

CSR policy VEI



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Preface

It is our firm conviction that everyone around the world deserves a reliable supply of high-quality tap water. VEI's mission is to contribute to make this ideal of universal water services come true through organizing peer support between water operators. VEI is a daughter organization of two Dutch water operators (Vitens and Evides); has over the years developed strong partnerships with more Dutch water operators (WML, Waterbedrijf Groningen, Brabant Water, WLN, and PWN), and manages water operator partnerships with 50+ water operators in Africa, Asia and Latin America.

Many water operators around the world face immense challenges, such as increasing water demand, water quality problems, water shortages and climate change. VEI collaborates with water operators to expand their capabilities and help them professionalize their operations by actively sharing peer expertise and experience.

This document describes the various ways in which we have translated Corporate Social Responsibility issues such as human rights, employment and gender equality, labor relations, environmental sustainability, the fight against corruption and towards consumer rights, as well as technology, taxation, and disclosure standards into VEI corporate policy guidelines, and consequently in the way we develop and manage our international partnerships.

Are we there yet? In other words, have we managed to fully unfold and implement our commitment to Corporate Social Responsibility, both internally within VEI and in our ways of working with our partners? No matter how much I would like to be able to answer this question with a resounding 'yes', that answer would defy our values of transparency, trust, and learning. Further steps are going to be necessary and possible.

I am convinced that our mission of providing more people with lasting access to water services by creating more accountable, socially relevant, and efficient water utilities will be more successful if we commit to CSR in a learning and continuous improvement approach. With the values, mechanisms and procedures outlined in this document, I am sure a solid foundation is in place to further improve ourselves in this area, and through our partnerships many other organizations in time to come.

Marco Schouten
CEO VEI B.V.
February 2021

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Introduction

VEI is -from and for- water operators

VEI is a not-for-profit international development organization -from and for- water operators. VEI is a daughter company of the two Dutch water operators Vitens NV and Evides NV. Organizing high quality peer support between water operators is the core of VEI. We implement international partnerships between water operators (WOPs).

VEI helps people living in poverty to access sustainable water services

VEI makes a lasting difference in the lives of people living in poverty by improving sustainable water services delivery. Driven by Sustainable Development Goal 6 (SDG#6) of the United Nations, VEI is dedicated to a society in which there is universal sustainable water services management, leaving no one behind.

VEI organizes the solidarity between water operators

VEI applies practical know-how from source to tap. By unlocking the strength of peer support through WOPs, locally owned solutions are created and implemented. Through peer support VEI strengthens the capacity of partner water operators, resulting in sustainable performance improvement and enhanced service delivery, well beyond the impact of directly connecting people to water services.

VEI commits to excellence

VEI is proud to be a purpose driven organization, implementing its mission on a not-for-profit basis through own contributions of water operators, water customers and externally sourced grants. Ensuring high quality peer support is an intrinsic part of our mission. We are deliberate in what peer support we do, where we do it, and how we do it.

Twofold mission

VEI has a twofold mission objective that acts as a compass for the operational activities. When VEI was founded in 2003 by the Dutch water operators Vitens and Evides, these two mission objectives were already set in the statutes of VEI.

To monitor our progress in achieving our mission, we made them SMART (Specific, Measurable, Achievable, Realistic, and Timely), via Key Performance Indicators (KPIs). These strategic KPIs give direction to both the activities of VEI and how VEI communicates its performance.

Mission 1: VEI contributes to Sustainable Development Goal number 6: i.e. achieving universal and sustainable access to water and sanitation by 2030.

We operationalize this first mission objective by monitoring the number of people that are either directly or indirectly benefitting from improved water and sanitation facilities due the support of VEI. Over the years VEI succeeded in continuously making a larger impact by helping people to sustainable water services provision. Our overall quantitative target is that we want to help a total number of 11.5 million people directly or indirectly to benefit from sustainable water services over the period 2015-2030.

Mission 2: VEI wants to strengthen the internal and external reputation of our partner water operators: leading in the drinking water sector, and an attractive employer for talented employees. Apart from the two founding mothers of VEI (the Dutch water operators Vitens and Evides), over the years also more Dutch water operators have joined VEI as partners (WML, Waterbedrijf Groningen, Brabant Water, PWN and WLN laboratory).

With a joint workforce of thousands of employees, a distribution network that extends for more than 100,000 kilometers, millions of connections, and an annual delivery capacity of hundreds of millions m³ of tap water in the Netherlands, they have extensive experience

and resources at their disposal.

