	2021	2020	in EUR	%
Total operating revenue	147,262	147,432	-170	-0.1
Total operating expenses	134,279	135,496	-1,217	-0.9
Financial result	-4,442	-4,938	496	-10.0
Result after tax	8,541	6,998	1,543	22.0

Operating income

94.2% of the operating income consisted of water income (2020: 93.6%), which remained more or less stable relative to 2020.

Water income

(amounts x €1,000)	2021	2020	in EUR	%
Sales of water in own supply area	74,717	75,778	-1,061	-1.4
Standing charge	45,664	43,923	1,741	4.0
Contributions in respect of municipal sufferance tax	13,016	12,632	384	3.0
Other water companies (bulk sales)	4,250	4,754	-504	-10.6
Other water income	1,026	959	67	7.0
Total water income	138,673	138,046	627	0.5

The lower sales volumes in m³ (including bulk sales) compared to the record year 2020 (approx. 2.7 million m³) combined with the negative effect of settlements against previous consumption years of €0.7 million (2020: €0.7 million positive effect) was only partly compensated for by the increase in the variable tariff of €0.02 per m³.

The increased income from the standing charge amounting to €1.7 million is attributable to an increase in the number of consumption addresses and an increase in the common supply capacity tariff of €0.89.

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2021 drinking water tariff

The tariff structure was unchanged in 2021. Customers pay a standing charge for drinking water supply, the amount of which is based on the supply capacity of the customer's consumption address. Customers also pay a fixed tariff per m³ for drinking water consumption. Dunea applies the 'cost recovery' principle to all tariffs, with the drinking water tariff and the standing charge tariff being structured according to the cost-plus method: cost price + a margin to cover capital costs. The tariffs are set each year in the budget process. The amount of the margin is decisive in terms of how Dunea's financial ratios will develop over time. Dunea's guiding principles in this are included in the financial policy. This policy is aimed at maintaining Dunea, as a business, on a sound financial footing, thereby ensuring our ability to obtain sufficient financing for future investment requirements. During the budget process for 2022, the principles were sub-divided into the cost price and the margin on which the tariff is based. The considerations which Dunea undertakes to create a tariff proposal were then arranged in order. First, a tariff is always structured according to the cost-recovery principle and, where necessary, inflation will be charged on in the tariffs annually. Next, the amount of the margin is determined. When determining the amount of the margin, Dunea may not exceed the maximum capital costs according to the WACC (2021: 2.75%).

In 2021, the lowest standing charge, which applied to more than 95% of our customers, rose to €60.36 (2020: €59.47). The variable tariff rose to €1.00 (2020: €0.98). In 2022, the tariffs will rise further to €64.42 for the lowest standing charge and €1.07 for the variable tariff, respectively. This increase in the tariffs is attributable to an expected increase in costs.

Drinking water tariffs must be set in a transparent manner; they must be non-discriminatory, and must cover the relevant costs for drinking water functions as described in the statutory frameworks in the Drinking Water Act, the Drinking Water Decree and the Drinking Water Regulations. Each year, the Authority for Consumers and Markets (ACM), acting on the instructions of the Human Environment and Transport Inspectorate (ILT), reviews the setting of the drinking water tariffs. The review of the setting of the drinking water tariffs for 2021 is risk-based; the review includes a selection of the legal assessments under the Drinking Water Tariffs Assessment Framework 2021. With regard to the setting of the drinking water tariffs for 2021, based on an advisory report by the Authority for Consumers and Markets (ACM), the ILT concluded that the tariffs had been set in compliance with the legal framework, with the exception of one aspect: the review of the allocation of costs for other water. This finding has no effect on the drinking water tariffs set for 2021, however.

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

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(amounts x €1,000)	2021	2020	in EUR	%
Costs of raw materials and consumables	3,972	3,941	31	0.8
Water purchases	2,448	2,997	-549	-18.3
Energy costs	5,893	4,395	1,498	34.1
Costs of subcontracted work and other external costs	10,839	11,646	-807	-6.9
Sufferance tax on underground pipes, levied by municipalities	12,090	12,181	-91	-0.7
Wages and salaries	30,323	29,040	1,283	4.4
Social security contributions	8,392	7,838	554	7.1
Depreciation of non-current assets	30,608	30,806	-198	-0.6
(Reversal of) impairment and divestment of tangible and intangible non-current assets	228	46	182	395.7
Other operating expenses	29,486	32,606	-3,120	-9.6
Total operating expenses	134,279	135,496	-1,217	-0.9

Operating costs

Operating costs decreased overall by €1.2 million relative to 2020. The increase in the costs for energy and wages and salaries is compensated by lower costs for water purchases, costs of subcontracted work, depreciation and amortisation en other operating expenses. Energy costs rose by €1.5 million due to a significant increase in energy prices. Wages and salaries rose due to an increase in the average number of employees as well as a pay rise under the Collective Labour Agreement. The cost of water purchases fell by €0.5 million as a result of the less dry summer compared with 2020.



In the softening facility, the hardness of the drinking water is reduced by removing calcium from the water.

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The movements in the costs for subcontracted work are divided into water extraction and nature. The costs for water extraction rose by €0.7 million, mainly due to the costs of repairing a pipeline resulting from an outage at Berkenwoude. The decrease of €1.5 million in the nature process is mainly due to the fact that more costs can be capitalised in the Berkheide project as well as the release of €0.4 million in a provision formed in 2020 intended for remediation of contaminated soil in and around flush ponds.

The decrease in other operating expenses was mostly attributable to the €1.7 million decrease in the costs for hiring expertise. The main reason is the completion of the Wave project in 2020, in respect of which €1.2 million in costs was recorded in 2020. The decrease in other personnel costs of €0.7 million was mainly due to lower costs for hiring external contractors, reflecting the fact that less external capacity was needed for projects. In addition, the measures related to the pandemic and working from home meant that fewer costs were incurred in relation to internal representation expenses and outings. This is also shown in the other personnel costs.

Other operating expenses

(amounts x €1,000)	2021	2020	in EUR	%
Other personnel costs	5,127	5,822	-695	-11.9
Mobility costs	725	671	54	8.0
Leases and real rights	29	21	8	38.1
Accommodation expenses	3,008	2,989	19	0.6
Taxes, insurance and bank charges	1,070	1,171	-101	-8.6
Communication costs and postage charges	7,007	7,458	-451	-6.0
Contributions, donations and subscriptions	1,613	1,517	96	6.3
Office and laboratory expenses	3,759	3,954	-195	-4.9
Hiring of expertise and IT expenses	5,824	7,501	-1,677	-22.4
Bad debt losses	190	290	-100	-34.5
Miscellaneous operating expenses	1,134	1,212	-78	-6.4
Total operating expenses	29,486	32,606	-3,120	-10

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Investments

In 2021, we invested €43.4 million in tangible non-current assets, which was €2.2 million less than in 2020. We also capitalised €38.2 million for projects that were completed in 2021. At the end of 2021, the Work in progress was €41.5 million, an increase of €5.2 million compared to 2020. The investments we made in 2021 primarily related to the following large projects that were started or completed in 2021:

- Improve the pipeline network;
- recycling rinse water processing at the pumping station in Katwijk;
- new construction rinse water processing at the pumping station in Scheveningen;
- Berkheide programme.

We also made investments in our multi-source programme in 2021. These investments were capitalised in the intangible non-current assets for a total of €1.8 million.

The total level of investment for the period 2022–2026 is estimated at €259 million, in accordance with the multi-year budget. The expectation is that the capital required to fund these investments can be raised on the market. The investments for our multi-source programme and the Berkheide programme are expected to amount to €60 million over the period 2022-2026. Other investments have been earmarked for machinery and equipment and the distribution programme (mains pipelines, connection pipelines and transport pipelines).

Financing and ratios

The total value of the loan portfolio (including overdraft facilities) fell by €1.4 million compared with 2020 to €253.9 million (2020: €255.3 million). We did not take out any new loans in 2021. The ratios Dunea has to meet

remained unchanged. Solvency increased to 40.1% (2020: 39.4%) when the net result was added to the equity capital. The debt ratio dropped from 6.1 to 5.7 at year-end 2021, because the operating cash flow rose in relation to the overall loan portfolio. The interest coverage ratio works out at 3.2, which more than satisfies the minimum interest coverage ratio of 1. Dunea monitors changes in the ratios so we can make timely adjustments to keep the ratios at the desired level and hence secure our ability to obtain financing for future investment requirements.

Banks are expecting interest rates to remain relatively low in 2022, notwithstanding a chance of an increase. What will happen 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. The risk of a possible rise in interest rates for the current loan portfolio is small.

Inflation has already risen sharply in 2022. While it remains unclear what the actual impact will be on Dunea's business operations, it is certain that the cost of energy and materials will be higher than expected and also that the delivery times of products and materials will be longer.

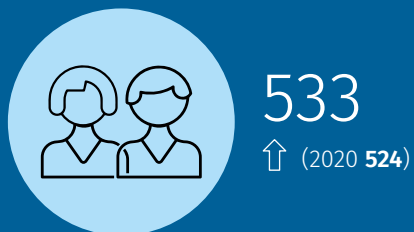
Financial instruments

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

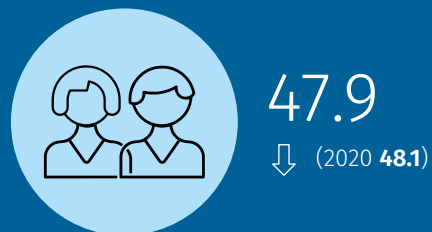
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Number of employees



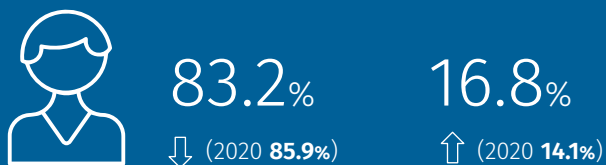
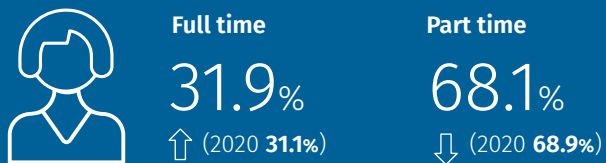
Average age



Absences due to sickness



Full-time and part-time contracts by gender



Ratio of men to women



Women and men in management roles



More information on the sustainable employability of our staff can be found from page 60 onwards.

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Organisational changes

In 2021, slight adjustments were made to the structure of the organisation with the aim of improving our performance and enhancing our working efficiency. This resulted in the transfer of a limited number of employees to a different process, sub-process or domain. Some transfers were initiated by the employees concerned and, it goes without saying, were always undertaken in consultation. The decision was made to appoint an additional team leader within the Operational Management sub-process. This addition ensures that we are better able to address the challenges and development of this sub-process (Work Scheduling and Installations and Nature Planning).

Data-driven work requires professional data management

Dunea is increasingly adopting data-driven work processes. In 2021, for instance, we further expanded the use of sensors for measuring water quality or quantity, among other things. Improvements were made in the exchange of data with municipalities, making it better and easier to coordinate plans for working underground. Processes also were optimised, for example by automating the process for requesting customer numbers and enabling payment reminders to be texted to customers alongside the standard written notice.

To facilitate the effective implementation of these changes, in 2021 we took steps in the field of data management as a basis for future developments. We have assigned ownership of datasets, for example, our data stewards have been given more tasks and powers, processes

have been put in place for data sharing and data quality dashboards have been implemented. Furthermore, work was begun on the impact analysis for a transition of our ERP system to the cloud. This analysis provides insight into the possibilities and issues requiring attention in relation to this transition. This analysis will be translated into an implementation plan in 2022.

Increasing focus on information security

The threat assessment changed in 2021 and the challenge of cyber security is becoming greater, with increased vulnerabilities and complexity. At the end of 2021, for example, a serious vulnerability was found in software (Apache Log4j), which is widely used around the world in web applications and all sorts of other systems. Within Dunea, we immediately took additional measures to increase our resilience in this area.

As a company operating in a key sector, we pay continuous and increasing attention to cyber security in all layers of our organisation. We also work closely within the drinking water sector, with the National Cyber Security Centre (NCSC) and other partners. We assess the risks of the increasing threats and take targeted additional measures in the field of prevention, monitoring, detection and response.

We also believe that cyber security testing and exercises are important. In 2021, for example, we again took part in ISIDOOR: a large-scale cyber security exercise organised by the NCSC. During this exercise, we practised various crisis procedures and our joint collaboration

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effectiveness. We also undertook renewed testing of our back-up systems and manual operation. In addition, active steps were taken to follow the ARDA security awareness programme and we again measured the maturity level within Dunea by means of phishing mails.

Under the Network and Information Security Act (Wbni), we have a duty of care to ensure the security of our network and information systems. In this context, an audit was conducted of our process automation again in 2021. We can conclude that Dunea complies with virtually all the control measures that are a prerequisite for the availability and continuity of process automation. In 2021, our supervisory authority, ILT, also conducted an exploratory inspection of the status of Wbni compliance and the administrative embedding of cyber security at Dunea. ILT has confirmed that its inspection left it with a positive impression of the design and embedding of cyber security in our organisation.

Looking ahead

To facilitate the further professionalisation of our organisation, in 2022 we will pay particular attention to:

- implementing a digitalisation process, so that we can make greater use of modern technology, such as IoT (the internet of things). We will in this context pay explicit attention to the risks involved in this regard;
- cyber security, and in particular prevention, awareness and increasing resilience in the event that an incident occurs.



Safety first:
our employees always show ID
when visiting customers.

Source network based on aquathermal energy

Sustainable heating and cooling in Valkenhorst

Plans have been developed to supply heating and cooling for homes in the new neighbourhood of Valkenhorst to be built in Katwijk using existing water pipelines. Following a comprehensive feasibility study, in 2021 a declaration of intent was signed for a 'source network'. In a career spanning twenty years, Rick Gijzen, area developer at BPD, has never before encountered this sustainable method of heating.

'BPD owns 20 hectares of the Valkenhorst plan area: our plans for the site include building 700 sustainable and affordable homes, out of a total of 5,600 homes. Various amenities and a high-quality public transport hub will also be realised. The area is crossed by two transport pipelines belonging to Dunea. A study has shown that these pipelines can be used to supply heating and

cooling to the homes. Briefly, this works as follows: thermal energy in the form of heat is recovered from the Dunea pipelines. This heat feeds a source network, in which a group of thermal energy storage (TES) systems ensure the desired temperature in the homes. This solution is energy efficient and avoids issues that are common with other, more familiar technologies. A traditional air source heat pump in the home restricts freedom of design and makes a lot of noise. For a ground source heat pump, a vertical borehole needs to be drilled or shallow trenches dug, both of which we are keen to avoid in this creek landscape. An additional advantage of this new system is that the Dunea pipelines cool down, which benefits the water quality.'

'Dunea took the lead in this initiative, together with the Rijnland District Water Control Board. We are also working with Dunea to examine ways of conserving water at home. It is clear from the presentation that Dunea gave to us on this topic that it has a lot of knowledge in the field. With BPD focusing on sustainable integrated area development, it is extremely valuable to have partners that can contribute ideas at an early stage in the process and are committed to pursuing new, sustainable solutions.

BPD | Bouwfonds Gebiedsontwikkeling is the largest area developer in the Netherlands. Since it was founded in 1946, BPD has facilitated the construction of more than 365,000 homes. BPD focuses on energy, mobility, circularity, affordability, climate and landscape.

The heating and cooling solution for Valkenhorst is a collaboration between BPD, Dunea, the Rijnland District Water Control Board, the Municipality of Katwijk, the Central Government Real Estate Agency and Firan.



Rick Gijzen

Area Developer @ BPD

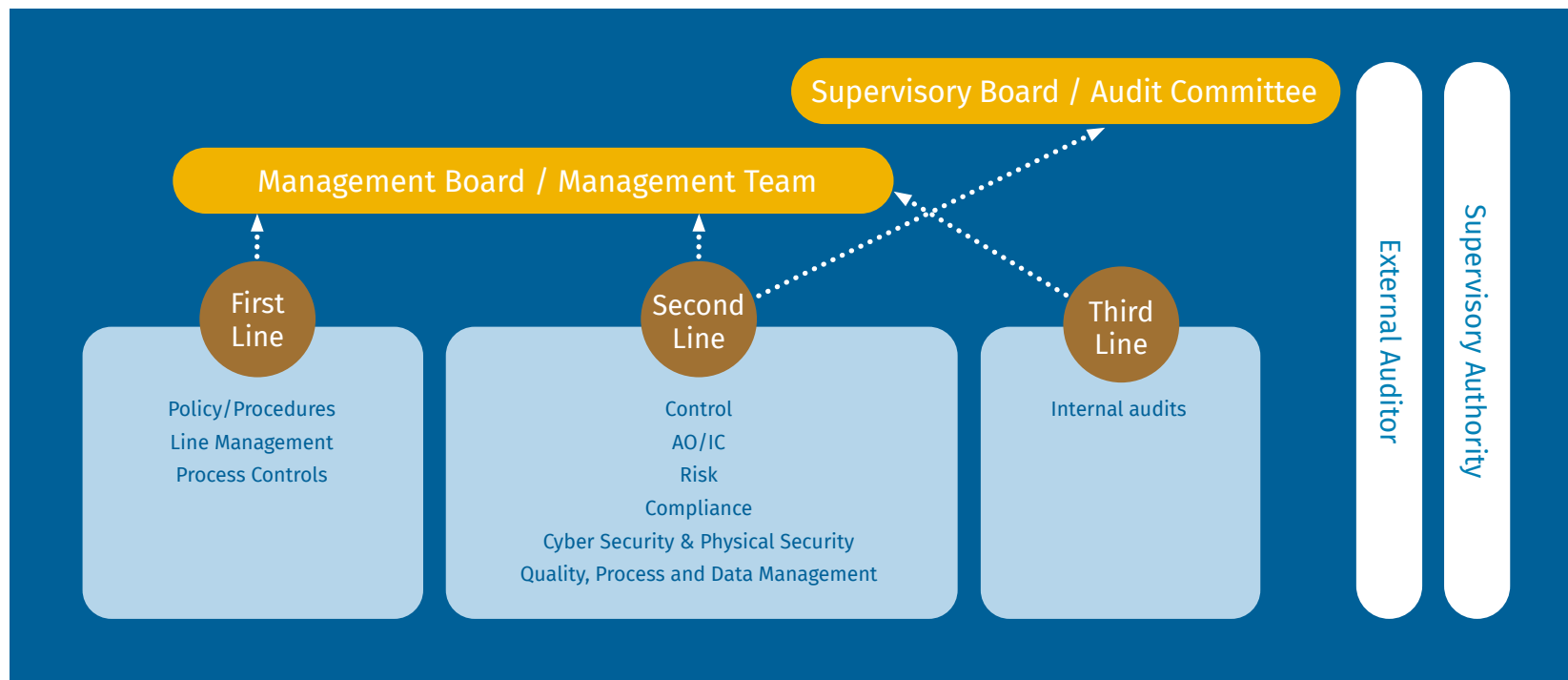
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Risk management

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 risks connected to the business strategy and activities. In this section we explain how our risk management process is designed.

Risk governance and framework

Dunea uses the Three Lines Of Defence model as its risk management model. This 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 daily practice and how they appropriately manage these risks. The Management Board and management team have final responsibility for the risk management process, together with the responsible managers.

The risk management role in the second line of defence is responsible for setting up, supporting, advising on and safeguarding a good risk management process, always in support of the business. This role is filled partly by the Compliance Officer and partly by the Business Controllers in the Finance & Control Team, under the supervision of the Finance & Control (F&C) Team Manager. They coordinate their activities and have regular meetings with the other second-line functions, such as the AO/IC advisers, the CISO (Chief Information Security Officer), the Control cluster and the Quality, Process and Data Management Manager.

Dunea does not have an independent internal audit function, but under the responsibility of the Quality, Process and Data Management Manager, operational audits (primarily) are conducted on critical and high-risk processes. This is how Dunea implements the third line in the Three Lines Of Defence model. Of course, the external auditor and supervisory authority also play a monitoring and supervisory role, respectively, in our risk management process: they form the fourth and fifth lines of defence, respectively.

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

Risk management process

The risk management process, which is based on the COSO Enterprise Risk Management Integrated Framework (COSO-ERM), comprises several steps. First, through collaboration between the Management Board, management team, managers and a number of key personnel, the most relevant risks connected to Dunea's strategy, objectives and activities are identified. This process takes account of observed weaknesses, malpractice, irregularities and reports, as well as lessons learned and findings from the internal audit, the internal audit role and the external auditor. 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). The risks are prioritised based on the estimated level of the risk. Next, we look at the presence and effectiveness of existing management measures for the individual risks, the extent to which these measures reduce/mitigate the potential risks (net risks) and how the risk is changing over time. Based on changes in the risk and the extent to which Dunea can influence the risk, the risk tolerance for the relevant risks is determined. The weighted net risks are then displayed in a risk matrix. This offers insight into the relationships between, impact of and changes in these risks in relation to each other.

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Finally, the desired risk response is established: how Dunea will deal with the risk, i.e. whether we simply accept the risk, whether we want to avoid or reduce it, or whether we decide to mitigate the risk by shifting it to a third party. If a certain action or management measure presents a risk for a particular value in use, but there is a chance of lowering a risk in respect of another value in use, the Management Board will make an assessment of this dilemma in consultation with the MT. They determine which value in use is the decisive factor for establishing the risk response.

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 updated in the register. We do this twice each year; the register was updated most recently in January 2022.

Work on gas and water pipelines is increasingly carried out in combination, as here in Wassenaar.



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Dunea's risk profile

In accordance with the COSO model, we have divided our risks into four categories: strategic risks, operational risks, financial risks and compliance risks.

The company-wide risk analysis performed in 2021 resulted in a several changes compared with 2020. The main changes are briefly outlined below.

With regard to the strategic risks, Dunea is finding that, as a result of the adverse impact from external factors on the dune areas over which Dunea has only limited control, such as recreational pressure from high visitor numbers, nitrogen issues and loss of biodiversity, our role as a nature conservation body is coming under increasing pressure from local residents and users as well as stakeholders. This has the effect of eroding support for drinking water projects in and around dune areas. This has adverse consequences for the necessary drinking water activities in and around dune areas, such as expansion of extraction and management activities and maintenance of our infrastructure in and around dune areas. In the longer term, this can have an adverse impact on the security of supply, in terms of capacity as well as quality.

With regard to the operational risks, Dunea acknowledges that the risk of cyber attacks on critical IT systems is increasing significantly. In 2021, Dunea found itself a target of several cyber attacks on support and administrative systems. Thanks to timely discovery and isolation, the impact was limited. Despite all the measures that Dunea takes to protect its systems, processes and data against cyber attacks, the likelihood of Dunea becoming a victim of a cyber attack is increasing, for the simple

reason that more and more organisations are falling prey to such targeted, malevolent action. For that reason we continuously monitor our measures to check their operation and effectiveness, so we can update them where necessary. In 2021, we reviewed our security and crisis management and implemented additional measures in the field of prevention, detection and correction. While adequately managed at the moment, the risk nonetheless remains high.

Finally, in addition to opportunities, the energy transition also poses risks to Dunea, especially with regard to infrastructural redevelopment of land. It is expected that the energy transition will cause a major upheaval in the subsoil in the years ahead. As heating networks take up a lot of space and radiate more heat than traditional gas pipelines, there is a real risk that Dunea's pipelines have to be rerouted to facilitate the installation of heating networks. Given the degree of congestion underground, this presents not just financial risks, but also risks in terms of an optimal, safe location of the drinking water infrastructure as well as the quality of the drinking water sources used by Dunea. For Dunea, this is already manifested in the warming of our drinking water pipes due to an increasingly warmer subsoil and in geothermal projects near to Dunea's drinking water sources. To effectively manage this risk, it is important that Dunea ensures its role and position as a drinking water company with regard to spatial projects and developments, zoning plans and environmental strategies and takes steps to make its voice heard in a timely manner.

Risk matrix³

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Strategic risks

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

Operational risks

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

Compliance risks

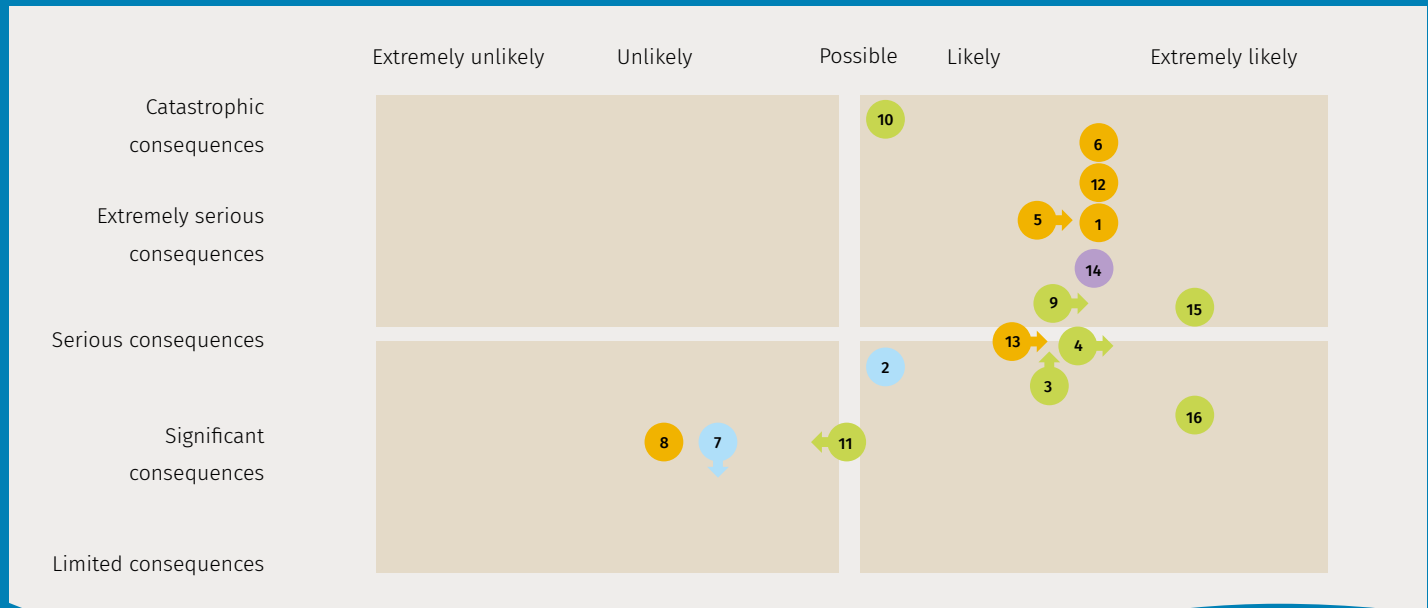
2. Non-compliance with new/changing laws and regulations
7. Fraud/conflict of interest/corruption resulting from unduly wide powers/inadequate controls

Financial risks

14. Ability to obtain financing for future investment requirements

Potential likelihood of occurrence

Impact on/harm to Dunea's objectives



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

3. The risks listed here are all net risks.

Strategic risks

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The key gross risks in each category identified for Dunea in 2020 are briefly explained below, including Dunea's tolerance for these risks.