	Inhabitants x 1,000	Surface km ²	Employees ²⁾ FTE	Network km
Brabant Water	2,534	5,016	671	18,233
Dunea	1,327	606	470	4,926
Evides Waterbedrijf	2,037	3,500	565	13,344
Oasen	784	1,115	253	4,213
PWN	1,734	2,465	516	10,083
Vitens	5,777	15,147	1,234	47,045
Waternet	1,044	350	380 ³⁾	3,169
Waterbedrijf Groningen	599	2,403	222	5,203
WMD Drinkwater	438	2,468	183	4,879
WML	1,117	2,209	387	9,042
The Netherlands	17,392	35,279	4,881	120,137

¹⁾ By December 31, 2019
²⁾ Full-time equivalents own pay-roll
³⁾ FTEs working for water supply only

Table: statistics Dutch drinking water operators (from VEWIN Drinking Water Fact Sheet 2020)

VEI deploys staff of water operators to assist peer water operators in developing countries, through tailor-made partnerships. In this way, the recipient water operator will be better able to supply its customers with clean drinking water and to extend the pipe network to parts of its service area where running tap water was not yet available. Moreover, it also gives the employees of water operators the opportunity to gain working experience in an international context and share their expertise outside of their daily activities.

VEI offers local water operators technical, operational and management support, both in the short term and long term. VEI assists water companies to achieve operational excellence by becoming stronger financially and by increasing operational efficiency (often through Non-Revenue Water reduction).

Vision. In the vision of VEI, the two mission objectives come together in organizing peer support between water operators. Sharing experiences between water companies brings tangible benefits for all parties. In that respect, VEI is a real win-win approach where peer support is the way in which both water operators in a Water Operator Partnership (WOP) benefit from the collaboration. VEI organizes the solidarity between water operators to enable them to serve their customers better. Many water providers need practical support from their peers. This request for support can be for a range of operational issues: on what works and what does not work in a water utility, but also for support to access financial funds. There are many operators that can respond to this demand and these operators have the motivation, the resources and expertise that is waiting to be unlocked for their colleagues.

Development of the VEI CSR policy

VEI first documented its CSR activities in a Policy in 2014. It was actualized in 2018 in line with the VEI 2020 strategy development; and now again updated in line with the strategy 2021-2025.

VEI makes this CSR Policy document public on its website: www.vei.nl, and on its' internal intranet SharePoint platform.

This mapped CSR policy and the external publication of the CSR policy contribute to transparency on VEI's policies, processes, and methods.

Reading guide

This document describes how CSR is implemented in the day-to-day activities of VEI. It starts with the stakeholders and their expectations and/or benefits from CSR (Chapter 1). This is the starting point of CSR because the policy and forthcoming activities are always related to the stakeholders of VEI.



Chapter 2 elaborates on current policy, practices, and opportunities (points of improvement) and risks. The policies are structured along the themes included in the OECD guidelines for multi-national enterprises. The practices, opportunities and risks are translated into short term and long-term goals and policy plans (Chapter 3).

Stakeholders and CSR

Stakeholders are central to the formulation of CSR policies. Stakeholders have expectations about the CSR activities of the company and/or benefit from the CSR activities employed by the company. The policy and forthcoming activities are always related to the stakeholders of VEI.

All processes of VEI are aimed at reaching CSR goals. In the first place VEI focuses on contributing to Sustainable Development Goal 6 "Universal and sustainable provision of water and sanitation services by 2030.". The focus on SDG#6 sets the consumers as ultimate beneficiaries of the projects. VEI knows its stakeholders, their stakes and roles and is committed to their expectations concerning CSR. In its processes and activities VEI involves its stakeholders in major company decisions.

Categories of stakeholders include:

Consumers	Dutch Government	Employees
Business clients	Foreign Governments	NGOs and Trade Unions
Financers	Shareholders	Suppliers

Stakeholders are involved in the formulation of the CSR policy of VEI. This involvement is through discussion on CSR (related) topics during meetings with the respected stakeholder. Often it is not the main topic of the meetings but is generally included in the process.

The input from the stakeholders has been generated over the past years and combined in this CSR policy. Regular follow-up with the stakeholders on CSR topics needs to be incorporated in the processes of VEI.

The following paragraphs give an overview of the stakeholders, their expectations, and the relevance to the core business of VEI and the activities and opportunities for CSR.

Consumers

Consumers are the end users of the water and are the customers of the water utilities. These water utilities are the partners in our projects. Consumers have different expectations that can be summed up as follows:

- Increase the amount of people with access to safe drinking water.
- Improve the reliability of the water quality reaching consumers.
- Improve the reliability of the water provision (24h supply) reaching consumers.
- Protect affordability of safe water.

Customer expectations are very relevant to the core business of VEI, as they are the ultimate beneficiaries of the projects and programs.

Operational opportunities that we see that are compliant with the expectations of the consumers are the following:

- Expand customer base of partner water utilities.
- Improve communications with customers.
- Increase awareness about the importance of safe water supply and sanitation.

Business clients

Our business clients are the direct beneficiaries of the activities that VEI is undertaking. Most of the clients are urban water utilities. We engage in partnerships with the water utilities to increase efficiency, sustainability, and reliability of water supply to consumers. Expectations of the local partners towards CSR are:

- Increase in sustainable procurement.
- Makes sustainable investments.
- Increases sustainable operational management at the client.

The identified business opportunities based on the expectations of the business clients are already in practice, though not in every project/program. Opportunities are:

- Create partnerships with the clients.
- Use project specific reporting and communication structures.

Financers

VEI's projects are financed by the partner water operators and by external financers. Among the external financers are the Dutch Ministry of Foreign affairs (DGIS), Asian Development Bank, World Bank, and the European Union. Both 'internal' and external financers have increasing expectations of the CSR policies and practices of VEI.

Expectations can be summed up as follows:

- Financers employ CSR criteria for the awarding of grants.
- Increasing demand for reports on CSR practices within projects
- Increasing attention for availability of Code of Conduct for suppliers (CSR responsibility in the supply chain)

The relevance to core activities of VEI is high. If VEI does not comply with the CSR expectations of the financers this may have direct consequences for the financing of the projects. Business opportunities that we see that are compliant with the expectations of the financers are:

- Professionalizing the CSR policy and practices of VEI
- Stimulate CSR focus of our local partners.

Our policy regarding engaging with possible financers is not to exclude parties beforehand, but to evaluate possible financers based on our integrity policy to attract and acquire co-financing on a series of criteria and risk categories. Our integrity policy regarding financers is secured organizationally within VEI, as VEI has instituted a control cycle that before a contract is concluded with the department F&C and the compliance officer, and ultimately the CEO.

Below, the 6 criteria are listed that guide our integrity policy relevant for identification and selection of the co-financiers.

Criteria	Description
1. Fraud / corruption	Fraud is a form of deception; things are presented differently than they are, by giving an incorrect representation of reality on paper or digitally. The penal code has several articles that relate to all kinds of deception. One is the crime scam, which is most general in nature. With the intent to unjustly benefit one or another, either by adopting a false name or a false quality, either by artful artifice, or by a conglomerate of fictions, something or someone moving to the issue of a (financial) good, to making available. In corruption, someone in a dominant position grants unauthorized favors in exchange for reciprocal services or as a friend's service.
2. Money laundering	The risk of damage regarding the reputation, financial damage and / or damage caused by preventive or repressive action by the competent authorities because of (unintentional) involvement in money laundering by customers, intermediaries or employees.
3. Financing terrorism	The risk that VEI's reputation will be influenced because of VEI's actions with natural and/or legal persons involved in (financing) terrorism or crime based on specific legislation.
4. Conflict of interest / bribery	Conflict of interest encompasses the situation in which a person involved serves several interests that can exert influence on each other in such a way that the integrity regarding one interest or other interest is at stake.
5. Unethical behavior	The risk that VEI's reputation (and possibly its financial position) will be influenced as a result of VEI consciously or unintentionally facilitating or being involved in violations.
6. Tax crimes	The risk that VEI contributes to the improper use of tax-advantageous structures.

Dutch government

The Dutch Government, specifically the Ministry of Foreign Affairs (with executing authority NL Agency) through the Sustainable Water Fund (SWF). On several occasions we discussed the necessity and importance of CSR with representatives of the Ministry and NL Agency.

These discussions revealed the following expectations:

- The government employs CSR criteria for the awarding of grants.
- Projects that received funding from SWF are expected to take CSR responsibility in project execution including the supply chain. The requirements include a.o. drafting a specific CSR charter including a ICSR risk analysis and employing CSR criteria in procurement.
- Project execution with the Sustainable Water Fund should be in accordance with the OECD Guidelines for Multinational Enterprises, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Convention on Biodiversity
- Project executors are required to report on issues that are not in line with the CSR principles with respect to forced and child labor.

The relevance of these expectations to the core activities of VEI are high. If VEI does not comply with them, this could have direct consequences for the financing of projects.

Governments of foreign partners

The projects take place in developing countries. The national and regional governments of the respective countries are often directly or indirectly involved in the projects. Different governments have different attitudes towards CSR related topics. Therefore, we restrict ourselves to the general expectations of these stakeholders:

- Solve challenges described in SDG goals (in this case especially the WaSH targets)
- Stimulate application of CSR policy for foreign companies and NGO's.
- Stimulates active role in ICSR risk analyses for supply change, initiating improvement processes for production standards.

Foreign governments are the indirect beneficiaries of VEI's projects. Their expectations are considered as most expectations coincide with those of other stakeholder groups.