Risk	Measures	Risk tolerance ¹
Security of supply under pressure due to source capacity problems	Implementing Berkheide programme to create additional capacity The multi-source programme is well underway; accelerating where possible. In the short term, the Lek has been activated as a valuable extraction source.	Nil/Low
Security of supply under pressure due to forced relocation of transport infrastructure	Soil and infrastructure environmental management strategy, securing property rights, including in land use plans; multi-source programme (sources closer to home).	Low
Competing interests between short-term and long-term visions of key stakeholders and Dunea	Raising awareness among stakeholders of the public interest of the drinking water supply and the challenges Dunea faces.	Low
Impact on drinking water quality due to source contamination with new, unknown, emerging substances	Raising awareness of source protection among permit-issuing authorities and other stakeholders; programme to investigate alternative sources: multi-source programme Use of membrane technology.	Nil/Low
Risk of negative pressure on the drinking water function due to new products & services	Strict separation between statutory and non-drinking-water activities, Risk Committee assessment of governance and processes. Expert staff. Collaboration with E/C partners.	Low
Increasing environmental pressure in respect of nature conservation function with negative impact on drinking water activities	Intensifying discussions with stakeholders. Importance of valuable dunes combined with importance of drinking water. Suggesting possible solutions, including nitrogen compensation.	Low

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

Operational risks

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Risk	Measures	Risk tolerance
Bergambacht pumping station flood risk	Multi-source programme. Flood-proof pumping station design. Involvement in flood protection programme (Delta programme). Intensifying consultation and collaboration with stakeholders concerned.	Low
Security of supply under pressure due to failure of critical IT systems	Managing/monitoring assets with a multi-year plan. Automation of security and crisis management process. Redundant systems.	Nil/Low
Prolonged failure of critical components in drinking water infrastructure/assets	Risk analysis, regular inspection and maintenance, prioritisation of necessary replacements in multi-year asset plan.	Low
Insufficient qualified personnel and loss of knowledge from organisation	Recruiting personnel sooner to enable knowledge transfer. Investing in/ expanding personnel knowledge. Strategic personnel planning. Contracting out/collaboration for specialist knowledge. Recording and transfer of knowledge.	Low
Inadequate process control	Recording processes and controls in framework. Improving audits. Data management.	Low
Loss of essential data for business processes as a result of cybercrime	Security and crisis management. Audit under Network and Information Security Act (Wnbi). Data sharing process. Role of data stewards expanded. Reports NCSC. Participation in ISIDOOR. Offline back-ups.	Nil/Low
Risks of energy transition for drinking water capacity and quality	Environmental strategy. Street profiles. Role and positioning of Dunea Warmte & Koude B.V. Heating Transition Municipal Instruments Act (WGIW) consultation.	Low

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Financial risks and financial reporting risks

Risk	Measures	Risk tolerance
Ability to obtain financing for future investment requirements	Monitoring loan covenant ratios. Consultation with banks. Optimal use of scope for profitability. Well-timed tariff increase.	Low

Compliance risks

Risk	Measures	Risk tolerance
Non-compliance with new/changing laws and regulations	Monitoring. Influence/coordination through Vewin[2]. Regular consultation with supervisory authority. Risk Committee assessment of new projects.	Low
Fraud/conflict of interest/corruption resulting from unduly wide powers/inadequate controls	Adequate segregation of duties. Internal control system. Regular fraud risk analysis. Whistleblower scheme. Awareness of relevant parts of Code of Conduct.	Nil/Low

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Other focus areas

Coronavirus

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

Audits and continuous improvement

In 2021, internal audits were conducted of the transfer of projects to the management organisation, legislation at production locations, firefighting in the dunes, the special enforcement officer (BOA) registration system and process automation. There was also an active emphasis on lean management process improvements and data quality improvements. Improvements were made in 2021 to vacancy processes, energy balance, customer data, the hiring, promotion and exit process and the innovation process, among other things.

Kiwa certification ISO 9001 and 14001

The annual Kiwa audit took place once again in 2021. This year, the audit was more detailed due to the renewal of the certificates. The focus was on the management and ensuring the future-proofing of assets. The positive outcome of the audit by Kiwa, showing that the items to be certified meet all the requirements, means that the certificates for quality (ISO 9001) and environment (ISO 14001) are valid for a further three years.

In control statement

The Management Board is responsible for the design and effectiveness of the risk management and internal control systems. The risk management and control systems functioned properly 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 2021. The Management Board therefore declares that:

- The Annual Report offers sufficient insight into deficiencies and the operation of the internal risk management and control systems;
- The above systems provide a reasonable degree of assurance that the financial reports contain no inaccuracies of material significance;
- 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 of continuity of the company for a period of twelve months after preparation of the report.

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vertaling volgt

Productielocatie Scheveningen, gezien vanaf één van de uitkijkpunten in Meijendel.

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As a water company that provides for an essential need in people's lives, 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.



Dunea technicians undertaking work on a water pipeline.

General

Dunea N.V. is a public limited company under Dutch law (naamloze vennootschap), which the subsidiaries Stichting Nationaal Park Hollandse Duinen and Dunea Warmte & Koude B.V. form a part of. 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, among other things, Dunea has voluntarily decided to apply the Code. We do this insofar as the principles and best practices of the Code are applicable, with due regard for the 'comply or explain' principle. Dunea strives to communicate openly and actively with its stakeholders, in line with the underlying concept of the Code.

Each year, Dunea is monitored for compliance with all the best practice provisions in the Dutch Corporate Governance Code. In 2021, Dunea deviated from the Code in respect of one principle:

- Internal audit department
The Code includes the principle that companies have established an internal audit function. While, strictly speaking, Dunea has not established an audit role, certain aspects of the audit role are nonetheless in place. Due to the size of our organisation, we have shared the internal control and reporting functions across various control functions within Dunea. The external auditor reviews and reports on this through the annual Management Letter and the auditor's report. This ensures that the Management Board and the Supervisory Board (including the Audit Committee) are sufficiently engaged with the internal audit process and that effective supervision can be exercised in relation to it.

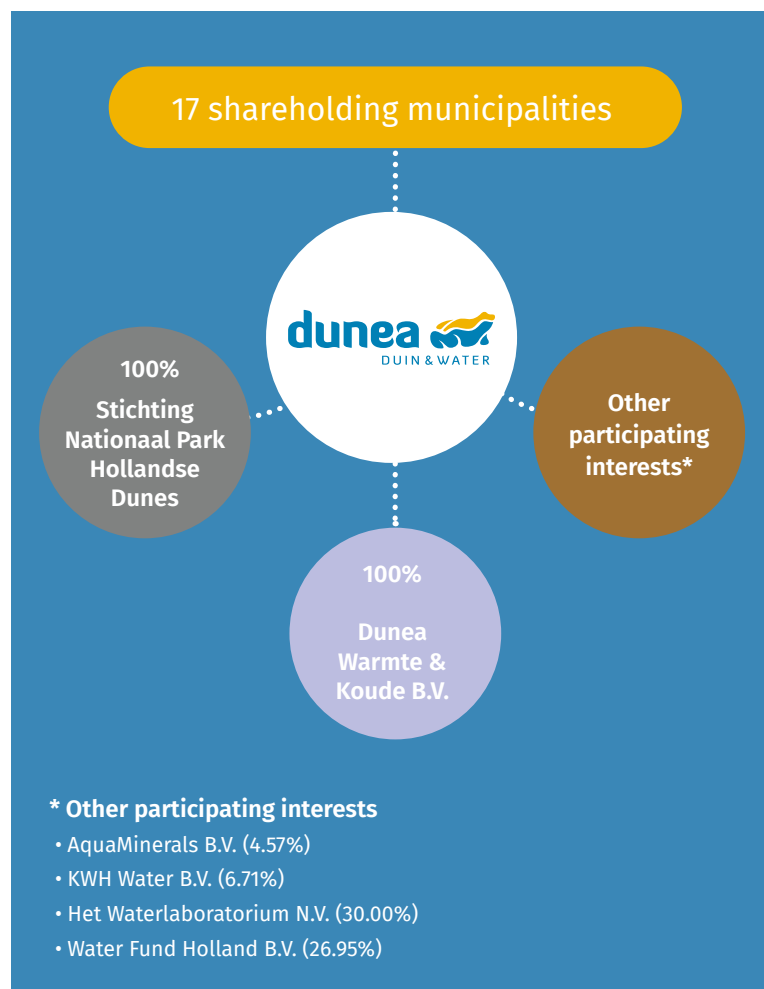
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Our governance structure

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



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

Management Board

The Management Board, which comprises one managing director under the Articles of Association ('the Management Board'), is responsible for the day-to-day management of Dunea and for shaping the course and policy 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.

A separate managing director has been appointed by the Management Board for the day-to-day management of the subsidiary Dunea Warmte & Koude B.V. The Management Board of Dunea renders account to the shareholders at least twice a year for the policy pursued, the (multi-year) budget, the tariff regulations and the Annual Report during the half-yearly General Meeting of Shareholders.

Supervisory Board

The Supervisory Board monitors the Management Board's policies and the general course of affairs within Dunea and its affiliated enterprises. The Supervisory Board supports the Management Board with advice that is aimed at furthering the interests of Dunea.

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

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

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 internal management system and the management of risks such as the monitoring of compliance with the relevant legislation and regulations and the supervision of the effectiveness of codes of conduct and the audit process.

Remuneration Committee

The Remuneration Committee's tasks include the recruitment and selection of members of the Supervisory Board and the Management Board, as well as assessment of the remuneration policy for the Supervisory Board members and the Management Board. The Remuneration Committee has also been entrusted with the task of reviewing the performance of the Management Board as well as the Supervisory Board members annually.

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 Board and Supervisory Board. These criteria are laid down in the Supervisory Board Charter and profile.

General Meeting of Shareholders

The seventeen shareholding municipalities in our supply area are represented in the General Meeting of Shareholders. The Annual General Meeting of Shareholders is held within six months of the end of the

financial year. The meeting agenda includes, at a minimum, the adoption of the Annual Report, the multi-year budget and the tariff regulations. The General Meeting of Shareholders also discharges the Management Board and the Supervisory Board from liability for the policy 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. In accordance with the Articles of Association, each share confers the right to cast one vote. A detailed breakdown of the number of shares held by each municipality is provided on page 143.

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 (Drinkwaterwet). The ILT also assesses Dunea's company report, which shows the breakdown between statutory and non-statutory activities. This is used to determine conclusively the cost of capital realised. In addition, once every three years the ILT assesses the broad benchmark (comparison of performance between the different drinking water companies) as regards the aspects efficiency, security of supply, drinking water quality and the environment.

In reviewing our drinking water tariffs, the ILT is advised by the Netherlands Authority for Consumers and Markets (Autoriteit Consument en Markt, "ACM").

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Compliance and integrity

Acting in contravention of laws and regulations entails risks with regard to Dunea's 'licence to operate': this can harm Dunea's reputation and integrity. Dunea therefore attaches great importance to the structured embedding of compliance in the organisation. For this purpose, Dunea has appointed a Compliance Officer who ensures that the organisation, its employees and third parties acting on behalf of Dunea undertake their activities in line with 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 half-yearly to the Supervisory Board.