Business opportunities for VEI concerning the CSR expectations of the foreign governments are:

- Stimulate focus on CSR at local partners and suppliers.
- End-responsible for the achievement of MDG targets in their respective countries.

Shareholders

VEI's shareholders Vitens and Evides have high expectations of our CSR policy and practices. These expectations are i.e.:

- VEI is the main executor of their international CSR policy.
- Incorporation of shareholders stakes in the company processes
- Through VEI their employees will work internationally on CSR activities which increases motivated staff. Have international work experience as secondary benefits for employees.

The following business opportunities concerning CSR are therefore both benefitting VEI and the shareholders:

- Implementation of international CSR targets Vitens and Evides within VEI's CSR policy
- Joint decision making about business goals and processes.
- Involve employees of Vitens and Evides in VEI projects to gain international working experience. This contributes to motivation, sharing of knowledge and generates new insights and out of context thinking.

Employees

The employees of VEI are closely involved in the CSR practices through their daily activities in the projects. Expectations of the employees towards the CSR activities and policy are:

- Employer has a vision on CSR and encourages to bring this into practice.
- The CSR policy and practice (guidelines) are available to the employees.

Other CSR expectations concerning the employees are known from scientific research:

- Employees at CSR companies stay longer and are more motivated.
- Employees are absent (ill) less often and less long and have fewer accidents. In practice this turns out to be accurate, as VEI's absence rate is far below average.
- Increasingly propagate Employer of Choice philosophy

Employees are actively involved in the core processes and company decisions, thus in developing the CSR policy. Opportunities relating to employees and CSR activities that can be further developed are:

- Employees are fully aware of CSR and perform their tasks accordingly.
- Employees join CSR related meetings, conferences.

NGOs and trade unions

- In the field of international cooperation and international partnership there is an increasing focus on CSR related issues. NGOs and Trade Unions are front runners in propagating the importance of CSR policy and practice. VEI cooperates with NGOs in many of the projects and sees the following expectations from the NGOs towards CSR:
- Increasingly focused on CSR issues
- Professionalize CSR issues
- Increasingly support companies with CSR, prefer to partner with companies with clear CSR policy.
- CSR is increasingly seen as a competitive advantage in getting subsidies.

Business opportunities:

- Sharing of experience and knowledge on CSR
- Use the competitive advantage and distinguish ourselves with CSR objectives and results.

Suppliers

CSR does not only focus on the activities of VEI itself but reaches far beyond. The entire (production) chain of our activities should work according to CSR standards. Our core activities are aimed at capacity building at the water utilities, though there is often a hardware component involved. Therefore, there is an increasing focus on the CSR practices of our suppliers. Suppliers can and do expect the following:

- Increasing use of CSR procurement criteria
- Distinguish themselves with CSR objectives and results.
- Increasing opportunity to distinguish on CSR criteria.

CSR practice

This chapter elaborates on current policy, practices, and opportunities (points of improvement) and specific ICSR risks. The international CSR standards of OECD and ILO, together with the expectations of the stakeholders find their way in to VEI's CSR policy.

The VEI policy is structured along the themes from the OECD guidelines for multinational enterprises:

- General & Human Rights
- Employment and gender equality
- Labor and industrial relations
- Environmental sustainability
- Anti-corruption
- Consumer interests
- Science and Technology
- Taxation
- Disclosure

In the following paragraphs we start with VEI's policy description followed by the practices and points of improvement (the OECD definitions can be found in Annex 1).

General & Human Rights

Policy

VEI is founded on the CSR policies of the Dutch water operators. As stated earlier, all VEI's activities contribute to reaching SDG-6, which relates to improved access to safe drinking water and appropriate sanitation for all.

In all its activities, VEI complies with Dutch National Legislation and the legislation of the countries in which projects are implemented. VEI does not make use of forced labor or child labor, nor has ever been engaged with either of these. VEI complies with the Dutch water operators' formal corporate governance policy and VEI has its own anti-corruption policy¹ in place, especially for staff working in projects overseas. VEI is actively involved in improving the labor- and human right situation within its project.

VEI aims to contribute improving the labor- and human rights standards of its partner companies in developing countries. In its daily activities VEI considers the following:

"VEI is reluctant to undertake activities in countries with a dictatorial regime and tries to minimize its activities in such countries. If we work in countries with suspicious regimes, we practice openness and freedom of speech and opinion within our modes of cooperation with local partners. We actively monitor violation of labor- and human rights within our projects".

Practice

VEI operationalizes the above-mentioned policy by strengthening the financial, technical, and organizational performance and capability management of the local water partner companies VEI works with, thus enabling them to serve a growing number of customers with better quality and more reliable water services. The strategy and capacity development activities are developed together with the local partners.

All employees involved in VEI's project are expected to report situations in which human rights are violated to the Project Manager and the Management Team of VEI. The Management Team will take further action, such as notifying the competent authorities or act towards its own staff (e.g., in case of corruption).

Opportunities and points of improvement

Risk inventory on violation of labor- and human rights in the supply chain of its projects, i.e., including the suppliers of goods and services.

Enhanced policy on what makes a country "fit to operate".

Employment and gender equality

Policy

The staff that is involved through VEI in the international activities is seconded from the Dutch water operators. The Dutch water operators adhere to the Code Tabaksblat and to internal codes of conduct, which condemn acts of discrimination or abuse of position. VEI staff are represented by trade unions such as CNV and AbvakaboFNV and are part of the collective labor agreement for Dutch water companies (WWb CAO). VEI adheres to the workplace health and safety standards of the Dutch water operators, which both have a comprehensive health and safety policy complying with OHSAS 18001.

Practice

- Annual employee satisfaction survey
- Regular emphasis on CSR issues during team meetings, internal presentations, and gatherings
- CSR knowledge and skills are considered when attracting new employees.
- Employees are requested to give input on CSR activities. Employees are rewarded for their input.
- Employees attend congresses and meetings on CSR.
- Monitoring on CSR with measurable KPIs

Opportunities and points of improvement

- Continuous and constant use of the KPIs
- Continuous cycle of improvement

Labor and industrial relations

Policy

VEI does not engage in business with companies that violate labor rights. If such violation does occur VEI will report this to the competent authorities. Our projects are run with local partners through sustainable partnerships. These partnerships create an opportunity to discuss CSR related topics and influence local partners & suppliers to improve labor rights situations.

The products and services requested by VEI contribute to local economic development. VEI makes use of local suppliers and services which stimulates local employment.

When selecting suppliers and services a good labor rights situation at the counterpart is a precondition for selection.

Practice

- VEI organizes regular stakeholder dialogue.
- Increased use of criteria related to labor rights situation and CSR aspects in the selection of suppliers and services.
- Discuss implementing CSR criteria in the procurement process of project partners.
- Report any violation of labor rights to the management team of VEI.

Opportunities and points of improvement

Point of improvement is to always conduct an international CSR risk analyses for supply chains of products before they are procured. This is part of the mentioned risk inventory on violation of labor- and human rights in the chain of the company.

Environmental sustainability

Policy

Sustainability is an important issue for drinking water companies the Dutch water operators have an environmental management system in place (complying with ISO 14001), which is audited externally according to DEKRA-criteria. The water operators have a sustainable procurement strategy and have a program for reducing their climate footprints as part of the national benchmarking program of the Dutch water supply sector. Initiatives include production of energy (methane) from water treatment plants, integration of electric cars into the company pool and creating a flexible working environment, which reduces the necessary office space. VEI's international projects include initiatives assisting partner companies in reducing their climate footprint.

The Dutch water operators both have an ambitious CSR and sustainability agenda which can be found on the websites below:

<http://www.vitens.nl/overvitens/water/Paginas/Visie-op-duurzaam.aspx>

<https://www.evides.nl/over-evides/de-organisatie/duurzaam-ondernemen>

<https://www.wml.nl/over-wml/in-de-samenleving>

<https://waterbedrijfgroningen.nl/voor-bedrijven/inkoop-en-aanbestedingen>

<https://www.brabantwater.nl/overbrabantwater/Paginas/Duurzaam-ondernemen.aspx>

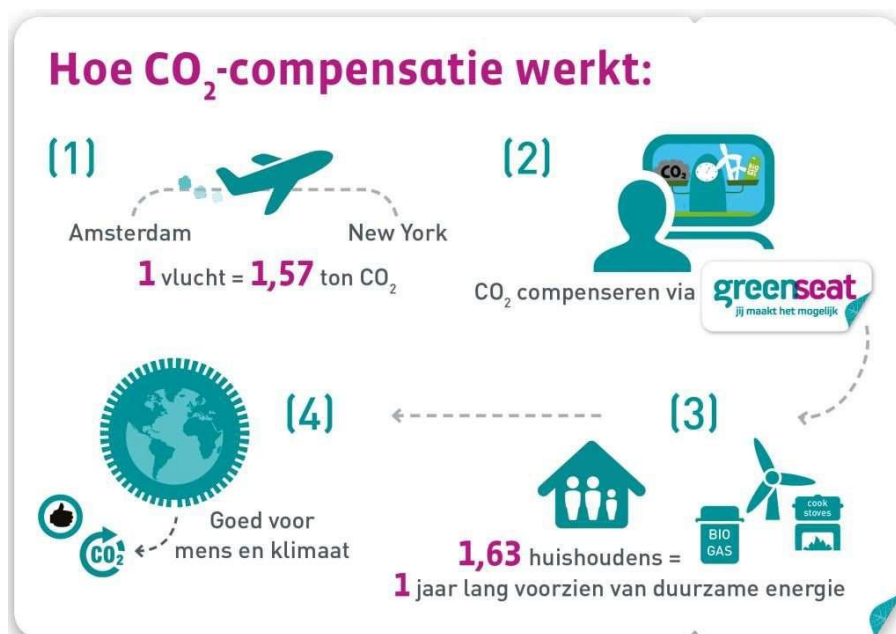
<https://www.pwn.nl/maatschappelijk-betrokken>