Integrity is a priority for Dunea. To encourage integrity and ethical conduct, we stimulate an ethical culture and desired 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 (Whistleblower Policy), as well as other policies and regulations. Compliance with The Deal of Dunea is key in assessing the activities and actions undertaken by Dunea and its employees. Any observed instances of actions or activities undertaken in contravention of the principles of the Code of Conduct are recorded in the compliance register by the Compliance Officer and are reported to the Management Board. Appropriate management action is then taken in consultation with the Management Board and management. The Deal of Dunea, as well as the various underlying policies, is scheduled to be updated in 2022.



NPHD given further shape

Co-creation takes unique area to the next level

Nationaal Park Hollandse Duinen (Holland Dunes National Park) was given further shape in 2021. Berend Potjer represents the Province of Zuid-Holland in the NPHD Steering Group. He understands the importance of working together with the various partners in this unique area. It is one of his favourite spots for running, in particular the beach near The Hague, along with routes through the Westduin Park and Ockenburgh.

'While out running along the beach near The Hague recently I saw an NPHD flag fluttering in the breeze. It is great to see the Nationaal Park Hollandse Duinen increasingly come to life in 2021! Several important steps

were taken in 2021. Among them was the establishment of the work organisation: maybe not major, but still important for realising the plans we have with NPHD. This team can connect everything, which is important given that there are so many partners. We don't want everyone just to protect their own little domain. The emphasis is on co-creation, with the aim of taking nature, biodiversity and opportunities for recreation in this beautiful area to the next level.

As a province, we have a legal duty to protect the natural environment. In our densely populated region especially that is a challenge. We are also responsible for spatial planning. This cooperation enables us to better safeguard the alignment and relationship between the two for NPHD. My personal ideal scenario is that this remains a beautiful area, which doesn't become overrun or built up, and a place my young son can also enjoy in years to come. In October, Dunea, as the committed and enthusiastic

driving force behind this initiative, organised a partners' meeting. There was so much positive energy there: the feeling together of being a national park is palpable. Official National Park status now would be the cherry on the cake.'

Berend Potjer is a member of the South Holland Provincial Executive. Previously, he was the chairman of the GroenLinks political group in South Holland and held various positions in the field of sustainability. He is also a member of the steering group of Nationaal Park Hollandse Duinen - the initiative developed by Dunea in which 50 partners, including the Province, are now active.



Berend Potjer
*member of the Provincial Executive
@ Province of Zuid-Holland*

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Management Board



W. M.E. Drossaert
(1967)

Nationality

Dutch

Position

Managing Director

Joined Dunea

1 September 2015

Relevant other positions

Director of Stichting Nationaal Park Hollandse Duinen, Chairman of Water Companies Employers' Association, General Manager VNO-NCW, Member Supervisory Board AT Osborne

Supervisory Board



J.P. Backer
(1953)

Nationality
Dutch

Position
Chairman

First appointed
2017

Current term ends
end of June 2025

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

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



G.J. Doornbos
(1948)

Nationality
Dutch

Position
Water (chain) management expert,
Chairman Remuneration Committee

First appointed
2017

Current term ends
end of June 2025

Profession
Consultant

Relevant other positions
Chairman Gebiedscoöperatie Buytenland van Rhoon,
Project/public administration sponsor Nieuwkoop area process



W. van Dijk
(1966)

Nationality
Dutch

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

First appointed
2020

Current term ends
end of November 2024

Profession
Director Lelystad Airport

Relevant other positions
Director Safety, Security & Environment Amsterdam Airport Schiphol

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Supervisory Board (continued)



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

Nationality

Dutch

Position

Vice-chairman and Chairman of the Audit Committee,
financial-economic affairs expert

First appointed

2014

Current term ends

end of June 2022

Profession

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

Relevant other positions

Chairman Supervisory Board Haag Wonen; Member of the Board of Trustees CMC Faculty Erasmus School of Accounting & Assurance



A. van der Rest
(1953)

Nationality

Dutch

Position

Energy and nature conservation expert

First appointed

2018

Current term ends

end of June 2022

Profession

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

Relevant other positions

Chairman of the Board CE Delft, Chairman of the Environment, Sustainability and Energy Committee of VNO, Treasurer IVN The Hague

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The Supervisory Board monitors the Management Board's policies and the general course of affairs within Dunea and its affiliated enterprises. The Supervisory Board ('the Board') supports the Management Board with advice that is aimed at furthering the interests of Dunea. In this Report, the Board renders account in respect of the supervision exercised by it in the reporting year.

Supervision

Topics discussed in 2021

During the meetings of the Board in 2021, many topics were discussed in relation to which the Board exercised supervision. The Board briefly touches on a number of important topics below.

Coronavirus pandemic and cybersecurity

The impact of the COVID-19 pandemic continued to be felt in 2021. While daily contact remained subject to restrictions, Dunea's employees found other ways of keeping in touch with each other. This applies to our field services staff as well as the colleagues who generally, where possible, work in the office at one of our locations. The daily business operations and hence the performance of Dunea's core tasks were not jeopardised; the Board is pleased to have noted this.

Dunea was also targeted by cyber attacks, although they were limited solely to office automation and remained without impact. The essential drinking water processes were not exposed to these attacks.

The General Meeting of Shareholders

The 2022 Tariff Regulations and the 2022-2026 Multi-year Budget were discussed at length in the meetings of the Audit Committee, which submitted these documents with a positive opinion to the Board. Following this, the Board submitted the documents similarly with a positive opinion to the shareholders.

During the meeting at which these documents were put to the vote, the Board explained to the shareholders the relevant developments in that context, including multi-sources, the rising demand for drinking water in Dunea's supply area and the developments in the financial sector that have an impact on Dunea's ability to attract financing. Despite the different setting (meetings in Teams entail a different dynamic, after all), the Board enjoyed the contact it was able to have with the shareholders. The Board took note of the key issues and main developments within the respective municipalities. The Board also explained how Dunea can contribute in that regard and what contribution a municipality can make to the achievement of Dunea's objectives. The Board expresses its appreciation once again for the high level of commitment shown by the shareholders. During the meeting, the chairman also explained to the shareholders how the Board shaped and implemented its governance. The Board is pleased that the shareholders appreciate the manner in which the Board undertakes this task as well as the steps it takes to inform the shareholders in this regard.

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During the meeting in June 2021, the Supervisory Board members Mr Backer and Mr Doornbos were reappointed by the General Meeting to serve a second four-year term as members of the Supervisory Board of Dunea N.V. Both Supervisory Board members wish to reaffirm their gratitude for the trust once again placed in them.

Strategic developments

The Board has taken note of the strategic challenges and trends facing Dunea. As the number of people living in our supply area continues to grow, investments in new sources are needed to meet the associated rising demand. These are essential to increase production and supply capacity as well as to ensure the level of water reserves. It is important to reduce dependency on the limited number of sources and to have access to multiple sources, so as to relieve the threat of pressure on the security of supply.

New emerging substances

The Management Board has kept the Board informed of developments in relation to new emerging substances. The national debate around PFAS was one of the matters that received attention. Dunea maintains the view that the best approach is to tackle the issue at the source, since there is no need to remove substances from the water that are not there in the first place. Dunea supports Dutch government policy in favour of a total ban on PFAS, given the persistence of these substances. The Board has taken note of this debate and the discussions held with the ministry in relation to it. The Board is pleased that attention is focused on a wider approach to tackling the issue of PFAS, encompassing the food chain as well as the significance of an international framework.

Dunea Warmte & Koude B.V.

2021 was the first full calendar year of operations for Dunea Warme & Koude B.V. In 2021, the Board was closely involved in the various projects that were and are under development. The Board notes that the shareholders support the energy transition, but has also observed that

the organisation is encountering thorny issues in practice in relation to how these projects can be embedded in real-life situations. Leaving aside the question as to the technical feasibility of proposed solutions, offering a range of possibilities with the potential to facilitate the delivery of heating and cooling, realisation in practice is also subject to political views and, in certain respects, procurement rules also play a more or less obvious role. The Board is pleased to see that for each potential project Dunea Warmte & Koude B.V. undertakes a careful assessment with regard to the choices to be made and all the factors that play a role in relation to them. Any exposure to risk is avoided and the Board is pleased to note that decision-making with regard to project feasibility is conducted in a responsible manner.

Visit to Scheveningen production location for brackish water study pilot

Dunea is actively seeking ways to increase production capacity and to find alternatives for existing sources. A notable initiative in this regard is the brackish water study that is being carried out at the production location in Scheveningen. The Board was shown around the on-site technical installation and is impressed by the potential of this technology.

Compliance

In 2021, the Board received various reports from the Compliance Officer. Prior to being submitted to the Board, the reports were discussed in the Audit Committee, which paid particular attention to the internal controls in relation to the monitoring of existing internal controls as well as the implementation of new internal controls. The aim was to optimise business continuity and to mitigate potential distorting aspects as well as risks, including fraud risks, as far as possible, or exclude them entirely where possible. The risk register, which lists the latent business risks, was also taken into account in this regard.

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Stichting NPHD

The Board was informed about the developments in relation to Stichting NPHD (National Park Hollandse Duinen Foundation).

The Board is still awaiting the moment that the national park will be granted official status as a 'New Style' National Park by the Ministry of Agriculture, Nature and Food Quality. This process has been somewhat delayed, however, due to the absence of the legal policy framework at the ministry. The status remains uncertain at the time of writing. We naturally hope to be able to provide more information on this matter in the next annual report. The partners of the National Park Hollandse Duinen have decided, absent any official recognition by the Ministry of Agriculture, Nature and Food Quality, to continue on the same course.

Consultation with the Works Council

The Supervisory Board meets the Works Council twice a year, in the presence of the Management Board. This consultation is informal in nature and provides a good opportunity for those involved to inform one another about current organisational and staff developments. This enables the Board to remain in touch with the organisation. There is a climate of positive cooperation with the Works Council and the discussions are both open and constructive. Against this background, the Works Council-nominated Supervisory Board member appointed in December 2020, Ms Van Dijk, has settled in well in her new role.

Accommodation

The Board was consulted regarding a new lease for the current head office. Dunea will continue to use its current head office for the foreseeable future. Charging stations have been installed in the car park of the head office, in a measure aimed at improving sustainability with regard to cars, in relation to company vehicles as well cars belonging to staff. The choice to remain at the current head office location for the time being creates stability and continuity and allows more attention to be focused on other matters. In addition, the landlord will undertake various investments in the property geared towards sustainability - a development which the Board warmly supports.

Meetings and attendance

The Board held a total of eight meetings in 2021, most of which were conducted online. When the situation permitted, the Board met in person in October and December 2021, with due regard for the regulations in force in connection with COVID-19.

The nature of five of the eight meetings of the Board was decision-making, in light of the attendance or participation by the Management Board. These meetings were attended by the full Board.

Two meetings, of which one was held at our production location in Scheveningen, were informal in nature. These meetings were attended by 80% and 60% of the Supervisory Board members, respectively. In both cases, the Supervisory Board members concerned informed the chairman in good time that they would not be able to attend the meeting. The Supervisory Board members took note of the points for discussion in the meetings concerned in advance and, where necessary, provided the chairman with advance input. They were subsequently informed of the details of the discussions that took place via the minutes of the respective meetings.

The last meeting, in December 2021, focused on the self assessment of the Board (see further in this report), with the Board also asking an external expert to assist in this assessment.

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.

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The composition of the committees in 2021 was as follows:

Audit Committee

Mr Van der Ploeg (Chairman) and Ms Van der Rest.

Remuneration Committee

Mr Doornbos (Chairman), Mr Backer and Ms Van der Rest.

Report of the Audit Committee

The full Audit Committee met four times in 2021. All the meetings were conducted online. The Finance & Control domain manager and the Compliance Officer participated in all the meetings of the Audit Committee in 2021. Three meetings were also attended by the external auditor.

In the presence of the auditor, the Annual Report 2020, the Management Letter 2020 and the Audit Plan 2021, among other things, were discussed. The 2022 Budget, the 2022-2026 Multi-year Budget and the 2022 Tariff Regulations were also discussed at length in the Audit Committee meetings, after which these financial documents were submitted with a positive opinion to the Supervisory Board. The Audit Committee meeting reports are also discussed in the meetings of the full Supervisory Board.

The Audit Committee, which advises the Board, is very familiar with the processes within the organisation, thanks to various audit methodologies and information provision processes. These include the Management Letter and the financial decision making documents (budget, multi-year budget, tariff regulations) which are first reviewed in the Audit Committee. Against this background, AO/IC is embedded in the organisation, the Compliance Officer is present and the auditing and reporting of findings are undertaken by an external auditor.

In the Board's view, the establishment of an independent internal audit department is not necessary, since adequate supervision of the processes can be exercised through these roles and actors.

Report of the Remuneration Committee

The full Remuneration Committee met twice in 2021. Both meetings were conducted online, in light of the situation as a result of COVID-19.

The meeting in the first half of 2021 was mainly focused on the nomination for reappointment of two members of the Board. The Remuneration Committee led this process, which resulted in the nomination and reappointment of Mr Backer and Mr Doornbos. In the General Meeting of Shareholders held on 24 June 2021, the discussion of this agenda item was chaired by the vice-chairman of the Board. The shareholders unanimously approved both nominations for reappointment, so that both nominated Supervisory Board members will serve a new, second four-year term as members of the Supervisory Board of Dunea commencing on 1 July 2021.