Practice

Goals set within the Dutch water operators include:

- Sustainable water abstraction
- Reduce and optimize the energy consumption.
- Reduce need of raw materials and production of waste.
- Reuse and revalorize residues.
- Sustainable procurement follows the criteria set by NL Agency.
- 100% use of green energy in The Netherlands
- Energy efficient devices
- Stimulate awareness efficient energy use from the employees.

The impact on the environment is measured in a CO₂ footprint by the mother companies. VEI travels impact on CO₂ is compensated through Green Seats, arranged through our standard travel agent Schiphol Travel.



- Energy, waste, and reuse of materials are measured.
- Work according to ISO 14001.
- Attention for unwanted (side-) effects of land use on people and environment. Conduct Environmental Impact Assessments and/or Social Impact Assessments when required.

Opportunities and points of improvement

- Plan and realize the set targets.
- Stimulate environment friendly behavior of employees and partners.
- Use the opportunity of introducing new developments on energy and water use to our international partners.
- Create awareness on sustainable use of water with the partners and consumers.

Anti-corruption

Policy

VEI has a code of conduct concerning anti-corruption, which is added as Annex 2 to this CSR policy. VEI, in principle, does not engage in corruption practices. When VEI encounters corruptive practices, it will report transparently about this.

Practice

It is not uncommon for VEI staff to encounter corruption and corrupt practices during projects. Therefore, the staff receives training on dealing with corruption.

Opportunities and points of improvement

Risk analyses on corruption involvement in the different counties where VEI operates.

Consumer interests

Policy and practice

Our core business is focused on improving the accessibility, affordability, and quality of drinking water for the people, including those at the bottom of the pyramid.

Opportunities and points of improvement

- Expand customer base of partner utilities through connection campaigns and construction of public water points.
- Improve reliability of water provision both in quantity and quality.

Science and Technology

Policy

VEI cooperates with knowledge institutes, both in the Netherlands and locally at the project locations.

Practice

VEI is continuously improving their business processes, their knowledge management and are actively involved with the development and application of new technologies. Within its projects, VEI will always choose for the technology best fit for the situation (not necessarily the newest techniques) and builds capacity of its local partners to operate and maintain the applied techniques in a sustainable way. Capacity building is the core business of VEI, which includes a.o. on the job training, (MSc) education and research.

Opportunities and points of improvement

- Improve knowledge management and exchange of best practices among the short-term staff employed within the projects.

- Develop and use better tools for measuring impact of capacity development, to ensure appropriate Technical Assistance.

Taxation

Policy and practice

VEI pays all applicable taxes and informs the competent institutions of our activities. In practice it is not always completely clear which taxes should be paid and how they should be paid. It is the intention of VEI to fully comply to tax regulations of the host countries.

Opportunities and points of improvement

Gain good insight in the regulatory framework associated with taxation in the guest country. This information is not always known to VEI and its international partners.

Disclosure

Policy

Information on VEI and (the results of) its projects are publicly accessible through the website of VEI www.vei.nl. The information provided includes annual reports, project descriptions and information on CSR. Each project has its own communication plan in which the communication activities are specified. CSR topics are shown in the company PR and communication materials. And knowledge on CSR is shared within the company and outside.

Practice

VEI discusses CSR related issues with the clients and partners.

Knowledge and experience are shared by forming sustainable partnerships with local companies.

Opportunities and points of improvement

VEI could increase its visibility as a CSR company. Stronger profiling of VEI and its activities in the international water sector is currently a target within the company.

ICSR Risk Analysis

VEI utilizes the CSR Risk Check of MVO Nederland for project specific ICSR risks (<http://www.mvorisicochecker.nl/en>). This ICSR tool is filled out during the proposal/tender phase of projects. Relevant risks are then copied into the project proposal together with their mitigating measures.

The following table shows a compilation of risks indicated by the ICSR tool based on projects in Ethiopia, Rwanda, Malawi, and Vietnam. The risks are grouped according to the OESO categories, this is different from the CSR Risk Check output.

Relevant risks to your company	Mitigation measures
<i>CSR general and human rights</i>	
<ul style="list-style-type: none"> ▪ VEI operates in countries of which some are considered to have an oppressive regime. ▪ In an oppressive regime, simply conducting business operations and paying taxes may support an unjust government at the expense of its citizens' rights. 	<ul style="list-style-type: none"> ▪ Zero-tolerance for human rights violation within the circle of influence of VEI projects ▪ Continuous monitoring of human rights situation within VEI projects in these countries
<i>Labor / industrial relation</i>	
<ul style="list-style-type: none"> ▪ VEI operates in countries where child labor has not yet been fully eliminated. ▪ In some countries, trade unions have little maneuvering space. ▪ Authorities can be hostile to any form of protest and exercising the right to strike is practically impossible. ▪ In some partner countries and/or supplying countries, safety standards and general labor rights are often not met 	<ul style="list-style-type: none"> ▪ Zero tolerance for child labor within the circle of influence of VEI projects ▪ Organizational advice to partner utilities, in which safety standards and labor rights are discussed. ▪ Enforcement of minimum standards in working environment of suppliers
<i>Environment</i>	
<ul style="list-style-type: none"> ▪ Land acquisition: People are forcibly evicted so that the government can lease the land to foreign companies 	<ul style="list-style-type: none"> ▪ Usually not applicable for VEI projects, as land acquisition is generally limited. ▪ When applicable, VEI will ensure that people are not forcibly evicted
<i>Anti-corruption</i>	
<ul style="list-style-type: none"> ▪ Corruption is prevalent in most of the countries in which VEI operates. ▪ Occurrence of yielding procurement contracts to companies in return for bribes 	<ul style="list-style-type: none"> ▪ VEI code of conduct anti-corruption. ▪ Reporting on corruption cases ▪ Abandon projects in which corruption practices cannot be avoided

CSR Goals

Based on the current CSR policy, practice, and points of improvement VEI has formulated a set of goals. The formulation of goals and specific activities is an ongoing process.

The relation with the different OESO topics is mentioned in the right column.

- General & Human Rights
- Employment and gender equality
- Labor and industrial relations
- Environmental sustainability
- Anti-corruption
- Consumer interests
- Science and Technology
- Taxation
- Disclosure

GOAL	Activity	OESO
Secure alternative financing mechanisms to ensure VEI’s CSR operations on the long term	<ul style="list-style-type: none"> • Development of new business plan VEI 2020 based on market research. • Generate new leads with new types of (PPP) financing 	
Increased focus on reduction of energy consumption and chemicals use within projects	<ul style="list-style-type: none"> • As part of development of new projects 	Environmental sustainability
Increased focus on potential of reuse of by products (energy, chemicals)	<ul style="list-style-type: none"> • As part of development of new projects 	Environmental sustainability
Regular updating of CSR policy		

Annex 1: Definitions OECD

General & Human Rights

"States have the duty to protect human rights. Enterprises should, within the framework of internationally recognized human rights, the international human rights obligations of the countries in which they operate as well as relevant domestic laws and regulations:

- *Respect human rights, which means they should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved.*
- *Within the context of their own activities, avoid causing or contributing to adverse human rights impacts and address such impacts when they occur.*
- *Seek ways to prevent or mitigate adverse human rights impacts that are directly linked to their business operations, products, or services by a business relationship, even if they do not contribute to those impacts.*
- *Have a policy commitment to respect human rights.*
- *Carry out human rights' due diligence as appropriate to their size, the nature and context of operations and the severity of the risks of adverse human rights impacts.*
- *Provide for or co-operate through legitimate processes in the remediation of adverse human rights impacts where they identify that they have caused or contributed to these impacts."*

Employment and gender equality

"Enterprises should, within the framework of applicable law, regulations and prevailing labor relations and employment practices and applicable international labor standards:

- *Respect the right of workers.*
- *Be guided throughout their operations by the principle of equality of opportunity and treatment in employment."*
- *This paragraph focuses on internal CSR policies concerning employment and gender equality.*

Labor and industrial relations

"Enterprises should, within the framework of applicable law, regulations and prevailing labor relations and employment practices and applicable international labor standards:

- *Respect the right of workers.*
- *Contribute to the effective abolition of child labor.*
- *Contribute to the elimination of all forms of forced or compulsory labor.*
- *Be guided throughout their operations by the principle of equality of opportunity and treatment in employment."*

This paragraph focusses on the entire chain in which VEI operates.

Environmental sustainability

"Enterprises should, within the framework of laws, regulations and administrative practices in the countries in which they operate, and in consideration of relevant international agreements, principles, objectives, and standards, take due account of the need to protect the environment, public health and safety, and generally to conduct their activities in a manner contributing to the wider goal of sustainable development."