The meeting that was held in autumn 2021 included in particular a look ahead to the numerical composition of the Board from 1 July 2022. The term of appointment of two Supervisory Board members will expire on this date. By focusing attention on this now, the Remuneration Committee can take timely action and make well-considered choices, both substantively as regards the profiles of the Supervisory Board members and in terms of the manner in which the appropriate process will be framed. The Board is confident that both before and after 1 July 2022, it will continue to be composed of members who have all the necessary characteristics and qualities that are needed to enable it to perform its supervisory role in an appropriate manner.

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Quality assurance

Composition, diversity and independence

The Supervisory Board comprises the following members:

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

In 2021, the composition of the Board was unchanged. The composition of the Board is in conformity with the profile and the objectives of the diversity policy, which have been adopted and can be found on our website. As 40% of the five members are female, the gender diversity goals were met. In the view of the Board, throughout 2021 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.

The term of appointment of two Supervisory Board members will expire on 1 July 2022. The Remuneration Committee will address the composition of the Board after this date. Supervisory Board member Ms Van der Rest has indicated that she is available for reappointment for a further four-year term. The Remuneration Committee is grateful to Ms Van der Rest for her willingness to serve a new term and will include her candidacy in the further deliberations around this process. For the other vacant position, a specialised agency has been asked to assist the Remuneration Committee in recruiting and selecting a new Supervisory Board member, with as focus areas financial and commercial aspects.

Further information on the members of the Supervisory Board is provided beginning on page 90.

Diversity profile

2019	Year of birth	Expertise/experience	Gender
J.P. Backer	1953	Chairman	Male
L.A.S. van der Ploeg	1970	Expert financial and commercial aspects	Male
W. van Dijk	1966	innovation/digitalisation, compliance /risk management, cybersecurity and works council expert	Female
G.J. Doornbos	1948	water (chain) management expert	Male
A. van der Rest	1953	sustainability, nature and energy transition expert	Female

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Retirement and reappointment schedule

Name	Date appointed	Year eligible for reappointment	Last term ends in
J.P. Backer	1 July 2017	2021	2025
L.A.S. van der Ploeg	1 July 2014	2018	2022
W. van Dijk	1 December 2020	-	-
G.J. Doornbos	1 July 2017	2021	2025
A. van der Rest	1 July 2018	-	-

Self assessment

The self assessment of the Board which was undertaken using an external module without process guidance in 2021 highlighted as strengths: the open and participatory working style, mutual trust between the members and with the Management Board and other stakeholders and maintenance of a clear understanding of the Company's strategic objectives. Participation in permanent education in respect of supervisory competencies and diversity in the composition of the Board were flagged as areas for improvement.

Other matters

Annual Report 2021

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 2021. The Financial Statements 2021 and the report of the policy conducted by the Management Board were presented to the Supervisory Board during its meeting on 19 May 2022.

The Financial Statements have been audited and given an unqualified opinion by our auditor KPMG. This opinion can be read on page 137. 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 2021 to the General Meeting of Shareholders on 23 June 2022.

Word of thanks

The Board wishes to greatly thank and compliment the Management Board and all the employees, who have shown professionalism and commitment on behalf of the company in the extraordinary circumstances which also prevailed during the year under review. Dunea remains extremely well equipped, as a result, to successfully implement the strategic plan and to meet the major social challenges ahead.

Zoetermeer, 19 May 2022

Supervisory Board
Joris Backer, Chairman

Leiden-Liander-Dunea covenant for sustainable solutions under the streets of Leiden

Impulse for efficiency and innovation

The cooperation between the Municipality of Leiden, Liander and Dunea, laid down in a covenant in 2021, is the second of its type in the Netherlands. Jos van Wersch, ground and subsurface manager in Leiden, is the enthusiastic covenant manager. He has already been asked by several municipalities in the Netherlands to share his experiences with them.

'The ground is the foundation of our beautiful city. The Municipality of Leiden has incorporated this vision

into its current Environmental Strategy. The ground fulfils an important function with regard to groundwater, heat and cold, among other things. At the same time, congestion underground and in the subsurface has only increased in recent years. In 75% of Leiden's streets there is too little space to facilitate the energy transition. In addition, there are restrictions on where cables and pipes can and can't be laid. The approach used to be: let's hide the solution underground. Now, developers are finding that they're running out of answers. This forces us as a municipality to think about a sustainable living environment. Do you want trees, or should space be given to the energy transition? Having the benefits of both is simply not possible everywhere.

'I am delighted with our partnership, and the positive spirit in which it is being conducted. Together we can plan, program and implement actions far more efficiently. Good project coordination during the start-up phase avoids hassle and delay in execution. We are also working together on innovative solutions. An example is the work we are undertaking to develop

a solution for installing cables and pipes on top of one another in a particular construction. Many different parties, including the scientific community and other municipalities, are involved in this endeavour. Several municipalities have approached me in any event, wanting to know more about our covenant and its practical benefits. I am more than happy to tell them, of course.'

The covenant between the Municipality of Leiden, Liander and Dunea runs for two years. By pooling their efforts, the parties to the agreement can make efficient use of the limited space underground. Improved work coordination yields cost savings and results in less inconvenience. Jos van Wersch believes that the covenant will grow in the coming period, in time and in intensity as well as in terms of the number of partners wishing to join in.




Jos van Wersch
Ground and subsurface manager
@ Municipality of Leiden

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Financial statements for 2021

A photograph of a dune landscape. In the foreground, a small, white and brown bird with a yellow ring around its neck stands on the sand. The background is filled with tall, golden-brown grasses, likely beach grass, under a soft, warm light. The overall scene is a natural, coastal environment.

The little ringed plover, one of the many
breeding birds in our dune reserves.

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Balance sheet as at 31 December 2021

(After appropriation of the result)

amounts x €1,000	Notes	31 December 2021	31 December 2020	amounts x €1,000	Notes	31 December 2021	31 December 2020
Assets				Current assets			
Non-current assets				Inventories			
<i>Intangible non-current assets</i> 1				<i>Inventories</i> 4			
Development costs		1,881	127	Materials		1,248	1,353
		1,881	127			1,248	1,353
<i>Tangible non-current assets</i> 2				<i>Receivables</i> 5			
Land and buildings		59,703	57,779	Accounts receivable		6,060	7,524
Machinery and equipment		485,841	484,030	Taxes		1,651	794
Other tangible non-current assets		3,295	2,694	Other receivables		40	51
Work in progress		41,456	36,294	Prepayments and accrued income		5,703	5,506
Tangible fixed assets not used in regular operations		1,893	1,979			13,454	13,875
		592,188	582,776				
<i>Financial non-current assets</i> 3				<i>Cash and cash equivalents</i> 6			
Participating interests		2,746	2,687			149	3
Receivables from participating interests		456	0				
Other receivables		74	122				
		3,276	2,809				
				Total		612,196	600,943

Balance sheet as at 31 December 2021

(After appropriation of the result)

amounts x €1,000	Notes	31 December 2021	31 December 2020	amounts x €1,000	Notes	31 December 2021	31 December 2020
Equity and liabilities				Loan capital			
Shareholders' equity				Long-term liabilities			
Issued share capital	7	20,000	20,000	Debt to credit institutions	12	217,667	230,000
Share premium reserve	8	3,097	3,097	Equalisation account third party contributions		72,451	71,658
Legal reserve	9	2,254	754	Prepayments		1,304	1,439
Other reserves	10	219,943	212,902			291,422	303,097
		245,294	236,753	Current liabilities			
				Short-term part of long-term liabilities	13	12,333	12,333
Provisions	11	5,154	4,650	Debt to credit institutions		23,851	12,962
				Debt to suppliers		6,385	5,252
				Taxes and social security contributions		3,640	3,716
				Pension obligations		507	482
				Deferred income		4,064	2,577
				Other liabilities		231	402
				Accrued liabilities		19,315	18,719
						70,326	56,443
				Total		612,196	600,943

Income statement for 2021

amounts x €1,000	Notes	2021	2020
Operating income	14		
Water income		138,673	138,046
Income from work for third parties		2,692	2,963
Net revenue		141,365	141,009
Capitalised production		3,740	4,281
Other operating income		2,157	2,142
Total operating income		147,262	147,432
Operating expenses	15		
Costs of raw materials and consumables		3,972	3,941
Water purchases		2,448	2,997
Energy costs		5,893	4,395
Costs of subcontracted work and other external costs		10,839	11,646
Sufferance tax on underground pipes, levied by municipalities		12,090	12,181
Wages and salaries		30,323	29,040
Social security contributions		8,392	7,838
Depreciation of non-current assets		30,608	30,806
(Reversal of) Impairment and divestment of tangible and intangible non-current assets		228	46
Other operating expenses		29,486	32,606
Total operating expenses		134,279	135,496
Operating result		12,983	11,936

amounts x €1,000	Notes	2021	2020
Result from participating interests	3		
Income from participating interests		-331	50
Financial income and expenses	16		
Interest income and similar income		3	4
Interest expenditure and similar expenditure		-4,114	-4,992
Financial result		-4,442	-4,938
Result before tax		8,541	6,998
Corporate income tax	17	0	0
Result after tax		8,541	6,998

Statement of comprehensive income 2021

amounts x €1,000	2021	2020
Profit after tax	8,541	6,998
Direct movements in shareholders' equity	0	0
Total profit of the entity	8,541	6,998

Statement of cash flows for 2021

(Prepared in accordance with the indirect method)

amounts x €1,000	Notes	2021	2020
<i>Cash flow from operating activities</i>			
Operating result		12,983	11,936
Adjusted for:			
Depreciation and amortisation	16 G	30,608	30,806
Impairment and divestment of tangible non-current assets	2	228	46
Movements in provision for doubtful debts	16 H	-71	-166
Movements in provisions (excluding provision for negative participating interests)	11	114	-948
Movements in prepayments	13	-135	-135
		30,744	29,603
Movements in working capital			
Movements in inventories	4	105	-189
Movements in construction contracts		0	64
Movements in current receivables	5	248	-2,321
Movements in operating liabilities	13	1,593	-353
Movements in working capital		1,946	-2,799
Cash flow from business operations		45,673	38,740
Interest paid	16	-4,555	-5,378
Cash flow from operating activities		41,118	33,362

amounts x €1,000	Notes	2021	2020
<i>Cash flow from investment activities</i>			
Investments in intangible non-current assets	1	-1,660	-127
Investments in tangible non-current assets	2	-41,419	-44,237
Contributions received	13	3,951	4,893
Other movements in tangible non-current assets	2	0	139
Investments in financial non-current assets	3	-456	-18
Repayment of financial non-current assets	3	56	72
Cash flow from investment activities		-39,528	-39,278
<i>Cash flow from financing activities</i>			
New long-term loans	12	0	55,000
Repayments	13	-12,333	-52,333
New current borrowings	13	10,889	3,244
Cash flows from financing activities		-1,444	5,911
Cash and cash equivalents as at 1 January		3	8
Movements in cash and cash equivalents in 2021		146	-5
Cash and cash equivalents at 31 December		149	3

General

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

Activities

Dunea's primary activities comprise:

- meeting the needs for drinking water and industry water within its supply area, as well as meeting the needs for drinking water in bulk and industry water outside its supply area; all with due regard for the requirements of responsible nature conservation in relation to the dune areas entrusted to the company's care;
- undertaking responsible nature conservation in relation to the dune areas 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, within as well as outside 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.

Changes in accounting policies

In 2021, a change in accounting policies with regard to the preparation of the cash flow statement was implemented. In the financial statements for 2020, 'cash' in the cash flow statement included cash and cash equivalents as well as current debts to credit institutions. From 2021, 'cash' only includes cash and cash equivalents. This change was prompted by the shift in the function of overdraft facilities, from liquidity for the purpose of undertaking regular payments to a structural financing instrument.

As a result of this change, movements in the current debts to credit institutions are presented under cash flow from financing activities in the cash flow statement. The comparative figures have also been adjusted. The change in accounting policies has no impact on the result or the shareholders' equity.

Estimates

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

Consolidation

Dunea had the following participating interests during 2021:

	Measurement base	Percentage 2021	Percentage 2020	Registered office
AquaMinerals B.V.	cost price	4.57%	4.67%	Nieuwegein
Dunea Warmte & Koude B.V.	net equity value	100%	100%	Zoetermeer
Water Fund Holland B.V.	net equity value	26.95%	26.95%	Nieuwegein
KWH Water B.V.	cost price	6.71%	6.71%	Nieuwegein
Stichting NPHD	net equity value	100%	100%	The Hague
Het Waterlaboratorium N.V.	net equity value	30%	30%	Haarlem

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

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

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

Accounting policies for the preparation of the financial statements

General

The financial statements have been prepared in conformity with the provisions in Part 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines. The Senior Executives in the Public and Semi-Public Sector (Standards for Remuneration) Act is applicable.

The assets and liabilities have been valued on a going-concern basis.

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

Nomenclature

The income statement uses nomenclature customary in the industry sector.

Statement of amounts

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

Measurement

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

An asset is included in the balance sheet if the future economic benefits are likely to flow to the company and its cost or value can be measured reliably. Assets that do not meet these criteria are not included in the balance sheet, but are classified as off-balance sheet assets. A liability is included in the balance sheet if its settlement is likely to result in an outflow of funds embodying economic benefits and the size of the amount against 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 substance in relation to the asset or liability. Such transactions equally do not give rise to recognition of results. The basis for the assessment of whether there is a significant change in substance is the economic benefits and risks that are likely to occur in practice and not 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 substance results in the recognition of assets whose legal ownership is not held by the legal entity, this fact will be stated.

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

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

Leasing

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

If the company acts as lessee in an operating lease, the leased item is not capitalised. Lease payments and compensation 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 moment 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 reliable 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 treatment per balance sheet item of the 'Accounting policies for the measurement of assets and liabilities'.

Derivative financial instruments

Dunea has no derivative financial instruments.

Related parties

The identification of related parties is as defined in the Annual Reporting Guidelines. The related parties recognised by Dunea include: shareholders, participating interests, Directors and Supervisory Board members. Significant transactions with related parties that are not undertaken under normal market conditions are disclosed in the financial statements.

Events after the balance sheet date

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

Accounting policies for the measurement of assets and liabilities

Intangible non-current assets

Intangible non-current assets are recognised in the balance sheet if it is probable that the future performance units with regard to the asset concerned will accrue to the company and the costs of the asset can be measured reliably.

Intangible non-current assets are measured at cost price on initial recognition. The cost price comprises the acquisition or manufacturing cost plus any additional costs required to bring the asset to the condition necessary for its intended use. After initial recognition, intangible non-current assets are measured at cost price less accumulated depreciation and accumulated impairment losses. For the method of determining whether there is an indication of impairment of non-current assets, please see under '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 under the equity capital for the capitalised development costs. Expenditure for development projects is capitalised upon delivery and commissioning of the pilot installation. Post-commissioning expenditure is capitalised annually. The amortisation period is equal to the remaining term of the pilot.

Research costs are recognised in the income statement.

Tangible non-current assets

Tangible non-current assets are recognised in the balance sheet if it is probable that the future performance units with regard to the asset concerned will accrue to the company and the costs of the asset can be measured reliably.

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

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

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

The costs of major maintenance are included in the carrying amount of the tangible non-current asset ("component method"). Maintenance expenditure is only capitalised if it extends the useful life of the asset and/or leads to future performance units with regard to the asset.

Book profits and losses from the incidental sale of tangible non-current assets are included under 'Other operating income'.

Assets no longer in use are measured at the lower of carrying amount and net realisable value.

Financial non-current assets (participating interests)

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

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

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

When the valuation of a participating interest has become nil according to the equity accounting method, the method is no longer used and the participating interest - in unchanged circumstances - remains valued at nil. Where Dunea provides security for all or part of the debts of the participating interest, or is in effect under an obligation (in proportion to its share) to enable the participating interest to pay its debts, a provision will be created for the share in 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 measuring 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 in 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 depreciations 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 uncollectable debts are deducted.

Impairment of non-current assets

On each balance sheet date, an assessment is made to determine whether there is any indication, externally or internally, that an asset may be subject to impairment. The recoverable amount of the asset is estimated when there is an indication that an asset may be subject to impairment. 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 expenses 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 from an asset or set of assets that can be generated from business 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 non-current 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 there is a lower net realisable value 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.

Construction contracts

Construction contracts comprise the balance of realised contract costs, allocated profit, recognised losses and previously invoiced instalments.

The measurement of construction contracts includes the costs directly related to the contract, the costs that are attributable to contract activities in general and that can be allocated to the contract as well as other costs that can be allocated to the client under the contract.

The allocation of income, costs and profit recognition in respect of construction contracts is undertaken in proportion to the work performed in relation to the execution of the contract (percentage of completion method). The progress of the performance delivered in respect of a construction contract is determined on the basis of the contract costs incurred until the

balance sheet date in proportion to the estimated total contract costs. Recognition takes place as soon as a reliable estimate can be made of the result of a construction contract.

The result of a contract can be reliably estimated if the total contract revenues, the contract costs to complete the contract and the stage of construction contract completion can be measured reliably, if it is probable that the economic benefits will accrue to Dunea and the contract costs attributable to the construction contract can be clearly distinguished and determined reliably.

If the result of a construction contract cannot be reliably estimated, only the amount of the contract costs incurred that are likely to be recovered are recognised under contract revenues in the income statement. The contract costs are recognised in the income statement in the period in which they are incurred.

Contract revenues refer to the revenues agreed in the contract plus any revenues from contract variations, claims and payments, if and to the extent that the revenues are likely to be generated and can be reliably determined. Contract revenues are valued at the fair value of the consideration that has been or will be received.

Expenditure relating to contract costs that result in the delivery of a performance after the balance sheet date is recognised as part of the prepayments and accrued income if this expenditure is expected to generate income in a subsequent period. Contract costs are recognised in the income statement if the performance in the contract is delivered and has been realised. Losses expected on construction contracts are immediately recognised in the income statement. The amount of the loss is determined irrespective of whether the contract has already commenced, the stage of realisation of the contract or the amount of profit that is expected on other, unrelated contracts.

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 uncollectable 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 undertaking for more than 12 months are classified as financial non-current assets.

Shareholders' equity

Financial instruments classified as equity instruments based on the legal reality are stated under shareholder's equity. Distributions to holders of these instruments are deducted from shareholders' equity less any tax benefit arising from profits tax.

Share premium reserve

The amounts contributed by shareholders exceeding 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 obligations enforceable by law 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, please see **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 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 movement of connection and mains pipelines, less accumulated amortisation.

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

Liabilities that expire within one year are stated under current liabilities. This includes, among other things, repayments on long-term loans that expire within one year. The effective interest is recognised directly in the income statement.

Accounting policies for determining the result

General

Income is recognised when it has been realised.

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

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

Operating result

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

Operating income

Operating income comprises:

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

Water income comprises the income from water consumption, the standing charge, the contribution in respect of municipal sufferance tax, bulk sales (supply to other water companies) and other water income. Water income is exclusive of turnover tax and tap water tax. An estimate is made of the water income yet to be invoiced for the reporting year on the balance sheet date. This estimated income is recognised in the reporting year. The difference between the estimated income and the invoiced income is recognised in the following reporting year.

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

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

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

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

Operating expenses

Operating expenses comprise:

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

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

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

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

The employee benefits expense is recognised in the income statement in the period in which the work is performed and, to the extent unpaid as yet, recognised in the balance sheet as liabilities. If the amounts already paid exceed the 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 benefits with 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 release 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 shown 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 statement of financial statement date, in addition to the payment of the contribution payable annually 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 2021, there were no pension-related claims and liabilities other than the annual payment of pension contribution due to the pension provider.

Financial income and expenses

Interest income and expenses are recognised on a pro rata time 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 non-current 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 cash flow statement

The cash flow statement was prepared in accordance with the indirect method.

Cash in the cash flow statement 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 2021

amounts x €1,000 unless stated otherwise

Non-current assets

1. Intangible non-current assets

The composition of the intangible non-current assets and the statement of movements in 2021 are as follows:

	Development costs
Acquisition value	127
Accumulated depreciation, impairments and similar	0
Carrying amount as at 31 December 2020	127
Investments	1,767
Depreciation 2021	-13
Carrying amount as at 31 December 2021	1,881
Acquisition value	1,894
Accumulated depreciation, impairments and similar	-13
Carrying amount as at 31 December 2021	1,881

The development costs pertain to costs incurred in connection with Dunea's multi-source strategy. Of these costs, €1,163k is attributable to the Brackish Groundwater Pilot Project and €731k is attributable to the Lake Valkenburg Pilot Project. Both test installations became operational at the end of 2021. The Brackish Groundwater project will run until 31 December 2025, while the Lake Valkenburg project is projected to run until 31 December 2024.

2. Tangible non-current assets

The composition of the tangible non-current assets and the statement of movements in 2021 are as follows:

	Total	Land and buildings	Machinery and equipment	Other tangible non-current assets	Work in progress	Tangible non-current assets not used in regular operations
Acquisition value	1,404,139	105,875	1,250,753	7,436	36,294	3,781
Accumulated depreciation, impairments and similar	-821,363	-48,096	-766,723	-4,742	0	-1,802
Carrying amount as at 31 December 2020	582,776	57,779	484,030	2,694	36,294	1,979
Investments	43,393	0	0	0	43,393	0
Capitalisation	0	4,153	32,160	1,918	-38,231	0
Depreciation and amortisation	-33,753	-2,229	-30,143	-1,309	0	-72
Divestment - Acquisition value	-998	-4	-322	-658	0	-14
Divestment - Accumulated depreciation	770	4	116	650	0	0
(Reversal of) impairments non-current assets	0	0	0	0	0	0
Other movements	0	0	0	0	0	0
Carrying amount as at 31 December 2021	592,188	59,703	485,841	3,295	41,456	1,893
Acquisition value	1,446,537	110,025	1,282,591	8,697	41,456	3,768
Accumulated depreciation, impairments and similar	-854,349	-50,322	-796,750	-5,402	0	-1,875
Carrying amount as at 31 December 2021	592,188	59,703	485,841	3,295	41,456	1,893
Depreciation rates		3%-20%	2%-20%	5%-33%	n/a	3%-5%

Land is not depreciated.

'Land and buildings' includes a carrying amount of €22.6 million (2020: €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 2021 is as follows (in €):

Land and buildings	0.1 million
Machinery and equipment	40.5 million
Other tangible non-current assets	0.9 million
	41.5 million

Broken down per investment project (in €):

Pipeline network	19.2 million
Recycling rinse water processing Katwijk	7.3 million
New construction rinse water processing Scheveningen	7.0 million
Berkheide Programme	3.7 million
Miscellaneous	4.3 million
	41.5 million

'Capitalisation' includes roughly €0.5 million in construction period interest related to completed and already capitalised investments. 'Investments' includes a total of €0.4 million in construction period interest at a rate of 1.89% relating to work in progress.

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

3. Financial non-current assets

The composition of the financial non-current assets and the statement of movements in 2021 are as follows:

	Participating interests	Receivables from participating interests	Other receivables	Total
Carrying amount as at 31 December 2020	2,687	0	122	2,809
Movements:				
Repayment on loans provided	0	0	-17	-17
Change in result from participating interest	59	0	0	59
Mortgage repayments	0	0	-31	-31
New loans provided	0	456	0	456
Carrying amount as at 31 December 2021	2,746	456	74	3,276

Participating interests

	31 December 2020	Payment of share capital	Change in result from participating interest	31 December 2021
AquaMinerals B.V.	24	0	0	24
Dunea Warmte & Koude B.V.	18	0	-18	0
Water Fund Holland B.V.	0	0	0	0
KWH Water B.V.	566	0	0	566
Stichting NPHD	0	0	0	0
Het Waterlaboratorium N.V.	2,079	0	77	2,156
	2,687	0	59	2,746

Following the negative result recorded by Dunea Warmte en Koude B.V. for the 2021 financial year (€408k negative), this participating interest is valued at nil. As Dunea provides security for the debts of the participating interest, a provision has been created for the remaining balance, amounting to €390k.

Other receivables

The composition of other receivables is as follows:

	31 December 2021	31 December 2020
Loans provided to employees on the security of a mortgage	51	82
Other loans provided	23	40
Total other receivables	74	122

The repayable portion of the mortgage loans in 2022 amounts to €11k (2021: €20k) and is shown under 'Other current receivables'.

The repayable portion of the other loans provided in 2022 amounts to €17k (2021: €16k) and is shown under 'Other current receivables'.

An overview as at the end of 2021 of the loans provided with a term of one year or more, grouped by remaining term:

	< 10 years	10-20 years	Total
Loans provided to employees on the security of a mortgage	51	0	51
Other loans provided	23	0	23
Total other receivables	74	0	74

The average interest rate for loans provided on the security of a mortgage is 0.87% (2020: 1.01%). The mortgage loans have a fixed-rate period of five years. The interest rate is

reviewed for each mortgage loan issued every five years if the market rate is lower than the interest payable. 'Other loans provided' comprises two loans with a fixed interest rate of 4.5%. A pledge has been created on one of the loans with a term (originally) of 10 years.

Current assets

4. Inventories

	31 December 2021	31 December 2020
Materials	1,248	1,353
Total inventories	1,248	1,353

No provision for obsolescence has been created with regard to the inventories.