Anti-corruption

"Enterprises should not, directly or indirectly, offer, promise, give, or demand a bribe or other undue advantage to obtain or retain business or other improper advantage. Enterprises should also resist the solicitation of bribes and extortion."

Consumer interests

"When dealing with consumers, enterprises should act in accordance with fair business, marketing and advertising practices and should take all reasonable steps to ensure the quality and reliability of the goods and services that they provide."

Science and Technology

"Enterprises should:

- Endeavour to ensure that their activities are compatible with the science and technology (S&T) policies and plans of the countries in which they operate and as appropriate contribute to the development of local and national innovative capacity.*
- Adopt, where practicable during their business activities, practices that permit the transfer and rapid diffusion of technologies and know-how, with due regard to the protection of intellectual property rights.*
- When appropriate, perform science and technology development work in host countries to address local market needs, as well as employ host country personnel in an S&T capacity and encourage their training, considering commercial needs.*
- When granting licenses for the use of intellectual property rights or when otherwise transferring technology, do so on reasonable terms and conditions and in a manner that contributes to the long-term sustainable development prospects of the host country.*
- Where relevant to commercial objectives, develop ties with local universities, public research institutions, and participate in co-operative research projects with local industry or industry associations."*

Taxation

"1. It is important that enterprises contribute to the public finances of host countries by making timely payment of their tax liabilities. Enterprises should comply with both the letter and spirit of the tax laws and regulations of the countries in which they operate. Complying with the spirit of the law means discerning and following the intention of the legislature. It does not require an enterprise to make payment more than the amount legally required pursuant to such an interpretation. Tax compliance includes such measures as providing to the relevant authority's timely information that is relevant or required by law for purposes of the correct determination of taxes to be assessed in connection with their operations and conforming transfer pricing practices to the arm's length principle.

2. Enterprises should treat tax governance and tax compliance as important elements of their oversight and broader risk management systems. Corporate boards should adopt tax risk management strategies to ensure that the financial, regulatory and reputational risks associated with taxation are fully identified and evaluated."

Disclosure

"1. Enterprises should ensure that timely and accurate information is disclosed on all material matters regarding their activities, structure, financial situation, performance, ownership, and governance. This information should be disclosed for the enterprise, and, where appropriate, along business lines or geographic areas. Disclosure policies of enterprises should be tailored to the nature, size, and location of the enterprise, with due regard taken of costs, business confidentiality and other competitive concerns.

Disclosure policies of enterprises should include, but not be limited to, material information on:

- the financial and operating results of the enterprise.*
- enterprise objectives.*
- major share ownership and voting rights, including the structure of a group of enterprises and intra-group relations, as well as control enhancing mechanisms.*
- remuneration policy for members of the board and key executives, and information about board members, including qualifications, the selection process, other enterprise directorships and whether each board member is regarded as independent by the board.*

- *related party transactions.*
- *foreseeable risk factors.*
- *issues regarding workers and other stakeholders.*
- *governance structures and policies the content of any corporate governance code or policy and its implementation process.*

Enterprises are encouraged to communicate additional information that could include:

- *value statements or statements of business conduct intended for public disclosure including, depending on its relevance for the enterprise's activities, information on the enterprise's policies relating to matters covered by the Guidelines.*
- *policies and other codes of conduct to which the enterprise subscribes, their date of adoption and the countries and entities to which such statements apply.*
- *its performance in relation to these statements and codes.*
- *information on internal audit, risk management and legal compliance systems.*
- *information on relationships with workers and other stakeholders.*

Enterprises should apply high quality standards for accounting, and financial as well as non-financial disclosure, including environmental and social reporting where they exist. The standards or policies under which information is compiled and published should be reported. An annual audit should be conducted by an independent, competent and qualified auditor to provide an external and objective assurance to the board and shareholders that the financial statements fairly represent the financial position and performance of the enterprise in all material respects."

Annex 2: Code of Conduct anti-corruption

VEI applies a zero-tolerance policy where it has determined through an investigative process that its staff or individuals acting as VEI representatives have engaged in fraudulent, corrupt, collusive, or coercive practices. 'Zero tolerance' means that VEI will pursue all allegations falling under the scope of this policy and that appropriate sanctions will be applied where the allegations are substantiated. VEI shall enforce a range of disciplinary measures and sanctions for all such cases, in accordance with applicable rules and regulations present within the mother companies Vitens and Evides. Where such cases concern individuals employed by another entity, VEI shall take all possible steps to ensure that the other entity takes appropriate actions in a manner consistent with this policy.

Fraud and corruption include, but are not limited to:

- corrupt practice - offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- fraudulent practice - any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit or to avoid an obligation.
- collusive practice - an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- coercive practice - impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a par

This policy holds for the various levels in the organization, including the short-term experts that are seconded to VEI. This policy applies to all levels in the organization.