5. Receivables

The receivables comprise:

	31 December 2021	31 December 2020
Accounts receivable	6,060	7,524
Taxes	1,651	794
Other receivables	40	51
Prepayments and accrued income	5,703	5,506
Total receivables	13,454	13,875

A provision has been recognised for accounts receivable amounting to €1.1 million (2020: €1.1 million). In 2021, an allocation to the provision was recognised in the amount of €0.2 million (2020: €0.3 million). Costs amounting to €0.2 million were withdrawn from the provision (2020: €0.5 million). 'Accounts receivable' includes €0.1 million (2020: €0.3 million) in transactions with related parties. This relates entirely to 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 €3.8 million (2020: €3.5 million) and prepaid expenses of €1.7 million (2020: €1.4 million).

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

6. Cash and cash equivalents

This item is comprised as follows:

	31 December 2021	31 December 2020
Cash and bank balances	149	3
Total cash and cash equivalents	149	3

The cash and cash equivalents total comprises cash in hand plus the balance of various bank accounts. 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 2021, were held by 17 municipalities. These municipalities constitute Dunea's supply area. See [page 143](#) of this Annual Report for the distribution of the ordinary shares to the municipalities.

The nominal value of an ordinary share is €5.00.

Issued and paid-up share capital	2021	2020
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	2021	2020
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 NLG10.00 per share to €5.00 in 2000, the share premium reserve was converted into the current amount.

9. Legal reserves

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

Movements in the legal reserves were as follows:

Legal reserves	Participat- ing interests	Develop- ment costs	2021	2020
As at 1 January	627	127	754	578
Allocation	77	1,754	1,831	176
Release	-331	0	-331	0
Other movements	0	0	0	0
As at 31 December	373	1,881	2,254	754

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	2021	2020
As at 1 January	204,502	8,400	212,902	206,080
Result appropriation	8,949	-408	8,541	6,998
Allocation to legal reserves	-1,831	0	-1,831	-176
Release from legal reserves	331	0	331	0
As at 31 December	211,951	7,992	219,943	212,902

The Heat activities reserve was created in 2019 to finance the start-up capital of Dunea Warmte & Koude B.V. The movement in 2021 comprises the negative result for the financial year.

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

Proposal to the General Meeting for the appropriation of the result for the 2021 financial year

The Management Board, with the approval of the Supervisory Board, proposes that the result for 2021 of €8,541,000 be added to the General Reserves, 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. (€408k negative) will be charged to the reserve for heat activities.

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 2020	Withdrawal	Release	Allocation	As at 31 December 2021
Decontamination costs	3,024	-457	-367	1,150	3,350
Provision for management, nature reserve and drinking water area	577	-3	0	0	574
Employee benefits	247	-30	-1	221	437
Restructuring	716	-420	-133	51	214
Negative participating interests	0	0	0	390	390
Other provisions	86	0	0	103	189
Total provisions	4,650	-910	-501	1,915	5,154

The current portion of the provisions amounts to €1.5 million.

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

The provision for decontamination costs has been created for the cost of demolition of buildings and production facilities that are no longer used and for the remediation of soil contamination. In 2021, progress was made in the execution of planned activities, which resulted in the withdrawal of €0.5 million. The release of €0.4 million relates to the completion of a remediation project in the Scheveningen pumping station sand depot. The actual costs were lower than anticipated, mainly as a result of a lower level of soil contamination.

In 2021, various asbestos inventories were carried out in connection with scheduled renovation projects. These inventories revealed the presence of asbestos in the roof cladding of certain production locations, leading to the conclusion that asbestos removal will need to take place when carrying out the necessary roof renovation work. The estimated costs of €1.2 million have been allocated to the provision for decontamination costs.

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

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

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

Following the negative result recorded by Dunea Warmte en Koude B.V. for the 2021 financial year (€408k negative), this participating interest is valued at nil. As Dunea provides security for the debts of the participating interest, a provision has been created for the remaining balance, amounting to €390k.

12. Long-term liabilities

Long-term liabilities	Debt to credit institutions	Equalisation account third party contributions	Pre-payments received	Total
As at 1 January 2021	230,000	71,658	1,439	303,097
Less: Transferred to current liabilities	-12,333	0	0	-12,333
Plus: Received third party contributions	0	3,951	0	3,951
Less: Release to result	0	-3,158	-135	-3,293
Plus: New long-term loans	0	0	0	0
As at 31 December 2021	217,667	72,451	1,304	291,422

The fair value of loans (debt to credit institutions) at year-end 2021, including the current part, is €267.0 million (nominal value: €230.0 million).

Conditions in respect of the level of solvency (ratio of shareholders' equity / total assets) and the debt ratio (ratio of net debt position to operating cash flow apply to several long-term loans). Dunea meets these conditions, with a solvency of 40.1% (2020: 39.4%) compared to a minimum requirement of 30% and a debt ratio of 5.7 (2020: 6.1) compared to a maximum requirement of 8.0.

An overview as at the end of 2021 of the loans provided with a term of one year or more, grouped by remaining term and current percentage:

Percentages current loans	1-5 years	6-10 years	>10 years	Total
<1.0%	0	28,000	111,000	139,000
1.0% < 4.0%	0	18,667	0	18,667
4.0% < 4.5%	0	0	60,000	60,000
Total	0	46,667	171,000	217,667

'Prepayments' includes 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 over the course of 20 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. Internal analyses show that the situation with regard to COVID-19 does not lead to increased liquidity risk.

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 2021	31 December 2020
Short-term part of long-term liabilities	12,333	12,333
Debt to credit institutions	23,851	12,962
Debt to suppliers	6,385	5,252
Taxes and social security contributions	3,640	3,716
Pension obligations	507	482
Deferred income	4,064	2,577
Other liabilities	231	402
Accrued liabilities	19,315	18,719
Total current liabilities	70,326	56,443

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 3.2 (2020: 2.4) compared to a minimum requirement of 1.0.

The net debt to suppliers includes €0.6 million (2020: €0.7 million) in transactions with related parties. The net sum is comprised for 88% (2020: 100%) of transactions with Dunea's participating interests. No non-market transactions were undertaken with related parties.

Taxes and social security contributions comprise groundwater tax and tap water tax payable in the amount of €2.0 million (2020: €2.4 million) and wage tax payable in the amount of €1.6 million (2020: €1.3 million).

Deferred income comprises €75.2 million (2020: €71.3 million) by way of advance payments received and €71.1 million (2020: €68.7 million) from the estimate of consumption, standing charge and municipal sufferance tax not yet settled.

'Accrued liabilities' relates to the reservation for Dunea employees' holiday in the amount of €9.7 million (2020: €9.0 million), purchase invoices yet to be received in the amount of €4.2 million (2020: €3.8 million), municipal sufferance tax still to be paid in the amount of €3.8 million (2020: €3.7 million), interest on loans still to be paid in the amount of €1.0 million (2020: €1.0 million) and prepayments received for construction contracts in the amount of €0.8 million (2020: €1.1 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 €0.3 million (2020: €0.4 million) and relate to the lease income from the pancake house and kiosk. That amount can be broken down as follows:

- For 2022 €0.1 million
- For 2023-2026 €0.2 million
- From 2027 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 €17.8 million (2020: €8.7 million). That amount can be broken down as follows:

- For 2022 €2.3 million
- For 2023-2026 €7.4 million
- From 2027 €8.1 million

The increase in these liabilities compared to 2020 is a result of the renewal of the lease for the office building in Zoetermeer, which was agreed in 2021. This new lease has a term which will expire on 31 December 2033.

As at the end of 2021, the rental liabilities amounted to €8.4 million, of which €0.2 million related to 2022. In 2021, €1.4 million was recognised in the income statement in respect of rental costs resulting from these rental agreements. Bank guarantees totalling €0.4 million have been provided for the rental of the office building.

In addition, at year-end 2021, current liabilities in connection with maintenance contracts and licensing agreements amounting to €4.8 million were recorded, of which €2.0 million related to 2022.

The commitments entered into related to work in progress amounted to €16.2 million as per 31 December 2021 (2020: €15.9 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. that are available to Dunea, neither criterion applies at the present time.

Notes to the income statement for 2021

amounts x €1,000 unless stated otherwise

14. Operating income

The operating income was generated in the Netherlands.

A. Water income

	2021	2020
Sales of water in own supply area	74,717	75,778
Standing charge	45,664	43,923
Contribution in respect of municipal sufferance tax	13,016	12,632
Other water companies (bulk sales)	4,250	4,754
Other water income	1,026	959
Total water income	138,673	138,046

Sales of water in own supply area includes the adjustment of the estimated consumption yet to be invoiced recognised in the preceding financial year and not-billed consumption in the amount of €0.7 million negative (2020: €0.7 million positive).

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

	2021	2020
Sales volume	79,097	81,236
Not-billed consumption (NIRG)	-3,638	-4,630
Total sales volume in own supply area	75,459	76,606

Bulk sales

	2021	2020
Bulk sales (Euro)	4,250	4,754

Sold to (x 1,000 m³)

	2021	2020
Evides	909	1,385
Oasen	3,241	3,336
Other	65	77
Total bulk sales volume	4,215	4,798

B. Income from work for third parties

	2021	2020
Income from work for third parties	2,692	2,963
Total income from work for third parties	2,692	2,963

Dunea performs work for third parties on request. In 2021, this related in particular to the installation of connection pipelines, contributions for fire hydrants and income for sewer management.

C. Other operating income

	2021	2020
Other operating income	2,157	2,142
Total other operating income	2,157	2,142

Other operating income includes:

- Subsidy/grant income (2021: €1.0 million; 2020: €1.3 million)
- Rental income and lease income (2021: €0.2 million; 2020: €0.2 million)
- Income from the sale of non-current assets (2021: €0.3 million; 2020: €0.1 million)
- Income from secondment (2021: €0.3 million; 2020: nil)
- Income Dunea Warmte & Koude (2021: €0.3 million; 2020: nil)

Subsidy/grant income relates in particular to allowances for foreign activities (2021: €0.5 million; 2020: €0.5 million) and nature projects (2021: €0.5 million; 2020: €0.8 million).

15. Operating expenses

A. Costs of raw materials and consumables

	2021	2020
Chemicals and filtration material	3,125	2,582
Groundwater tax	282	281
Disposal of sludge and other waste	565	1,078
Total raw materials and consumables	3,972	3,941

B. Water purchases

	2021	2020
Bulk purchase	2,448	2,997

Purchased from (x 1,000 m³)

	2021	2020
Evibes	964	1,464
Waternet	2,129	2,267
Total bulk purchase	3,093	3,731

C. Energy costs

	2021	2020
Electricity costs	5,728	4,278
Gas consumption costs	145	72
Other energy costs	20	45
Total energy costs	5,893	4,395

D. Costs of subcontracted work

	2021	2020
Costs of subcontracted work and material use in relation to water process	10,011	9,351
Costs of subcontracted work and material use in relation to nature process	828	2,295
Total cost of outsourced work and materials	10,839	11,646

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

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

E. Municipal sufferance tax

	2021	2020
Alphen aan den Rijn (Benthuizen neighbourhood)	33	40
The Hague	4,312	4,314
Hillegom	0	133
Katwijk	805	791
Lansingerland	201	201
Leiden	1,734	1,733
Leidschendam-Voorburg	166	166
Lisse	565	563
Noordwijk	1,251	1,240
Oegstgeest	434	433
Pijnacker-Nootdorp	0	0
Rotterdam (Nesselande)	34	30
Rijswijk	257	256
Teylingen	855	851
Voorschoten	249	242
Wassenaar	515	522
Zoetermeer	256	255
Zuidplas	423	411
Total municipal sufferance taxes	12,090	12,181

'Municipal sufferance tax' relates to fees that the municipalities in Dunea's supply area charge Dunea for the right to use municipal land for the mains pipeline network. Municipal sufferance tax decreased slightly compared to 2020 as a result of the accelerated phasing-out scheme of the municipality of Hillegom. From 1 January 2022, municipalities may no longer levy municipal sufferance tax on networks operated by utility companies in, on or above municipal land.

F. Wages, salaries and social security contributions

	2021	2020
Wages and salaries	30,323	29,040
Pension costs	4,456	4,216
Other social security contributions	3,936	3,622
Total wages, salaries and social security contributions	38,715	36,878

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 2021, the annual accrual of pension entitlements amounted to 25.9% of the pensionable salary, which is based on the gross wage less a deductible (in the amount of €14,550). In 2021, the maximum pensionable salary was capped at €112,189. The annual contribution payable by the employer was 17.97% of the pensionable salary. The employer is also liable to pay contributions for the purchase of conditional pension. The contribution for this conditional pension is 3.0% and is payable in its entirety by the employer. The level of contribution is determined annually by the Board of the sectoral pension fund based on the funding ratio and anticipated returns. The Fund declared that, as at 31 December 2021, ABP's policy funding ratio was 110.2% (2020: 93.2%). On the basis of the administration regulations, in the event that the Fund is underfunded, Dunea has no obligation to pay additional amounts other than through higher future contributions.

Staff

Average number of employees in FTEs:

	2021	2020
Management, Corporate Marketing & Communication and Corporate Strategy	23	22
Dune & Water Division	281	274
Customer & Operational Support Division	191	194
Total average number of employees in FTEs	495	490

None of the employees listed above were working abroad (2020: nil).

WNT accounting information 2021 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 2021, the maximum remuneration for Dunea N.V. amounted to €209,000. This applies on a pro rata basis according to the length and/or scope of the employment.

Specification of the remuneration of the Management Board members:

Name	Mr W.M.E. Drossaert
(amounts x €1)	
Position details	Managing Director
Start and end dates of position in 2021	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employed under contract	yes
Individual WNT maximum	€209,000
Remuneration 2021	
Remuneration plus taxable allowances	€184,680
Remuneration payable in future	€24,315
Total remuneration	€208,995
Applicable WNT maximum	€209,000
Reason for exceeding maximum	n/a
Remuneration 2020	
Start and end dates of position in 2020	1/1 - 31/12
Scope of employment (in FTE)	1.0
Employed under contract	yes
Remuneration plus taxable allowances	€178,320
Remuneration payable in future	€22,529
Total remuneration	€200,849
Applicable WNT maximum	€201,000
Reason for exceeding maximum	n/a

Alongside from the senior executive referred to above, there are no other executives employed under contract whose remuneration in 2021 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 Chairman 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	Mr G.J. Doornbos	Ms W. van Dijk	Mr L.A.S. van der Ploeg	Ms A. van der Rest	Ms P.M. Zorko
Position details	Chairman	Member	Member	Member	Member	Member
Start and end dates of position in 2021	1/1-31/12	1/1-31/12	1/12-31/12	1/1-31/12	1/1-31/12	n/a
Remuneration						
Total remuneration	15,428	12,900	12,900	12,900	12,900	n/a
Maximum remuneration for position holder	31,350	20,900	20,900	20,900	20,900	n/a
-/- Amount paid but not owed and not yet refunded	n/a	n/a	n/a	n/a	n/a	n/a
Reason why limit may or may not be exceeded	n/a	n/a	n/a	n/a	n/a	n/a
Information on receivable due to amount paid but not owed	n/a	n/a	n/a	n/a	n/a	n/a
Information for 2020						
Position details	Chairman	Member	n/a	Member	Member	Member
Start and end dates of position in 2020	1/1-31/12	1/1-31/12	1/12-31/12	1/1-31/12	1/1-31/12	1/1-30/9
Remuneration						
Total remuneration	15,200	12,700	1,060	12,700	12,700	9,525
Maximum remuneration for position holder	30,150	20,100	1,702	20,100	20,100	15,048

G. Depreciation of non-current assets, (reversal of) impairments and divestment of tangible and intangible non-current assets

	2021	2020
Land and buildings	2,229	2,099
Machinery and equipment	30,143	30,467
Other tangible non-current assets	1,309	1,015
Tangible non-current assets not used in regular operations	72	72
Development costs	13	0
Total depreciation costs tangible and intangible non-current assets	33,766	33,653
Amortisation equalisation account third party contributions	-3,158	-2,847
Total depreciation costs	30,608	30,806
Divestment of non-current assets	228	46
Total divestment and (reversal of) impairments tangible non-current assets	228	46

Other operating expenses

	2021	2020
Other personnel costs	5,127	5,822
Mobility costs	725	671
Leases and real rights	29	21
Accommodation expenses	3,008	2,989
Taxes, insurance and bank charges	1,070	1,171
Communication costs and postage charges	7,007	7,458
Contributions, donations and subscriptions	1,613	1,517
Office and laboratory expenses	3,759	3,954
Hiring of expertise and IT expenses	5,824	7,501
Bad debt losses	190	290
Miscellaneous operating expenses	1,134	1,212
Total other operating expenses	29,486	32,606

Miscellaneous operating expenses relate in particular to activities outside the Netherlands.

In conformity with Section 2:382A of the Dutch Civil Code, the following overview shows the auditor's fees charged to Dunea:

(amounts x €1)	2021	2020
Audit of the financial statements	153,215	134,627
Other audit services	59,730	18,300
Tax advisory services	0	0
Other non-audit services	0	0
Parts belonging to accounting network	0	0
Total auditor's fees	212,945	152,927

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 2021 and 2020 financial statements were audited by KPMG N.V.

16. Financial income and expenses

Interest income and similar income

In 2021, interest income and similar income amounted to €3,000 (2020: €4,000).

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

Interest expenditure and similar expenditure

	2021	2020
Interest on other long-term borrowings	4,537	5,472
Other interest expenditure, including current borrowings	1	1
Capitalised construction period interest on investment projects	-424	-481
Total interest expenditure	4,114	4,992

The average interest rate of the loan portfolio was 1.90% (2020: 1.88%). The interest rate of the capitalised construction period interest on investment projects was 1.89% (2020: 2.31%).

17. Corporate income tax

Dunea has been liable for corporate income tax since 2016.

	2021
Result before taxes	8,541
Difference between valuation for reporting and for tax purposes of tangible non-current assets	32
Difference between valuation for reporting and for tax purposes of financial non-current assets and long-term liabilities	1,378
Calculation of taxable profits	9,951
Exempt benefits for public-sector enterprises	-10,237
Participation exemption	331
Taxable amount	45
Effective tax rate	0.0%
Applicable tax rate	25.0%

There are offsettable losses amounting to €1.0 million (2020: €1.0 million) that have not been recognised as a deferred tax asset, as it is not probable that future taxable profit will be available to offset these losses. The following overview (amounts in €) as at 31 December 2021 shows the year in which the losses occurred and the year in which they expire.

Financial year	Offsettable loss	Available for setting-off up to end
2016	121,846	2025
2017	495,573	2026
2018	-	n/a
2019	196,923	2025
2020	173,663	2026
2021	-	n/a
Total offsettable losses	988,005	

Zoetermeer, 19 May 2022

Supervisory Board

J.P. Backer (Chairman)
G.J. Doornbos
W. van Dijk
L.A.S. van der Ploeg
A. van der Rest

Management Board

W.M.E. Drossaert

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The 'bubble curtain' in the Afgedamde Maas, at Wijk en Aalburg. Here, air and iron sulphate are added to the water to lower phosphate levels.



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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Grey geese on an infiltration pond.

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With the publication of the Annual Report 2021, Dunea has taken a further step in the adoption of integrated reporting. This means that we report not just on financial performance in our Annual Report, but also on our non-financial performance. We are in a process of development in this regard. In the coming years, we will make improvements in this respect and further strengthen our data and systems. The choice of topics on which we report in this Annual Report also takes into account topics that our stakeholders have indicated they consider to be of material significance.

Scope of the Annual Report

This Annual Report covers the 2021 financial year of Dunea N.V., which runs from 1 January 2021 until 31 December 2021, inclusive. The consolidation includes the financial and non-financial data of Dunea N.V. and its group companies as well as other legal entities over which it can exercise predominant control or of which it conducts the central management. Dunea's integrated report comprises the Management report, the report of the Supervisory Board and the financial statements. The financial statements 2021 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 compared to the previous year, unless otherwise indicated. Where possible, we compare all the figures stated with comparative figures from the previous year. KPIs are discussed at regular intervals with the respective departments and reported to the Management Board.

Dunea publishes its Annual Report exclusively online.

Materiality and connectivity

In the extensive materiality analysis that we commissioned in January 2020, nine topics emerged as highly material. The outcomes of this materiality analysis are translated into a materiality matrix in this Annual Report. The results that we present in this Annual Report are organised according to the highly material topics shown in the top right corner of the matrix. Themes from the materiality analysis other than the highly material themes on which Dunea also reports concern themes that contribute to the highly material topics, and in particular the all-transcending themes of quality and security of supply of drinking water.

In 2021, there was a focus on connectivity, as part of which a link was made between strategy and material topics. Work was also undertaken toward defining new KPIs, in a process which will be continued in 2022.

Reporting guidelines

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

Dunea is also a member of the World Business Council for Sustainable Development (WBCSD) and, for the purposes of reporting, suggestions made by the WBCSD are used to move the integrated report a step closer to the IIRC model.

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Quality of data

In this integrated report, we have expressed data in financial and non-financial data wherever possible. It is our ambition to expand and improve the quantity and reliability of the reported data in the coming years, among other things by advancing steps in the internal process of data collection. We will also involve the external auditor in this endeavour. In this Annual Report, material topics will still largely be reported on in qualitative terms. It is our ambition to move towards verification of the non-financial information by the external auditor in the coming years.

Reactions to the Annual Report

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

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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 2021 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.

The share division as at 31 December 2021 was as follows:

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

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Absences due to sickness (%)

The sickness absence percentage is calculated by dividing the total number of days of absence (excluding pre-natal maternity leave) by the total number of available days, taking into account a part-time factor. This calculation excludes employees with a work experience contract but includes employees with a training contract (BBL).

Average interest rate (long-term loans) (%)

The interest on long-term loans relative to the average long-term loan portfolio.

Average number of employees (FTEs)

The average number of employees (FTEs) is calculated by dividing by 13 the sum of the number of FTEs, corresponding to employees with a fixed-term or permanent employment contract, as at the last day of the month and including the position as at the last day of the preceding year. This calculation excludes employees with a work experience contract but includes employees with a training contract (BBL).

Avoided emissions

Reduction of greenhouse gas emissions elsewhere as a result of processes or products, such as residues from drinking water operations (e.g. softening). The avoided emissions may not be allocated to the CO₂ footprint of drinking water operations, but may be disclosed in reporting.

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.

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 CO₂, for the emission of greenhouse gases caused by the various operating activities.

Compensation measure (CO₂)

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

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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.
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 .
High-priority installations	In the Netherlands, certain locations must comply with special regulations for the prevention of Legionella. These high-priority installations include the drinking water installations of healthcare institutions, hotels, swimming pools and saunas, for instance.
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.
Incident Frequency Ratio (IF ratio)	The number of incidents involving sickness absence and injury x 1,000,000 / staffing hours.
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.
Integral drinking water tariff per m ³	The integral 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.
Length of mains pipeline network (in km)	The length of the mains pipeline network (in km) as at the balance sheet date, excluding pipelines that are not in service.
Length of transport pipeline network (in km)	The length of the transport pipeline network (in km) as at the balance sheet date, excluding pipelines that are not in service.
NCSC	National Cyber Security Centre (www.ncsc.nl)

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'New Style' National Park	A 'new style' national park is a national park consisting of a coherent landscape with a core of valuable nature reserves surrounded by areas with other zoning designations, such as agriculture or residential. The aim is to protect and develop nature, recreation, water management and extraction as well as heritage in the entire area to provide a healthy and attractive location for people, fauna and flora.
Not-billed consumption	The difference between the total volume m ³ pumped into the pipeline network and supplied in Dunea's own supply area and the total volume m ³ that is charged to customers. It concerns not-billed consumption, such as leakages and spray water losses, fire extinguishing water, own use for cleaning pipelines, temporary non-metered connections and meter differences.
Number of administrative connections	The total number of service addresses at the end of the year to which Dunea, directly or via a third party, supplies drinking water and to which Dunea can bill a standing charge.
Number of visitors to Meijendel Visitor Centre	The recorded number of visitors to the Meijendel Visitor Centre (de Tapuit).
Number of installed water meters	The total number of installed (present) water meters at the end of the year in properties in Dunea's supply area.
Number of residents	The most up-to-date total number of residents that, according to CBS Statline, were living within Dunea's supply area at the end of the year.
Number of 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 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.
PFAS	PFAS are man-made substances that are used in various applications, including textiles, water-repellent sprays for clothing or shoes, food packaging, lubricants, fire-fighting foams and non-stick coatings on pans. It is known that many PFAS are harmful to health. PFAS enter the environment through products which we use and through factory emissions and discharges. Well-known examples of PFAS include PFOA, PFOS and GenX.
PMT	Persistent, Mobile and Toxic substances.

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Return on total assets (%)	The return on total assets compares the operating result achieved with the organisation's total assets that enable it to carry out its activities. It is calculated as the ratio of operating result to the balance sheet total.
River water intake	The total volume m ³ river water intake.
Sales of drinking water in own supply area	The total volume of m ³ of supplied drinking water billed to customers in Dunea's own 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.
Source measures	Measures designed to cut nitrogen emission levels (e.g. lowering speeds, buying out/relocating farmers, zero-emission trucks).
Solvency (%)	The extent to which long-term obligations can be met. It is calculated by comparing shareholder's equity versus total assets, both inclusive of the result after tax achieved in the year that is added to the other reserves.
Sub-standard supply minutes	The number of minutes the supply of water is interrupted per administrative connection per year. If the precise duration of the interruption is not recorded, the average number of minutes of sub-standard supply per type of interruption is defined.
Supply	The total m ³ of drinking water pumped into the pipeline network and supplied within Dunea's own supply area.
Time to fill vacancy	The average time that elapses between the publication of a vacancy and a candidate's acceptance of the job offer.

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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.

WAVE

Werken aan Verbinding (working on connection) Programme (WAVE), which involved the phased implementation of process-oriented working in 2018, WAVE also provided for the implementation of a new ERP system.



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www.dunea.nl

